

## Forestry and the Emissions Trading Scheme: Pre-1990 Forest Land

Owners of pre-1990 forest land are required to surrender carbon credits, called New Zealand Units, if and when the land ceases to be forest land after 1 January 2008. This will occur when the trees are felled, unless the land is replanted or the forest is allowed to regenerate. If someone other than the owner has the right to deforest the land then the liability passes to that person.

The number of New Zealand Units required to be surrendered will depend on the area of forest, the dominant tree species, the age of the trees, and, if the trees are *pinus radiata*, the location of the forest. Buying those NZUs in order to surrender them will reduce your profit from the timber.

### What is pre-1990 forest land?

Pre-1990 forest land is land that was forest land<sup>1</sup> on 31 December 1989 and was still forest land on 31 December 2007. It excludes native forests. It includes land which has been cleared since 31 December 1989 but replanted or regenerated as forest.

### Is your forest less than 50 hectares?

If so, and if the owner on 1 September 2007 and all associated persons between them owned less than 50 hectares of pre-1990 forest land, then you are eligible for an exemption from these rules. The closing date for applications for exemption is **30 September 2011**. You can only apply once the land has been deforested.

### Is your "forest" just tree weeds?

Some tree species are recognised as tree weeds. To encourage land owners to keep weeds under control you can apply for an exemption from these rules. The closing date for the first round is **31 October 2010**. If you get an exemption you must start clearing the tree weeds within two years, and must finish clearing them by 31 December 2012.

### Are you clearing less than 2 hectares in 5 years?

That does not incur any liability to surrender New Zealand Units.

### Do you want to get some NZUs for free?

The government has prepared an allocation plan for free allocation of NZUs to owners of pre-1990 forest land. Unless you are applying for an exemption, you should apply for your allocation. The closing date for applications is **30 November 2011**. The number of NZUs freely available is only a small proportion of the liability you will have to surrender NZUs if

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<sup>1</sup> 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.

and when you clear your forest. You can keep or sell your NZUs if you don't immediately need to surrender them.

**Has your forest changed hands since 31 October 2002?**

If so, unless that change was internal restructuring, it will affect whether you are entitled to a free allocation of 60 NZUs per hectare or only 39 NZUs per hectare.



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