

Is my forest eligible for carbon credits?

Carbon eligibility is determined by defined land use characteristics as set out in the Emissions Trading Scheme regulations.

Forest land has a specific definition under the ETS. It must be at least a hectare in size and have (or will have) tree crown cover:

- from forest species of more than 30% in each hectare
- with an average width of at least 30 metres.
- where forest species in the ETS are those that can reach at least 5 metres in height at maturity.

Pre-1990 land is land that:

- was forest land on 31 December 1989, and
- remained forest land on 31 December 2007, and
- contained predominantly exotic forest species on 31 December 2007.
- note, land that was indigenous forest land on 31 December 1989, and remained so on 31 December 2007, is not pre-1990 forest land and is not subject to ETS obligations.

Pre-1990 forest landowners can harvest and replant their forest without any liability. But if the pre-1990 forest land (that is not exempt) is deforested, the landowner or a third party who had deforestation rights must:

- notify MPI of deforestation
- submit an emissions return, and pay units for deforestation.

Whereas **Post-1989 land** is land that:

- wasn't forest land on 31 December 1989
- was forest land on 31 December 1989, but was deforested between 1 January 1990 and 31 December 2007, or
- was pre-1990 forest land that was deforested on or after 1 January 2008, and any ETS liability has been paid.

The **Permanent Forest Sink Initiative** is an alternative programme to the ETS. It enables post-1989 forest owners to receive carbon units through the creation of new permanent forests.

To better encourage afforestation of non-forest land adjustments are being made to the ETS. While enabling legislation has yet to be passed by Parliament, it is expecting that averaging accounting will be available for all forests planted and registered for the first time from 2019.

Currently carbon units are earned using stock change accounting. Units are earned from the year of registration until the year of harvest. Following harvest units are surrendered to the Government to account for the loss in carbon. If the forest is replanted, the second rotation will begin earning units again after about eight years (depending on when the forest is replanted). This delay is because of the continuing loss of carbon from the decay in woody debris from the first rotation.

Under the proposed averaging accounting, units will be earned from the year of forest registration until the forest reaches its average age. The average age is the age the forest reaches its long term average carbon storage and is based on the typical harvest age for that forest type. Once the forest reaches its average age it will stop earning units. If it is harvested around the usual time and replanted there is no requirement to pay any units back.

Under averaging accounting units will only be earned after reaching the average age if a decision is made to increase the forest's long term average carbon storage by harvesting later. Conversely if harvest is much earlier units may have to be surrendered to decrease long term carbon storage.