



## **‘Pre-1990 Forest Land’ Allocation Plan - 21,000,000 NZU Available**

On the 20<sup>th</sup> July this month the ‘Forest Allocation Plan(FAP)’ was formalised in Parliament. All owners of land with Pre 1990 forest on it now **need to make a conscious decision** on how or if they will participate.

Applications for compensation credits or exemptions to allow you to deforest can be lodged with MAF from the 1st August 2010.

### **Pre 1990 Forest land is defined as**

*“...land covered by ‘forest species’ (either exotic or indigenous, including manuka and Kanuka) on 31 December 1989 that remained in forest species, and was predominantly exotic forest species on 31 December 2007.”*

There will be a solid information push from MAF, and hopefully other land management associated organisations (Federated farmers?), to advise land owners of their opportunities/obligations. It is expected that this information will allow affected land owners to make informed and beneficial decisions.

From the 1<sup>st</sup> August 2010 you will have:

- 14 Months (closes 30<sup>th</sup> Sept 2011) to apply for an exemption to deforest and/or
- 16 Months (closes 30<sup>th</sup> Nov 2011) to apply for the compensation credits

MAF have invested in a team dedicated to processing these and providing an online mapping service (not available for allocation of credits initially) however do not underestimate the ability for the system to be ‘choked’; leaving your application to the last month of the available period is not recommended.

The plan allocates:

- 60 units to land owners who owned the land on or before the 31<sup>st</sup> October 2002
- 39 units to land owners who have purchased the land on or after the 1<sup>st</sup> November 2002.

As MAF have only 21,000,000 units are available this Commitment Period approximately 38% of the credit numbers above will be allocated on confirmation of an approved application and the balance in the next Commitment Period, as soon as early 2013 if still applicable.

## Example

40 Ha of 'Pre 1990 forest land' that has been in the same ownership since 2002.

40 hectares at 60 units per hectare		2400 NZU at \$20 a unit	
23 Units/Ha allocated now		920 NZU	\$18,400
37 Units/Ha allocated in 2013		1480 NZU	\$29,600
<b>Total compensation @ \$20 per unit</b>			<b>\$48,000</b>

If there has been an ownership change since 1 Nov 2002 - 39 units/Ha will be allocated.

40 hectares at 39 units per hectare		1,560 NZU at \$20 a unit	
15 Units/Ha allocated now		600 NZU	\$12,000
24 Units/Ha allocated in 2013		960 NZU	\$19,200
<b>Total compensation @ \$20 per unit</b>			<b>\$31,200</b>

If you have purchased the land since the 21<sup>st</sup> July 2010 you are not eligible to apply for compensation credits. (The owner on the 20<sup>th</sup> July is entitled to them)

*Note that there a multiple 'exclusions' that may allow land owners with a change of ownership to title after Nov 2002 to still gain the 60 Units/Ha*

### What can you do NOW?

If you do not have an NZEUR account open in the name of the 'Land Owner' then you can do this now.

### Opening an NZEUR account at <http://www.eur.govt.nz/>

This is a two stage process:

- 1 Secure a User Name
- 2 Open your NZEUR account on line

The following diagram shows the process for requesting a holding account in the NZEUR:

#### ***The NZEUR Process (Order of Events)***



You will need this account so that any Pre 1990 Compensation (or post 1989) credits you are allocated can be given to you – MAF cannot start to process either a Pre 1990 or Post 1989 application without this in place.

Further information can be obtained from the MAF web site and/or help line – Ph. 0800 CLIMATE  
 Alternatively, Woodnet would be happy to help complete the process with you.

### Summary of Key FAP Dates

Criteria	Important Dates
Entity to get the Pre 1990 Allocation of Compensation Credits	Land Owner on 20 <sup>th</sup> July 2010
Land ownership to gain 60 NZU	Land purchased on 31 <sup>st</sup> Oct 2002 or before
Land ownership to gain 39 Units	Land purchased between 1 <sup>st</sup> Nov 2002 and 20 <sup>th</sup> July 2010
An Exemption can be applied for if the owner on the 1 <sup>st</sup> Sept 2007 owned less than 50 Ha of Pre 1990 forest	1 <sup>st</sup> September 2007
Exemption to deforest land	Closes 30 <sup>th</sup> Sept 2011
Allocation(of credits) for Pre 1990 Forest	Closes 30 <sup>th</sup> November 2011

Note that there are multiple 'exclusions' that may allow land owners with a change of ownership to title after Nov 2002 to still gain the 60 Units/Ha

We can help you with

- Confirming Applicant Eligibility
- Opening the required NZEUR Account (see attached form re info required)
- Provision of Required Cert of Title and Legal Descriptions
- Mapping and Shape file creation
- Determining Claim Amount
- Support with NZEUR account management
- Channel to market advice

### New Post-1989 Indigenous 'Look up' tables.

#### New Indigenous Forest Look Up Table.

The new 'indigenous' sequestration numbers when combined with potential revenues such as honey or managed grazing retirement, could appeal to many owners of phosphate deficient Class 6 and 7 hill country with a passion for returning land to its original forest state.

Initially MAF were allocating the equivalent of three carbon units per hectare for indigenous forest growing on Post-1989 eligible forest land through either the ETS or PFSI.

As a result of further work confirming NZ Indigenous sequestration trends, these numbers will increase significantly from October this year.

The table below discusses potential carbon volumes and returns for carbon sold from effectively 'reverting' eligible land. The accrual figures come from the MAF 'look up' tables for Indigenous Forest and can be found on the MAF web site.

Years since planting or since regeneration began)	Cumulative Sequestration	Annual carbon sequestration/Yr	Indicative value/Ha/Yr. @ \$20.00/Unit	Comment
1	0.6	0.6	\$12.00	Eligible land that reverts after the 1 <sup>st</sup> January 1990 is able to accrue carbon credits under either the Emissions Trading Scheme (ETS) or the Permanent Forest Sink Initiative(PFSI).
2	1.2	0.6	\$12.00	
3	2.5	1.3	\$26.00	
4	4.6	2.1	\$42.00	
5	7.8	3.2	\$64.00	
6	12.1	4.3	\$86.00	
7	17.5	5.4	\$108.00	
8	24	6.5	\$130.00	
9	31.6	7.6	\$152.00	
10	40.2	8.6	\$172.00	
11	49.8	9.6	\$192.00	The historic rate of 3 units/Ha/annum has been changed to reflect the additional growth available in the first 40 years of a block's reversion.
12	60.3	10.5	\$210.00	
13	71.5	11.2	\$224.00	
14	83.3	11.8	\$236.00	
15	95.5	12.2	\$244.00	
16	108.1	12.6	\$252.00	
17	120.8	12.7	\$254.00	
18	133.6	12.8	\$256.00	
19	146.3	12.7	\$254.00	
20	158.7	12.4	\$248.00	
21	170.9	12.2	\$244.00	The columns to the left indicate what the carbon sequestration (based on the new MAF tables) is: 1. Cumulatively 2. Annually 3. Worth at \$20.00/NZU on a per Ha basis by age.  i.e. at <b>age ten years</b> , the tables indicate that 1. 40.2 NZU have been previously accumulated 2. 8.6 units were sequestered in that calendar year 3. At \$20.00/unit the carbon sold would generate \$172.00/Ha
22	182.6	11.7	\$234.00	
23	193.9	11.3	\$226.00	
24	204.7	10.8	\$216.00	
25	215	10.3	\$206.00	
26	224.6	9.6	\$192.00	
27	233.7	9.1	\$182.00	
28	242.2	8.5	\$170.00	
29	250.1	7.9	\$158.00	
30	257.5	7.4	\$148.00	
31	264.3	6.8	\$136.00	
32	270.6	6.3	\$126.00	
33	276.3	5.7	\$114.00	
34	281.6	5.3	\$106.00	
35	286.5	4.9	\$98.00	
36	290.9	4.4	\$88.00	
37	295	4.1	\$82.00	
38	298.7	3.7	\$74.00	
39	302	3.3	\$66.00	
40	305.1	3.1	\$62.00	