

2025 Report on New Zealand Unit Holdings Survey

Te Pūrongo mō te Tiro Whānui Pupuru Wae
o Aotearoa 2025



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Manatū Mō Te Taiao



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Introduction

This report provides information about the New Zealand Unit (NZU) holding survey conducted in April and May 2025, along with an overview of the results.

The New Zealand Emissions Trading Scheme (NZ ETS) is a key tool for reducing greenhouse gas emissions to meet our climate targets and emissions budgets. The scheme helps reduce emissions by putting a price on emissions by using NZUs.

Businesses with obligations in the NZ ETS must surrender one NZU to the Government for each tonne of carbon dioxide (or equivalent other polluting gases) they emit. Businesses may also receive NZUs as a free allocation if they undertake an activity that is emissions intensive and faces competition through international trade.

Land owners who register eligible forestry into the NZ ETS must also surrender one NZU to the Government for each tonne of carbon dioxide released through deforestation or harvesting of forestry. Land owners will receive NZUs as an entitlement for emissions removed by their registered forestry.

NZUs can also be held by other individuals and businesses that do not have obligations for emissions or removals in the NZ ETS, such as for trading and investment purposes. Businesses, land owners and other traders can buy and sell NZUs between them. The unit price reflects NZU supply and demand in the scheme. This price signal allows businesses to make economically efficient choices about how to reduce emissions.

Understanding who holds NZUs, and how they plan to use them, is important for supporting an efficient and effective market. To help build this understanding, the Ministry for the Environment (the Ministry) ran a survey of NZU account holders in 2025.

The survey results provided valuable qualitative insights into NZU holdings and decision-making. However, the survey had significant limitations, so we are unable to publish quantitative findings at this time. Although the survey provided some useful information about market behaviours and how people make decisions, the results cannot be used confidently to update official estimates or support the NZ ETS settings process.

This report shares what we learned from the survey, what challenges we faced and how these insights will help shape future work.

The Government and stakeholders want greater transparency about who holds NZUs and how they intend to use them

The Government, stakeholders and the public need to have greater transparency about NZU holdings. Total NZU holdings in the NZ ETS are known as the 'stockpile'. Currently, there is a surplus of NZUs in the market, which is the number of NZUs that are not being held for current and future surrender obligations in the NZ ETS – this is known as the 'surplus stockpile'. The estimated size of the surplus stockpile is significant and uncertain. As of December 2024, we estimated this to be 55.8 million NZUs, with a possible range between 28.7 million and 78.0 million NZUs.¹

It is critical for the Government to understand the true size of the surplus stockpile so it can make more informed decisions about NZ ETS settings and climate policy. We do not have definitive information on why NZU holders are holding their units, nor do we know what they intend to do with them – this information is key to estimating the size of the surplus stockpile. Greater transparency of NZU holdings also helps stakeholders make informed decisions, enabling them to better plan, manage risks and participate confidently in the NZ ETS. We continually try to improve our understanding of the surplus stockpile – for example, by running this survey to ask NZU holders about their NZU holdings and what they plan to do with them.

We engaged with stakeholders to design the survey and sent it to all NZU account holders, but response rates were low

In September 2024, the Minister of Climate Change asked the Ministry to explore options for better understanding the stockpile. Stakeholders suggested that surveying NZU holders could provide valuable insights into how many units are being held and how they intend to use them in the future.

We worked with government agencies and a range of NZ ETS stakeholders – including forestry participants, NZ ETS experts, NZU traders and intermediaries, and emitters – to design the survey approach. The aim was to improve transparency about NZU holdings and intentions, which would have various benefits, including refining the Government's surplus stockpile modelling. The survey was voluntary, because the Government does not have the authority to require participants to disclose how they intend to use their NZUs.

In designing the survey, we sought to balance the different expectations and interests of stakeholders, while also making sure the questions were clear and specific.

Protecting privacy was important. To address concerns about commercially sensitive information, all survey responses were kept confidential and securely stored. Only a small number of Ministry staff could access the data, and we worked on the basis that only anonymous, aggregated results would be shared.

¹ Ministry for the Environment. [2025 update to New Zealand Emissions Trading Scheme settings and regulations](#). Retrieved 10 December 2025.

The survey included a range of qualitative and quantitative questions, some multiple choice and some open-ended. The questions covered general topics as well as topics relevant to different types of NZU holders – such as non-forestry emitters, forestry participants, financial intermediaries, and other non-compliance users.

In April 2025, the Environmental Protection Authority sent the survey to over 13,600 NZU account holders on behalf of the Ministry. We also followed up with stakeholders who participated in the survey design work and asked them to encourage their clients and contacts to complete the survey.

We asked NZU holders to respond based on their NZU holdings as of 31 March 2025, which was when compliance participants were required to submit their annual emissions returns. This would give us a clearer picture of their holdings at a point in time and provide consistency in the results.

In total, we received 314 responses, which was a 2.3 percent response rate. Although this was relatively low, the survey still captured information on 32 million NZUs – about 20.4 percent of all privately held units in the New Zealand Emissions Trading Register at the time.

Most respondents (76 percent) were from the forestry sector, so most of the insight we received was from forestry. The remaining 24 percent of responses were from non-forestry emitters, intermediaries and other non-compliance users. Although forestry made up a large proportion of responses, the sector's NZU holdings only made up 40 percent of units captured in the survey.

Most forestry respondents held under 10,000 NZUs in their accounts. A benefit of the survey was hearing directly from these smaller forestry participants. However, this also meant the survey results were weighted towards smaller forestry participants.

The responses revealed how different pressures, priorities and market signals shape decisions

The survey confirmed that different types of NZU holders have their own unique challenges and priorities. For example, foresters are often trying to balance debt with environmental goals, emitters are focused on meeting compliance obligations, and traders are responding to market signals.

We asked respondents what influences their decisions in managing their NZU holdings, and several clear themes stood out.

- **Price is a key factor**

Many respondents said they watch NZU prices closely. Some wait for a certain price point before selling, while others compare NZU prices to logging returns, or weigh up the cost of selling units against harvesting trees.

- **Cashflow needs matter**

Both personal and business financial needs and pressures play a big role. Respondents mentioned paying down debt and covering the costs of forest maintenance as important reasons for their decisions.

- **Uncertainty in the market makes planning difficult**

Changes in government policy and market stability were common concerns. Many respondents said uncertainty in these areas makes planning difficult.

- **Compliance obligations are important**

Foresters talked about surrender and harvest obligations, while emitters focused on meeting surrender obligations under the NZ ETS.

- **Tax and future planning also influence decisions**

Tax liabilities, managing income tax rates, and forecasts of NZU prices all played a part in decision-making.

A few respondents also mentioned broader business needs and global events, but these responses were less common.

There was a wide range of responses on NZU price expectations

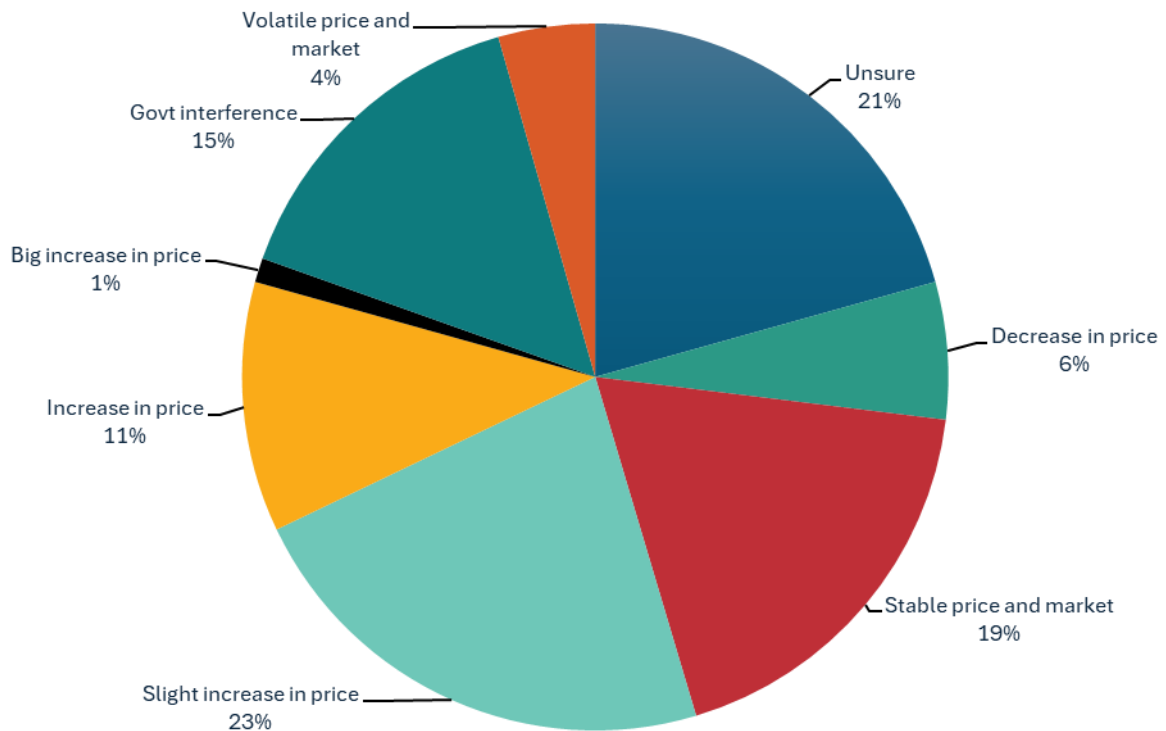
When we asked respondents about their expectation of the NZU price over the next year, the answers were mixed. During the time the survey was open, the secondary market price for NZUs fell from \$55 to \$50.

About one-third of respondents expected the price to increase, to differing degrees, with many predicting it would reach the auction floor by the end of the year. Others were less optimistic – only 6 percent thought the price would fall, while nearly 20 percent believed the price would stay about the same. A smaller group, just 4 percent, expected the market to be volatile.

Uncertainty was a common theme. More than 20 percent of respondents said they were unsure what to expect – often mentioning changes in government policy, global economic uncertainty and limited understanding of NZU market trends. Because this question was open-ended, another 15 percent did not give a specific view on price, but said the price would be subject to government interference (figure 1).

Among those who commented on NZ ETS auctions, most thought that none of the auctions in 2025 would clear.

Figure 1: Respondents' expectations of the NZU market over the next 12 months



Government policy, forestry and NZU price drive market uncertainty

When asked what drives uncertainty in the market, most people pointed to government policy and forestry.

Many respondents said they were unsure about the Government's long-term approach to the NZ ETS, especially with changes that can come after elections. Others mentioned that market commentary and official announcements can influence prices and add to the uncertainty. A few respondents also wondered if agriculture might be brought into the NZ ETS, and some expressed concern about what they perceived as the Government's weakening commitment to reducing emissions and using the NZ ETS as a key tool to do so.

Forestry added another layer of complexity. Respondents highlighted the unknown rate of afforestation and the impact of policy decisions on the supply of forestry NZUs. Some expressed uncertainty about how much forestry will be included in the NZ ETS in the future, especially with changes to land-use classification and rules.

Beyond government policy and forestry, other factors also contributed to market uncertainty. Price was a common theme – both current prices and where they might go in the future. Some respondents were concerned about the amount of free NZUs given to industry via industrial allocation, while others focused on the unknown overall supply and demand of NZUs, auction results, and price and unit settings.

Global events also featured in survey responses. A few respondents noted an international shift away from decarbonisation efforts and the response to climate change, which they thought could have a flow-on effect for Aotearoa New Zealand's climate response.

The size of the NZU stockpile and how much of it might enter the market was also mentioned, as was speculative trading, which some said makes it harder to read supply and demand signals. Some respondents questioned whether the NZ ETS might eventually link to overseas markets, adding further complexity.

For several people, the uncertainty felt significant – these respondents described ‘everything about the NZ ETS’ as uncertain.

Despite difficulties with some questions, the survey provided useful insights

The survey gave us useful insights, but it also highlighted some challenges. Despite stakeholder support, careful survey design and our efforts to make the questions clear, some questions were not interpreted as intended. This made the results hard to interpret.

Overall, the survey had three main limitations:

- a low response rate
- overall responses weighted towards smaller forestry participants
- misinterpretation of some key questions.

This made it challenging to draw firm conclusions or use the data confidently to inform the NZ ETS settings process.

For example, we asked forestry respondents to report NZ ETS-registered land separately in hectares they owned and hectares they managed. Several respondents entered the same number for both, creating uncertainty. For analysis, we assumed these respondents both owned and managed the same area (eg, 1,000 hectares) to avoid potential double counting, rather than owning 1,000 hectares and managing an additional 1,000 hectares. However, it is possible that a respondent may own 1,000 hectares and manage 1,000 hectares separately. In any future survey, we would combine this into one question: “How many hectares do you own and/or manage?”

We found it difficult to draw conclusions from the quantitative data, because some of the questions were misinterpreted and the response rate was low. For example, we asked non-forestry emitters about their hedging approach. Eight respondents said they were holding units for future compliance beyond the current compliance period, with timeframes ranging from 4 months to 6.5 years. However, inconsistencies between the reported NZU volumes, obligations and hedging periods in the responses suggest some respondents misinterpreted the question. Although we gained limited insight into hedging durations, the low response rate and inconsistent data meant we could not use these results in NZ ETS modelling.

Even with these challenges, the survey still provided valuable insights into how people make decisions. Many of the findings matched what we have heard through other stakeholder engagement and market commentary. The main factors influencing people’s decisions were NZU prices, cashflow needs, compliance obligations, and uncertainty about government policy. Although this information cannot be used for detailed analysis of the stockpile, it helps us understand behaviour and will inform the Government’s broader decisions on the NZ ETS.

We are looking at options to run a future survey that adopts a new approach

We see value in running another NZU survey, and many respondents agreed. However, any future survey would have material changes in its purpose, questions, method and publication.

These changes would be informed by the limitations in the first survey – that is, a low response rate, limited representation, and low-quality quantitative data. By redesigning the survey, we would hope to get better insights to support decision-making for the NZ ETS settings process.

We thank all stakeholders for their valuable input and support throughout the survey process. This report has been prepared to share what we learned and to be transparent about our work. We welcome feedback on the report or the survey approach – please send comments to ETSfeedback@mfe.govt.nz.