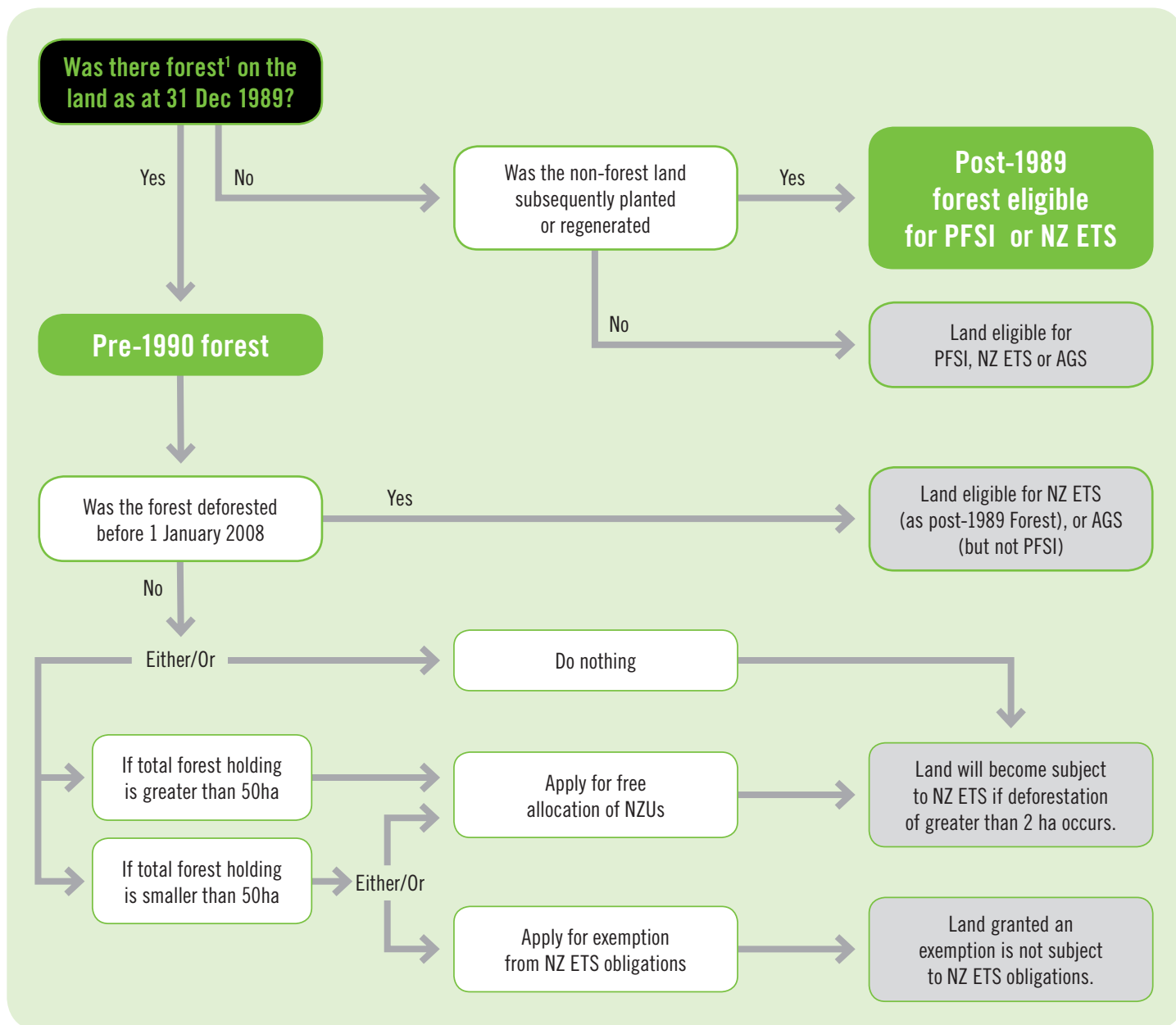


# FORESTRY PROGRAMMES DECISION FLOWCHART

25 February 2008

Based on the Climate Change (Emissions Trading and Renewable Preference) Bill 187-1



**Note:** The New Zealand Emissions Trading Scheme (NZ ETS) depends on legislation that is currently before the Finance and Expenditure *Select* Committee being passed. The other schemes outlined above – the Afforestation Grants Scheme (AGS), Permanent Forest Sink Initiative (PFSI) and the East Coast Forestry Programme (ECFP) – are all operational.

Details of these schemes are provided on the other side of this document.

<sup>1</sup> Put simply, a forest is defined as greater than 1ha in area, greater than 30m wide, 30% tree canopy cover per ha and with the potential to grow 5m in height at maturity in situ.

## KEY FEATURES

### NZ ETS Pre-1990 Forest

(does not currently include indigenous forests)

- Obligation to surrender NZUs if deforesting more than 2ha of non-exempt pre-1990 forest over the period 2008-2012.
- No obligations to surrender NZUs if harvesting and replanting or allowing forest to regenerate.
- Opportunity to apply for one-off free allocation of NZUs.
- No NZUs earned for carbon sequestration/tree growth.
- Opportunity to apply for exemption from NZ ETS if less than 50ha total pre-1990 forest holdings on 1 September 2007.
- Exemption runs with land.
- Opportunity to apply for exemption from NZ ETS obligations if deforesting weed trees.

### NZ ETS Post-1989 Forest (exotic and indigenous forests)

- Voluntary participation in the NZ ETS.
- Participants have obligations to surrender NZUs for decreases in carbon stored in the forest (e.g. from harvesting, deforestation and fire). However, liability will not exceed NZUs earned.
- NZUs earned for forest growth from 2008.
- No NZUs for forest growth from 1990 - 2008.
- Can exit NZ ETS at any time if NZUs are repaid.
- Eligible for ECFP at reduced grant rate.
- If not in NZ ETS - no liability for harvesting or deforestation.
- Participation will transfer with the sale of the land or forestry right.

### PFSI (Permanent Forest Sink Initiative)

- Can earn Kyoto Protocol assigned amount units (AAUs).
- Covenant registered against land title.
- Limited harvesting allowed.
- Liabilities for deforestation.
- Option to exit after 50 years provided units repaid.
- Eligible for ECFP (grant rate not reduced)
- Can transfer to NZ ETS as post-1989 forest within 18 months of NZ ETS legislation becoming law.

### AGS (Afforestation Grant Scheme)

- Government grant to establish new forests.
- Government retains responsibility for credits and liabilities.
- No harvesting restrictions.
- Forest must be maintained for at least 10 years.
- Not eligible for ECFP, NZ ETS or PFSI on the same area of land.
- Minimum area 5ha

### ECFP (East Coast Forestry Project)

- Government grant for soil conservation on North Island East Coast region only.
- ECFP grant recipients may participate in the PFSI with no change in their grant.
- ECFP grant recipients may participate in the NZ ETS but the grant will be adjusted.
- 50 year covenants registered against title.

For more detailed information about these schemes go to [www.maf.govt.nz/climatechange](http://www.maf.govt.nz/climatechange)