



The New Zealand Emissions Trading Scheme

ETS 2012 Amendments: Forestry Sector Changes

The Government recently announced its decisions on changes to the New Zealand Emission Trading Scheme (ETS). These decisions flow from the 2011 Review Panel report, consultation undertaken during April and May 2012, and progress by our trading partners.

This information sheet provides guidance on the key changes for the forestry sector.

Pre-1990 offsetting

The Government intends to change the ETS so that offsetting will be an option for pre-1990 forest landowners from 2013. This means that these forest landowners will be able to convert forest land without deforestation liabilities, provided a new forest is established elsewhere.

However, the new forest must achieve the same carbon stocks as the deforested forest land within a specified timeframe. These new forests must be established by direct planting on land that is eligible for post-1989 forest planting.

Pre-1990 forests harvested before 2013 will also be eligible for offsetting, provided these areas are not already considered to be deforested (ie, already converted to other land use or fallow for over four years).

Consultations on regulations, including detailed rules for offsetting, will be held over the next few months.

The second tranche of the pre-1990 forestry allocation

The forestry allocation was provided as partial compensation to pre-1990 forest landowners for the loss of land value arising from deforestation liabilities under the ETS. The introduction of offsetting from 2013 is expected to reduce both the impact of the ETS on pre-1990 land values and the cost of conversion.

Landowners will continue to receive their second tranche allocation of New Zealand Units (NZUs) in full. Where landowners have approval to take up offsetting they would be required to pay back any second tranche NZUs they have received.

Operational amendments to forestry

The Government also intends to make the following changes to improve the operation of forestry under the ETS:

- Sole professional trustees (including the Māori Trustee) and trustees appointed under the Te Ture Whenua Māori Act 1993 will be able to apply for less than 50 hectares deforestation exemptions.
- Minor clearing of forest land boundaries will not be counted as deforestation.
- Pre-1990 tree weed exemptions will be extended beyond 2012.
- Forest land with tree weeds will not be eligible for post-1989 registration unless the EPA is satisfied that the risk of spread is low.

- Forest land that cannot be replanted due to natural disturbances will not be treated as deforested.
- The restocking requirements for forest land that has been cleared and is naturally regenerating to indigenous forest, or where poplars and willows are planted for erosion control will be more flexible.
- The time for submitting post-1989 emission returns will be extended from three months to six months.

Further information

Further information on the Government's proposed changes to the ETS, including Q&As and information on implications for other sectors, can be found at:

<http://www.climatechange.govt.nz/emissions-trading-scheme/>.

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Ministry for the
Environment
Manatū Mō Te Taiao

Ministry for the Environment
Manatū Mō Te Taiao

Po Box 10362
Wellington 6143

www.climatechange.govt.nz/ets
0800 CLIMATE (0800 254 628)