

Will it be possible to get registered in time?

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Emission returns

Emission returns are currently being received up to 31 March 2011 for credits sequestered for 2008 to 2010. Remember that when doing the return the legislation requires that you keep your records for 20 years and that for any additional credit claimed in error, a fine of \$30 a unit applies.

We had a request to sell some credits for someone recently. However we found that they had not completed an emission return last year and therefore had not received their credits yet.

Almost too late

It is almost too late to make a post 1989 ETS application for credit allocation by March 2011. At a meeting on 15 December between MAF and forest consultants active in ETS registrations MAF advised that –

- A total of 900 post-1989 applications had been received. Of these 667 had been approved, 167 were awaiting approval and the balance had been disallowed or withdrawn. These applications cover an estimated 135,000 hectares of post-1989 forest inclusive of some larger applications. The median processing time is 51 working

days within MAF and 81 applications had been processed that month.

- Almost 300 Forest Allocation Plan (FAP) applications had been received, covering an estimated 200,000 hectares – remember there will be some big boys in here. Applications have taken 40 to 90 calendar days for processing and credit allocation

As you need to have an NZEUR account open before to getting into the MAF waiting line, this will add additional time in either registration process. We have secured NZEUR accounts for clients in less than 24 hours. However others have had to wait for longer than two months until they or we were successful in gaining all the required signatures and identification requirements from various trustees.

The following tables attempt to give an idea of forest ownership in New Zealand by forest size. They provide a mix of actual and 'guesstimates' of how many ETS and FAP applications are potentially awaiting a decision to enter the processing pipeline.

Around 700,000 hectares of forest land belongs to smaller forest growers who have less than 10,000 hectares. It is understandable that if all eligible forest owners applied

Forest area by forest owner national size class at 1 April 2010

Wood supply region	National size class						Total hectares
	Less than 40 hectares	40-99 hectares	100-499 hectares	500-999 hectares	1000 to 9999 hectares	Over 10 000 hectares	
Northland	31 716	8 356	13 381	5 569	34 181	101 014	194 217
Auckland	10 493	2 382	5 311	1 941	15 036	20 343	55 506
Central North Island	49 868	5 080	14 057	4 817	35 948	410 480	520 250
East Coast	16 568	3 245	11 374	4 360	35 279	84 980	155 806
Hawkes Bay	21 591	4 114	7 984	2 137	7 858	83 698	127 382
Southern North Island	44 359	14 341	33 357	8 335	25 408	43 007	168 807
Nelson and Marlborough	24 261	11 905	19 589	8 585	19 668	84 231	168 239
West Coast	2 740	489	635	617	182	28 582	33 245
Canterbury	32 573	5 058	13 769	1 554	17 942	35 262	106 158
Otago and Southland	42 906	9 207	17 196	5 163	22 061	111 448	207 981
New Zealand total hectares	277 075	64 177	136 653	43 078	213 563	1 003 045	1 737 591

The approximate number of forest owners eligible for ETS/FAP using MAF information

Average area assumption hectares per owner	25	60	183	700	2 848	Approximate number of forest owners	
Estimated number of forest owner	11 083	1 070	746	62	75	25	13 060

tomorrow for either a FAP or post-1989 ETS ruling, MAF would struggle to process them before the predetermined cut-off dates. These dates are set by legislation, have been out there for some time and are highly unlikely to be changed.

Those who delay may well lose the opportunity to claim their first five years' credits for a post-1989 forest or make a FAP pre 1990-forest submission. In fairness to MAF they have been putting out the message for some time to forest owners to get on with it.

The big additional unknown is how many forest owners have not been captured in the above surveys which were never designed to obtain information relevant to the ETS. How many more potential applicants will be looking to get in the queue?

Pre-1990 forest allocation plan update

Owners of pre 1990 forest land have until the 30 November 2011 to make application. These applications cannot be made to MAF till the land owners NZEUR account has been opened with the Ministry of Economic development. Again, there will be land owners who will require some time to get their NZEUR accounts open and any time taken doing this will effectively decrease the cut-off time to register.

The good news is that many people have started and received credits for their pre-1990 forest already. The even better news is that with the majority of our clients we have been able to bring in areas of pre-1990 forest land that they were not aware was eligible.

Gains for a client

One application completed recently was for a client expecting to register 26 hectares of pre-1990 exotic forest. The final application we submitted was for 50 hectares. The additional areas were made up of shelter belt, protection and homestead plantings of exotic forest which all met the forest definition directly or could be joined to a piece of forest that did.

Assuming that this application goes through unchanged, and we expect that to be the case, the following is what will happen.

- MAF will review the application
- MAF will then send out what they believe is the area they will accept – forest determination – as the final result for the client to accept
- After 20 working days, if they have had no response, MAF will allocate the credits to the client's NZEUR account.

The calculations are as follows –

Out of a total of 50 hectares at 60 NZUs per hectare, 3,000 NZUs are to be allocated. Of these 1,150 will be in early 2011 and the balance of 1,850 NZUs in 2013, assuming that the rules do not change.

The difference between the initial 26 hectares of forest the client was to apply for and the final 50 hectares eligible, is 24 times 60 NZUs, a total of 1,440 NZUs. At the current market rate of close to \$20 a unit, this is an additional \$22,800 which is tax free if and when sold.

To claim or not to claim


For various reasons many people have chosen not to be involved with ETS registration. For post-1989 forest it is completely voluntary and if you do not join the ETS then there is neither obligation nor benefit entered into. Once the 31 December 2012 comes and goes, if a forest owner is not registered, then they forgo the opportunity to claim the 2008 to 2012 credits. But they can register later and start accruing from 2013 onwards.

The majority of our clients have chosen to register even though some are not currently looking to trade the credits. They realise that having the credits in their NZEUR account provides future options they may not have considered as yet, For example should they wish to sell the property at some stage, a potential purchaser may be attracted by the option to have the credits transferred.


For pre-1990 forest it is also completely optional to apply for the compensation credits or exemption that will allow you to deforest at a future point in time. The main difference is that owners of pre-1990 forest are bound by the legislation and will be taxed if they incur activation of the legislation through deforestation at a future date.

If you intend to keep your pre-1990 forest land in trees, you do not have to claim the compensation credits. The Government will be quite happy not to have to allocate them. It is your God-given, democratic right to think this whole thing is a load of ****.

More information is available at www.woodnet.co.nz 🌲



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Providing forest carbon consulting services to pre 1990 and post 1989 forest land owners

We can help you with

- Confirming applicant eligibility for both post 1989 and pre 1990 forest land
- Opening of a NZEUR account
- Site visit and provision of existing and alternate scenario carbon profiles and forest/credit management options
- Provision of required cert of title and legal descriptions
- Mapping and shape file creation
- Completing emission returns and holding records
- Support with NZEUR account management
- Credit sales options
- Presentation to groups – tailored to recipient requirements

Important dates

Entity to get the pre 1990 Allocation of Compensation Credits	Land owner on 20 July 2010
Land ownership to gain 60 NZU	31 October 2002 or before
Land ownership to gain 39 NZU	1 November 2002 to 19 July 2010
Exemption to deforest land	Closes 30 September 2011
Allocation of credits for pre 1990 forest	Closes 30 November 2011

Supporting the NZFFA conference in Masterton 10 – 14 April 2011
Check out our website for more information – www.woodnet.co.nz