



The New Zealand Emissions Trading Scheme

ETS 2012 amendments: Forestry sector changes

The Government has made amendments to the New Zealand Emission Trading Scheme (NZ ETS) through the passage of the Climate Change Response (Emissions Trading and Other Matters) Amendment Act 2012. This information sheet provides guidance on the key changes for the forestry sector.

Pre-1990 offsetting

Offsetting is 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 they plant an equivalent new forest elsewhere.

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

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

Pre-1990 forest land which is deforested with offsetting, and is later replanted, is eligible to be registered as post-1989 forest land.

Regulations including detailed rules for offsetting are in place and guidance material will be published during 2013.

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 continue to receive their second tranche allocation of New Zealand Units (NZUs) in full. Where landowners have approval to take up offsetting, they will be required to surrender or repay NZUs equivalent to those allocated as part of the second tranche for the land that is being offset.

Operational amendments to forestry

The Government has made the following changes to improve the operation of forestry under the NZ 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. If they have already opted for an allocation, they may reconsider their decision. If they choose to apply for this exemption, they will be required to repay all their allocated units.
- 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 naturally regenerated tree weeds will not be eligible for post-1989 registration unless the Environmental Protection Authority (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 to six months (to 30 June).
- On successful application, the time for submitting data collected under the Field Measurement Approach will be extended from 31 December 2012 to 31 March 2013.
- Unrelated trusts under the same trustee(s) will have access to the *de minimus* deforestation threshold of 2 hectares in each five-year period.
- Landowners who receive units under the PFSI after 2012 will be able to convert and export their units. (The type of unit PFSI landowners will receive is yet to be decided. This will be consulted on during 2013, and specified in regulations.)

Further information

Further information on the Government's changes to the NZ ETS, including Questions and Answers and information on implications for other sectors, can be found at:

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

ARDC rule

The Government decided not to remove the ARDC rule from the NZ ETS as part of the current amendments, so the ETS rules remain as they are. That is, participants are not liable for more units than they have received for a given forest area.

A new Bill would be required to remove the ARDC rule from the NZ ETS as it cannot be removed by regulation or order of council.

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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)