

INLAND

# ETS interest grows

The Emissions Trading Scheme (ETS) is gathering interest from farmers who have trees as next year's deadline for registration looms, says Hamish Pryde, a director of Palmerston North accountancy and business advice company Coombe Smith.

He said he had been talking with farmers who had trees about the requirements of the ETS, and had found that interest had gathered speed.

Mr Pryde's recommended first port of call for anyone who believes the ETS may be a requirement for their trees is the Ministry of Agriculture and Forestry (MAF) website.

Most foresters – those with many trees – are aware of the requirements under the ETS.

But for all, there are two categories for forest land – one for post-1989 forests, and one for pre-1990 forests.

Post-1989 land is that established in trees after December 31, 1989.

Land that was in forest before this date but was cut between January 1, 1990 and December 31, 2007 is also eligible.

Owners who meet these requirements can voluntarily enter the ETS and earn carbon credits, or New Zealand Units (NZU) for registered areas.

While they might earn credits for their forests, as soon as they are cut (or accidentally burnt), that money has to be paid back.

The amount of carbon stored is dependent on the type and age of the trees.

There is nothing voluntary for farmers who have pre-1990 forest land, but some of them may apply for an exemption. If they are exempt, they receive no carbon credits and pay none back.

They have two choices – to apply for an



**Many questions:** Coombe Smith director Hamish Pryde says farmers' knowledge of the ETS is increasing.

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allocation of NZUs or, if eligible, to apply for an exemption.

Mr Pryde said each option had value. An exemption or allocation was not automatic, and there were deadlines for applying, so landowners needed to make a decision.

He said they should seek advice on which option might suit them best.

Exemptions from the deforestation obligations of the ETS will be available for pre-1990 forest landowners, where the owner had a total of less than 50 hectares

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**Hamish Pryde**

Coombe Smith director

of pre-1990 forest on September 1, 2007, or for the deforestation of land with specified tree weeds.

Most farmers have less than 50ha in trees.

"It will be interesting for those selling land that includes forestry, as someone buying will want to know if the forests have been registered," Mr Pryde said.

It was also uncertain who would pay or be paid for carbon credits which might be due on the forest.

"Is it the previous landowner or the buyer?"

Mr Pryde noted that buying or selling New Zealand Units (carbon credits) had an impact on the cashflow of some properties.

The idea behind carbon credits is that under the Kyoto Agreement, it penalises emitters of carbon, while rewarding those that have storage or sinks for carbon.