

Forestry and the Emissions Trading Scheme: Post-1989 Forest Land

Owners of post-1989 forest land can choose whether or not to join the Emissions Trading Scheme. If someone other than the owner has the right to deforest the land, that person may join the Scheme instead of the owner.

What happens if I join the Scheme?

- You have to be able to prove your forest land is post-1989 forest land.
- You will earn carbon credits, called New Zealand Units, for any increase in carbon stock, as the growing trees absorb carbon dioxide.
- You will be liable to surrender New Zealand Units for any decrease in carbon stock, when the trees are harvested or destroyed e.g. by natural disaster, or if you decide to withdraw from the Scheme.
- In the meantime you can trade your New Zealand units if you want to, giving you funds available now, but you will risk having to buy back at a higher price later.

What is post-1989 forest land?

It is forest land¹ now which:

- was not forest land on 31 December 1989;
- was forest land on 31 December 1989 but was deforested before 31 December 2007;
- was forest land on 31 December 1989 deforested after 1 January 2008 for which the required NZUs have been surrendered; or
- was exempt land which has been deforested, provided you surrender the required NZUs now which did not have to be paid at the time of deforestation.

Effective Dates:

Forestry came into the Scheme on 1 January 2008. Provided you join the Scheme by 31 December 2012, you can earn NZUs for the increase in carbon stock since 1 January 2008. You will be liable to surrender NZUs for any reduction in carbon stock since 1 January 2008.

Emissions Returns:

If you join the Scheme you must file at least one emissions return for the first Kyoto commitment period 1 January 2008 to 31 December 2012, by 31 March 2013. Filing additional returns during the period will give you earlier access to the New Zealand Units which your trees are earning.

¹ Forest land is land of at least one hectare that has or is likely to have tree crown cover from forest species trees of more than 30% in each hectare. It does not include shelter belts less than 30 metres wide. Trees that will never grow to 5 metres in height are not forest species. Fruit trees are not forest species. Post-1989 forest land includes native forest.

Other options:

Owners of post-1989 forest land have other options to consider too. You could join the Permanent Forest Sink Initiative or, for new forests, the Afforestation Grant Scheme. You could grant a lease or a forestry right to someone else. If you lease the land or grant a forestry right to someone who joins the ETS, then upon expiry of the lease or forestry right you will become an ETS participant.



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