TE KAHU O TAONUI
Me mahi tahi tātou

27 June 2025

Ministry for the Environment
8 Willis Street
Wellington

Tēnā koe

Preamble

He Whakaputanga o te Rangatiratanga o Nu Tireni and Te Tiriti o Waitangi were some of the enabling frameworks, outside of Te Ao Māori, that our tupuna envisioned would support the development of our nationhood as Aotearoa/New Zealand.

This submission is an ongoing part of that continuum to realise and reassert the aspirations of our tupuna to facilitate intergenerational equity whilst recognising and upholding Te Mana me te Mauri o te Taiao and Te Tiriti o Waitangi.

Feedback to the Ministry of the Environment on proposed changes to the Emissions Trading Scheme (ETS)

1. This feedback is made on behalf of Te Kahu o Taonui (Te Tai Tokerau Iwi Chairs Forum).
2. Te Kahu o Taonui was established in 2006/07 and is now a collective of Authorities in Te Tai Tokerau namely Ngāti Kuri Trust Board, Te Rūnanga Nui o Te Aupōuri, Te Rūnanga o Te Rarawa, Te Rūnanga o NgāiTakoto, Te Iwi o NgātiKahu Trust, Kahukuraariki Trust / Ngātikahu ki Whangaroa, Te Rūnanga o Whaingaroa, Te Runanga-Ā-Iwi-O Ngāpuhi, Ngāti Hine Health Trust, Ngātiwai Trust Board, Te Iwi o Te Roroa and Te Rūnanga o Ngāti Whātua.
3. The aim of Te Kahu o Taonui is to advance the collective aspirations of Te Tai Tokerau iwi and hapū.
4. The three consultation documents outline highly technical considerations about the ETS. The 36 questions posed seek very nuanced responses to **carbon accounting** with very little opportunity to look at wider **climate policy settings**. Given the short time available, we have not been able to conduct an exhaustive response to the questions. Some general observations follow.

Impact on Māori

5. The New Zealand ETS has a mostly **negative impact on Māori**. There have been revenue opportunities from carbon farming, but the challenges exceed these.
6. The scheme does not adequately support Māori aspirations for land use change, intergenerational kaitiakitanga, or self-determined climate action. Many Māori-owned land blocks are unsuitable for exotic forestry due to cultural, ecological, or legal reasons, yet the ETS provides few incentives for native regeneration or sustainable land management. This creates structural barriers to Māori participation in carbon markets and climate resilience building.
7. The ETS operates in a way that **exacerbates inequality**. Large landowners and corporations disproportionately capture the benefits of forestry sequestration, while vulnerable communities, often Māori and rural, bear the costs. The scheme does little to protect indigenous biodiversity, promote regenerative land use, or uphold Te Tiriti obligations. There is also minimal reinvestment of ETS revenue into community-based mitigation, adaptation, or Māori climate leadership.
8. Pre-1990 landowners received limited compensation for lost land use options (e.g., converting forests to agriculture), which some argue undervalued Māori land and autonomy.
9. Māori were not meaningfully consulted in the development of ETS or current changes. We support the assertion of the Wai 2607 claimants that...

> any previous consultation with Māori has been mostly restricted to providing information and seeking feedback from the Climate Change Iwi Leaders Group. In his affidavit, Mr Chris Insley notes that consultation has also been a 'tick box' exercise and feedback provided by Māori through this process does not seem to be considered. [1]

10. The ETS **does not adequately reduce gross emissions** resulting in continuing pollution. Emissions trading provides a mechanism to enable continuing emissions rather than approaches that directly reduce emissions.
11. Policy levers drive the expansion of **monocultural pine** inhibiting the expansion of native forest. We support the contention of the Wai 2607 claimants that the ...

> ... Crown has adopted emissions reduction budgets and plans that rely extensively on a major expansion of exotic forest planting, ignoring the major adaptation risks of this approach. This approach also exempts major sectors such as agriculture from climate related policies, creating further inequity. These policies through the emissions reduction scenarios and the Zero Carbon Act inequitably place large adaptation and mitigation requirements on already stressed Māori communities who already have a low emissions profile. [2]

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[1] **TE WHAKATAUNGA Ā TIAMANA TUARUA KAIWHAKAWĀ SARAH REEVES** *DECISION OF THE DEPUTY CHAIRPERSON JUDGE SARAH REEVES* for Wai 3262 #2.5.6, Wai 2607, 2.5.12. 9 Huitanguru 2024

[2] **TE WHAKATAUNGA Ā TIAMANA TUARUA KAIWHAKAWĀ SARAH REEVES** *DECISION OF THE DEPUTY CHAIRPERSON JUDGE SARAH REEVES* for Wai 3262 #2.5.6, Wai 2607, 2.5.12. 9 Huitanguru 2024

12. Māori bear a disproportionate impact of climate change. We refer you to the Te Puni Kōkiri publication that Māori face "disproportionate challenges and vulnerabilities .. emphasising the importance of targeted interventions to address disparities, avoid maladaptation and enhance resilience."[3] This is especially so in Te Tai Tokerau with our long coastline and harbour foreshore exposure.

ETS deficiencies

13. The ETS is based on **models of models** that are created through the lens of reductionist Western science. It attributes greenhouse gasses (GHGs) as the major cause of global warming and ignores the interconnectedness of Earth systems. This is probably because CO_2 levels are **relatively** easy to model, whereas more complex systems, such as hydrological cycles, are impossible to model with any accuracy. While the insulating effect of GHGs is a factor in global temperature increases, re-radiation from the Earth's surface is a factor ignored by the models.

14. The processes of **colonisation and industrialisation** have removed approximately 50% of the Earth's vegetative cover. This vegetative cover and other life on Earth has served to produce a moderate climate that has been destabilised by colonisation and industrialisation. Urban heat islands are a **known and measurable phenomenon** resulting from human disruption of natural environments, unlike GHG modelling.

15. The World Economic Forum reports[4] that some cities have **reduced temperatures by 2°C** with nature-based solutions.

16. Government Climate Policy relies on the ETS to mitigate climate. We support initiatives to reduce emissions, but note that these have **a global, rather than a local impact**. Mitigation solutions that have a local and regional impacts are ignored.

17. **The modelling is not tika**. Soil carbon remains absent in the ETS and recent studies have revealed that soil carbon sequestration is potentially underestimated by 25.2%.[5] A 2025 study reveals that plants absorb 31% more CO_2 than estimated.[6] Given that carbon sequestration remains unsettled science, the ETS does not seem to be a fair basis for receiving or surrendering credits.

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[3] Understanding climate hazards for hapori Māori – Insights for policy makers report. Te Puni Kōkiri 2023
[4] Cities are using nature to cut urban temperatures – by 2°C in one case. World Economic Forum 2024
[5] Zheng Zhao et al., 'Is the Topsoil Carbon Sequestration Potential Underestimated of Agricultural Soils under Best Management?', *Soil and Tillage Research* 250 (1 August 2025): 106528, https://doi.org/10.1016/j.still.2025.106528.
[6] Joshua Shavit, 'Major Study Reveals Plants Now Absorbing 30% More CO2 Worldwide', The Brighter Side of News, 12 January 2025, https://www.thebrighterside.news/post/major-study-reveals-plants-now-absorbing-30-more-co2-worldwide/.

18. In addition to the GHG modelling, the ETS **employs further models**, such as determining the height of trees and the width of plantings. This table contrasts the qualifying parameters in New Zealand and Australia.[7]

	New Zealand	Australia
Minimum tree height potential	5m	2m
Minimum qualifying area	1 ha	0.2 ha
Minimum canopy cover	30%	20%

19. At its core, the NZ ETS has failed to deliver meaningful reductions in gross emissions, especially in sectors like transport and agriculture. Rather than driving actual decarbonisation, it has incentivised low-cost offsets, especially forestry sequestration, allowing major polluters to continue business as usual. Gross emissions (particularly methane and transport-related CO_2) remain stubbornly high, revealing the scheme's inadequacy as a decarbonisation tool.

20. While there is criticism that **agriculture** has been excluded from the ETS, we recommend that methane sinks, specifically hydroxyl, be included in any future calculations. There are also plenty of examples now of **regenerative farming practices** that reduce synthetic nitrogen and other external inputs that generate GHGs. Note that a reduction in synthetic nitrogen would also reduce the need for natural gas. The imposition of a **graduated nitrogen levy** would be a far greater contribution than some of the tweaks suggested for the ETS.

A neoliberal extractive market mechanism?

21. The ETS is a neoliberal market-based instrument designed to reduce greenhouse gas emissions by creating a price on carbon, using **the logic of supply and demand** to incentivise polluters to reduce emissions. However, this structure introduces vulnerabilities to market manipulation and speculation, especially when the market isn't tightly regulated or when supply settings are too loose.

22. This can result in speculation and market volatility making long-term planning risky for iwi, farmers and small business. Wealthier players have an asset base to buy low and sell high, increasing inequity.

[7] Energy scheme=AGLSTERMS. AglsAgent; corporateName=Climate Change, 'Carbon Credits (Carbon Farming Initiative—Reforestation and Afforestation 2.0) Methodology Determination 2015' (scheme=AGLSTERMS.AglsAgent; corporateName=Office Parliamentary Counsel; address=Locked Bag 30 Kingston ACT 2604; contact=+61 2 6120 1400, 13 May 2015), https://www.legislation.gov.au/F2015L00682/asmade.

Current government retreat on climate action

23. Current changes to the ETS are happening in the context of many Coalition Government actions that inhibit effective climate action. These measures collectively prioritise short-term economic gains and fossil-fuel interests, weaken emissions reduction efforts, and dismantle active and public transport systems, delivering a clear, retrograde shift away from climate action. Examples are:
    - Cancelled light rail projects
    - Scrapped EV and low emissions bus funding
    - Axed Auckland regional fuel tax
    - Lifting the ban on new oil and gas exploration and expressing a willingness to invest in gas fields
    - Coal mine fast-tracking
    - Weakening clean car standards
    - Stalled promised EV charger rollouts
    - Increasing speed limits and therefore fossil fuel consumption and importation
    - Shifting funding away from cycling and walking infrastructure
    - Removing a host of environmental protections.
24. In the context of these changes in clause 20 above, asking feedback on questions such as #6 on infringement regulations is bizarre. The Ministry for the Environment can surely make a more meaningful contribution to the national discourse on climate.
25. In the face of government backsliding on climate policy, can potential participants in the carbon market have confidence that the pendulum swings in policies of successive governments create any certainty? This will be exacerbated if we are moving into a period where three and six-year terms of government become more commonplace.

ETS levers promote pine plantations

26. The ETS has been heavily skewed towards incentivising exotic plantation forestry, particularly radiata pine, creating perverse incentives that distort land use and harm rural communities. Large tracts of productive farmland are being converted into monoculture pine plantations to generate carbon credits, often for overseas investors and at the expense of biodiversity, water quality, and rural employment. This shift not only fails to create long-term resilience but also undermines indigenous land uses and cultural values. It also has downstream impacts, including increasing land prices, reducing local food supply, increasing costs, a greater potential for fire, damage from slash, and reduced opportunities to enhance biodiversity through the regeneration of indigenous forests.

Inflationary estimates

27. The consultation document (page 28) identifies direct costs incurred on business being passed on to consumers, with estimates ranging from $90 to $160 per household annually. This appears to consider only direct costs, not accounting for downstream costs. For example, we already know that demand for land for carbon plantations is increasing the price of farmland and is one of a range of factors making some types of food production less viable. This, in turn reduces the available land and volume of food production and potentially increases price.

Blue carbon

28. Te Tai Tokerau has more exposure to coastline and harbour foreshore than most regions, presenting both a threat and an opportunity. ETS settings of a five-metre tree height excludes most mangrove forests. Research from 2023 estimates 76,152 ha of saltmarshes, mangrove forest and seagrass meadows and estimate associated carbon stocks of 2.66 to 3.76 Mt of carbon with a "current carbon sequestration rate of 0.12 (0.05–0.26) Mt/CO_2/yr, which is equivalent to 0.16% of New Zealand's 2021 gross emissions."[8] Initiatives such as kelp regeneration and perhaps even microalgae regeneration are among the fastest pathways for sequestration.

29. Practices for regenerative kaimoana have the dual benefit of enhancing supplies of kai and sequestering carbon.

Climate action that benefits whanau

30. Effective climate action must both reduce emissions and help communities adapt, while also ensuring the necessities of a good life for people. Prioritising investment in **regenerative food systems**, **te mana o te wai**, and **renewable energy** will support all three goals. According to *Project Drawdown*, of the 80 top solutions for carbon drawdown:

    - **31%** of potential emissions reductions come from the **food system**,
    - **14%** from **land use changes**, and
    - **23%** from the **energy sector**.[9]

Conclusion

31. The NZ ETS, introduced in 2008, is the country's principal market-based tool for reducing greenhouse gas emissions. While it has evolved through multiple reforms, including significant changes in 2020, the scheme continues to face serious criticisms regarding its

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[8] Finnley W. R. Ross et al., 'A Preliminary Estimate of the Contribution of Coastal Blue Carbon to Climate Change Mitigation in New Zealand', *New Zealand Journal of Marine and Freshwater Research* 58, no. 3 (2 July 2024): 530–40, https://doi.org/10.1080/00288330.2023.2245770.

[9] 'Project Drawdown', Climate Action Tai Tokerau, 19 February 2018, https://northlandclimatechange.org/project-drawdown/.

design, equity, effectiveness, and alignment with Aotearoa's climate obligations under the Paris Agreement and Te Tiriti o Waitangi.

32. In this feedback, we have attempted to highlight the clear deficiencies of the ETS while offering some alternatives.

33. We support Professor Jane Kelsey's assertion that "it is the constitutional responsibility of public servants who conduct this consultation to break out of the Ministers' constraints and provide free, frank and critical advice that reflects the Tiriti o Waitangi and core democratic principles".