

Te Uru Rākau



New Zealand Forest Service

Native forest reversion and the Emissions Trading Scheme



**Te Kāwanatanga
o Aotearoa**
New Zealand Government

An aerial photograph of a mountain landscape. The mountain is covered in dense green forest. A large, irregularly shaped area in the center of the mountain has been cleared, revealing a light brown, sandy or grassy surface. This cleared area is surrounded by the dense forest. In the background, more mountain ranges are visible under a clear sky.

Publisher

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Find out how regeneration or reversion of native forest works in the Emissions Trading Scheme (ETS).

What is regeneration or reversion?

Regeneration or reversion of native forest is the process by which land reverts back to vegetation cover that is mainly native species. This process can happen naturally, or with help from humans.

Read more about choosing the right methods for restoring and planting native forests:

canopy.govt.nz/choosing-your-method-of-restoring-native-forest

How do native regenerative trees work in the ETS?

The same rules apply to native regenerative forest as other forest types in the ETS. If you register native regenerative forest in the ETS, you will need to work out the main species and age of the forest.

There are things you need to consider when planning to revert native forest that you want to register in the ETS. Read on to find out more.

Is the ETS right for you?

First, work out if the ETS is right for you. There are important factors to consider.

Benefits of registering with eligible forest land in the ETS

If you register in the ETS with eligible forest land, you may be able to earn New Zealand Units (NZUs or units) as the forest grows. These units can be kept as an investment or sold. The value of units may go up or down over time.

However, when the forest is harvested, cleared or deforested, you may have to pay units. This depends on how the land entered the scheme. If you remove the land from the ETS, you must pay back any units owing.

Before you register an eligible forest in the ETS, make sure that joining the scheme makes financial sense for you. There's a risk that it may not be cost-effective to register, depending on your circumstances. Some forest owners receive enough units to make it worthwhile to register their land in the ETS. Others don't.

Responsibilities if you register in the ETS

There are responsibilities involved if you register in the ETS. For example, you must:

- complete regular emissions returns when required (a report of the amount of carbon in your forest);
- collect and keep records about any calculations of carbon changes in the forest and any harvesting undertaken;
- tell us about any changes (for example, if forest land in the ETS is sold or land agreements change, or if land is not eligible any more).

Find out more about your responsibilities when land enters the ETS:

mpi.govt.nz/your-responsibilities-when-land-enters-the-ets

If you register and then don't meet your ETS responsibilities, you may receive a penalty or an infringement notice and fee. You may also be prosecuted. If you are convicted of a criminal offence, you could be liable to pay a fine or face imprisonment. Read about penalties in the ETS and how to avoid them:

mpi.govt.nz/emissions-trading-scheme-offences-and-penalties

Consider hiring an expert or consultant

If you aren't familiar with the ETS, you should consider hiring a forestry consultant who is expert in the ETS to help you. They can also manage certain tasks for you if you decide to join the ETS and appoint them as your representative. Find out more:

mpi.govt.nz/appointing-a-representative-to-manage-your-ets-tasks

Working out if your land is eligible

If you're thinking about applying to register land in the ETS, you'll need to work out if your land is eligible. When working out how the ETS and its rules apply to your forest, there are 2 aspects to consider.

Size and cover requirements for ETS forest land

Regenerated native forest can qualify as forest land in the ETS. To qualify, it needs to meet the standard criteria below. The forest must:

- cover at least 1 hectare in area;
- contain species that can reach at least 5 metres in height when mature in that location;
- have (or be expected to reach) crown cover of more than 30% in each hectare;
- be at least (or expected to reach) 30 metres across on average.

Requirements based on when and where the forest was established

There are 2 main kinds of forest land in the ETS. These are pre-1990 forest land and post-1989 forest land.

Pre-1990 forest land includes certain kinds of older forest established before 1 January 1990. In most cases, areas that were forest land at 31 December 1989 cannot enter the ETS to earn units. There are exceptions to this. If you deforest pre-1990 land you may have to pay units for this deforestation. For a complete list of criteria for pre-1990 forest land, check the MPI website:

mpi.govt.nz/pre-1990-forest-land

Post-1989 forest land is certain forest that is first established after 31 December 1989. It can include:

- regenerating and planted native (indigenous) forest;
- forests of exotic tree species;
- mixed-species forest.

Post-1989 forest land must be first planted or established after 31 December 1989. The history of the land since 1989 also plays a part in determining if the land is post-1989 forest land.

Check the MPI website for the full list of rules for post-1989 forest land eligibility:

mpi.govt.nz/post-1989-forest-land



Working out whether your forest will earn units

There are different ways to register forest land in the ETS, as either “**standard**” or “**permanent**” forestry. For both of these, it must meet the same eligibility criteria for post-1989 forest land explained on page 4. However, there are differences between them in what you’re committing to once the land is in the ETS.

Once you know when the forest was established (explained in the previous section), you should also know whether the forest is on its first or a later rotation (harvest cycle). The age and rotation of the forest are important when you’re considering whether to register it in the ETS.

If registered as **standard forestry**, you’ll only earn units for the first rotation of your forest, and only while it is younger than the ETS-specified average age for the forest. If your native forest has regenerated from forest that was previously established, it may not earn any units as it may be considered to be on a second rotation.

If registered as **permanent forestry** you’ll earn units as the trees grow, and pay (surrender) units after harvesting. However, you can only carry out limited harvesting of the forest. Also, the rate at which trees store carbon reduces as they age.

Read more about registering post-1989 forest land as standard or permanent forestry, and what you’re committing to once the land is in the ETS:

mpi.govt.nz/post-1989-forest-land





Meeting the criteria for forest species and crown cover

All forest registered in the ETS must be, or be likely to reach 5 metres in height when mature and have, or be likely to have, a tree crown cover of over 30% per hectare. This may be more difficult to achieve with native forest because of how it can regenerate unevenly.

To meet the criteria, you may need to supplement native regenerative trees with more planting.

Forests in the ETS can also include shrubs, smaller trees, and other plants.

Will planting more trees affect how many units I can earn?

If you have less than 100 hectares registered in the ETS, planting more trees on your registered land usually won't change the number of units you earn for that area of land. This is because of how carbon in the forest is calculated. If you have over 100 hectares of forest land registered in the ETS, the carbon in your forest is calculated differently. Check the website to find out if this applies to you:

mpi.govt.nz/measuring-your-forest-to-get-participant-specific-tables

Factors that may limit how well trees grow on your land

It's important to assess whether environmental factors on your land might limit how well trees grow. If trees don't grow well enough to establish on your land, it may never qualify as forest land in the ETS.

It's important to find out whether your land has conditions that could inhibit the growth of native trees. This will help you plan to ensure as many seedlings survive as possible.

Factors that limit tree growth are also called Environmental Limiting Factors (ELF). A map of these is available on the Ministry for the Environment website:

data.mfe.govt.nz/layer/52374-environmental-limiting-factors-2012

Working out the age of your forest and main tree species

Work out the age of the forest

You will need to know the age of your forest when you apply to register forest land in the ETS. You'll also need this information for calculating the amount of carbon in your forest. You need to do this when you submit regular emissions returns.

If the forest regenerated after the land was being used for something other than forestry, you need to know when this regeneration started.

If forest land has trees of mixed ages, the age of the native reversion forest is calculated from when the forest started regenerating after the change in land management.

so you can calculate the amount of carbon in the forest and use this information when you submit regular emissions returns.

To work out the forest type you will need to know what the main tree species is. The main species in a mixed forest is the species with the largest total basal area. This is the cross-sectional area of the trunk at 1.4 metres above the ground.

Find out more

Read more about identifying your forest type and age:

mpi.govt.nz/identifying-forest-type-region-and-age-for-calculating-carbon

Work out the tree species

You will need to know what the forest type is when you register your forest in the ETS. Native (indigenous) forest is one forest type, and includes eligible regenerating land. You need to tell us the forest type



How we assess the land

To work out whether land is eligible to enter the ETS, we use a range of imagery from before 1980 to present day. When you apply to register land, any supporting information you give us helps build a story of the land use history throughout this time.

If we can't verify the forest status of the land at any of the dates relevant to the eligibility criteria of the application, we can't let it join the ETS.

Using imagery to support your application

High-resolution imagery is an important part of the evidence you provide to support your application to register forest land in the ETS. It is available to the public from several sources.

Read more about providing imagery and other information to support your application to register post-1989 forest land in the ETS:

mpi.govt.nz/dmsdocument/44371

Registering in the ETS with post-1989 forest land

If you own post-1989 forest land or hold a forestry right or lease that is registered on the land title, you can apply to register in the ETS.

You'll need to:

- ensure your forest land meets the eligibility criteria, and provide supporting information to show this;
- decide whether the land will enter the ETS as standard or permanent forestry;
- supply digital maps of the land (also called 'shapefiles');
- open a holding account in the New Zealand Emissions Trading Register (NZETR).

There is a fee for applying to register post-1989 forest land and an annual charge per hectare of post-1989 forest land you have in the ETS. Check the MPI website for full details on what to consider before registering, and how to register:

mpi.govt.nz/registering-in-the-ets-with-post-1989-forest-land

You can get an emissions ruling

You can ask MPI to confirm how ETS rules for forestry apply to a given situation. This is known as an "emissions ruling". A common example is a decision on whether forest meets (or land you plan to plant as a forest would meet) the requirements to be eligible post-1989 forest land.

There is a fee for this service. We will give you an estimate of any additional fees, costs, or expenses before proceeding with additional work or charging you. Find out more about emissions rulings:

mpi.govt.nz/apply-for-a-formal-decision-about-a-forestry-related-matter-in-the-ets-emissions-ruling

Find out more

Forestry in the ETS

Read more about forestry in the ETS: mpi.govt.nz/ets

Joining the ETS

Registering in the ETS for forestry, appointing a representative, and managing ETS tasks: mpi.govt.nz/joining-the-ets

Or scan the QR code using your phone's camera.



Joining the ETS

Registering in the ETS for forestry, appointing a representative, and managing ETS tasks

Canopy website

For more information about planting trees, visit: canopy.govt.nz

Or scan the QR code using your phone's camera.



Canopy website

For more information about planting trees

Preparing land for planting native trees

If you're preparing to plant native trees on your property, check out our guide to preparing land for planting native trees:

canopy.govt.nz/preparing-land-for-planting-native-trees

Contact us

Emissions Trading Scheme (ETS)

If you have any questions about the ETS, contact us at

ForestryETS@mpi.govt.nz

Forestry advisory service

Te Uru Rākau – New Zealand Forest Service offers forest advice and information to landowners and tangata whenua. It's free and impartial. Our forestry advisers have regional knowledge and can give advice on many types of forestry, including native forests.

Contact the forestry advisory service at:

forestserviceadvice@mpi.govt.nz

mpi.govt.nz/forestry-advisory-service

Or scan the QR code using your phone's camera.



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