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## **PERMANENT FOREST SINK INITIATIVE UPDATE FOR STAKEHOLDERS**

### **Purpose**

This briefing provides an update on progress in implementing the permanent forest sink initiative (PFSI) which forms part of the Government's climate change policy package.

### **Legislation and Regulations**

Implementing the PFSI requires legislation and regulations to:

- register PFSI agreements against land titles;
- establish 'penalties' for certain deliberate breaches of the restrictions on timber harvesting that will form part of the contracts; and
- potentially provide for cost recovery by the Ministry of Agriculture and Forestry's (MAF's) Indigenous Forestry Unit (IFU).

The legislation will largely be empowering, allowing regulations to be made under the Forests Act 1949. These regulations will establish the policy details of the PFSI, while individual contracts will provide for most operational matters.

The empowering legislation will form part of the Climate Change Response Amendment Bill 2005 (CCRAB). We originally hoped that this bill would be introduced into Parliament in 2004. However, this is not now possible.

As a consequence of international developments, significant changes to the drafting of the Bill have been necessary. It is now clear that the earliest the Bill will be ready for introduction is mid- to late-February 2005.

The passage of the legislation will be the critical factor affecting the timing for implementing the PFSI. While the legislation is progressing we will develop draft regulations to the fullest extent possible and prepare 'standard' agreements that landowners may wish to use. We will also develop a range of operating procedures and templates for key documentation.

While it is difficult to be precise we hope to have the PFSI fully functional in the third quarter of 2005.

### **Communication**

A communication strategy has been prepared between MAF and the New Zealand Climate Change Office (NZCCO).

Over the coming months we will be informing interested parties of the development process and intend to release a bulletin at significant stages of the process.

We will also work with the Ministry for the Environment (MfE) and other agencies to ensure they are aware of the PFSI as a land use option that can be considered when developing policies and initiatives affecting land use.

### **Enquiries**

Enquiries about the PFSI have been steady to date. There appears to be increasing interest following Russia's ratification of the Kyoto Protocol.

A contact list is being kept of all persons enquiring and this will form the basis for distributing the information bulletins.

### **Significant Outstanding Issues**

There are a number of significant issues that will need to be worked through over the coming months, including:

- Definition of "Continuous Cover Forest Management";
- Definition of "Kyoto-compliant land";
- Development of national and regional carbon models; and
- Cost recovery.

We expect that other issues will become apparent as we further develop the PFSI and get feedback from stakeholders.

Bryan Smith  
Manager, Forest Policy Co-ordination