



PFSI

Permanent Forest

Sink Initiative

BULLETIN

Issue 3
December 2006



WELCOME to the third issue of the PFSI Bulletin. In this issue we discuss:

- › confirmation that the PFSI will proceed and recent changes to PFSI policies;
- › legislation supporting the PFSI;
- › a timeline for further development of the PFSI.

PFSI POLICY DEVELOPMENT

On 31 August the Government confirmed that it will proceed with the PFSI. The Government is satisfied that the PFSI is consistent with the direction climate change policy is likely to take.

The Government has made the following changes to the PFSI policy:

- › The 35-year non-harvest period has been removed. Harvesting may now begin in any year.
- › Harvesting restrictions will be removed after 99 years, although landowners will still be required to account for carbon stocks on the property, and will still retain related liabilities. This removal of restrictions will allow greater flexibility for other land uses in the future.
- › Only those exotic forests established on Kyoto-compliant land after 17 October 2002 will be eligible to enter the initiative.
- › All indigenous forests established on Kyoto-compliant land will be eligible to enter the initiative.

WHAT IS KYOTO-COMPLIANT LAND?

Kyoto-compliant land is defined as land that was not covered by forest on 31 December 1989.

A forest is defined as:

- › exceeding one hectare;
- › greater than 30 metres wide;
- › containing species capable of reaching five metres or more in height at maturity, and greater than 30 percent crown cover of the site.

Land that was actively farmed at 31 December 1989 and that contains areas of regenerating scrub may be eligible for PFSI. This will be assessed on a case by case basis. A guide to the eligibility of land will be available in January 2007.

MORE INFORMATION

Ministers announce Permanent Forest Sink Initiative (Press release, 31 August 2006): www.beehive.govt.nz/ViewDocument.aspx?DocumentID=26957

Questions and answers about the PFSI: <http://www.maf.govt.nz/forestry/pfsi/future-forests-prog-q-and-a.htm> (The Q&A includes information about the amended policies.)

Climate change policy: www.climatechange.govt.nz

LEGISLATION STATUS

The legislation for the PFSI is now in place with the passing into law of the Climate Change Response Amendment Bill on the 13 November 2006.

The new Part IIIB of the Forests Act establishes regulation-making powers for the implementation of the PFSI. Regulations made under this Part and the forest sink covenant will contain the operational details of the PFSI.

In consulting on the proposed cost recovery

The PFSI promotes the establishment of forests on previously unforested land. It offers landowners the opportunity to earn carbon credits from permanent forests created after 1989.

For more information on PFSI visit: www.maf.govt.nz/forestry/pfsi



Ministry of Agriculture and Forestry
Te Manatū Ahuwhenua, Ngāherehere

methods and levels, MAF will also outline the proposed contents of the PFSI regulations and forest sink covenant.

MORE INFORMATION

Copies of the bill are available from www.parliament.nz/en-NZ/PB/Legislation/Bills

In due course, the updated **Climate Change Response Act 2002 and Forests Act 1949** will be available from www.legislation.co.nz.

PFSI: THE NEXT STEPS

MAF's timeline for developing the PFSI is:

- › January 2007: Guide to eligibility of land available on the PFSI website.
- › January 2007: Consultation document for the regulations and cost recovery provisions released.
- › February 2007: Public meetings will be held in Rotorua and Christchurch. Submissions on the consultation document close.
- › July 2007: Regulations approved. After the regulations have been approved, IFU will be able to approve applications.
- › January 2008: Start of the first commitment period.

MAKING AN APPLICATION

MAF will be able to receive applications to enter the initiative once the regulations for the PFSI are approved. The process for entering the PFSI and earning carbon credits is likely to follow these steps:

1. The applicant will make an application to MAF's Indigenous Forestry Unit (IFU), who will administer the PFSI. Applicants will need to supply information regarding the ownership of the land, proof of eligibility and a management plan for the land.
2. On receiving an application, IFU will check the application and draft a covenant.

3. Once the covenant is agreed to by both parties, the final document will be signed by the applicant and a representative of the crown.

4. The applicant will then register the covenant against the title of the land.

5. The applicant will set up an account with the New Zealand Emission Unit Register (NZEUR) so he or she can receive credits.

6. At the beginning and end of the first commitment period (2008 to 2012) the landowner will engage an approved carbon certifier to assess the amount of carbon in the forest. The landowner will lodge the assessments with the IFU for approval.

7. The difference between the two assessments is the amount of credits the landowner will receive in his or her NZEUR account.

8. The landowner may then trade these credits.

CARBON ASSESSMENT

MAF, in conjunction with the Ministry for the Environment, industry and researchers, is developing a carbon accounting system for the PFSI. It will be operational by 2008.

The system will enable PFSI participants to estimate the amount of carbon in their forest using either a carbon model or by direct measurement. It is planned that this system will be developed into a computer-based "carbon calculator" available on the internet to users.

EMISSION UNIT REGISTER

The New Zealand Emission Unit Register (NZEUR) is being implemented in order to meet New Zealand's obligations under the Kyoto Protocol. PFSI participants will need to establish an account with the NZEUR to hold and trade carbon credits.

Visit the NZEUR website (www.nzeur.govt.nz) to find out more about the NZEUR and how it will work.

CONTACT

Indigenous Forestry Unit, Ministry of Agriculture and Forestry

PO Box 25 022, CHRISTCHURCH

Tel: (03) 943 3700

Fax: (03) 943-3701

Email: ifu@maf.govt.nz

PO Box 1340, ROTORUA

Tel: (07) 921 3400

Fax: (03) 921 3402

Web: www.maf.govt.nz/forestry/pfsi

