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# Carbon Monitor

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## Permanent Forest Sinks Initiative Grants Credits

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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.

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.

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

Copies of the bill are available from

[www.parliament.nz/en-NZ/PB/Legislation/Bills](http://www.parliament.nz/en-NZ/PB/Legislation/Bills)

## Consultation on PFSI and Kyoto Forest Owners Opposition

According to the Kyoto Forest Owners Association of New Zealand, the Government has expropriated the carbon credits of forests planted since 1990.

The NZ Forest Owners Association (NZFOA) is holding two meetings to discuss the Governments Land Management Climate Change Policy. The first in Christchurch on February 2nd the other in Rotorua on February 12th.

As MAF officials will be in attendance at these meetings you are urged to attend one of the meetings to make your feelings known as an owner of a post 1990 KYOTO compliant forest. Some of the executive of the NZFOA have very little or no post 1990 compliant forests so it is imperative that you let them know your feelings also.

Christchurch Meeting:

February 2nd at the Sudima Hotel, Christchurch Airport at 12.30pm.

The KFA has booked the Viscount Room at the Sudima Hotel for 11am for a pre meeting briefing. Please make the effort to attend.

Remember: If you do nothing - nothing will happen. This is your opportunity to make your feelings and the feelings of the KFA members know to both MAF officials and the NZFOA Executive.

Rotorua Meeting:

Details will follow later

Roger Dickie  
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## The Next Steps for the PFSI

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.

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.

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## Carbon Monitor

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.

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](http://www.nzeur.govt.nz)) to find out more about the NZEUR and how it will work.

## EU Prices Continue to Fall

Recent trading has seen significant softening of the price to historical lows.



[www.pointcarbon.com](http://www.pointcarbon.com)

Amidst considerable uncertainty in 2008 allocations and actions such as the German Government contesting these in court, the price of EUA has continued to slide the past weeks.

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