MĀORI LAND OWNERS' DECISION-MAKING PROCESSES AROUND NATIVE FOREST REGENERATION

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SUMMARY HAIKU

Land use decisions
have kaitiakitanga
at their very heart.

INTRODUCTION

Establishing native forests through new plantings or regeneration resonates well with Māori land owners as they seek to balance multi-dimensional considerations and give effect to their role as kaitieki. The New Zealand Emissions Trading Scheme (NZ ETS), land use diversification strategies and responding to perceived climate change risk are complex systems to understand and operate within. Being carbon farmers or earning an income from carbon farming is not yet a key driver in Māori land use diversification decisions. Nonetheless, when considered alongside wider aspirations for native forest land cover and co-benefits (such as improved water quality, restoring rongoā and other customary resources, protecting biodiversity and strengthening climate resilience), navigating the challenges and opportunities of being in the NZ ETS should be investigated and supported.

This report is a study of Māori land owners' decision-making processes and their cost (in time and other resources) when considering whether to enter the NZ ETS using native forests (both newly planted and natural regeneration). This aspect of emissions trading will be examined whilst considering the importance of Māori cultural values such as kaitiakitanga (including supporting livelihoods and returning benefits to land owners) and the barriers that Māori generally face when planning land use investments (such as concerns about retention of land ownership, and financial and legislative constraints).

This report presents Māori land decision-makers' perspectives across a continuum of considerations including:

- afforestation and significance of native forests (regenerating and reforestation);
- perspectives and understanding of carbon farming;
- registering and participating in the NZ ETS;
- availability and access of other resources/incentives (programmes);
- the nature of land owner engagement, participation and influence on the decision-making processes;
- governance capability particularly where land use diversification is required; and
- understanding the role of contracts for carbon farming projects, the associated negotiation process and scope in structuring these agreements.

Understanding how Māori land owners engage, process and implement different contractual procedures related to the accumulation and sale of New Zealand Units (NZUs) is a key outcome of this three-year research project. This report finds, however, there are some critical gaps to better understand and canvas before contract options can be tested with land owners. A gap in change management requirements was identified in particular. We have identified these gaps within the 'next steps' as elements to be factored in as further research activities for the project's final year.

This work has been conducted as part of the project "The New Zealand ETS to facilitate native forest regeneration on Māori land" funded by the Ministry of Primary Industries through the Sustainable Land Management and Climate Change Research Programme (SLMACC).

METHODOLOGY

The project establishment phase involved various promotions, interviews, a survey and a hui (convened 8-9 November 2018). These identified interested land owner/ decision-makers who were invited to be interviewed and involved as participants in the project.

Interviews were conducted with 12 Māori land decision-makers between November 2018 and February 2019. These Māori land decision-makers represent 13 Māori land owner entities with aspirations for native forest regeneration or afforestation. Two are already registered in the NZ ETS for production forests and all are willing to explore the sale of NZUs accumulated through native forests (which means they are prepared to register with the NZ ETS).

Decision-makers were drawn from a cross-section of land owner entity types associated with Māori land ownership throughout Te Tairawhiti, including Māori Incorporations, Ahuwhenua Trusts, Ahuwhenua Trusts administered by Te Tumu Paeroa, Family Trusts and a Post Settlement Governance Entity (Figure 1). Including this wider suite of Māori land ownership entities and management structures allowed the project to trace potential correlations between entity type and the opportunities and barriers to change identified in our qualitative data collection.

Figure 1. Land owner entities participating in Testing the NZ ETS Project

Entity Type	ETS-registered blocks in sample	Non-ETS-registered blocks in sample
Māori Incorporation		2
Ahu Whenua Trust	1	4
Māori Land entity administered by Te Tumu Paeroa		3
Other landowner entity	1	2

The interviews were structured to cover the five phases of decision-making Māori land owners face in relation to native forest regeneration and the NZ ETS. These phases are:

1. pre-decision;
2. decision for native forest;
3. decision to apply for the Erosion Control Funding Programme (ECFP), the Afforestation Grant Scheme (now subsumed by the One Billion Trees Fund);
4. decision to enter the NZ ETS; and
5. decision to sign contract to sell units.

The findings reported herein reflect the positions of selected land owners as at their first interview. These will be supported by follow-up interviews in 2019, with any changes or progression identified and explored in future work.

PHASE 1: PRE-DECISION

This phase explores the respondents' kaitieki relationships and cultural values with the land, type of aspirations visions (personally and/or collectively), current land use and management, governance capability, perceptions of climate change impacts and risk perceptions of land use diversification. While a key criterion to participate in this research required the participants to have a keen interest in native forest regeneration or afforestation it is during this phase that this preference is confirmed. All respondents' responses are important for understanding the wider decision-making contexts in which they operate.

Kaitieki relationships, aspirations and visions for whenua

All participants share a kaitiaki relationship with the land of which they are a trustee or decision-maker, regardless of whether or not they were raised on the land or are formally registered as shareholders in the respective land entities.

> "This land comes through my grandfather, my Dad's father. Back through our Hinerupe whakapapa. That is how this land has been passed down to us. I was brought up away from the land… so coming home now… 16 years on… wanted to change that… so it is about reconnecting to the land."

Current land use and management

Farming and forestry are the predominant land uses across all sampled land blocks. Of the 13 blocks, 10 have a farming lease or grazing arrangement over their blocks. Only one has no formal farming operation although they run some stock for feeding their whānau and to support them in meeting cultural obligations (e.g.: providing meat for hapū gatherings and tangi).

Four of the blocks are currently involved in forestry – two of the four are forestry only (i.e. are not involved in any other land uses), and the remaining two blocks are ETS registered production forests.

> "I think generally Māori land owners are pretty conservative especially here on the East Coast… I don't think we are very entrepreneurial (apart from Hikurangi Enterprises)… you know the sort of stuff that's happening now. Prior to that, and I've been here for many years now, there hasn't been a lot of development on Māori land holdings (apart from the Incorporations or big corporate farmers like Inglebys.)... no one seems to do anything too far from beef and sheep."

For the blocks involved in forestry, two have recently harvested and so the decision to replant in natives is imminent. The key challenge for one block is persuading fellow trustees of the broader merits and co-benefits of native forestry versus production forestry. Financial return is the bottom-line for many decision-makers. For many of the blocks, balancing kaitieki and fiduciary obligations is a key challenge, especially in the context of multiply owned land where different shareholders may have differing objectives and values.

> "…the language that is still driving our decisions is all on the balance sheets. Like even though I get them to have a korero across all of the measurements and we're sitting at the board and everyone's going 'Kaitiakitanga? Yep', 'Pūtaiao? Yep', You know, then they go 'What's the numbers?' And I'm only one on a board… I've still got to convince these others and they are not there yet. So, they'll go back to the numbers."

One of the blocks with forestry is administered by Te Tumu Paeroa. The post-harvest decision will require land owners to meet to agree on their preferred land use going forward. This will be the first meeting in some time that many of the land owners will attend. The forestry asset for a another forestry block has not been managed well and so is likely to be of wood pulp quality only. Although the costs at harvest time are high due to steep terrain, the trustee considers the cost of failing to harvest would be higher, given the potential long-term effects of streambank erosion and exacerbation of wilding pines. The respondent expects that this will be a marginal asset from which a return will be earned and is looking to investigate whether carbon income on a lease basis is an option for future land use.

All properties have varying degrees of erosion risk. Climate change considerations are inherent to this type of risk evaluation and assessment, as land owners observe and improve their understanding of the changing behaviour of their natural resource estates.

> "The streams have changed. [They] used to be quite deep. The last flooding came through the tunnel house… like gravel. Our streams are going to be trouble in the future."
>
> "There are too many risk factors and the main one would be climate change scenarios. Fire risk, climate wiping out your plantation."

Governance capability

Governance capability across the respondents could be described as relatively active, as demonstrated by their interest to seek out information that will progress aspirations for native forests. Most of the respondents believed that the aspirations of their wider owner/ beneficiary base was important, and to varying degrees had engaged with these groups with regards to their aspirations for the land. Reporting back to the owner base was usually through annual general meetings.

Meeting regularly as decision-makers is key. Numerous challenges to maintaining this include:

1. Distance and availability, as some trustees reside in other parts of the country.

> "We have some good people on there. Unfortunately, one lives in Napier and one in Auckland and that proves to be a problem. People aren't able to attend. We need full attendance at our first meeting. This is the first meeting since taking it back from the Māori Trustee."

2. Varying relationships between trustees who live away from the day-to-day realities of the whenua and trustees and whānau who live on the whenua.

> "We have never had like an active working komiti. I think that's because of relationships with the wider whānau that aren't here."

3. Most respondents noted that they fulfilled their role in a voluntary capacity. If respondents were remunerated in this role it was on a meeting fee basis and remuneration was minimal.
4. All respondents noted the need for a multiple skill base for Māori land governance and acknowledged the various skills and expertise within their respective trustee collectives.
5. Some respondents noted risk aversion had an impactt on their ability to complete a decision for a land use opportunity the land owner entity was pursuing.

6. Where decisions needed to be made and consensus agreement couldn't be met, a vote is used.
7. The time frame to take an aspiration through to approval and then implementation is long.

> "Our job is to get a return to the land owners and bring them in to make a contribution and develop the land. It's a quite a slow process."

Engagement

Engagement is critical and is required at two key levels: governance and the land owner base. There needs to be a healthy working relationship and effective communication with each other as decision-makers. The results indicate that passionate and motivated decision-makers are keenly interested in scoping income-earning potential from (native forest) land use and, once aware of new networks and better information, are motivated to advance the decision-making process.

As 'champions' the decison-makers facilitate progress, but each phase is then vulnerable to the availability and drive of that champion.

> "Some new energy put back into it [the land] so that it can be more productive, and it becomes healthier and utilised a bit more. But a big part of it is having that leadership or that drive to be able to do that."

The inconsistency of meetings does not always prevent progression. However, land owner entities with governance activities (such as meetings, the ability to access advice where required, monitoring of finances and work plans) operating on a more regular schedule and cycle of planning were more effective. This effectiveness allowed better access to resources, advice and support through appropriate programs (such as ECFP). These decision-makers were also more likely to advance their plans through to implementation.

> "We don't have consistent meetings. Probably unless we have regular hui around the kaupapa of things. Such as the kānuka project. But there is no regular schedule being set."

In terms of engagement with land owners, respondents used wānanga and hui to engage with their wider shareholder or beneficiary groupings. Annual General Meetings are also recognised as an appropriate and more formal forum to seek approval and report on planned development initiatives. Some respondents are available for individuals to contact them and follow up on proceedings of meetings. This reflects the significant cost in resources and time that is required for land use management, as well as establishing and maintaining effective communications with the owner/beneficiaries.

"There [is] a whole lot of education that needs to be done whānau wide about the aspirations… is it about focusing on creating income or more longer term benefits for the whānau and the whenua?"

"we certainly wanted to bring a more balanced approach to the land use, not just the farming… we have significant conservation areas in our landholdings… and we wanted the whenua to be accessible. Like whānau could get their firewood from it, like not everyone is going to get a job out of it. We are too small scale, even farm wise, so we wanted a more balanced way of developing."

"… getting land owners to participate in the discussion is a big issue. It's okay [for] those blocks where we have really active advisory trustees and we can have preliminary discussions with them and then go to a meeting with some sort of recommendation… At many meetings our owners don't necessarily want to make the decision, however they do want to be part of the conversation and listen to the kōrero."

Access to capital

The balance sheet of the land owner entities varied widely. Most of the respondents had little detail of costs or returns in regard to establishing native forest or the returns to expect from carbon income. If capital was required, respondents were willing to seek funding from available resourcing schemes (such as ECFP and the One Billion Trees programme) and/or to seek joint venture partnerships. Loan finance was considered risky and difficult to access. It is estimated that a quarter of the respondents would have sufficient assets and income streams to meet compliance associated with standard bank lending policy.

"As trustees we might [consider loan finance] but personally that is not something we'd like to do. There are too many risk factors and the main one would be climate change scenarios… Nah no way, if we can do within what we can get and work within our means… that is the best scenario."

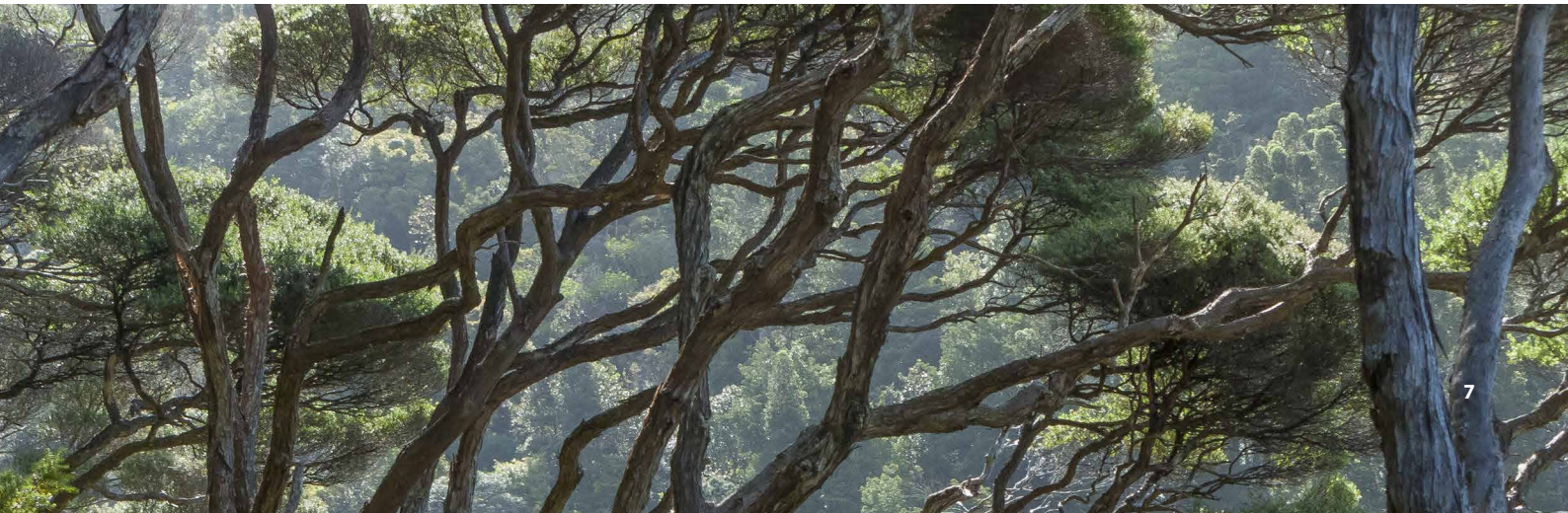
Understanding the state of the land

Understanding the current state or condition of the land is an important consideration for all respondents. The current health, state or wellbeing of the land is identified as a high priority, alongside other factors such as land use capability, wider whānau aspirations and benefits sought for the land and land owners. There is a recognised need to 'give something back' to the land, and facilitate, where required, the land's need to heal, restore and regenerate.

"I think our main priority would be to ensure we are not wrecking the whenua anymore. So the part where it's eroding, we definitely as soon as possible we need to stop grazing there. If that's all we ever do, you know."

"For me personally we have to put something back into the whenua. When you have surgery, well hey, you have to heal up."

These sentiments reflect the respondents' genuine consideration for how they practice or give effect to kaitiakitanga of the whenua.



PHASE 2: DECISION FOR NATIVE FOREST

This phase explores how respondents consider the change management required to enable the decision to establish native forests. How are land owners engaged? What is important to their decision-making process? What are the key influencing factors?

Land cover and land use

All respondents identify land cover options as the means with which to treat erosion and buffer climate risk of their natural resource estate and to heal their lands. The preference is for native forest species in regeneration or new afforestation. Because the predominant land use is pastoral farming or production forestry, land use diversification becomes the key means to meet land owner aspirations, treat their land and better manage climate risk.

> "For me personally it would be the best thing we could do to plant in natives."
>
> "… but definitely the areas where it's eroding, to regenerate it with natives and then to give the whenua a whakangā so to not graze it, so giving it a lot of rest…"
>
> "So it's all around the wellbeing of a place where we can connect and heal. So that's the bigger vision. Our priority for this land. If it's not good for that it is not happening. Although this isn't the lease agreement. This is the bottom line."

Land use diversification

Land use diversification is considered risky and that risk is relative dependent on a variety of factors for each land block. Some hesitation and fear are evident.

> "Going from pastoral to other land uses?… You know that's been our main source or main income around here and like for anything different it's safe. We know forestry. We know farming. To go away from that can be a bit of a risk… scary."

There is a need for the champion to 'paint a picture' for fellow decision-makers and the wider shareholder/owner/beneficiary group. Key details of this picture will help to incorporate the associated benefits and risks of the current land use regime. Taking this approach means the picture can assist and facilitate a broader way of thinking about the local context and how the land owner aspirations may be progressed or realised regardless of the barrier or challenge and what these are associated with.

Land owner engagement for native forest decision

Very few of the respondents had undertaken any specific engagement with fellow trustees or owner beneficiaries regarding the establishment of native forests, beyond discussing it as part of their collective aspirations. One clear example from a respondent follows:

> "It was difficult, but I was able to convince them with the info I had from the research work we had been doing. You almost have to dangle a carrot and play up the need to work together. '[We] can do a treatment that we could earn an income off…Don't you see the land is spent. Now we actually have to take the cows off and treat it.' [They will say] 'Oh but it's always moved, and we've always done this.' It was cajoling really. It caused tension of course. 'Hey, I've got nothing to gain from this, all I am getting is a lot of work to do.' In fact, none of us will gain right now, but in the time of our children and mokos."

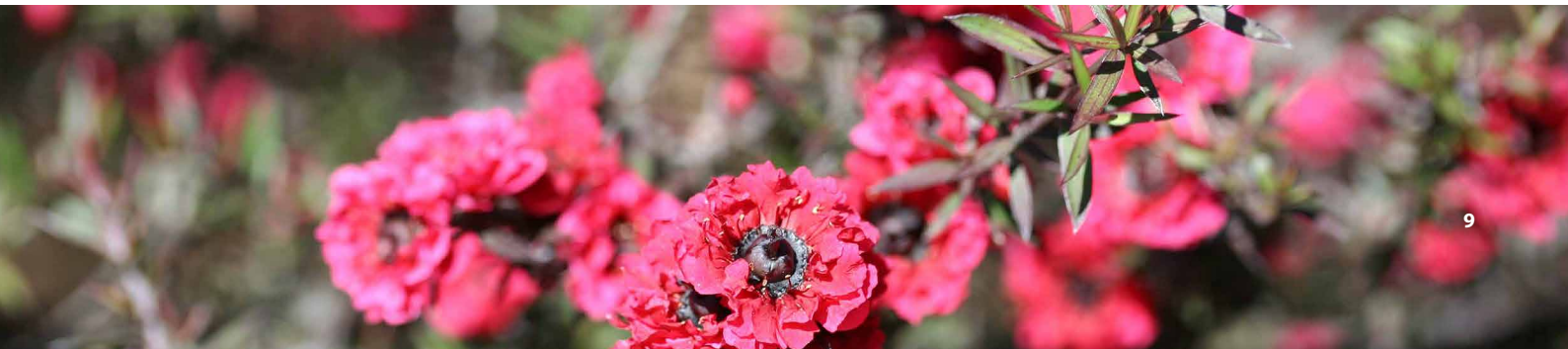
It is likely trustees will need to facilitate specific engagement exercises focused on establishing native forests. This will improve the awareness and understanding of what is involved and to provide a forum for others to voice concerns or suggest options.

Once decision-makers are sufficiently informed of the current situation of their land block, the next step is to build a business case for native forest as a desirable land use and highlight the potential financial and non-financial gains from carbon farming. The decision-maker needs to be able to effectively evaluate and understand their current situation and then have the means to compare it with the proposed diversification options.

> "I would like us to quantify what our regeneration is; like physically, where is it? And financially, can we already claim some carbon? And then I want us to evaluate that with our other opportunities like maintaining tracks, paying rates, and keeping farming in the mix too. And then I want that mapped out, and that's really to understand so then what extra would we gain if we actively planted it… and how much area will we take for the native forest in total or how much should we leave clear for the tracks and the farming, and all the associated costs from fencing to planting and then what could we gain from having an exotic species mix, and what those ratios are. So, there's probably about 3–4 things to work out to really know if we choose these 2–3 land uses for that block."

Where there is majority support for land use diversification into native forest carbon farming then a detailed plan is required. Evaluating progress towards implementing land use diversification is also important, and groundwork must be undertaken to develop the picture of current land use, and the case for native forest. The implementation plan will also provide a framework to evaluate and measure progress.

> "So really, I think we have everything going for us, but what we need to clarify is the steps to go through for our particular context. What are those steps? And at each step or at each milestone however we are going to measure it – how are we going to measure the change or the progress or the achievement of moving that way."
>
> "We need to get a plan and get started. That process is yet to come. The grant process was sweet, was easy. It's the actual doing the job that is… planting, pest control and fencing and all that."



A significant challenge to this step is providing proof of the financial returns of native forest carbon income. Generally, this is not well understood, largely because the regulatory framework for this industry and land use is still developing. While financial considerations are easy to measure, report on and compare, non-monetary values placed on benefits are intangible and difficult to evaluate. Being able to present these wide-ranging values in a simple and clear way is a difficult yet essential challenge, as it enables decision-makers and owners/beneficiaries to see that perceived risks can be mitigated, and in the longer term more integrated benefits and opportunities can be gained from native forest land cover.

> "I know for me the ecological [and] cultural values, all of that makes the value of native afforestation so much higher. But it's not… well it probably can… in terms other than financial returns we know that and so it's like I call it a legacy crop. We'll get returns in a lifetime, but with natives you are going to win all the way down the line with each generation… what is hard for people to get past for them we have to be making money so we can meet costs along the way. I would like to see rates lowered for blocks that are reverting because you sacrifice an income to retire and restore the land that is basically what you are doing. You can't exploit it, you pay in time and resources, so it's really difficult to deal with that. But that is what they have inherited here, so we have to change, and we all have to think that way."

PHASE 3: DECISION TO APPLY FOR ECFP

This phase explores the land owner decision-makers' knowledge of the Erosion Control Funding Programme (ECFP) and other relevant grant and support schemes, and their experience with navigating this funding landscape. In subsequent interviews with this project's sample of land owners, questions will also be asked about the One Billion Trees programme, which acts as another source of financial support for land owners with aspirations to revert (or actively afforest) land to native forest.

Just over half of the respondents had prior knowledge of the ECFP scheme and had progressed, to varying degrees, through the application and eligibility process. The eligibility assessment was found to be useful in providing visual mapping to review land use diversification and as aids for engaging land owners. The eligibility assessment has also proved useful in determining external resourcing towards land use diversification aspirations on a per block basis. This can then be utilised when a given land owner 'paints the picture' of whenua options to their trustees and other owners. Only one of the respondents had implemented or operationalised a funding agreement. This is likely due to the capability and agility in implementation within which the smaller land owner collectives (family trust entities) can operate.

The remainder of the respondents had heard of the scheme but otherwise had not engaged with any advisors or administrators regarding it. Two respondents (of the latter group) had accessed other support schemes such as Ngā Whenua Rāhui, Māori Agribusiness: Pathway to Increased Productivity (MAPIP), the Natural Heritage Fund and various rates relief schemes administered by Ngā Whenua Rāhui, Ministry for Primary Industries (MPI) and the local council (Gisborne District Council). A lack of capacity (rather than capability) was the most influential factor in any of the schemes not being accessed for native forestry establishment or regeneration. This was due to advisors not responding in a timely manner, not understanding the eligibility criteria or being stretched in time to attend to the application.

A key concern raised with regards to the ECFP is the liability associated with the ECFP contracts. They are untenable for several reasons:

1. The weed and pest management deliverables that land owners are required to meet and maintain for the 15-year term of the funding agreement will be difficult for lands that are of steep terrain and some distance from settled areas or homes.

> "We are not talking about land that is in the river valleys or flats; those lands are in areas where people live and can easily manage the goat and deer populations. Steep remote hill country is a totally different senario.."

2. There are difficulties where pastoral lease arrangements are in place on the land prior to taking up the ECFP contract. A respondent spoke of this example and MPI's variation to the contract that allowed for upfront funding to commence works, but in doing so changed the provisions relating to stock exclusion from a "soft recommendation to exclude stock to a hard rule that stock must be excluded." This impacts the tenets of the pastoral leases already in place, affecting pasture management and the viability of the land block.
3. It is unclear that the value of the ECFP contracts will cover the costs of replanting and afforestation. Most respondents advised they would provide the labour and utilise the funds to purchase fencing materials and plants. However, for blocks administered by Te Tumu Paeroa, this approach may prove untenable as land owners are more likely to be less connected from the land, and the contract value is insufficient to contract third party providers to implement the fencing, sourcing of plants, planting, and weed and pest management for the duration of the 15-year term.

Despite these identified challenges, there are existing opportunities to work co-operatively to deliver on the contract through cost savings (e.g. economies of scale in procurement and sharing capability). These collaborative relationships will be key to maximising resources for wide reaching benefits to communities.

> "Relationships with our wider whānau – that needs to be managed really well. I don't see so much risk, I only see opportunity."

PHASE 4: DECISION TO ENTER THE NZ ETS

This phase explores decision-makers' experience of signing up to and participating in the NZ ETS, particularly their understanding of the wider carbon economy, the specific steps of the NZ ETS and related carbon sequestration programmes and initiatives, such as the Permanent Forest Sink Initiative (PFSI) and the Afforestation Grant Scheme (AGS) (subsumed by the One Billion Trees programme).

The two land blocks signed up with the NZ ETS are in production forestry and were registered by former committees (decision-makers or trustees). External advisors are used to manage their respective ETS accounts, rather than decision-makers administering these transactions themselves.

The compliance requirements of the NZ ETS need to be better understood by decision-makers from the registration process through to the five-year mandatory time frames in which carbon sequestered can be measured and claimed. Plotting is compulsory for areas over 100ha, but for areas less than 100ha the default carbon look-up tables can be used. Aside from the cost there are advantages to plotting as this provides evidence of actual sequestration rates – which could be higher than the rates in the default carbon look-up tables. NZUs are not tradeable unless they are claimed within that period.

There is varied understanding and perspective across all respondents of the macro level context of New Zealand's commitments, international agreements and influence/s and whether (if at all) these have an impact on their local contexts.

> "Yes, a huge issue for me is that their [MPI's] measuring tool is lacking and one-sided. They haven't conclusively studied how they [native tree species] sink carbon."

The more effective means to influence and advance benefits from ETS-eligible lands is, however, to utilise the current mechanisms within the ETS system and promote evidence-based change.

PHASE 5: DECISION ON SIGNING CONTRACT TO SELL UNITS

This phase explores the respondents' preferences relating to transactions with an emitter. This includes the importance of establishing a direct relationship with emitters, the perceived benefits and risks of committing to sell units in advance, negotiation preferences including the structuring of agreements, and their strategies (if any) for managing returns and risks over short and longer terms.

For the respondents who are registered with the NZ ETS there is a preference for, and some experience with, developing a strategy as to how they seek to manage returns and risks. This can be invaluable to inform the structuring of any contract/s to sell units. Although experience with selling units and transactions with emitters is still developing for Māori land owners, there are very clear preferences for, and importance placed on relationships and collaboration. Therefore, collaborative and multilateral approaches and elements will be preferred.

The use of a broker will depend on each respective land owner entity, however most will likely engage with a broker at some stage of the process (to sell NZUs). It is unknown what the preference is for engaging brokers once the land owners have experience with the New Zealand Emissions Trading Register. It is important to note that Māori land owners and decision-makers will always be passive if they allow external advisors or brokers to undertake key aspects and transactions of the business.

"I think what Ngāti Porou has done around Air New Zealand is exactly what I want to do. The other reason I like the non-broker thing is because of the stuff you get on top of it. You start to create a relationship with that organisation like Air New Zealand, you get marketing value, you get PR value, now suddenly we will be selling meat to Air New Zealand because the relationship is there. You can't get that with a broker."

"And we are passive again and we don't know the business… I just think there is more opportunity that comes from a direct relationship. More work… the only other thing I think you get out of a broker is a bit more transparency of what all the options could be, whereas your direct engagement, you know, it's kind of what's on the table. But I'm trying to figure out if there's a way you can do both, like you have a broker find you the partner and then you directly engage with them – like a mortgage broker. But they are not doing all the talking for you."

"We would naturally support collaborating for the credits, or you know for the selling of them, so if an emitter wanted to buy bulk we would naturally look at collectivising in whatever common space we can find with others."

KEY FINDINGS

	Key learnings
Land owner entity type	Land owner entity type in itself is not a barrier to taking up native forest land use for ETS.
Phase 1 – Pre-decision	• Kaitiakitanga is central to land use and governance goals. • Native forest is a preferred land cover and is recognised as a means to respond to perceived climate change risk. • Identified collective land owner aspirations have some influence on land use decisions and, in that vein, provide opportunity to guide future land use as well as measure the net benefit and evaluate progress towards land use change. • Decision-makers need support and encouragement to comprehensively appraise their land, current land use and business operations. • Access to capital is limited and most prefer to convert to land cover within the means and assistance they can access.
Phase 2 – Decision for native forest	• Land use diversification has its own specific set of challenges and the state of governance and management operations of the land owner entity prior to entering into land use diversification phase/s of development has a significant influence on being able to navigate and implement land use change. • Land diversification adds a further layer of complexity to the complex dynamic of Māori land governance and the ETS (respectively). • Engagement 'for native forest' needs to be specific and in addition to 'business as normal engagement'. • A detailed plan/ business case for native forest will be essential to inform engagement with land owners and implement diversification. • Starting lines for Māori land blocks to participate in the ETS are diverse. Key factors include the requirements of the land use diversification process as well as governance capability. • Maintaining relationships throughout land use diversification is important, particularly where owners may also be lessees or have multiple roles in relation to the land. This should be led by the governance members and not delegated to an external advisor or agent.
Phase 3 – Decision to apply for ECFP	With the ECFP now fully subscribed and effectively subsumed by the One Billion Trees Fund, there remains inherent liabilities to the land owner at a contractual level. However, proper evaluation of such grants and subsidies and their specific contribution to land use diversification can be significant. Ensure funds granted are properly considered alongside contract liabilities and tie these to implementation plans.
Phase 4 – Decision to enter the ETS	Overwhelmingly the ETS is not well understood. For those blocks who had signed up, the compliance requirements to claim NZUs was unknown. There are perceived encumbrances which can deter land owners/decision-makers from fully investigating the ETS and native forest as a land use option. This relates to legislative restrictions – particularly for post-settlement governance entities and with regard to intergenerational decision-making nature of Māori land governance.
Phase 5 – Decision on signing contract to sell units	Relationships and collaboration are important values for land owner/decision-makers. Being able to present various contract options advances land owner awareness of the flexibility that is possible and raising their awareness of how to better participate in the ETS.

CONCLUSIONS AND NEXT STEPS

This report has identified some shared experiences of /for Māori land decision-makers and how they recognise opportunities and identify challenges in their investigation of establishing native forest as a preferred land use for lands they govern.

What is overwhelmingly clear is the lack of understanding of the NZ ETS and the mixed attitudes to the broader context that the NZ ETS operates within. It is critical for decision-makers to better understand the NZ ETS to ensure better land governance and consideration for native forest establishment and regeneration. What determines eligibility? For which areas and aspects of their land assets and business is this appropriate for? What are the compliance requirements? How is income realised from carbon farming? What are the mechanisms to influence and effectively participate within an emerging industry based on native forests?

A comprehensive evaluation is needed to elucidate how entering the NZ ETS could advance land owners' aspirations and kaitiakitanga objectives, as well as strengthen their land-based operations. It would also be useful to better understand the opportunities and management of associated risk. This evaluation should incorporate the important values identified by the respondents relating to their preference for effective relationships and willingness to collaborate.

Successful progression through the land owner decision-making process requires timely communication with respective owner/beneficiary collectives. It also requires planning in relation to aspirations, organisation, and effective engagement with advisors. The voluntary nature of Māori land governance can jeopardise the significant effort required in land use diversification strategies.

At present, three land entities are well placed and interested in afforesting all their eligible lands in native forest for carbon, such that carbon farming would become the core business of their blocks. Further engagement with these blocks will comprehensively document land use diversification as they near a position to consider and plan for land use change. Key research activities and interventions will include the development of:

1. Templates for land use profiles and business case for diversification.
2. 3–4 scenarios relating to and troubleshooting land diversification pathways. The scenarios would essentially cover:
   - pastoral farming to native forest (regeneration);
   - integrated native forests (newly planted) with pastoral farming;
   - mixed land use (including regeneration or newly planted forest), covenanted areas and current land use; and
   - production forestry (post-harvest) to native forest.
3. Improving understanding of the contract benefits and liabilities of the (now) One Billion Trees Programme.
4. Further resources to clarify essentials of the NZ ETS, including what is required to claim units and the benefits of plotting land for carbon sequestration.
5. Contract options, including a trial of the following with each land owner (entity) who reaches the contracting stage:
   - upfront payment and then NZUs delivered as they are earned;
   - payment through time upon delivery of NZUs; and
   - leasing.
6. Further investigation into the impacts of de-registering from the NZ ETS with regard to s62 of Te Ture Whenua Māori Act 1993 (TTWMA). Lack of clarity around this may 'scare off' land owners considering the NZ ETS in the first instance.

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