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Whaimutu Dewes
whaimutu@whainiho.co.nz
Chair

Donna Huata
donnahuata@gmail.com
Secretariat

Māori Forestry Forum

Dear Whaimutu and Donna

Officials at Ministry for the Environment and Ministry for Primary Industries write to thank the Māori Forestry Forum (the Forum) for continuing to work with us on our shared interest areas.

We also wish to acknowledge the concerns raised in our meeting 16 July and in your subsequent correspondence, regarding the Voluntary Nature Credits Market (**VNCM**), the Maximising Forest Carbon (**MFC**) Programme and the Regulatory Impact Statement (**RIS**) for the Climate Change Response (Emissions Trading Scheme—Forestry Conversion) Amendment Act. We note that Minister Watts has responded to the Forum to advise you that officials would be working through the concerns you have raised and responding to you directly.

In the sections below, we respond at a high level to the concerns you have raised in recent meetings and correspondence. We acknowledge that this letter will not be a resolution, but rather a step forward in an ongoing dialogue and partnership. We also recognise that, while we will not always agree, part of the value of this relationship is that it brings together different perspectives on the issues we both work on. We intend that this letter, alongside our regular meetings and correspondence, continue to deepen our mutual understanding of our areas of shared interest.

To that end, we are particularly interested in setting aside some time in our next meeting to discuss an early engagement mechanism and process. We hope that this serves as a demonstration of our continued intent to work together in good faith and to provide sufficient opportunity for input from the Forum and the sector's technicians.

Voluntary Nature Credits Market

You have expressed concern that the VNCM is not yet a credible market and risks undermining investor confidence. You have proposed that pivoting this work to the Voluntary Carbon Market would be faster, less risky and more effective.

The purpose of the VNCM work programme is to improve the ability of New Zealand-based projects and investors to access and trade in the range of existing global carbon

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and biodiversity markets. It is not the development of a separate, isolated domestic market.

Those already participating in international, high-integrity carbon and biodiversity markets have said that support from the Government is needed to build trust, growth and investment in New Zealand to help bridge 'the nature financing gap'. The VNCM programme, therefore, seeks to achieve consistency with other countries to enable investors, landowners and others to participate in high-integrity voluntary markets internationally.

The pilots being used to inform the policy development include both carbon removal and biodiversity focused projects and are using New Zealand developed or adapted project standards and methodologies, as well as high integrity international standards.

No policy decisions have been made, and officials are keen to work closely with the Forum alongside others to ensure the policy achieves the objectives of creating a more accessible and investable market for New Zealand, particularly for indigenous permanent forestry.

Maximising Forest Carbon Programme

You raised several concerns about the MFC programme. We understand you have recently met with MPI officials to discuss matters regarding MFC and we trust that this has helped to relieve your concerns.

We note that the Government has committed to providing regulatory certainty to support a credible ETS and market confidence. However, this does not preclude technical adjustments to the ETS which are required in order for the scheme to remain fit for purpose.

Regulatory Impact Statement (RIS) for the Climate Change Response (Emissions Trading Scheme—Forestry Conversion) Amendment Act

You have raised several concerns with the RIS, which we would like to acknowledge and respond to.

Disproportionate impacts for Māori

You raised concerns that the land use capability (LUC) restrictions risk disproportionately impacting Māori, who hold significant forestry assets and rely on ETS returns from marginal land.

We acknowledge the significant role Māori play in the forestry sector and recognise that changes to ETS forestry rules may disproportionately impact Māori landowners. The RIS draws on feedback from Māori stakeholders and discusses these impacts. We have sought to minimise these impacts by exempting certain types of Māori land. Ministers also

sought input from the Forum on the policy, and this input was considered by ministers as part of the legislative process.

Coalition commitments

You raised concerns that the LUC restrictions conflict with the Government's stated commitments, including "no change to the ETS" and "1 tonne of carbon = 1 NZU."

As you note, the Government has committed to providing regulatory certainty to support a credible ETS and market confidence. Ministers' decision earlier this term to stop work on the ETS review was a clear demonstration of this commitment and an important step toward regulatory certainty.

A commitment to regulatory certainty, a credible ETS and market confidence does not preclude changes to the ETS. Rather, it supports targeted adjustments to ensure the scheme remains fit for purpose and aligned with the Government's objectives. The LUC restrictions align with this intent by introducing eligibility criteria for forest registrations, without altering the ETS's structure or the integrity of NZUs. The principle that one NZU equals one tonne of CO_2-equivalent emissions remains unchanged.

We also note the Government helps set the legal frameworks for all markets in New Zealand. The ETS is not unique in this manner. Government inaction may not always provide market stability.

Regulatory certainty

You raised concerns that the LUC restrictions introduce regulatory and market uncertainty, particularly through discretionary powers that could allow future governments to review hectare limits. We agree that long-term regulatory certainty is important for forestry investment, especially for Māori landowners and ETS participants with intergenerational commitments. The Government remains committed to maintaining a credible and stable ETS, as reaffirmed in ERP2.

However, the ETS must remain responsive to evolving climate targets and land use pressures. The LUC restrictions aim to balance market integrity with broader land use outcomes, and any discretionary powers are clearly defined, subject to consultation, and designed to support transparent implementation. Officials also recognise the importance of equity in policy design and welcome ongoing engagement with Māori forestry stakeholders to enable Ministers to consider costs, risks, and opportunities.

Evidence base

You raised concerns with the robustness and balance of the evidence used in the RIS. We acknowledge that the evidence base for forestry and land use is complex and evolving. The RIS draws on the wide range of information that was available at the time. All evidence is cited and comes from a range of sources from official statistics (Stats NZ,

LINZ, MPI), peer reviewed reports and industry commissioned reports. Where limitations exist, they were transparently identified in the RIS, and efforts were made to mitigate them.

We note specifically your concerns about how the risks associated with permanent forestry are presented. We consider that the RIS effectively presents these risks alongside the benefits, specifically in the section “Forests contribute to achieving New Zealand’s climate change objectives” and the section on “impact on rural communities and economies.” Officials are tasked with assessing the costs and benefits of proposals in line with the objectives set by Ministers, and we consider that the RIS has done this effectively.

We also recognise that Māori landowners and forestry stakeholders hold valuable data, insights, and lived experience that can strengthen policy development. If the Forum has data, analysis, or case studies that could inform future policy settings, we welcome the opportunity to engage further and incorporate that evidence into our work. The purpose of a RIS is to provide balanced, independent advice to decision-makers, and as officials it is always our intention to provide this.

Consultation

We acknowledge your concerns about the adequacy of consultation with Māori forestry interests on the LUC restrictions policy. Officials remain committed to Māori perspectives being reflected in ETS-related policy development. Ongoing engagement with Māori forestry representatives and sector experts, including the Forum, will continue to inform policy advice, particularly where Māori interests are most affected.

We acknowledge your suggestions for an early engagement process and mechanism and look forward to our next hui to discuss the best approach to engage with you on forestry-related policy.

Yours sincerely

Jane Chirnside
Director
Resources and Rural Communities
Ministry for Primary Industries

Sam Buckle
Deputy Secretary
Climate Change and Resource Efficiency
Ministry for the Environment