

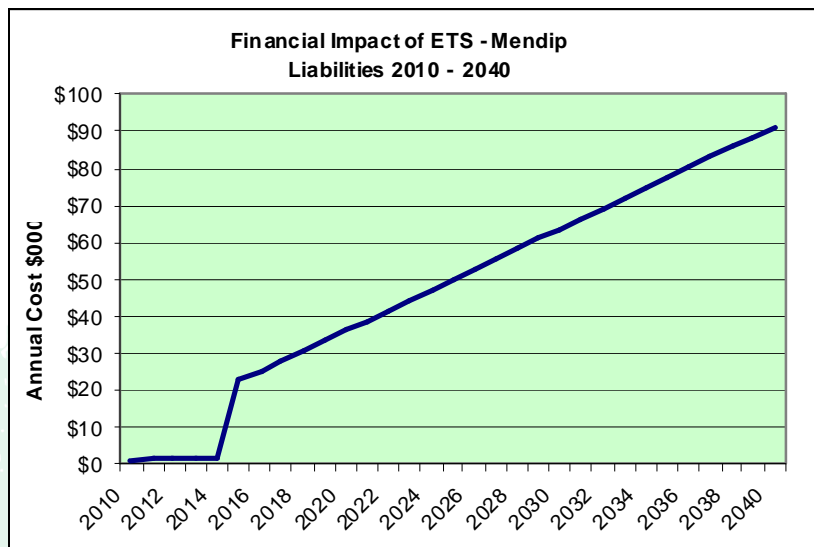
Mendip Hills Station Field Day – Carbon Footprint

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“Greeneco provides independent, unbiased advice on carbon and forestry, and does not take a commission on the sale of your carbon credits.”

ETS Amendments now law

- Agriculture not commencing until 2015 - 90% free allocation (10% liability) in 2015)
- Forestry remains largely unchanged
- Target 50% reduction by 2050 (not 100 % by 2030)
- Fixed price option for emitters at \$25/ton
- 50% obligation for liquid and solid fuels, industrial processes, stationary energy from 2010
- Increase at 1.3% per year - (Ag after 11 years, 23% liability in 2026)



Total current carbon footprint for Mendip Station = **10,578 tCO₂-e**

Liabilities under current regulations will begin in 2015 at 10% and increase at a rate of 1.3% pa until 2050. The annual cost to Mendip Station by 2050 will be \$118,000 based on current liabilities and a NZU price of \$20/unit.

Opportunities to reduce financial impact:

1. Collect credits from native bush – (750ha) = \$45,000 per year, backdated to 2008 - \$135,000 owing by 2011.
2. Pre 1990 forest credits – (120ha) one off allocation of 23 NZU/ha = \$54,000. A further allocation of 37 NZU/ha (\$88,000) will be made post 2012.
3. Plant additional forest funded by credits gained from the above or the AGS.

Forestry Example - 100ha of Douglas fir

Cost of establishment (\$/ha)	\$ 200,000
ETS costs - application, emissions return	\$ 1,500
Annual return from carbon	\$ 36,000

In the above example, an establishment cost of \$201,500 would return an average of \$36,000 per year. Mendip Station has the ability to fund this project from credits obtained from native bush and existing plantation forest. If included under the Afforestation Grant Scheme these costs can be fully recovered with the loss of carbon credits for the 1st 10 years.

New planting combined with annual returns gained from native bush would be enough to cover liabilities each year at Mendip Station until 2040. A proportion of the carbon credits should be kept as insurance and to offset liabilities when trees are harvested. The plantation is also managed as a timber crop and liabilities at harvest time will be covered by harvest revenues.