



PFSI

Permanent Forest Sink Initiative

BULLETIN

Issue 2
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Introduction

Since the release of the first bulletin in February 2005 there have been a number of developments. There has been a significant amount of policy work and the legislation has past its first parliamentary hurdle, the first reading. Submissions from interested parties have been valuable as we continue to develop the PFSI. A summary of the key issues arising from the submissions is outlined below.

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

Permanent Forest Sink Initiative Team

Policy

The PFSI offers carbon credits to landowners who establish permanent Kyoto-compliant forests and meet certain conditions. PFSI forests may be of any species but there are restrictions on harvesting. That is no harvesting is permitted before age 35 and the forest must be managed on a continuous cover basis. Over the past few months further policy work has been undertaken on the PFSI. This has included developing suitable practical guidelines for continuous canopy forest management and responding to public concerns raised in submissions and the last consultation meeting in April.

In May 2005, the Ministry for the Environment completed a revised forecast of New Zealand's greenhouse gas emissions. This indicates that New Zealand may fall short of meeting its Kyoto Protocol target by 36 million tonnes of CO₂-e.

As a result of the significant change in the outlook for New Zealand meeting its Kyoto obligations, the Government has initiated an analysis of and

consideration of changes to, the current emissions reduction goal and the climate change policy mix.

Treasury is leading a team of officials which includes representatives from the Ministry for the Environment, Ministry of Economic Development, Ministry of Agriculture and Forestry, Ministry of Transport and the Treasury. This review will be reported back to cabinet by the 31 October 2005.

The Review's Terms of Reference are available at:
www.climatechange.govt.nz/policy-initiatives/policy-review/index.html

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.

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Key Issues raised by Stakeholders

Seventeen submissions on the Climate Change Response Amendment Bill were received. Of these, twelve addressed the second part of the Bill, directly concerning the PFSI. Many of these submissions raised concerns about climate change policy which fell outside the scope of the Bill. Others focused on details that will be included in the regulations rather than the content of the Bill. Below is a selection of some of the issues raised.

Some submissions called for the removal of all harvesting restrictions from the PFSI.

Concerns about the perpetuity of the initiative were raised, with a suggestion that the associated contracts last for 99 years.

In some instances local authorities control and manage land on behalf of the Crown. Several councils expressed an interest in having the opportunity to participate in the PFSI with this land. The Bill was amended to allow the Crown to enter into forest sink covenants with itself as landowner. However, a further contractual arrangement between the council and the Crown is likely to be required as council is not the landowner.

Some submitters raised concerns about the lack of detail in the Bill and requested consultation on regulations.

Support for the intent of the initiative was expressed. Submissions also highlighted the likely positive spin-offs for the environment.

Other issues have been raised outside the submissions process, particularly the need to keep the cost of the initiative as low as possible. MAF is aware of the potentially high costs to landowners and realises that this is a hurdle that needs to be overcome to promote involvement. The scheme is, however, a business opportunity for land owners and as such will be fully cost recovered. Carbon monitoring in particular is potentially a high cost activity. To keep costs down

MAF is investigating the use of conservative default values for carbon sequestration in some classes of forest.

As a result of submissions a number of amendments were made to Part two of the Bill during the Select Committee process. These included technical amendments such as the addition of further definitions, the narrowing of the regulation-making powers and amendments for consistency with other parts of the Forests Act. The amendments also allow the Crown to enter into a forest sink covenant with itself as landowner and allow timber from indigenous PFSI forests to be milled and exported.

Concerns raised during the submission process that related primarily with the content of the regulations will be carefully considered as further work is undertaken on the development of regulations and operating standards and guidelines.

Legislation Status

Climate Change Response Amendment Bill (CCRAB)

After receiving public submissions and a Departmental Report on these submissions, the Commerce Select Committee reported back to the House of Representatives on July 28.

The amended CCRAB is available from:
www.knowledge-basket.co.nz/gpprint/docs/bills/20052582.txt

Regulations

The CCRAB contains regulation-making powers that will be used to establish administrative details of the PFSI. It is recognised that the CCRAB does not contain a lot of detail of the initiative. MAF is currently working on the regulations and is investigating consultation with stakeholders on the content of these regulations following their first drafting.

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