

**3rd Working Group Session of the  
Facilitative, Multilateral Consideration of Progress at SBI64**

**10, 12 and 13 June 2026**

**Written responses by New Zealand**

***Question by Germany***

In its first BTR, New Zealand reports that its forests play an important role in its emission trading system as carbon sinks, and acknowledges the role of forestation as a key component of emission reductions in the LULUCF sector, aside from measures concerning afforestation, could New Zealand please clarify what measures are taken to preserve existing forests and their role as carbon sinks, and how afforestation impacts other land uses?

***Response***

New Zealand's forestry estate spans both Crown and privately owned land. The Crown conservation estate holds 30% of our land and protects our long-term indigenous forests. These indigenous forests also support our unique biodiversity and provide other co-benefits such as eco-tourism.

Forestry is also a participant in our domestic Emissions Trading Scheme (ETS).

- ETS registered forests established pre-1990 are mandatory participants and do not earn credits.
- ETS registered forests established post-1989 are voluntary participants and earn credits equal to the carbon dioxide stored in the forest.
- All ETS registered forests face liabilities for the full cost of all carbon dioxide emitted by deforestation and conversion of the land to a non-forestry use.

The Government is also backing the growth of trusted, privately run voluntary nature and carbon markets in New Zealand to restore nature or remove greenhouse gases. Such projects can generate credits for protecting nature and taking climate action.

New Zealand's forestry accounting also creates incentives to manage our older pre-1990 forests. New Zealand accounts for carbon stock changes in pre-1990 forests against a carbon baseline. If actual net removals by pre-1990 forests are greater than the carbon baseline, these removals can be counted toward New Zealand's climate change targets. This creates an incentive for changes in management practices that increase net removals from these forests.

With regards to how afforestation impacts other land use, the ETS provides incentives for both exotic and indigenous forests. Although the ETS can provide a higher economic incentive for exotic forests, the decision on which forest type to plant is made by the landowner. The planting decision can include a range of non-economic factors, including amenity, cultural values and biodiversity. The government's Maximising Forest Carbon programme is carrying out work to improve the way we measure, recognise, and reward carbon storage in our indigenous and exotic forests.

For example, the programme is exploring whether carbon storage resulting from forest management activities can be measured in pre-1990 forest. This may encourage more effective forest management, leading to more carbon storage in New Zealand's existing forests.

The Government has passed legislation to limit how much farmland is converted to exotic forest and registered in the ETS. These changes, alongside the National Policy Statement for highly productive land, are intended to protect our most productive land for food production while still allowing sustainable growth of the forestry sector. More specifically, there are limits on post-1989 forest land from entering the ETS.

### ***Question by Malawi***

How do you intend to ensure that the new international climate finance commitment delivers the core under the first global stock take for scaled, predictable, and accessible finance, which is balancing mitigation and adaptation, and also responding to the emerging needs related to loss and damage, as well as reporting under the Article 13, particularly for the vulnerable developing countries, including the LDCs?

### ***Response***

New Zealand sees the NCQG as a core element of the collective response to the Global Stocktake.

We meet our obligations under Article 9.5, with the next mandatory forward looking climate finance report due this year. Under the enhanced transparency framework, New Zealand is preparing our second BTR. Future BTRs will continue to provide clear, backward looking information on our climate finance to strengthen the tracking of collective progress, enhance transparency, build trust and demonstrate our shared accountability with climate finance.

We support scalable, predictable and accessible finance, having increased our climate finance commitment fourfold to NZD 1.3 billion for 2022–2025, a target we met last year.

We provide all of our climate finance as grants.

Climate finance for adaptation is a critical priority for developing countries, particularly for small island developing countries (SIDs) and least developed countries (LDCs), and noting that some Pacific SIDs are also LDCs. Reflecting this adaptation priority, we committed upfront 50% of our climate finance commitment would support adaptation; in practice, over 60% of the NZD 1.3 billion was spent to support adaptation. This includes contributions to the Adaptation Fund, to which we provided NZD15 million in 2022.

We have heard the call for flexible and predictable climate finance. In response, since 2024, we have implemented a flexible finance approach in five Pacific countries, enabling a partner led approach that provides greater flexibility in how funding is used to meet national priorities and deliver locally led outcomes.

In parallel, we are responding to loss and damage. We use bilateral and regional channels to ensure that climate finance reflects the evolving needs of vulnerable countries. At COP27, we pledged NZD20 million to support activities to respond to loss and damage in the Pacific. Although outside this BTR reporting period, we also note our contribution of NZD10 million to the Fund for Responding to Loss and Damage in 2025.

### ***Question by the Netherlands***

You mentioned the phase out of coal use in your industries for the heating processes and could you clarify what policies are in place or plans to ensure a phase out of the coal being used in industry?

### ***Response***

New Zealand currently has regulation in place to phase-out coal for use in low to medium to temperature industrial process heat by 2037. This regulation is known as the 'National Direction on Greenhouse Gases – industrial process heat'. The national direction applies to devices that produce industrial process heat (for example boilers, furnaces or engines) for industrial processes, including manufacturing. This includes food processors and greenhouse growers.

New Zealand is developing a new resource planning system. The new planning system has a tighter focus than New Zealand's previous system and does not regulate greenhouse gas emissions that are either already or better managed elsewhere.

Under this new planning system, New Zealand will use the NZ ETS to manage emissions from industrial process heat activities. The NZ ETS places a cost on emissions and encourages businesses to find ways to reduce emissions at least cost. The obligation on coal-based emissions under the NZ ETS is placed upstream on the importers, miners, or stockpilers of coal.

The National Direction on Greenhouse Gases – industrial process heat is outside the scope of the new system and is not expected to be carried forward. However, the new legislation is not yet finalised and final decisions have not been taken.

Additionally, New Zealand has also made progress towards reducing emissions across the public sector with support from the \$219.5 million State Sector Decarbonisation Fund, administered by New Zealand's Energy Efficiency and Conservation Authority.

For example, this funding programme supported the removal of all coal boilers from state schools, and the majority of the largest and most active coal boilers from hospitals and tertiary institutions.