

Proposal one: Introducing a new permanent post-1989 forest activity into the ETS and discontinuing the Permanent Forest Sink Initiative (PFSI)	
Decision 1: High level settings	<p>Eighty submitters responded to the question asking whether they supported the overall approach of creating a new permanent forest activity in the ETS. 85% of respondents supported MPI's preferred policy approach (and 11% were unsure).</p> <p>The most common reasons given for supporting the proposal were that it would encourage permanent forestry, would reduce costs and administration associated with the current PFSI, and, once final policy decisions are made next year, would offer permanent post-1989 participants a suite of improvements that address long standing issues with growing permanent forests for carbon.</p> <p>Of those who answered, 59 of the 71 (83%) agreed that the existing carbon stock change accounting process should be used for permanent forests as it administers NZUs for the full amount of carbon stored in the forest.</p> <p>There was strong support shown for sharing the majority of the definition of 'a forest' as applies in the current ETS, with the exception of the 'non-harvest period' which would only apply to permanent forests.</p>
Decision 2: Repeal the PFSI provisions in the Forests Act	<p>Decision 2: Repeal the PFSI provisions in the Forests Act</p> <p>Sixty percent of respondents (35 of 58) supported the Government's preferred approach for transitioning participants out of the PFSI. The nine submitters who disagreed expressed concerns about the fairness of stopping the PFSI for current participants. A number of these were PFSI participants who were expressing concern around how the transition would work (e.g. we do not intend to introduce provisions that mean that participants need to repay NZUs at the time of transition, however some participants were concerned that this may have been our intention).</p>
Decision 5: How restrictions on clear fell harvest for forests registered in the new category will be applied and the approach to covenants	<p>Seventy two percent of respondents (46 of 64) agreed that the restrictions on the permanent forest category should be 50 years of no clear fell with at least 30% canopy cover maintained. Some of the submitters who disagreed felt the minimum of 30% canopy cover was too low, particularly for indigenous forests.</p> <p>Sixty nine percent of respondents (44 of 64) supported the proposal for a 50 year non-harvest period. Some of the submitters who agreed would prefer a longer period but recognised the complexities of establishing limits over 50 years on land under the Te Ture Whenua Maori Act 1993.</p> <p>Of those who responded, 46 of 61 (75%) preferred the proposed permanent forest category to operate without a covenant. Many of the submitters supported their answer by highlighting the additional cost and a high administrative burden covenants can impose on the land owner.</p>
Decision 6: The process for dealing with forests registered in the permanent forest category in the ETS after the 50-year 'no clear-fell period' expires	<p>Seventy four percent of respondents (42 of 57) agreed with the three options, calling them fair, reasonable, and flexible. Of the 10 submitters who opposed the options, many were concerned that the harvest restrictions were only 50 years and would like to see this extended instead of having exit options.</p>

Decision 7: The process for participants (in special circumstances only) needing to remove forest land from the permanent post-1989 forest category activity prior to the end of the 50-year non-harvest clause	Stakeholders were presented with three options for exit, and this option was the most preferred. Of the 33 respondents, 14 preferred this option (42%), with 13 supporting an option to repay NZUs with a further penalty rate per unit (39%). Many who preferred the proposed option noted repaying NZUs and a penalty rate would penalise participants who may need to exit the activity for bona-fide reasons and this could reduce the number of participants entering the category.
Decision 8: Enable forest land registered in the ETS under the Permanent Post-1989 Forest Activity to access special provisions for carbon accounting after natural or adverse events	Eighty five percent respondents (69 out of 81) agreed with this proposal for all post-1989 forests registered in the ETS, however we did not separately ask stakeholders about permanent post-1989 forests. Additional stakeholder engagement has informed us that adverse events pose a significant cost to permanent forests and therefore this provision should apply to Permanent Post-89 Forests.
Proposal two: Operational changes to improve the way the ETS works for forestry participants (and minor and technical amendments)	
Decision 1: Improvements to the rules around pre-1990 forest land offsetting to allow greater flexibility of land use	Eighty two percent of respondents (47 of 57) were in favour of improving the workability and flexibility of the offsetting process for pre-1990 forests. Some of these submitters indicated that they have found the current process very complicated and impractical.
Decision 2: Simplifying the process to access exemptions from deforestation liabilities for areas of tree weeds (including wildings conifers)	The proposal to improve the tree weed deforestation exemption process was supported by 41 out of 51 respondents, only 1 was against the proposal and 9 were not sure.
Decision 3: Excluding post-1989 land with tree weeds	Sixty two percent (15 of 24) of respondents to public consultation supported the removal of tree weeds to prevent perverse outcomes from encouraging tree weeds. 5 (20%) stakeholders who responded did not want tree weeds excluded, generally because they preferred flexibility for landowners
Decision 4: Improving access to exemptions for land in multiple-ownership	17 of 40 respondents (43%) agreed with this proposal, while 16 out of 40 were unsure. The majority of those unsure disagreed with the underlying exemption policy and instead wished for that to be re-examined.
Decision 5: Introduce 16 Minor and technical operational changes	The remainder of the operational proposals (refer Appendix Two for full list) were mostly answered by well-informed ETS participants and had high levels of support.