

# The Māori Trustee submission on Draft advice on the Second Emissions Reduction Plan (2026-2030)

July 2023

11 July 2023

He Pou a Rangi | Climate Change Commission  
Level 21, 1 Willis Street  
Wellington 6011  
New Zealand

Tēnā koe

### **2023 Draft Advice on the Second Emissions Reduction Plan (2026-2030)**

1. I would like to thank the Climate Change Commission for extending the submission timeframe to allow Māori to provide feedback on this important kaupapa.
2. The Māori Trustee administers, as trustee or agent, approximately 88,000 hectares of Māori freehold land on behalf of around 100,000 individual Māori landowners. Te Tumu Paeroa – the Office of the Māori Trustee – supports the Māori Trustee to carry out her functions, roles and responsibilities. Detailed information regarding the Māori Trustee and Te Tumu Paeroa is set out in Appendix B to this letter. Additional information can be found on Te Tumu Paeroa’s website, [www.tetumupaeroa.co.nz](http://www.tetumupaeroa.co.nz).
3. The views expressed in this letter represent the Māori Trustee’s position as the single largest trustee and agent of Māori land. However, given the sheer scale and varied nature of the land assets within the Māori Trustee’s portfolio, the Māori Trustee’s views may not always be shared by all owners of lands she administers.
4. The Māori Trustee would like the following views to be considered by the Climate Change Commission before they produce their final advice to the Minister:
  - a. The Māori Trustee considers the lack of targeted funding and the inherent difficulties with lending, servicing debt, developing and the governance of Māori land to be the prevailing barriers that limit Māori landowners from reducing their emissions and increasing the climate resilience of their whenua and assets. Over 16,000 Māori land blocks in Aotearoa do not have a governance structure<sup>1</sup> and for those that do, the vast majority often earn very modest incomes<sup>2</sup>. The reality for many Māori landowning entities is that they simply do not have the reserves to become climate resilient. The Māori Trustee therefore advocates for solutions to be developed, including targeted funding and resourcing, to address these barriers.

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<sup>1</sup> Māori land update: [Māori Land Update June 2020 \(xn--morilandcourt-wqb.govt.nz\)](https://www.morilandcourt-wqb.govt.nz)

<sup>2</sup> As an example, 73% of blocks administered in the Māori Trustee’s portfolio generate less than \$10,000 per annum and 58% generate less than \$5,000. For approximately 30% of our Māori landowning entities, meeting base administration costs and rates bills is already entirely or partially prohibitive and this number will only increase with new costs to meet compliance for new local and central government environmental regulations.



- b. The Māori Trustee is supportive of a mechanism to allocate resourcing directly to Māori. However, the Climate Change Commission's recommendation<sup>3</sup> to provide this resourcing directly to 'mandated iwi representatives', via Post Governance Settlement Entities (PGSEs) and similar bodies, will likely have similar results for Māori landowners (particularly those with smaller whenua Māori blocks, such as those administered by the Māori Trustee, and unadministered whenua Māori blocks), as the current Crown-led approach. The Māori Trustee is not convinced that resourcing provided to PGSEs will be administered or distributed in a way that will directly benefit small whenua Māori blocks and their owners. This recommendation needs to be reviewed to ensure equitable outcomes for all Māori are achieved.
- c. The Māori Trustee does not support the Government's current proposal on pricing agricultural emissions, in terms of its approach to recognising carbon sequestration. The reduction in vegetation categories being recognised, in comparison to the He Waka Eke Noa partnership proposal, will disproportionately affect Māori land and Māori landowners due to the land cover characteristics of whenua Māori<sup>4</sup>. The Māori Trustee believes that the Climate Change Commission could provide a recommendation that ensures the ecosystem services that Māori land contributes to Aotearoa through acting as a carbon sink are recognised and compensated. This will help improve equity and the impact of the pricing system on Māori land and Māori landowners.
- d. More broadly, the Climate Change Commission should look to recommend the valuing of ecosystems services and natural capital in general. This approach would enable those with significant biodiversity on their land to be compensated, on an on-going basis, for the value of having biodiversity on their whenua as well as incentivise its maintenance.
- e. In addition to the valuing of ecosystem services, the Māori Trustee considers the following mechanisms could be explored to incentivise the planting of natives:
- Tax credits;
  - Tax rebates;
  - Reward with NZUs;
  - Biodiversity credits; and
  - The establishment of a licensing programme, such as FernMark, for biodiversity which could provide on-going funding for the planting, protection, maintenance, and restoration of natives.

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<sup>3</sup> 2023 Draft advice to inform the strategic direction of the Government's second emissions reduction plan, p. 74.

<sup>4</sup> 42% of Māori land (572,487 ha) is in natural forest cf 12% of general title land. Of the Māori Trustee's portfolio 32% is in natural forest.



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- f. Finally, the Māori Trustee considers that the New Zealand Emissions Trading Scheme (ETS) is unnecessarily complex with draconian deforestation liabilities. To ensure the scheme's longevity and continued uptake, a recommendation to simplify the system is necessary. The Māori Trustee has also provided a potential solution aimed at enhancing the participation of small Māori freehold land blocks in New Zealand's Climate Change Response – see Appendix A.
5. I would welcome the opportunity to discuss any matters raised in this letter with staff from the Climate Change Commission.
6. My Executive Assistant, [REDACTED]. [REDACTED] can be contacted on [REDACTED] or by email at [REDACTED]

Ngā manaakitanga,

**Dr Charlotte Severne**  
Māori Trustee



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## Appendix A – A potential solution aimed at enhancing the participation of small Māori freehold land blocks in New Zealand’s Climate Change Response

**Note:** This potential solution was produced before the Government’s release of the proposed Biodiversity Credit System Discussion Document (7/07/2023).

This proposed scheme is also intended to be for the benefit of small land blocks only. Larger land blocks with multiple income sources or that are economic in their own right can utilise the existing ETS.

### Impacts and examples

The Māori Trustee currently administers forestry on whenua Māori blocks that, along with their landowners, encounter very specific, and often negative, impacts due to:

- Being participants, either willingly (Post-1989) or unwilling (Pre-1990), in an unnecessarily complex ETS with draconian deforestation liabilities;
- Not being recognised or compensated for the ecosystems services that their whenua contributes to New Zealand’s Climate Challenge through acting as a carbon sink; or
- Effectively being locked-out of participating in the ETS as the scheme is directed at large-scale forests owners and does not account for the complexities and nuances of smaller whenua Māori blocks.

The Māori Trustee considers the below examples emphasise some of the situations and inequities that small Māori freehold landowners experience in the forestry environment:

- **A 65ha Rowallan Alton Māori freehold land block, with rotational radiata pine forest, that was planted before 1990 (a Pre-1990 forest).** This block received New Zealand Units (NZUs) as compensation for the loss of land-use rights, as it is required under the ETS to remain permanently in forest cover – whether that be a rotational harvested forest or left as a forest sink. A common oversight by many of those involved in and aware of the ETS is that the distribution of these NZUs coincided with an excessive contingent deforestation liability for landowners that received this compensation. If deforestation was to occur on these small Māori freehold land blocks, landowners would be required to deliver NZUs to the Crown that are far in excess of the amount they received as compensation – a severe penalty. As small Māori freehold land blocks, in these instances, tend to be entirely in forest or bush, with no other land uses or income sources, the size and cost of any penalty accrued from deforestation will be devastating to those Māori landowners – they simply do not have the resources to meet the costs of a scheme they never willingly entered into.

This 65ha block therefore prudently retains the NZUs they received, for risk management purposes, as a form of internal insurance against the potential deforestation of a small portion of their forest. Any amendments to the ETS which reduces the value (price) of



forestry NZUs against any other NZU-type directly undermines the value of compensation given to Pre-1990 forest owners. This potential loss of compensation value faced by Pre-1990 landowners needs to be addressed in any recommendations of changes to the ETS.

- **A 100ha East Coast Māori freehold land block in native species cover.** This block positively contributes to New Zealand’s biodiversity outcomes, New Zealand’s Climate Change commitments and provides erosion control and water quality benefits. However, the block is unable to be harvested and generates no income for the owners of the whenua. The block therefore provides diversity benefits that can all be considered a ‘public good’ however it receives no monetary recognition or compensation for its services. This is unjust.
- **A 58ha East Coast Māori freehold land block planted in 1993, under a joint venture (JV), on a single harvest basis (a Post-1989 forest).** This block received carbon credits that were leased for a small income stream and now the forest has been harvested. The harvest returns were insufficient to allow the landowners to replant and manage a second-generation forest and no interest from any potential JV participants has been received. The block is now reverting to scrub.

The Māori Trustee notes that Māori landowners have, are and will experience numerous problems with the ETS, however she has identified the following issues as being significant for small Māori freehold land blocks under the current scheme:

- The ETS is extremely complex and the penalties so severe, that any participant cannot realistically be expected to perform basic compliance tasks without the assistance and additional expense of a consultant;
- The ETS is subject to regulatory and policy risk which can undermine long-term investment decisions;
- There is a favouring of exotics over natives in carbon sequestration measurements;
- The NZU price is extremely volatile in nature; and
- The draconian penalties that apply to any intentional or unintentional breaking of the impenetrable rules.

These issues, which also compound with the many other barriers small Māori freehold land blocks and their owners experience – e.g. the lack of access to capital and only having one potential source of income from their whenua, emphasises the difficulty Māori landowners face with the ETS and why there is a potential lack of entries from small Māori freehold land blocks.

## **A potential solution for small Māori Freehold land blocks, less than 200ha, outside but complimentary to the ETS.**

### **A complimentary scheme**

The Māori Trustee considers a fund should be established that can be utilised to both encourage the planting of new forests as well as reward land blocks that are already in existing native forest cover

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and are serving as a public good for New Zealand. The Māori Trustee is only aware of one private Carbon Offset scheme operating in New Zealand, on Rowallan Alton Incorporation land, that rewards maintaining the forest in current state. In this scheme, 700ha of native forest is protected from harvest and the forest's contribution to New Zealand's biodiversity is recognised by those purchasing these private credits to return a similar cash flow to what the owners could receive from harvesting. The Māori Trustee sees benefit in establishing a nationwide scheme, complimentary to the ETS, that rewards all privately owned land blocks that contribute to positive biodiversity outcomes through keeping their forest intact. Under the scheme, payments would cease if any harvesting occurred. The Māori Trustee considers it to be grossly unfair that owners, particularly Māori landowners, of Pre-1990 native forests receive no recognition for the public good their whenua provides to all of New Zealand.

### **New plantings**

The Māori Trustee also considers that this fund could be used for the funding of new plantings and once established, landowners could receive annual payments for the forest's contributions to biodiversity outcomes. It would be proposed that any new native plantings under this scheme remain outside the ETS.

### **Exotic plantings**

The fund could also be used to assist exotic rotational forest creation as well, with recipients either opting into the ETS or remaining outside of it. It would be proposed that if recipients chose to remain outside of the ETS they would not generate annual payments for biodiversity purposes.

### **Pre-1990 forests**

The Māori Trustee also considers that the scheme should allow for Pre-1990 forest owners, who wish to convert from exotics to natives, following harvest, to do so. Any owners who were compulsorily entered into the ETS would be released from it along with their deforestation obligations.

### **How the scheme will be funded**

The Māori Trustee notes that the scheme would need to initially be established with Crown funding but over time this financial reliance could fall on the Crown's sales of NZUs, assuming that the market has not ceased to operate.

### **Benefits of the scheme being outside the ETS**

The establishment of a fund outside of the ETS would have the additional benefit of:

- Reducing the amount of forestry Carbon Credits created and thus aligning with the objectives of the ETS;
- Landowners would have a very simple and understandable mechanism to utilise that rewards them with a steady and known income stream which, in-turn, will make long-term planning and decision making easier;
- Environmental and biodiversity outcomes will be protected and enhanced;

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- Having no restrictions or caveats on a property's LINZ Record of Title;
  - Not being limited or made obsolete if cheaper alternatives of capturing carbon, other than forestry, were identified as the fund would recognise the forest's benefits beyond just that of carbon sequestration; and
  - Creating choice, where currently choice is very limited for this landowner class.

### **The basis of a recognition payment**

A recognition payment, as part of the scheme, would be set on a per hectare basis and adjusted automatically for inflation. It is intended that the payment would be periodically re-assessed – e.g. every 5 years, depending on things like the scheme's uptake levels. During these re-assessments, if the payment level was regarded to be too low, alternative revenue sources for the scheme should be sought.

### **Payment prioritisations**

The Māori Trustee considers that the scheme would prioritise funding to areas of 'highest need' – e.g. erosion-prone areas. Funding could also be prioritised to increase the size of existing areas of native bush that were regarded as needing protection or enhancement. The Māori Trustee also considers a list of other parameters could be established for assessment purposes.

### **Monitoring and enforcement**

The Māori Trustee considers that the scheme would largely be monitored and enforced through desktop analysis. The continued advancement in today's technology would make it very simple to check, via a desktop analysis, whether the area and plant coverage aligns with a successful recipient's application record. This process is further simplified due to not having to distinguish between different sequestration rates and tree cover types.





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## Appendix B – The Māori Trustee and Te Tumu Paeroa

### Who We Are

The Māori Trustee is appointed by the Minister for Māori Development under the Māori Trustee Act 1953. One of the principal roles of the Māori Trustee is to administer as trustee or agent whenua Māori and other client assets in accordance with the principles and obligations of trusteeship and agency, and relevant legislation including the Māori Trustee Act 1953, Trusts Act 2019 and Te Ture Whenua Māori Act 1993. The current Māori Trustee, Dr Charlotte Severne, was appointed for a three-year term in September 2018 and was re-appointed for a five-year term in October 2021.

Te Tumu Paeroa is the organisation that supports the Māori Trustee to undertake her statutory and other legal functions, duties and responsibilities.

The Māori Trustee administers approximately 88,000 hectares of Māori freehold land, as well as general land and other interests and investments, on behalf of over 100,000 Māori landowners.

A primary objective of The Māori Trustee, is to protect, utilise and grow the assets of our Māori landowners. The organisation provides land administration and professional trustee services to one third of all Māori land trusts (over 1700 trusts), as well as targeted development and sector-specific expertise. The organisation is involved in the management of a number of Māori enterprises and development projects.

The Māori Trustee currently employs approximately 166 staff across five offices throughout New Zealand, with the Māori Trustee based in Te Whanganui-a-Tara.

Te Tumu Paeroa is unique, in that it is the only nation-wide organisation that manages significant tranches of Māori land and assets on behalf of Māori landowners.

### Our Vision and Priorities

Our vision is: Ko Te Tumu Paeroa tēnei, te tauawhi nei, te taunaki nei, te tiaki nei ngā whenua Māori mō naianei, mō āpōpō hoki. Ensuring Māori land is protected and enhanced, now and for generations to come.

Our vision requires a careful balance between protection of the whenua and taiao and enhancement of the whenua through a range of pathways, including commercial development.

Our purpose is to be a dedicated professional trustee service for Māori.

Our strategic priorities assist us to deliver on our vision and purpose:

- a. Enhancing operational excellence.
- b. Growing an inclusive culturally competent organisation committed to a greater understanding of Te Ao Māori.
- c. Contributing to growth, development and future leadership in whenua Māori administration and governance.

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- d. Increasing the resilience and sustainability of the assets and whenua we administer.

## Our Portfolio

Our portfolio currently<sup>5</sup> consists of the following:

- a. Number of trusts and other entities under administration – 1746.
- b. Number of hectares under management – 88,000.
- c. Number of owner accounts maintained - 102,502.
- d. Number of ownership interests - 258,469.
- e. Number of leases administered – 1,732.
- f. Client funds under management (market value) - \$ 130.1 million.
- g. Māori Trustee equity - \$ 170.7 million.

## Our Mahi

The Māori Trustee has the responsibility to ensure that the best interests and outcomes for Māori land owners are advanced by Te Tumu Paeroa's mahi.

Our core services are:

- h. Administration of trusts where the Māori Trustee is the responsible trustee.
- i. Agreed trustee services where the Māori trustee is an agent or custodian trustee.
- j. Keeping records for trusts we administer.
- k. Managing finances and preparing financial statements.
- l. Consulting with and convening meetings for advisory trustees.
- m. Consulting with and convening meetings for beneficial owners.
- n. Reporting to responsible trustees, advisory trustees and beneficial owners.
- o. Administering trust distributions.
- p. Filing applications with the Māori Land Court and attending associated hearings.
- q. Property management, including leases and asset maintenance.
- r. Reviewing land use and considering, where appropriate, alternative land use options.
- s. Developing and enhancing land and assets; including the production and maintenance of Asset Management Plans and Farm Environment Plans.
- t. Responding to requests for information.

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<sup>5</sup> The Māori Trustee Annual Report 2022



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- u. Managing and investing cash assets in the Common Fund.
  - v. Managing and providing support services for the General Purposes Fund.
  - w. Acquiring and paying for goods and services.