

# What Is Carbon Farming?

**Carbon credits provide a financial incentive to landholders who restore and protect forests.**

In Aotearoa, landholders become carbon farmers by registering for carbon credits with the NZ Emissions Trading Scheme (NZETS) or for the voluntary market with the Native CarbonCrop Units scheme (Native CCU).

When you successfully register areas of land you will receive carbon credits which can be traded within the New Zealand emissions market. Companies buy carbon credits to offset emissions and reduce their environmental footprint.

## What Do Carbon Farmers Do?

**Some landholders plant new trees, while others earn credits for protecting existing areas of regenerating forest on their land.**

### When you register you commit to:

- Protect your registered forest areas and allow them to grow. If you deliberately clear the trees, you must repay the carbon credits.
- Support regeneration through land management practices such as tree planting and pest-control – unless forest is established and self-sustaining.
- Monitor and report on your forest in compliance with the rules of the relevant scheme you're entered into, keeping up to date with any changes and new obligations you may be bound to.



## Why register your forest?

**There's many reasons landowners adopt carbon farming.**

Few landholders become carbon farmers exclusively, with most registering specific areas of land to support their primary farming activities. Here are some common motives:

### Financial goals

- Generate funding for new projects
- Improve cash flow and reduce volatility
- Boost resilience via a new income stream

### Land strategy

- Monetise existing areas of forest
- Increase returns from marginal land.
- Reduce erosion and improve soil quality

### Environmental values

- Fight climate change
- Support indigenous wildlife and biodiversity
- Maintain Kaitiakitanga

### Personal choices

- Reduce active farming duties
- Improve land aesthetics
- Leave a legacy

## Who Is CarbonCrop?

**CarbonCrop manages carbon credits, so you can focus on farming.**

At CarbonCrop we specialise in registering landholders for carbon credits. We use cutting-edge technology to assess carbon credit eligibility remotely. We offer ETS and CCU registration, monitoring, reporting and carbon trading - to learn more visit [www.carboncrop.nz](http://www.carboncrop.nz)



## How do carbon credits work?

Registered landholders earn credits in two ways:

### Upfront

Landowners with existing eligible forest may receive a retrospective payment on registration, for carbon credits already earned. This is not applicable to all forests, a CarbonCrop account manager will advise if your forest is eligible for this during the registration process.

### Annual

Landowners gain additional credits each year as their trees grow, according to calculated increases in carbon sequestration. Depending on the forest and scheme credit allocations may be significantly different.

## How many credits do you earn per hectare?

It depends on how much carbon your specific trees sequester each year.

Variables include:

- Tree species – different trees store different amounts of carbon
- Forest age – carbon sequestration levels change



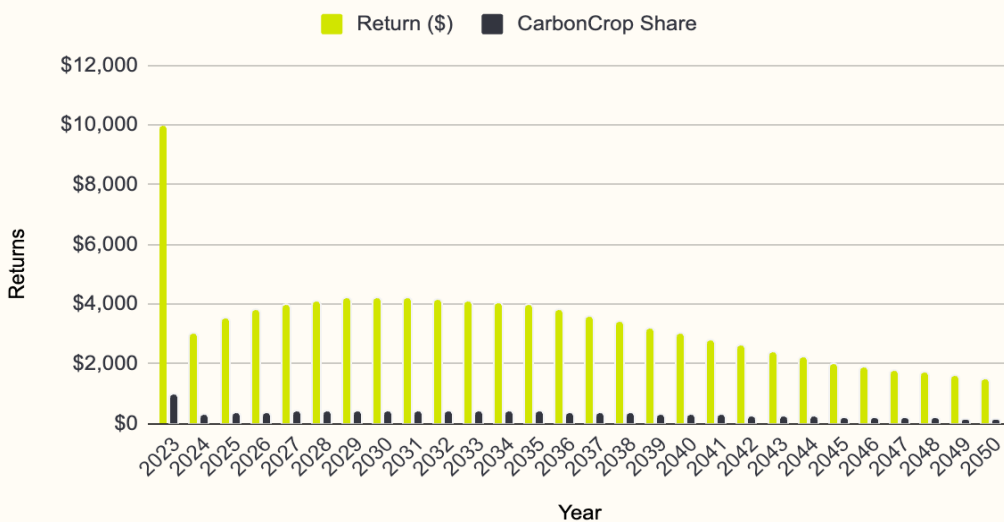
as trees grow

- Growth rate – affected by climate, soil, pests, weeds etc.
- Carbon market – which scheme you’re entered into will change what you could earn

**Your upfront credit allocation also depends on reporting cycles, which typically run in five-year increments. This can change depending on regulatory requirements.**



## Forecast Returns from Native Forest & Regeneration



**Chart: Example Payment Distribution**

Registered in 2022, 5 hectares of 10 year old regenerating indigenous forest could generate ~\$3,800 per year, plus an upfront payment of ~\$11,300, based on \$65 per NZU.

## What are carbon credits worth?

**The price reflects the current market demand for carbon credits.**

Carbon credits allocated by the ETS are called 'New Zealand Units' or NZU and carbon credits allocated by CarbonCrop are called CarbonCrop Units or CCU.

One NZU or CCU = 1 tonne of Carbon removed from the atmosphere.

As of August 2022, NZUs are worth over \$85 and CCU are worth ~\$50 with most commentators expecting prices to increase as demand for carbon credits continues to grow. Our land assessment will specify the carbon price used in your estimates.

## Which types of land are eligible?

**Every landowner is different – and so is their land.**

Here are the categories we use in our initial land assessment when evaluating your potential to earn carbon credits.

### Emissions Trading Scheme (ETS)



#### **Native Forest & Regeneration**

Established and regenerating indigenous forests qualify for carbon credits if we can prove they meet the ETS eligibility requirements.



#### **Future Native Planting**

Native trees can be registered to earn carbon credits as soon as they are planted, provided they meet the ETS eligibility requirements.



## **Exotic Forest**

Exotic forests qualify for carbon credits if we can prove they meet the ETS eligibility requirements.



## **Future Exotic Planting**

Exotic trees can be registered to earn carbon credits as soon as they are planted, provided they meet the ETS eligibility requirements

## **Native CarbonCrop Units**



## **Native CarbonCrop Units**

Regenerating New Zealand Native forest not recognised by the ETS may qualify for Native CarbonCrop Units.

## **In-eligible Land**



## **Potential Regeneration**

Areas of scrub or marginal pasture can become eligible for carbon credits if retired and supported to regenerate.



## **Scattered Forest**

Small pockets of trees may qualify for ETS carbon credits if extended or linked together to meet the one hectare minimum requirement.



## **Ineligible Forest**

Forests established or regenerating before 1990 are not eligible for ETS carbon credits, but may qualify for other credit schemes.



## **Pasture & Non-Forest Land**

Other land used for agriculture, horticulture or viticulture may sequester carbon but does not qualify for ETS carbon credits.

# First Step: Land Assessment

To understand your options we recommend applying  
for our [free land assessment](#)

At CarbonCrop we evaluate land remotely, using remote sensing and past and present satellite imagery.

We identify which land is already eligible for carbon credits, as well as areas with high carbon potential.

You get all the information you need, including prospective financial returns for different areas of your land.

We will provide the land assessment for free and if you decide to register land through CarbonCrop, we take a percentage of carbon credits over the duration of your contract - this means we only get paid when you do.

**To request your free Land Assessment visit our website:**

**[carboncrop.nz](https://www.carboncrop.nz)**