



PFSI

Permanent Forest Sink Initiative

BULLETIN

Issue 1
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Introduction

Welcome to the first Permanent Forest Sink Initiative (PFSI) information bulletin. This series of bulletins will be released at significant stages in the development of the PFSI. These will be available on the MAF website www.maf.govt.nz/forestry/pfsi. Hard copies will be available from the Indigenous Forestry Units offices in Christchurch and Rotorua.

If you have any comments or questions arising from this bulletin please feel free to contact me using the details below.

Clayton Wallwork
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Background

The PFSI has been initiated by the government to promote the establishment of new permanent forests on previously unforested land. The initiative offers land owners the opportunity to claim Kyoto Protocol compliant emission units from post-1990 permanent forests. Subject to conditions, these credits will be available for sale on the international market. This is a unique scheme not on offer anywhere else in the world. There is an allowance for limited harvesting under the initiative providing there is a minimum non harvest period of 35 years and that any harvesting is done on a continuous forest canopy cover basis. The forest owner will be required to meet all costs of administration, monitoring, auditing and compliance and will also carry the liability for maintaining the carbon stocks. The PFSI is to be administered by Ministry of Agriculture and Forestry's Indigenous Forestry Unit (MAF IFU) which is based in both the North and South Islands. It is expected that the PFSI will be up and running by the end of the year. This timing is dependant on the passing of legislation.

The Kyoto Protocol comes fully into force on 16 February 2005 for those countries that have ratified the Protocol. The aim of the Kyoto Protocol is to reduce current levels of greenhouse gas emissions to at least the levels present at 1990. For more information on the Kyoto Protocol visit the New Zealand Climate Change Office website www.climatechange.govt.nz.

Definitions

To qualify for the PFSI, forests must be established and managed consistent with a number of definitions and standards. Key requirements include establishing a permanent forest using a "direct human induced activity" on "Kyoto compliant land" and any harvest must be consistent with "continuous canopy forestry" including a "minimum non-harvest period of 35 years". The development of these definitions and standards is currently underway. The New Zealand Climate Change Office is developing methodologies to determine what Kyoto compliant land is. MAF IFU is consulting with a number of experts and interested parties to develop a definition of "continuous canopy forestry". Work is also underway to develop guidelines for what constitutes direct human induced activity.

Legislation Status

It is hoped that an initial draft of the Climate Change Response Amendment Bill 2005 will be finalised soon and introduced in to Parliament. Once the Bill is introduced, a select committee will consider its contents and timelines will be set for submissions. It is expected that the next bulletin will provide details of the submission process. Once legislation is passed, regulations will be prepared to implement most operation aspects of the PFSI.

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How will the PFSI work?

The following is a broad outline of how the initiative will work. This outline is subject to change as we refine the PFSI.

A landowner or a group of landowners can apply to MAF IFU to be part of the initiative. The PFSI application will consist of a standard application form and a management document. The management document will contain details of the forest/forests including inventories, carbon calculations, harvesting details, monitoring, auditing, record keeping etc. A guide will be provided to explain the process and the required standards.

The PFSI application will be technically reviewed against standards and definitions. At this stage additional information may be required by MAF IFU to complete the management document and ensure compliance. A field inspection may also be required.

Once the application and management documents are approved a contract will be prepared. This contract will contain such things as ownership, establishment of carbon credits, land title/s, permanence, liabilities, and penalties.

The contract and the management document will be registered on the title of the land. This will effectively commence the initiative for that land.

MAF IFU will then undertake a carbon accounting audit at the commencement of the first Kyoto commitment period (beginning of 2008). This will be generally a review of forest records and carbon accounting documents but may include a field visit. A carbon accounting audit will then be undertaken at the end of the first commitment period (end of 2012), or as requested by the landowner e.g. if the land is to be sold. Again, this will generally be a review of forest records and carbon accounting documents but could include a field visit. Once everything is in order, MAF will forward a request to the administrators of the New Zealand Kyoto Protocol Accounting Registry that the appropriate number of emission units be transferred to a private account of the landowner's choosing.

Charges

A fee will be charged with the initial application to cover actual and reasonable costs associated with the administration and processing. Similarly fees will be charged to cover the cost of commitment period audits and inspections.

MAF is investigating a levy charge to pay for general administration and auditing of the PFSI and it is likely to be on a per-hectare basis of approved forests.

Further information

There are additional documents available which include a question and answer document, cabinet papers and past media releases. For this information please visit our website www.maf.govt.nz/forestry/pfsi or contact MAF IFU below.

What's coming up?

MAF IFU has prepared a model to examine possible financial costs and benefits to the forest owner when implementing PFSI. We expect to have some indicative results for the next bulletin.



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