

# New Zealand's carbon programs and how to get involved using forestry as an offset

## Introduction

Legislation and initiatives have been introduced by the NZ government to address climate change and meet responsibilities as signatories of the Kyoto Protocol. Three programs provide opportunities and responsibilities to the agricultural industry. This info sheet outlines the Emissions Trading Scheme, Permanent Forestry Sink Initiative and the Afforestation Grant Scheme and how a farmer might get involved and use forestry as an offset to carbon emission liabilities from livestock.

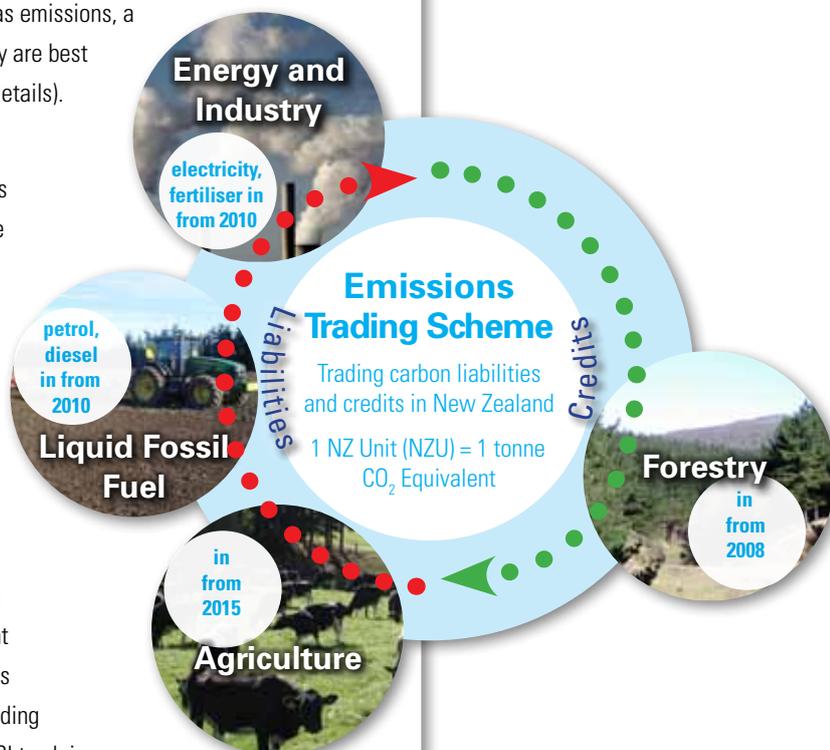
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**EMISSIONS TRADING SCHEME (ETS)** – This initiative was established by legislation introduced by government in late 2008. It has since been reviewed with amendments passing into law late in 2009. Under the ETS, agriculture will be required to purchase carbon credits to offset carbon liabilities. Activities such as forestry generate carbon credits which can be entered into the ETS and used to offset emissions, or traded for cash. (See info sheet 12 for details.) There is no restriction on forest species or harvesting regime. However, harvested wood is treated as a carbon liability which has to be paid back but only up to the level of credits claimed. Therefore forest owners need to consider how credits and liabilities are managed through the forest cycle. Forestry is functioning in the ETS with carbon credits available for forests planted after 1990 and carbon liabilities due for forests which existed before 1990 and were deforested in 2008. Other sectors of the economy are scheduled to enter the ETS soon. The relationship between greenhouse gas emissions, a farm business, the ETS and carbon credits from forestry are best described by case studies (see info sheets 8 to 11 for details).

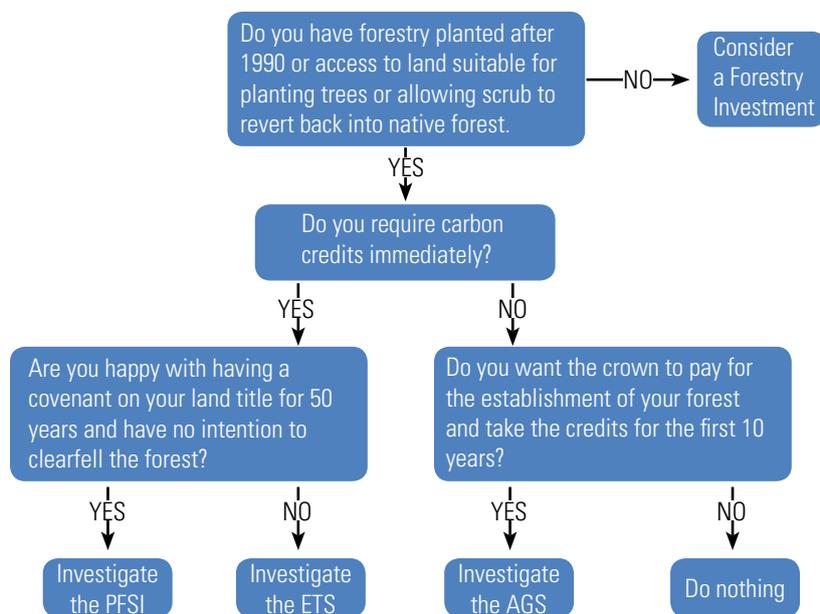
**PERMANENT FOREST SINK INITIATIVE (PFSI)** - This program is targeted towards new forests that will not be clearfelled in the future. This will suit natural reversion of scrub back into native forest and the establishment of high value species which lend themselves to selective harvesting. A forest area can be entered into the PFSI and carbon credits received and used to offset other activities or traded for cash.

**AFFORESTATION GRANT SCHEME (AGS)** – provides an opportunity to obtain a grant to establish a new forest on unforested land whereby the government retains the carbon rights for the first 10 years. After this period there are no obligations on the landowner regarding the forest and he or she can enter either the ETS or PFSI to claim subsequent credits.



## Which program might apply to me?

If you require carbon credits use this diagram and follow the questions to help you decide.



## Important dates

- Existing new forestry on land not in forest at January 1990 can be registered under the ETS for the 2008-2012 commitment period at any time from now until the end of 2012. Returns can be filed annually by 31<sup>st</sup> of March.
- Closing dates for the Regional Council AGS Grants are 31 October and 31 March. Annual closing dates for central government AGS tender applications are 30<sup>th</sup> of April and 31<sup>st</sup> October. Provisional or final approval is given within one to two months of closing dates.
- It is expected that you will be able to register pre-1990 forest for allocation of compensatory credits from mid 2010 to mid 2011 (to be confirmed).
- If you have 50ha or less of existing pre-1990 forestry and you have carried out some deforestation you can apply for an exemption of up to 50ha for this purpose but must do so before the forestry allocation plan (FAP) is open for application. Once the FAP is open you have until the application period ends to apply for an exemption should you wish to change land use and deforest 2 ha or more.
- After 31 December 2008 if deforestation of pre-1990 forests occurs the forest owner is required to notify MAF within 20 working days of clearance commencing.

## Further reading:

[www.maf.govt.nz/sustainable-forestry](http://www.maf.govt.nz/sustainable-forestry)

## How do you enter a program?

**Permanent Forestry Sink Initiative** – To enter the PFSI go to <http://www.maf.govt.nz/forestry/pfsi/forms/> to download forms for paper based application.

**Emissions Trading Scheme** – You can enter the ETS online at [www.maf.govt.nz/sustainable-forestry](http://www.maf.govt.nz/sustainable-forestry) taking the following steps

1 Create a Government Logon Service Click on “New Users” at [www.maf.govt.nz/sustainable-forestry](http://www.maf.govt.nz/sustainable-forestry).

2 Register as a participant in ETS at [www.maf.govt.nz/sustainable-forestry](http://www.maf.govt.nz/sustainable-forestry).

3 Open an account with the New Zealand Emission Unit Register <https://www.eur.govt.nz>

\* Required for both ETS and PFSI

For each of these processes you will need to have an understanding of computer mapping and it may be worth contacting a local registered forestry consultant to help with the process. Allow several weeks for this process to take place. **Important** – once you have been “approved” you can apply for credits from the emissions unit register.

**Afforestation Grant Scheme** – You can apply for an AGS grant at your regional council or directly from MAF (<http://www.maf.govt.nz/climatechange/forestry/initiatives/ags/AGS-Application-Form.pdf>).

Regional council offer AGS grants of either \$2200 or \$900 plus GST per hectare<sup>1</sup> are available depending on your situation (planted forest or reverting scrub).

<sup>1</sup> These rates apply for the Regional Council AGS grants for the 2009/2010 years only. The central Government rates are still based on a tender process.