

# FARMERS WEEKLY



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Vol 18 No 21, June 3, 2019

farmersweekly.co.nz

\$3.95 Incl GST

## Gamblers lift farm prices



**Neal Wallace**  
neal.wallace@globalhq.co.nz

**I**NTERNATIONAL investors speculating the cost of carbon credits will rise are driving forestry expansion and pushing up farmland prices.

Rural leaders met several Cabinet ministers last week to air their concerns at the scale and speed farmland is being converted to forestry, citing sales of more than 30,000ha in the central North Island alone to forest companies in the last 12 months.

Many of the sales are to foreign companies to plant trees earning carbon credits that can be sold to greenhouse gas emitters to offset their emissions.

Forestry Minister Shane Jones is seeking advice on whether the Government's Billion Trees programme and easing of overseas investment rules have opened the door for investors speculating on carbon price rise.

Jones has asked officials to determine if the policy is being gamed and if it is he will seek Cabinet approval to close any loophole.

The pressure from investors looking for land to plant trees for carbon farming looks like increasing with Ministry for the Environment officials confirming the \$25 a tonne price cap will be removed by December 31, 2022, though some price control measures could be introduced.

The New Zealand carbon price is effectively capped at the Government issue price of \$25 a tonne of carbon dioxide equivalent. The European price this week was about \$44 a tonne.

Removing the cap and replacing it with an auction system was recommended following a review of the Emissions Trading Scheme earlier this year.

Climate Change Minister James Shaw is considering installing a price floor and a price containment reserve, a mechanism that would release more units to the market if the auction price rose to a trigger point.

Relaxing the overseas investment rules reflected the fact about 75% of forestry companies operating in NZ are foreign owned.

Tararua Mayor Tracey Collis and Wairoa Mayor Craig Little met Jones, Agriculture Minister Damien O'Connor and Conservation Minister Eugenie Sage and say they got a fair hearing.

Collis said 12 farms in her district were sold for forestry in the last year, five for carbon farming.

The social impact is already being felt with a teacher at a Tararua school forced to move after her partner lost his shepherding job on a farm sold for forestry.

They told the ministers more than 30,000ha of land in Gisborne, Tararua, Wairoa and Wairarapa districts has been sold for forestry in the last year.

It has been estimated more than 300,000 stock units will be replaced by trees with forest owners outbidding farmers for land and leaders fearing that will result in the loss of jobs, people and services.

Jones says that was not the policy's intention.

"I have sympathy if the



**ADVERSE:** The social impact of forest conversion is already being felt in Tararua with a school losing a teacher whose husband lost his shepherd's job when a farm was sold for trees, says Tracey Collis. **Photo: Vicky O'Connor**

extremely high value associated with carbon leads to a Klondike effect causing shiny-arses to come out of Auckland wanting to cover Wairoa in plantation forestry for a carbon investment."

However, farmers want their property rights respected and it is their choice who they sell their land to.

Forestry Ministry chief executive Julie Collins said she has

heard anecdotally the Billion Trees programme is affecting rural jobs and services but data shows there were fewer farm sales last year and just three farms were bought by foreigners for forestry.

She has also not seen evidence the programme is affecting land prices.

"We will continue to monitor market drivers and overseas investment purchases but

**“** I have sympathy if the extremely high value associated with carbon leads to a Klondike effect. **”**

**Shane Jones**  
Forestry Minister

currently the evidence does not suggest any major shift in purchases of properties for farm conversions to forestry."

Bayleys Real Estate Gisborne agent Simon Bousfield says land bought for carbon farming is influencing the land market, with most of the buyers from overseas assisted by relaxed foreign investment rules.

"I know carbon is having an influence in terms of these guys predicting, based on overseas and what they are seeing in Europe, the carbon market here following suit."

The past year was one of the busiest ever for rural real estate in Gisborne with most sales going to farmers but six or seven farms selling for forestry.

Mark Dawe from Bayleys Waikato says buyers are factoring the value of carbon credits into land prices, which in some cases is doubling values.

Interest is coming from corporates looking to offset their greenhouse gas emissions but the distance to port for logs is tempering where buyers are looking.

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