



To: The Climate Change Commission

From: Wood Processors and Manufacturers Association

Date: 31 May 2024

Subject: **2024 Review of Aotearoa New Zealand's 2050 emissions reduction target submission**

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1. Introduction

- 1.1 The Wood Processors and Manufacturers Association welcomes the opportunity to make a submission on the 2024 Review of Aotearoa New Zealand's 2050 emissions reduction target.
- 1.2 As a general statement we write in support of the New Zealand Forest Owners Association submission, which provides a forestry and wood products focus when it comes to reviewing New Zealand's 2050 emissions reduction target.
- 1.3. Our key message is in support of the need to encourage investor confidence and commitment to both the forestry and wood products sector, with any advice given by the Climate Change Commission to government having a direct and significant impact on that investor confidence.
- 1.4 Forests and wood products are the main removal strategy for carbon from the atmosphere. Hence, we need to encourage greater use of timber in the building and construction industry as a means of reducing our carbon emissions.
- 1.5 The CCC conclusion that there is no evidence to support weakening the current 2050 target is supported, with both forestry and wood processing in a good position to provide significant support to the government into meeting our targets.
- 1.6 The discussion document highlights that New Zealand's Nationally Determined Contribution (NDC) is found wanting. This indicates that we will have difficulties in meeting our targets, hence the need for greater support needed to encourage the role of forestry and wood products within our economy and environment.
- 1.7 Whatever combination of approaches is settled on to strengthen our target forestry and wood processing, and increased use of timber in our buildings provides a more realistic chance of achieving it provided that signal is supported, and conveyed, by the Commission and the Government.

2. Discussion Points

- 2.1 As an industry group focused on advocating for wood as means of renewing New Zealand, we are supportive of the statement within the document that the pathway New Zealand takes to reach the 2050 target and beyond, matters because the path we choose influences whether we can stay on course for the long term. Especially when it comes to the consideration of societies around the world transitioning to producing, and consuming, low emissions goods.
- 2.2 As an exporting nation if our targets are not ambitious enough, we face economic and reputational risks from our global customers. When it comes to encouraging wood products for building and construction, as an example, countries such as Canada, the United States and Switzerland are embracing the benefits of wood products by promoting the biogenic carbon absorption properties of timber as the future building material and as an added means of meeting global climate change targets.
- 2.3 With the principles used to guide the CCC recommendations, we see no need to change what is outlined within the discussion document. i.e. that the principles:
 - seek to cover all material human caused emissions sources and sinks
 - be grounded in robust science and evidence
 - send a clear signal for climate action

- be accurate and reduce uncertainty as far as practicable
 - be transparent, practical, and acceptable
 - be consistent and maintain the integrity of the targets.
- 2.4 As per the NZFOA submission we have strong reservations about the CCC conclusion that we will have enough forestry to meet the targets, particularly as this conclusion is relying on projections of planting that may be lower than previous expectations but are nonetheless still abnormally high levels while current policy and market signals influencing investment, point in the opposite direction.
- 2.5 As is stated, the emissions budgets must be “*technologically and economically achievable in light of uncertainty*”. There is a very important acknowledgement that comes towards the end of the draft advice document on page 141 that states “*However, there remain areas where the Government has yet to clarify how its rules will work, including particulars of rules applying to forestry The operation of these rules could materially affect the ambition of future budgets*”.
- 2.6 We have still to see any New Zealand government provide “indicative levels of gross emissions and carbon dioxide removal from forestry out to 2050 and beyond to guide policy development” as the Commission has called for. Instead, we continue to have a general concern that the level of removals by forestry might be resulting in less gross emissions reductions than would otherwise have occurred. This failure to provide clarity of the role of forestry is one of the core reasons for the current lack of confidence in the system by potential investors.
- 2.7 We are in support of the NZFOA in that the demand for an increased level of commitment could be met in ways that do not undermine New Zealand’s existing efforts and do not inflict unacceptable levels of hardship on the economy or communities. One of these is a review of the free industrial allocation for emissions-intensive, trade-exposed industries, such as steel and concrete, which we agree is inconsistent with the ETS incentivising net zero long-lived gas emissions by 2050 and is disproportionate to the risk of so-called “emissions leakage”.

The Wood Processors and Manufacturers Association

About us:

The Wood Processors and Manufacturers Association (WPMA) was established in 2014 through a merger of the Wood Processors Association and the Pine Manufacturer’s Association. We are a voluntary funded industry association with a strong focus on promoting wood as the heart of a future zero-carbon economy.

Our members are leaders in the New Zealand wood industry converting harvested logs into a wide range of products including sawn lumber, pulp, paper, panels, laminated products, mouldings, and engineered wood, through to the development of bioenergy solutions.

Total sales of industry products both domestically and globally in 2023 were approximately \$5 billion. The industry employs close to 30,000 staff, mostly in the New Zealand regions.

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