

## ETS forestry improvements unveiled

New Zealand's Forestry Minister Shane Jones announced this week the first set of improvements to the Emissions Trading Scheme (ETS) – the country's main tool for reducing greenhouse gas emissions – following extensive public consultation.

"The ETS should be able to deliver effective emissions pricing, be simple and credible to encourage new forests and discourage deforestation" Shane Jones said. "Cabinet has approved the first set of improvements, which includes the addition of permanent forests to the scheme. This will provide more incentives for landowners to integrate trees into their landscapes, enable them to diversify their income while also providing long-term environmental benefits".

"We're making good on our promise to encourage more forestry and make better use of land, especially on erosion-prone land. By establishing a permanent forest, with indigenous or exotic species, land owners will be able to better optimise their non-productive agricultural land and enjoy income from the sale of New Zealand units, while also increasing biodiversity and reducing erosion.

"Other changes are geared towards helping reduce both complexity and the barriers to forest owners being part of the ETS. These provide a solid foundation for future planting efforts, which could see us double the number of trees planted.

"We've listened to extensive feedback, and I think forest owners, businesses and landowners will welcome these changes, which will come into effect after the final round of ETS improvements have been made next year.

"We have also consulted on a new accounting option for post-1989 forests in the ETS – known as averaging. Cabinet will consider this and other improvements early next year," Shane Jones said.

### **Notes:**

- A new permanent post-1989 forestry activity within the ETS will replace the current Permanent Forestry Sink Initiative.
- Currently it's not possible to enter a post-1989 forest as a permanent forest in the ETS, even if it will never be harvested.
- The changes will not come into effect until the amendments to the Climate Change Response Act 2002 go through Parliament.
- Current participants in the PFSI will not be adversely affected by the conversion of the PFSI into the new Permanent Forestry activity within the ETS. Te Uru Rakau will be in contact with these landowners to advise them about their options, including to support their transfer into the ETS.
- The operational improvements will remove barriers to participation and compliance. Changes to offsetting and tree weed provisions will increase land-use flexibility while ensuring that the ETS supports afforestation and discourages deforestation.
- The changes also address a long-standing issue which relates to multiply-owned Maori land and the challenges they face accessing exemptions from pre-1990 deforestation liabilities.