

# **Climate Change Response (Emissions Trading Scheme— Forestry Conversion) Amendment Bill**

Government Bill

As reported from the Environment Committee

## **Commentary**

### **Recommendation**

The Environment Committee has examined the Climate Change Response (Emissions Trading Scheme—Forestry Conversion) Amendment Bill and recommends that it be passed. We recommend all amendments unanimously.

### **Introduction**

The bill would amend the Climate Change Response Act 2002. It aims to address the widespread conversion of farmland into forestry by restricting the ability to register exotic forestry on certain types of land in the New Zealand Emissions Trading Scheme (ETS).<sup>1</sup>

ETS participants earn New Zealand Units (NZUs) for forests registered in the ETS, based on the amount of carbon removed or absorbed by forests. Participants can earn revenue by selling NZUs to emitting businesses. This creates a financial incentive to convert farmland to exotic forestry. However, conversion of large amounts of farmland to forestry may present risks for agricultural supply chains, rural communities, and the flexibility of long-term land use.

The bill would restrict the amount of exotic forestry conversions on Land Use Capability (LUC) class 1–6 farmland that can be registered in the ETS.<sup>2</sup> Under the bill, landowners and rights holders could register a maximum of 25 percent of the LUC

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<sup>1</sup> Emissions trading is a market-based approach for reducing greenhouse gas emissions. An ETS puts a price on emissions by charging certain sectors of the economy for the greenhouse gases they emit.

class 1–6 land on an individual farm as exotic forestry in the ETS. The bill would also create a national limit of 15,000 hectares of LUC class 6 land that could be registered as exotic forestry each year. Under this system, permits to register LUC class 6 land as exotic forestry would be allocated by random ballot annually. Permits granted would enable an ETS participant to apply to register a specified amount of LUC class 6 land in addition to the right to register up to 25 percent of the LUC class 1–6 land on a farm.

The bill would provide for some exemptions from these restrictions, including for specific categories of Māori-owned land and unfarmed land. There would also be temporary transitional exemptions for people who began investing to convert land to forestry before the policy change was announced.

The bill’s proposed restrictions would apply only to registrations of exotic forests (tree species not native to New Zealand), not of indigenous forests. The bill would not restrict people’s ability to plant exotic trees; the restrictions would be on registering exotic forestry in the ETS.

### **Legislative scrutiny**

As part of our consideration of the bill, we have examined its consistency with principles of legislative quality. We have no issues regarding the legislation’s design to bring to the attention of the House.

### **Proposed amendments**

This commentary covers the main amendments we recommend to the bill as introduced. We also make two minor and technical amendments, to:

- change the commencement date for clause 12 from 31 October 2025 to the day after Royal assent
- replace references to “Landcare Research New Zealand Limited” with “the New Zealand Institute for Bioeconomy Science Limited”.

### **Definition of “unfarmed land”**

Clause 6 would amend section 4 of the Act, the interpretation section, to add several new definitions, including the term “unfarmed land”. The bill would exempt exotic forestry that is on unfarmed land from the new restrictions on the ability to register in the ETS.

In the definition as introduced, to be considered unfarmed, none of the land described in the record of title could have been used for farming in the 5 years prior to the ETS application being made. Also, none of the land could contain forest of predominately

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<sup>2</sup> Land is classified on a scale of 1 to 8 based on its ability to support productive uses, such as primary production or forestry. LUC class 1 is the most productive land and LUC class 8 is the least. It is estimated that the majority of forestry registered in the ETS is on LUC class 6 land.

exotic species that were planted in the 5 years since the land was last used for farming.

We consider that this definition may be too broad. It may unintentionally result in land not being able to be considered unfarmed if any exotic species had been planted, including on LUC class 7 or 8 land, in the 5 years since farming ceased. In these cases, registering exotic forestry on this land would not be exempt from the new restrictions. This is not consistent with the policy intent.

We recommend amending the definition to specify that, to be considered unfarmed, none of the LUC class 1–6 land on the title may be “forest land” or contain forest of predominately exotic species planted in the 5 years since the land was last used for farming. Forest land is defined in section 4 of the Act. This would mean that if shelter belts or exotic species were planted in an area of less than one hectare, or on LUC class 7 or 8 land, the land could still be classified as unfarmed.

### **Regulations relating to mapping standards**

Clause 11 would insert new sections 167A and 167B into the Act. As introduced, new section 167A provides for regulations to be made relating to methodologies and mapping standards. New section 167B provides for regulations to be made relating to the permits to register LUC class 6 land as exotic forest. ETS applicants must follow mapping standards to identify their forest land when they apply to register land into the ETS. If the bill’s proposed changes came into effect, information about the LUC classification of land would need to be updated. Consequently, new mapping standards would need to be issued to include this information.

As introduced, new section 167A(1) would enable regulations to be made prescribing the methodologies and mapping standard to be used. We propose that, rather than providing for regulations to prescribe a mapping standard, they instead authorise the Environmental Protection Authority (EPA), as the administering agency, to issue mapping standards. We recommend amending new sections 167A and 167B accordingly. This would enable greater flexibility and is consistent with the way that mapping standards are currently issued.

### **Exemption for offsetting land**

As introduced, the bill provides an exemption from the new restrictions for registering exotic forestry that is on “offsetting land” in the ETS. There are two different types of offsetting applications in the ETS, that apply to post-1989 and pre-1990 forest land.<sup>3</sup> Generally, if an ETS participant removes registered post-1989 forest, they would have to pay NZUs. However, participants can apply to “offset” the removal of

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<sup>3</sup> For the purposes of the ETS, a distinction is made between forests established prior to 1990 and forests established after 1989. ETS participants generally have to surrender NZUs if they deforest pre-1990 forest land, but do not earn NZUs for pre-1990 forest land. ETS participants can earn NZUs by registering post-1989 forest land in the ETS.

that forest from the ETS by planting an equivalent forest elsewhere. In this case, participants do not have to surrender NZUs for the removal of the forest.

We see a risk that post-1989 ETS participants might attempt to use this pathway and register exotic forestry on offsetting land to avoid the bill's proposed restrictions. We do not think participants should have this option. We propose removing the exemption for offsetting land and preventing ETS participants from including post-1989 forest on LUC class 1–6 land in offsetting applications. We consider that the exemption should apply for offsetting applications for pre-1990 forest land. We recommend inserting new clauses 11A and 16A, and deleting the definition in proposed new section 4(1) of “offsetting land”, to provide for this.

### **Reallocating unused amount of LUC class 6 land reserved for small permit applications**

The bill would introduce a hectare limit on the amount of LUC class 6 land that can be registered in the ETS as exotic forest each year.<sup>4</sup> New subpart 4B (new sections 190KF–190KZB), inserted by clause 16, sets out matters relating to the permits to register LUC class 6 land as exotic forestry. New section 190KG sets out that permits would be issued by conducting a random ballot for the available hectares each year.

New section 190KK specifies that the ballot process must allow for a minimum allocation to be reserved for small applications. As introduced, the bill would not allow the reserved portion to be reallocated if there was not sufficient demand from small applications to distribute it all. We note that this might result in the total hectare limit not being fully allocated.

We recommend inserting new section 190KKA to specify that, if the total number of hectares for all small applications does not meet the reserved allocation, the unused balance may be reallocated. We also recommend inserting new section 167B(1)(ja), by means of clause 11, to enable regulations to be made to specify how the reserved portion may be reallocated.

### **Conditions for transitional exemptions**

Clause 17 would amend Schedule 1AA of the Act. It sets out the transitional arrangements for when the bill comes into effect. Proposed clause 48 of Schedule 1AA would create an exemption to the new restrictions on registering exotic forestry on LUC class 1–6 land in the ETS. Broadly, the exemption would apply to ETS applicants who can demonstrate that they began investing to convert land to forestry before the policy change was announced on 4 December 2024. Clause 46 of Schedule 1AA defines the types of investments that would count for these purposes. These are called “qualifying forestry investments”. Examples include applying for a resource consent to plant a forest, having a sale and purchase agreement for land, or making purchases to afforest land, such as ordering seedlings. ETS applicants would have to

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<sup>4</sup> This is in addition to the right to register up to 25 percent of the LUC class 1–6 land on a farm.

demonstrate that they made at least one qualifying forestry investment to be eligible for the exemption.

We consider that making a single qualifying forestry investment should not, on its own, be sufficient evidence that someone began investing with actual intent to convert farmland to exotic forestry. As introduced, the provision would mean that an ETS applicant would not have had to own or lease the land they are seeking to register prior to the policy announcement, to be eligible in all cases. We propose that, for this exemption to apply, ETS applicants be required to demonstrate both that they had a “clear interest” in the land they seek to register prior to 4 December and have made a qualifying forestry investment. We recommend amending clause 48 of Schedule 1AA to set out this requirement.

We recommend inserting a definition of “clear interest” in proposed clause 46 of Schedule 1AA. To have shown a clear interest, an applicant must have either:

- owned the land
- had a registered lease or registered forestry right, or agreement to obtain one
- had a conditional or unconditional sale and purchase agreement for the land
- made a written offer to purchase the land and received written acceptance or a written indication of the seller’s intent to negotiate further.

We also recommend amending the definition of “qualifying forestry investment” in clause 46 of Schedule 1AA as introduced. Our recommended amendments would make the definition consistent with the new requirement to demonstrate a clear interest in the land. They would also clarify the wording of one type of qualifying forestry investment, in relation to obtaining or providing a permitted activity notice under the Resource Management Act 1991.

We consider that these recommended amendments would clarify and strengthen the conditions for when a transitional exemption from the new requirements introduced by the bill would apply.

### **New Zealand Labour Party differing view**

The Labour Party supports this bill, but notes that significant further work remains to be done with respect to the role of carbon forestry in the Emissions Trading Scheme (ETS). Current analysis by the Climate Change Commission suggests that if the use of forestry carbon credits in the ETS remains unchecked, then by the late 2030s the sectors covered by it will reach net zero and then negative emissions, leading to a very low carbon price which could lead to a new wave of deforestation. Over time, there could be large boom and bust cycles in carbon forestry, creating large swings in net emissions which will put New Zealand’s 2050 emissions target under the Paris Agreement at risk.<sup>5</sup> We urge the Government to undertake a thorough review of the Emissions Trading Scheme with particular emphasis on the role of carbon forestry.

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<sup>5</sup> Monitoring report: Emissions reduction, July 2025 | Climate Change Commission.

## Appendix

### Committee process

The Climate Change Response (Emissions Trading Scheme—Forestry Conversion) Amendment Bill was referred to this committee on 24 June 2025. The House instructed us to report the bill back no later than 13 August 2025.

We called for submissions on the bill on 26 June 2025 with a closing date of 7 July 2025. We received and considered 472 written submissions. We heard oral evidence from 38 submitters. We wish to acknowledge the efforts of all submitters and thank them for their engagement.

Advice on the bill was provided by the Ministry for the Environment and the Ministry for Primary Industries. The Office of the Clerk provided advice on the bill's legislative quality. The Parliamentary Counsel Office assisted with legal drafting.

### Committee membership

Catherine Wedd (Chairperson)

Hon Rachel Brooking

Simon Court

Hon Marama Davidson

Ryan Hamilton

Grant McCallum

Katie Nimon

Lan Pham

Hon Priyanca Radhakrishnan

Steve Abel, Hon Melissa Lee, and Hon Dr Deborah Russell also participated in our consideration.

### Related resources

The documents we received as advice and evidence are available on the Parliament website.

**Climate Change Response (Emissions Trading  
Scheme—Forestry Conversion) Amendment Bill**

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**Key to symbols used in reprinted bill**

**As reported from a select committee**

text inserted unanimously

~~text deleted unanimously~~



*Hon Todd McClay*

# **Climate Change Response (Emissions Trading Scheme— Forestry Conversion) Amendment Bill**

Government Bill

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### Schedule

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### New Part 5 inserted into Schedule 1AA

#### The Parliament of New Zealand enacts as follows:

##### 1 Title

This Act is the Climate Change Response (Emissions Trading Scheme—Forestry Conversion) Amendment Act **2025**.

##### 2 Commencement

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(1) This Act comes into force on **31 October 2025**, except as provided in **subsections (2) and (3)**.

(2) **Sections 6, 7, 10, and ~~11~~ 11, and 12** come into force on the day after Royal assent.

(3) **Subpart 4B of Part 5**, as inserted by **section 16**, and all other provisions that relate to LUC class 6 land permits, to the extent that they do so, that have

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not come into force under **subsection (2)**; come into force on **1 January 2026**.

### 3 Principal Act

This Act amends the Climate Change Response Act 2002.

## Part 1

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### Restrictions on registration as participant (forestry conversions)

#### 4 Section 3A amended (Treaty of Waitangi (Te Tiriti o Waitangi))

After section 3A(b)(xvia), insert:

(xviab) **section 190KZB** (regulations for changing annual hectare limit):

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#### 5 Section 3B amended (Consultation about certain regulations, orders, and notices)

After section 3B(1)(oa), insert:

(oab) **section 190KZB** (regulations for changing annual hectare limit):

#### 6 Section 4 amended (Interpretation)

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(1) In section 4(1), insert in their appropriate alphabetical order:

**25% allowance**, in relation to an individual farm, means an area or areas of restricted forest land that are in total up to 25% of all areas of LUC class 1–6 land within the farm boundary

**actively farmed**, in relation to a record of title, means that all or part of the land described in a record of title is in use for farming purposes

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**adjacent**, in relation to land to which 2 or more records of title relate, means land that shares a boundary even if separated by roads, paper roads, streams with esplanade reserves, or other narrow zones of separation, provided that those features do not separate the land into land owned by different persons or entities

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**annual hectare limit**, in relation to a year, means the hectare limit for that year as determined under **section 190KH**

**arable land use** means the use of land to grow any of the following crops for harvest:

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(a) grain cereal, legumes, or pulse grain:

(b) herbage seed:

(c) oilseed:

(d) maize grain, maize silage, cereal silage, or mangels:

(e) crops grown for seed multiplication

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<b>ballot</b> means the annual ballot conducted by the EPA in accordance with <b>sub-part 4B of Part 5</b>	
<b>Crown afforestation land</b> means Crown-owned land that is made available for afforestation, other than land that is used by Landcorp Farming Limited for farming purposes or land administered under the Crown Pastoral Land Act 1998	5
<b>district plan</b> has the meaning given in section 43AA of the Resource Management Act 1991	
<b>erosion-prone land</b> means land that is spatially identified as a high or severe erosion risk layer in a regional plan or district plan	10
<b>ETS application</b> means an application—	
(a) under section 57 to be registered as a participant in respect of an activity of standard forestry or permanent forestry; or	
(b) under section 182C(3) to add any carbon accounting area or areas to the post-1989 forest land in respect of which the applicant is recorded as a participant	15
<b>exempt Māori land</b> means any of the following:	
(a) Māori customary land:	
(b) Māori freehold land:	
(c) General land owned by Māori that—	20
(i) was previously Māori freehold land, but ceased to have that status under an order of the Māori Land Court made on or after 1 July 1993 or Part 1 of the Maori Affairs Amendment Act 1967; and	
(ii) is beneficially owned by the persons, or by the successors who are members of the preferred classes of alienees, who beneficially owned the land immediately before the land ceased to be Māori land:	25
(d) land held by a post-settlement governance entity, if the land was acquired—	
(i) as redress for the settlement of Treaty of Waitangi claims; or	30
(ii) by the exercise of rights under a Treaty settlement:	
(e) land vested in the Māori Trustee that—	
(i) is constituted as a Māori reserve by or under the Maori Reserved Land Act 1955; and	
(ii) remains subject to that Act:	35
(f) land set apart as a Māori reservation under Part 17 of Te Ture Whenua Maori Act 1993:	
(g) a reserve under the Reserves Act 1977 that, under a Treaty settlement, is managed wholly or jointly by a Treaty settlement entity:	

- (h) land that forms part of a natural feature that has been declared under an Act to be a legal entity or person (including Te Urewera land within the meaning of section 7 of the Te Urewera Act 2014):
- (i) the maunga listed in section 10 of the Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014 5
- farm boundary**, in relation to an individual farm, means—
- (a) the boundary of the land described in the record of title; or
- (b) if the farm consists of land described in more than 1 record of title, the outer boundary encompassing all of the adjacent land described in the records of title 10
- farming purposes** means land that is in—
- (a) arable land use; or
- (b) horticultural land use; or
- (c) pastoral land use; or
- (d) any combination of the above 15
- General land owned by Māori** has the meaning given in section 4 of Te Ture Whenua Maori Act 1993
- horticultural land use** means the use of land to grow food or beverage crops for human consumption (other than arable crops) or flowers for commercial supply 20
- individual farm** means land that—
- (a) includes LUC class 1–6 land; and
- (b) is actively farmed; and
- (c) is described in a record of title or in more than 1 record of title for adjacent land; and 25
- (d) is owned by the same person
- land use capability classification** means the classification of land using the land use capability class system—
- (a) that is published on an ~~internet~~ Internet site maintained by or on behalf of ~~Landeare Research New Zealand Limited~~ the New Zealand Institute for Bioeconomy Science Limited; and 30
- (b) as amended and published on that ~~internet~~ Internet site from time to time
- large application**, in relation to a LUC class 6 land permit, means an application for a permit relating to more than the number of hectares of LUC class 6 land prescribed as the maximum for a small application 35
- LUC class 1–6 land** means land identified as land use capability class 1, 2, 3, 4, 5, or 6—
- (a) on the NZLRI map; or

(b) by a property-scale assessment undertaken in accordance with any methodology specified in regulations

**LUC class 6 land** means land identified as land use capability class 6—

(a) on the NZLRI map; or

(b) by a property-scale assessment undertaken in accordance with any methodology specified in regulations

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**LUC class 6 land permit** means a permit issued by the EPA under **subpart 4B of Part 5**

**Māori customary land** has the meaning given in section 4 of Te Ture Whenua Maori Act 1993

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**Māori freehold land** has the meaning given in section 4 of Te Ture Whenua Maori Act 1993

**mapped land** means land that is included on the NZLRI map

**NZLRI map** means the map or maps provided in the New Zealand Land Resource Inventory—

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(a) that are published on an ~~internet~~ Internet site maintained by or on behalf of ~~Landeare Research New Zealand Limited~~ the New Zealand Institute for Bioeconomy Science Limited; and

(b) as amended and published on that ~~internet~~ Internet site from time to time

~~**offsetting land** means land that is specified as offsetting land in an application under section 181A or 192A~~

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**pastoral land use** means the use of land for the grazing of livestock

**post-settlement governance entity**—

(a) means a body corporate or the trustees of a trust established, for the purpose of receiving redress in the Treaty settlement of a claimant group,—

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(i) by that group; or

(ii) by or under an enactment or order of a court; and

(b) includes—

(i) an entity established to represent a collective or combination of claimant groups; and

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(ii) an entity controlled by an entity referred to in **paragraph (a)**; and

(iii) an entity controlled by a hapū to which redress has been transferred by an entity referred to in **paragraph (a)**

**record of title** has the meaning given in section 5(1) of the Land Transfer Act 2017

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**regional plan** has the meaning given in section 43AA of the Resource Management Act 1991

**Registrar-General** has the meaning given to Registrar in section 5(1) of the Land Transfer Act 2017

**restricted forest land** means post-1989 forest land that is LUC class 1–6 land and meets the following:

- (a) the land was not forest land on **31 October 2025**: 5
- (b) the forest species on the land are predominantly exotic forest species:
- (c) the land is not—
  - (i) exempt Māori land; or
  - (ii) erosion-prone land; or
  - (iii) unmapped land; or 10
  - (iv) unfarmed land; or
  - (v) ~~offsetting land~~; or
  - (vi) Crown afforestation land

**small application**, in relation to a LUC class 6 land permit, means an application for a permit relating to no more than the number of hectares of LUC class 6 land prescribed as the maximum for a small application 15

**standard duration of a LUC class 6 land permit** means the duration set out in **section 190KV(1)**

**Treaty settlement** means—

- (a) a Treaty settlement Act; or 20
- (b) a Treaty settlement deed

**Treaty settlement Act** means—

- (a) an Act listed in Schedule 3 of the Treaty of Waitangi Act 1975; or
- (b) any other Act that provides redress for Treaty of Waitangi claims, including Acts that provide collective redress or participation arrangements for claimant groups whose claims are, or are to be, settled by another Act, including— 25
  - (i) the Maori Commercial Aquaculture Claims Settlement Act 2004:
  - (ii) the Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014: 30
  - (iii) the Nga Wai o Maniapoto (Waipa River) Act 2012:
  - (iv) the Ngati Tuwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010:
  - (v) the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 and secondary legislation that gives effect to section 10 of that Act and is made under Part 9 of the Fisheries Act 1996 35

**Treaty settlement deed—**

- (a) means a deed or other agreement that—
  - (i) has been signed by or on behalf of a Minister of the Crown and representatives of a group of Māori; and
  - (ii) is in settlement of the claims of that group or in express anticipation, or on account, of that settlement; and
- (b) to avoid doubt, includes a deed or other agreement of the kind described in **paragraph (a)** that relates to the claims of a collective or combination of Māori groups; but
- (c) does not include an agreement in principle or any document that is preliminary to a signed and ratified deed

**Treaty settlement entity** means any of the following:

- (a) a post-settlement governance entity;
- (b) a board, trust, committee, authority, or other body, incorporated or unincorporated, that is recognised in or established under any Treaty settlement Act;
- (c) an entity or a person that is authorised by a Treaty settlement Act to act for a natural feature with legal personhood;
- (d) Te Ohu Kai Moana or a mandated iwi organisation (as those terms are defined in section 5(1) of the Maori Fisheries Act 2004);
- (e) an iwi aquaculture organisation (as defined in section 4 of the Maori Commercial Aquaculture Claims Settlement Act 2004)

**unfarmed land**, in relation to a record of title that is the subject of an ETS application, means that no land described in the record of title—

- (a) has been used for farming purposes in the 5-year period before the ETS application; and
- ~~(b) contains predominantly exotic forest species planted in the 5-year period after use of the land for farming purposes ceased~~
- (b) is LUC class 1–6 land that—
  - (i) is forest land; and
  - (ii) contains predominantly exotic forest species planted in the 5-year period after use of the land for farming purposes ceased

**unmapped land** means any land that is not included on the NZLRI map

- (2) In section 4(1), replace the definition of **permanent forestry** with:  
**permanent forestry** means an activity listed in Part 1A of Schedule 4
- (3) In section 4(1), replace the definition of **standard forestry** with:  
**standard forestry** means an activity listed in Part 1 of Schedule 4
- (4) After section 4(7), insert:

- (8) To avoid doubt, unmapped land ceases to be excluded from the definition of restricted forest land at the time that the land is included on the NZLRI map.
- 7 Section 30M amended (Regulations about infringement offences)**  
In section 30M(1)(a)(i), replace “132(1)(a), (b), and (f) to (i),” with “132(1)(a), (b), **(ea)**, and (f) to (i), **133(1)(ca)**,”. 5
- 8 Section 132 amended (Other offences)**  
After section 132(1)(e), insert:  
(ea) knowingly fails to keep records as required by **section 182CD or 190KM**; or
- 9 Section 133 amended (Evasion or similar offences)** 10  
After section 133(1)(c), insert:  
(ca) fails to keep records as required by **section 182CD or 190KM**; or
- 10 Section 167 amended (Regulations relating to fees and charges)**  
After section 167(2)(b), insert:  
(ba) who enters an application into the ballot for a LUC class 6 land permit; 15  
or
- 11 New sections 167A and 167B inserted**  
After section 167, insert:
- 167A Regulations relating to methodologies and mapping standards**
- (1) The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations for 1 or more of the following purposes: 20
- (a) prescribing a methodology or methodologies for making a property-scale assessment of the land use capability classification of land described in a record of title:
- (b) ~~prescribing a mapping standard specifying how land that is to be assessed through property-scale assessment must be mapped:~~ 25
- (c) ~~prescribing mapping standards specifying how land must be mapped for any other purpose in relation to subparts 4 to **4B** of Part 5.~~
- (b) authorising the EPA to issue mapping standards specifying— 30
- (i) how land that is to be assessed through property-scale assessment must be mapped; and
- (ii) how land must be mapped for any other purpose in relation to **section 182AB, 182C(5)(a)(ii), 182C(5A), or 182CA to 182CD**, or to **subpart 4A or 4B** of Part 5.

- (2) Regulations made under this section are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).
- (3) If regulations authorise the EPA to issue mapping standards under **subsection (1)(b)**,—
- (a) those standards are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements); and 5
- (b) the regulations must contain a statement to that effect.

**167B Regulations relating to LUC class 6 land permits**

- (1) The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations for 1 or more of the following purposes: 10
- Ballot requirements*
- (a) specifying the time frame within which the ballot for each year is to be conducted:
- (b) specifying the time frame within which applications for LUC class 6 land permits may be made each year: 15
- (c) prescribing the number of hectares of LUC class 6 land in respect of which an application is made that determines whether an application is to be treated as a small application or a large application:
- (d) requiring an application for a LUC class 6 land permit to include a map of the applicant’s LUC class 6 land prepared in accordance with any ~~prescribed~~ mapping standard issued by the EPA: 20
- (e) requiring a permit application to identify the applicant’s LUC class 6 land in respect of which the application is made by reference to—
- (i) the NZLRI map; or
- (ii) a property-scale assessment undertaken in accordance with any ~~prescribed~~ mapping standard issued by the EPA: 25
- (f) requiring a person who undertook a property-scale assessment for inclusion in an application for a LUC class 6 land permit to provide information to the EPA about the assessment when requested to do so, for example a statement that the person undertook the assessment in accordance with any methodology specified in regulations: 30
- (g) ~~prescribing a mapping standard specifying how LUC class 6 land that is to be assessed through property-scale assessment must be mapped:~~
- (h) prescribing the number of hectares that must be reserved for small applications: 35
- Requirements after ballot conducted*
- (i) prescribing the process the EPA must follow after the ballot is conducted, including—

(i)	determining whether an application meets the conditions of eligibility; and	
(ii)	notifying applicants whose applications are successful:	
	<i>Other matters</i>	
(j)	specifying the circumstances in which part of the annual hectare limit of LUC class 6 land in a ballot or the unused hectares of an expired permit may be transferred to or added to a later year’s ballot:	5
(ja)	<u>specifying the circumstances in which unused hectares of the reserved allocation for small applications for a ballot year may be reallocated for use in that year’s ballot:</u>	10
(k)	prescribing that if more than 1 applicant makes an eligible application for a LUC class 6 land permit that includes the same record of title, a permit may be issued in respect of the relevant permit application to all those applicants:	
(l)	specifying that applications for a LUC class 6 land permit that include the same record of title may be represented in the ballot by a single application, and prescribing the process for this:	15
(m)	specifying how the allocation of hectares will count towards the annual hectare limit when a LUC class 6 land permit is issued to more than 1 person, and those permits have a record of title in common:	20
(n)	prescribing any other matters that are necessary to ensure the proper functioning of the ballot.	
(2)	Regulations made under this section are secondary legislation ( <i>see</i> Part 3 of the Legislation Act 2019 for publication requirements).	
<b>11A</b>	<b><u>Section 181B amended (Criteria for P90 offset application)</u></b>	25
	<u>In section 181B(2)(f), after “under section 57”, insert “(but need not comply with the restriction under <b>section 182AB</b>)”.</u>	
<b>12</b>	<b>Section 182 amended (Standard and permanent forestry on post-1989 forest land)</b>	
	In section 182(1), repeal the definitions of—	30
(a)	<b>permanent forestry</b> ; and	
(b)	<b>standard forestry</b> .	
<b>13</b>	<b>New section 182AB inserted (Restriction on registration as participant in relation to restricted forest land)</b>	
	After section 182A, insert:	35

**182AB Restriction on registration as participant in relation to restricted forest land**

A person may not be registered as a participant under section 57 in respect of an activity of standard forestry or permanent forestry in relation to restricted forest land, except in accordance with **subpart 4A or 4B**.

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**14 Section 182C amended (Registration as participant in standard or permanent forestry)**

Replace section 182C(5) with:

(5) The EPA may (under this section) add a carbon accounting area to the post-1989 forest land in respect of which a person is recorded as a participant only if—

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(a) the EPA is satisfied that—

(i) the person would (if appropriate) qualify to be registered as a participant in respect of the carbon accounting area under section 182A; and

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(ii) the carbon accounting area—

(A) is not restricted forest land; or

(B) for restricted forest land, is permitted be registered in accordance with **subpart 4A or 4B**; or

(C) meets **subsubparagraphs (A) and (B)**; and

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(b) where the forest species on that land is predominantly naturally regenerated tree weeds, the EPA is satisfied that the risk of tree weed spread from the land is low.

(5A) If an applicant identifies land in an application with reference to the land use capability class, the applicant must do so using only 1 of the following for the entire application:

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(a) the NZLRI map; or

(b) a property-scale assessment undertaken in accordance with any methodology specified in regulations.

**15 New sections 182CA to 182CD inserted**

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After section 182C, insert:

**182CA Further requirements for ETS application in respect of LUC class 1–6 unfarmed land**

(1) This section applies to an ETS application in respect of LUC class 1–6 land that is unfarmed land.

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(2) The application must, in addition to any other requirements, be accompanied by a statutory declaration in the prescribed form that, to the best of the applicant's knowledge, the land is unfarmed land.

**182CB Further requirements for ETS application in respect of mapped land other than LUC class 1–6 land**

- (1) This section applies to an ETS application in respect of mapped land other than LUC class 1–6 land.
- (2) The application must, in addition to any other requirements, identify the land to which the application applies by reference to the applicable land use capability classification shown—
- (a) on the NZLRI map; or
  - (b) in a property-scale assessment undertaken in accordance with any methodology specified in regulations.

**182CC Further requirements for ETS application if property-scale assessment of land used**

- (1) This section applies to an ETS application if—
- (a) this Act requires the applicant to identify the land use capability classification of the land to which the application applies; and
  - (b) the applicant relies on a property-scale assessment of the land to identify the land use capability classification.
- (2) The application must, in addition to any other requirements, be accompanied by a statement by the person who undertook the property-scale assessment of the land that the assessment has been carried out in accordance with any methodology specified in regulations.

**182CD Retention of property-scale assessment records**

An applicant must keep records of property-scale assessment of the land use capability classification of land described in a record of title for 20 years if the applicant has used them in an ETS application.

**16 New subparts 4A and 4B of Part 5 inserted**

After section 190K, insert:

Subpart 4A—The 25% allowance for restricted forest land

**190KA Further requirements for registration as participant in relation to restricted forest land**

- (1) A person may apply to be registered under section 57 as a participant in respect of an activity of standard forestry or permanent forestry in relation to restricted forest land relying on the 25% allowance.
- (2) A person who is a participant in standard forestry or permanent forestry may apply to the EPA to add any carbon accounting area or areas that include restricted forest land relying on the 25% allowance.

- (3) An application under **subsection (1) or (2)** must, in addition to any other requirements,—
- (a) identify the record or records of title that comprise the individual farm to which the application applies; and
  - (b) identify the restricted forest land for each individual farm to which the application applies by reference to the applicable land use capability class shown—
    - (i) on the NZLRI map; or
    - (ii) in a property-scale assessment undertaken in accordance with any methodology specified in regulations; and
  - (c) be accompanied by a statutory declaration made by the applicant, in the prescribed form, that the restricted forest land identified has not knowingly been submitted relying on the 25% allowance before, unless—
    - (i) the application is submitted in accordance with **section 190KB**; or
    - (ii) any earlier application that relied on the 25% allowance was not accepted.
- (4) If an application under **subsection (1) or (2)** is made in respect of an activity of standard forestry or permanent forestry that relates to holding a registered forestry right or being the leaseholder under a registered lease, the application must also include the written consent of the landowner, which must state—
- (a) the record or records of title for the individual farm to which the landowner’s consent relates; and
  - (b) that the landowner consents to the inclusion of that land in the 25% allowance for that individual farm.
- (5) The EPA may register a person as a participant under section 57 in relation to an activity of standard forestry or permanent forestry relying on the 25% allowance only if the EPA is satisfied that the registration would not exceed the 25% allowance for the individual farm.
- (6) The EPA may update a participant’s record to reflect the addition of a carbon accounting area relying on the 25% allowance only if the EPA is satisfied that updating the record would not exceed the 25% allowance for the individual farm.
- (7) If the EPA has accepted an application under **subsection (1) or (2)**, the records of title that make up the individual farm that was the subject of that application may not be varied, or included in an application under this section in relation to any other individual farm.

**190KB More than one 25% allowance application permitted**

A person may make more than 1 application under **section 190KA** unless—

- (a) the combined area of restricted forest land identified in all the applications for registration would exceed the 25% allowance; or
- (b) since the first application in respect of an individual farm,—
  - (i) the ownership of the record or records of title has changed; or
  - (ii) the farm boundary has changed.

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**190KC Notification of 25% allowance to be recorded against record of title**

- (1) If the EPA registers a person as a participant under section 57 in relation to an activity of standard forestry or permanent forestry relying on the 25% allowance, the EPA must—
  - (a) notify the Registrar-General that the registration relying on the 25% allowance has occurred in respect of the individual farm; and
  - (b) include in the notification the details of each record of title comprising the individual farm.
- (2) If the EPA updates a participant's record to include a carbon accounting area relying on the 25% allowance, the EPA must—
  - (a) notify the Registrar-General that the update relying on the 25% allowance has occurred in respect of the individual farm; and
  - (b) include in the notification the details of each record of title comprising the individual farm.
- (3) The Registrar-General must record a notice under **subsection (1) or (2)** against the record or records of title of the individual farm.
- (4) If land described in a record of title is subdivided and the record of title has a notice under this section recorded against it, the notice must be recorded against all records of title resulting from the subdivision.
- (5) If land described in a record of title is merged with another record of title and either record of title has a notice under this section recorded against it, the notice or notices must be recorded against the merged record of title.

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**190KD The 25% allowance is in addition to LUC class 6 land permit**

The 25% allowance is in addition to any LUC class 6 land that may be registered using a LUC class 6 land permit issued in respect of the same individual farm.

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**190KE The 25% allowance is not increased if LUC class 1–6 land area increases**

If the landowner of an individual farm becomes the landowner of LUC class 1–6 land adjacent to the individual farm, the 25% allowance for the individual farm does not increase.

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Subpart 4B—LUC class 6 land permits

*Application of this subpart*

**190KF Application of this subpart**

This subpart applies to LUC class 6 land.

*Ballot for LUC class 6 land permits*

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**190KG Ballot for LUC class 6 land permits**

The EPA must issue LUC class 6 land permits each year by conducting a ballot, within the prescribed time frame, for the available hectare area within the annual hectare limit.

**190KH Annual hectare limit**

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The annual hectare limit of LUC class 6 land in the ballot is,—

- (a) if no regulations are made under **section 190KZB**, 15,000 hectares; or
- (b) if regulations are made under **section 190KZB**, the limit specified in those regulations.

**190KI Issuing of LUC class 6 land permits**

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- (1) LUC class 6 land permits must be issued annually.
- (2) Part of the annual hectare limit of LUC class 6 land in a ballot may be transferred to or added to a later calendar year's ballot in prescribed circumstances.

**190KJ Permit allocation in addition to 25% allowance**

The number of hectares of LUC class 6 land that may be registered under a LUC class 6 land permit is in addition to any LUC class 6 land registered under the 25% allowance available to the permit holder under **subpart 4A** in relation to LUC class 6 land on the same individual farm.

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**190KK Allowing minimum allocation for small applications**

The ballot must be conducted in a way that will allow for a minimum allocation to be reserved for small applications.

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**190KKA Reallocating unused small applications allocation**

If the total number of hectares for all of the small applications does not reach the reserved allocation for small applications, the remaining hectares may be reallocated in prescribed circumstances.

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*Ballot process***190KL Conditions of eligibility**

To enter an application into the ballot for a LUC class 6 land permit, a person must—

- (a) specify the record or records of title comprising the land on which the LUC class 6 land to which the application relates is located; and 5
- (b) be the landowner of the land or provide the written consent of the landowner to make the application; and
- (c) make no more than 1 application in respect of the same record or records of title in any annual ballot; and 10
- (d) specify the number of hectares in respect of which the application is made, which must be no more than the area of LUC class 6 land contained in the record or records of title referred to in **paragraph (a)**; and
- (e) ensure that the application—
  - (i) is in the form, if any, prescribed by the EPA for this purpose; and 15
  - (ii) is accompanied by the prescribed fee, if any; and
  - (iii) provides any other prescribed information.

**190KM Retention of property-scale assessment records**

An applicant must keep property-scale assessment records for 20 years if the applicant has used a property-scale assessment of the land use capability classification of land described in a record of title in an application for a LUC class 6 land permit. 20

**190KN Conducting ballot**

The EPA must conduct the ballot by random selection—

- (a) in accordance with this Act and any regulations made under it; and 25
- (b) by using electro-mechanical drawing equipment or any other equipment that the EPA may determine.

**190KO Review and appeal not available for decisions about entering application into ballot**

There is no right of review or appeal under any of sections 144 to 146 in relation to a decision by the EPA as to whether or not to enter an application into the ballot for a LUC class 6 land permit. 30

*Issuing permits***190KP Effect of permit being issued**

- (1) A person issued a LUC class 6 land permit may apply to be registered as a participant in relation to an activity of standard or permanent forestry in respect of 35

LUC class 6 land or to add a carbon accounting area or areas to the post-1989 forest land in respect of which the person is recorded as a participant, as the case may be, up to the maximum number of hectares in respect of the LUC class 6 land permit.

- (2) The person may apply to register, or add, fewer hectares than the permit allows, but must not register or add more. 5

**190KQ EPA may decline application**

- (1) The EPA may decline an application if the application does not meet the conditions of eligibility set out in **section 190KL**.
- (2) The EPA may decline an application partially in the circumstances set out in **section 190KR**. 10

**190KR Exceeding annual hectare limit**

If the final successful application in a ballot partially exceeds the remaining annual hectare limit, the EPA may issue a LUC class 6 land permit to the applicant for those remaining hectares but not the full number of hectares sought in the application. 15

*Use of LUC class 6 land permit*

**190KS Using LUC class 6 land permit**

- (1) The holder of a LUC class 6 land permit must meet the requirements, conditions, and criteria under this Act in relation to applying for emissions trading scheme registration in respect of the LUC class 6 land, or adding that land to land that is already registered in the emissions trading scheme, as the case may be. 20
- (2) An application on the basis of a LUC class 6 land permit must also demonstrate to the EPA that the post-1989 forest land that the applicant seeks to register— 25
- (a) is contained within the record or records of title to which the LUC class 6 land permit relates; and
- (b) has an area equal to, or less than, the area of land in hectares that the LUC class 6 land permit provides.

**190KT Permit not transferable to other person** 30

- (1) Except as provided in this section, a permit is unusable if it is purported to be transferred to a person other than the person specified in the LUC class 6 land permit application.
- (2) If the person who is issued a LUC class 6 land permit dies while the permit is valid, the person to whom their estate in the LUC class 6 land is transmitted becomes the permit holder. 35

- (3) If an unincorporated body is issued a LUC class 6 land permit, the permit remains usable by the body while at least 60% of the members of the body are the same as when the permit was issued to the body.
- (4) In this section, a permit is **usable** if it may be used to register forest land in the emissions trading scheme. 5

**190KU Permit not transferable to other land or when land subdivided**

- (1) A LUC class 6 land permit cannot be used to register forest land in the emissions trading scheme other than land specified in the application for the LUC class 6 land permit.
- (2) If land described in a record or records of title to which a LUC class 6 land permit relates is subdivided, the permit is no longer valid. 10

*LUC class 6 land permit duration*

**190KV LUC class 6 land permit duration**

- (1) The **standard duration of a LUC class 6 land permit** is that it is valid until the close of 31 December of the year that is 3 full years after the year in which the permit was issued. 15
- (2) However, a valid LUC class 6 land permit remains valid until a decision to approve or decline an ETS application to register or add land is made, if—
- (a) the permit is valid at the time the application is made; and
  - (b) the application is full and complete; and 20
  - (c) the application is made within the standard duration of a LUC class 6 land permit.
- (3) This section is subject to **sections 190KW, 190KX, and 190KY**.

**190KW Extension of permit duration**

The EPA may accept an ETS application using a LUC class 6 land permit until the close of 31 December of the year that is 6 full years after the year in which the permit is issued if the EPA is satisfied that a temporary adverse weather event or similar circumstances materially disrupted the applicant's ability to register forest land before the expiry date. 25

**190KX Expiry of LUC class 6 land permit through use** 30

- (1) When the EPA approves or declines either of the following that is made using a LUC class 6 land permit, the permit expires:
- (a) an application under section 57 to be registered as a participant;
  - (b) an application under section 182C(5) to add a carbon accounting area to the post-1989 forest land in respect of which a person is recorded as a participant. 35
- (2) The unused or partially unused area of an expired permit is not—

- (a) able to be used by the holder under the expired permit; or
- (b) added to future ballots, unless regulations allow this.

**190KY Expiry of LUC class 6 land permits issued to multiple parties for same land**

If, in the same ballot year, a LUC class 6 land permit is issued to more than 1 person, and those permits have a record of title in common, all other permits with that title in common expire in their entirety when one of those persons registers as a participant or adds a carbon accounting area on the basis of their permit.

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*EPA may report on ballot*

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**190KZ EPA may report publicly about ballot**

The EPA may report publicly on processes under this subpart, including information regarding receiving and approving applications and allocating the annual hectare limit.

*Review of annual hectare limit*

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**190KZA Review of annual hectare limit**

- (1) The Minister of Climate Change and the Minister of Agriculture, in consultation with the Minister of Forestry, may initiate a review of the annual hectare limit.
- (2) Reviews may take place in 2029 and at intervals of 5 years after 2029.

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**190KZB Regulations for changing annual hectare limit**

- (1) The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations to change the annual hectare limit.
- (2) The Minister may recommend the making of those regulations if that Minister and the Minister of Agriculture consider that the annual hectare limit should change, after they have undertaken consultation in accordance with **sections 3A(b)(xviab) and 3B(1)(oab)** and have considered the effect on the following matters of changing the limit:
  - (a) meeting emissions budgets and national emission reduction targets:
  - (b) the proper functioning of the emissions trading scheme:
  - (c) the pace and scale of current and projected rural land use change to forestry:
  - (d) economic considerations related to land use change:
  - (e) any other matters the Ministers consider relevant.
- (3) Regulations made under this section must state which ballot the changed annual hectare limit will apply from.

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- (4) Regulations made under this section are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).

**16A Section 192B amended (Criteria for P89 offset application)**

In section 192B(2)(f)(ii), replace “section 182A” with “sections 182A and **182AB**”.

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**Part 2**  
**Other amendments**

**17 Schedule 1AA amended**

In Schedule 1AA,—

- (a) insert the Part set out in the **Schedule** of this Act as the last Part; and 10  
(b) make all necessary consequential amendments.

**Schedule**  
**New Part 5 inserted into Schedule 1AA**

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<b>Part 5</b>	
<b>Provisions relating to Climate Change Response (Emissions Trading Scheme—Forestry Conversion) Amendment Act 2025</b>	
<b>46 Interpretation</b>	5
In this Part,—	
<b>amendment Act</b> means the Climate Change Response (Emissions Trading Scheme—Forestry Conversion) Amendment Act <b>2025</b>	10
<b>clear interest</b> , in relation to land, means—	
(a) <u>ownership of the land; or</u>	
(b) <u>a registered lease or a registered forestry right, or an agreement to obtain a lease or a forestry right; or</u>	
(c) <u>a conditional or unconditional sale and purchase agreement for the purchase of the land; or</u>	15
(d) <u>a written offer to purchase the land and—</u>	
(i) <u>a written indication of the seller’s intention to negotiate further; or</u>	
(ii) <u>a written acceptance of the offer</u>	
<b>commencement date</b> means <b>31 October 2025</b>	20
<b>ETS applicant</b> means a person who has made an application (and <b>ETS application</b> has a corresponding meaning)—	
(a) under section 57 to be registered as a participant in respect of an activity of standard forestry or permanent forestry; or	
(b) under section 182C(3) to add any carbon accounting area or areas to the post-1989 forest land in respect of which the person is recorded as a participant	25
<b>qualifying forestry investment</b> means any of the following:	
(a) <del>a registered lease or a registered forestry right, or an agreement to obtain a lease or a forestry right;</del>	30
(b) <del>a conditional or unconditional sale and purchase agreement for land;</del>	
(c) an emissions ruling under section 107 that land is eligible to be post-1989 forest land has been applied for or has been made by the EPA;	
(d) in relation to the establishment of a forest,—	
(i) a resource consent has been applied for or has been granted by a <del>local authority</del>	35
under the Resource Management Act 1991;	

(ii)	<del>a permitted activity notice has been given by a local authority under the Resource Management Act 1991:</del>	
(ii)	<u>a notice has been given under the Resource Management (National Environmental Standards for Commercial Forestry) Regulations 2017 to a local authority in relation to a permitted activity:</u>	5
(iii)	<u>a notice has been given under section 87BB(1)(d) of the Resource Management Act 1991:</u>	
(e)	investment in preparation for afforestation has been made, for example ordering seedlings or undertaking land preparation for forestry:	10
(f)	a recognised local or central government grant to afforest land has been received:	
(g)	<del>a third party has been contracted to undertake due diligence for the purposes of—</del>	
(i)	<del>afforesting land; or</del>	15
(ii)	<del>purchasing land with the intent to afforest it.</del>	
(g)	<u>a third party has been contracted to undertake due diligence for the purpose of afforesting land.</u>	
<b>47</b>	<b>Amendment Act does not apply to ETS applications received before commencement date</b>	<b>20</b>
(1)	The EPA must apply this Act to an ETS application received before the commencement date as if the amendment Act had not been enacted.	
(2)	If an ETS application received by the EPA before the commencement date is the subject of any of the following (commenced either before or after the commencement date), they must be undertaken as if the amendment Act had not been enacted:	25
(a)	a review under section 144:	
(b)	an appeal under section 145:	
(c)	an appeal under section 146.	
<b>48</b>	<b>Transitional exemptions for LUC class 1–6 land</b>	<b>30</b>
(1)	<del>The EPA must determine that LUC class 1–6 land is not restricted forest land if it is satisfied that an ETS applicant has submitted a complete ETS application by 31 December 2027 that includes evidence that the applicant has made or obtained a qualifying forestry investment in relation to the LUC class 1–6 land in the period from 1 January 2021 to 4 December 2024.</del>	<del>35</del>
(1)	<u>The EPA must determine that LUC class 1–6 land is not restricted forest land if it is satisfied that an ETS applicant has submitted a complete ETS application by 31 December 2027 that includes evidence that the applicant—</u>	

- (a) had a clear interest in the LUC class 1–6 land before 4 December 2024; and
- (b) has made or obtained 1 or more qualifying forestry investments in relation to the LUC class 1–6 land in the period from 1 January 2021 to 4 December 2024. 5
- (2) The EPA may determine that LUC class 1–6 land is not restricted forest land if it is satisfied that—
- (a) ~~an ETS applicant has submitted a complete ETS application by 31 December 2027 that includes evidence that the applicant has made or obtained a qualifying forestry investment in relation to the LUC class 1–6 land before 1 January 2021; and~~ 10
- (a) an ETS applicant has submitted a complete ETS application by 31 December 2027 that includes evidence that the applicant—
- (i) had a clear interest in the LUC class 1–6 land before 4 December 2024; and 15
- (ii) has made or obtained 1 or more qualifying forestry investments in relation to the LUC class 1–6 land before 1 January 2021; and
- (b) the ETS applicant was not able to make an ETS application at an earlier date due to circumstances beyond their control.
- (3) The EPA may determine that LUC class 1–6 land is not restricted forest land if it is satisfied that— 20
- (a) ~~an ETS applicant has submitted a complete ETS application by 31 December 2030 that includes evidence that the applicant has made or obtained a qualifying forestry investment in relation to the LUC class 1–6 land in the period from 1 January 2021 to 4 December 2024; and~~ 25
- (a) an ETS applicant has submitted a complete ETS application by 31 December 2030 that includes evidence that the applicant—
- (i) had a clear interest in the LUC class 1–6 land before 4 December 2024; and
- (ii) has made or obtained 1 or more qualifying forestry investments in relation to the LUC class 1–6 land in the period from 1 January 2021 to 4 December 2024; and 30
- (b) the ETS applicant was not able to make an ETS application at an earlier date due to circumstances beyond their control.

### Legislative history

10 June 2025  
24 June 2025

Introduction (Bill 174–1)  
First reading and referral to Environment Committee

**Climate Change Response (Emissions Trading  
Scheme—Forestry Conversion) Amendment Bill**

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