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## THE EMISSIONS TRADING SCHEME (ETS) – A BRIEF SUMMARY

There are two categories of forest land to be considered:

Pre 1990 Forests (i.e. land in forest before 1 January 1990) and;

Post 1989 Forests (i.e. land planted in forest after the 31<sup>st</sup> of December 1989)

### Pre 1990 Forests

These were committed by the government as part of its calculations and targets to meet Kyoto Protocol targets.

This includes native and exotic forest areas.

No carbon credits can be claimed for these forests as they grow.

In recognition of the “loss of value” to forest owners and restrictions on land use imposed by the governments’ commitment, a one-off allocation of “free” units was made available to owners of pre 1990 forests.

No liabilities accrue if landowners replant pre 1990 forest land after harvesting.

### Post 1989 Forests

Any forests planted after 31 December 1989 do not form part of the governments’ original commitment.

Entry into the RTS is voluntary.

Landowners need to be aware that forests planted between approximately 1990 and 2005 are unlikely to provide any benefit (in terms of carbon credits) as, at the time of harvest, carbon credits accumulated would need to be surrendered.

When replanting these forests, the rules around claiming carbon need close consideration as the ongoing release of carbon post harvesting may impact the volume of carbon available.

### Definition of Forest Land

The Emissions Trading Scheme (ETS) defines a **forest** or **forest land** as; At least 1.0 hectare of trees in any individual area (can include woodlots). Comprises a **forest** species capable of reaching five metres in height at maturity in the place they are growing.



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This is important to understand in terms of determining whether land is pre 1990 or post 1989 forest land.

What may look like scrub could be considered existing forest dependent on the species present.

### **Changes to Carbon Accounting**

The change from “Saw Tooth” to “Averaging” for carbon accounting.

The original “Saw Tooth” approach allowed landowners to claim carbon over the full tree rotation.

At the time of harvest, the landowner is deemed to have released carbon and is required to surrender carbon to compensate for this.

It is estimated some 80% of carbon would need to be surrendered.

For small forest owners, this does create complexity in carbon management.

The “Averaging” approach allows the landowner to claim carbon up to the average age at which safe carbon would be achieved.

This is based on a three rotation average (i.e. indicatively up to 90 years of growing forests).

At the time of harvest there are no surrender liabilities as long as the forest is replanted.

The landowner can only claim carbon during the first rotation.

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