



environment, forestry & fisheries

Department:
Environment, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

- i. Table A.3 of Chapter A). This may be best done using a net-net accounting approach but gross-net approach is currently recommended until such time modelling capacity is developed.
- ii. Incentivised management actions in cases where forest stocks are increasing or where improvement to stock changes are brought about by management or genetic improvement for successive rotations, forests (managed forest land) land removals and emissions should be accounted for based on a net-net approach relative to a reference period. However, a gross-net approach is recommended until such time modelling capacity is developed.

B.3.8. Leakage

- a) Increased emissions of GHGs or decreased carbon removals should not result outside the accounting framework boundary. For example: use of timber sourced from outside South Africa for production of HWPs could result in increased emission or deforestation in other regions.
- b) HWP inflows are only permitted from domestically produced timber harvested or purchased from registered and reporting forest owners under the C tax scheme, or from 3rd parties which implement the current rules.

B.3.9. Double accounting

- a) Where carbon credits have been claimed by a manufacturer for HWPs these products cannot be included as a carbon inflow into the HWP pool for a taxpayer.
- b) Emissions and removals cannot be accounted for under more than one accounting category.

B.3.10. Significance

- a) In order to reduce the administrative burden of reporting very small emissions that do not have a significant impact on overall emission or removals, a threshold test for significance pools can be applied:
 - i. Emissions may be excluded from reporting and accounting if it is smaller than a significance threshold which is a percentage of the total emissions for all, energy, processing, forest and HWP activities (i.e. sum of absolute emissions from "E" and "S").
 - ii. The threshold for exclusion is <0.05% of the total emissions for both "E" and "S".

B.3.11. Global Warming Potentials

In line with the updated reporting requirements of the NGER, entities will report GHGs separately (CO₂, CH₄ and N₂O). Thereafter, based on their relative Global Warming Potentials (GWPs), a CO₂eq amount is calculated and used to estimate 'S' using Equation B.1. The C Tax Act specifies the use of GWP values set out in the IPCC third assessment (IPCC, 2001) report be used for calculation of CO₂ equivalent values, namely N₂O - 296 CO₂eq, and CH₄ - 23 CO₂eq.