

May 2008 Newsletter

Treetop Views

Hi all,

In March of this year Steffan Browning had a letter published in the Marlborough Express requesting that the Council improve logging practices to stop forestry polluting our rivers with "turbid brown ooze" after the good rain that we had at the end of February. Steffan Browning statement was totally inaccurate. The bulk of the sediment/discoloration in the Wairau river was from heavily eroded catchments in the Waihopai (non forested land). As an industry we need to keep any eye on our forestry roads, culverts and skid sites to minimise sediment run off at times of high and or heavy rainfall. When having heavy or high rainfall we need to check the colour of our rivers and if highly discoloured locate the source of the discolouration.

The Select Committee on Climate Change were to have finished the hearings on Monday 12th May 2008. The next step for them is to consider all proposals put forward and come up with recommendations to put to Government. Carbon trading is a shifting target; we need to be patient until details are in black and white.

The pruned log prices and demand has been reasonably steady returning after cost including freight approx. \$85.00 per ton.

The run of bush log demand is slow with prices steady and the LVL log demand is steady.

The export log prices are not positive at all with A grade logs at \$62.00/J.A.S., K grade at 55.00/J.A.S., KI grade at \$50.00/J.A.S. and KIS at \$31.00/J.A.S.

For unpruned stands with approx 40% of logs grading as A, 40% as K, 10% as KI and 10% as KIS the return after harvest, freight and management costs of approx. \$43.00 to \$45.00/J.A.S. leaves a return of approx \$12.00/jas. 500 J.A.S. unit per hectare of logs gives a return of \$6,000.00 per hectare to the grower. This does not allow for roading maintenance which will be incurred when logging.

Port Marlborough volumes of logs for the 9 months of last year ending March 2007 was 292,660 J.A.S. Log volumes for this year over the port for the 9 months ending March 2008 were 246,081 J.A.S a reduction of 46,579 J.A.S. being 16%.

No logs were shipped in April 2008.

The 12 months to the end of June 2008 will show a bigger reduction of log volumes over the port.

Port Marlborough is budgeting on a 25% reduction in log volumes for the next financial year.

These give-away prices for our low grade logs are not sustainable for the future of our industry.

The poor prices have severely reduced the available areas for logging causing the loss of logging crews and key management staff from our industry. If these low prices continue for the lower grades which it may do, this will affect us all with the lack of logging crews, logging tracks etc. We all have varying percentage of unpruned trees in our forests. Long term the our dollar will drop but the shipping costs will more likely remain high or even go higher because the log type ships are not being replaced. When our dollar is low the over seas markets seem to pay less, a lower dollar helps but will not make low grade logs valuable. We need to start dealing with this problem now.

One way may be to containerise logs for export.

Long term we need to process these low grade logs in Marlborough into added value products. The next problem is getting new processing plants past the RMA without killing them because of the time and costs that will be incurred to gain resource consent.

These problems need dealing with now.

Proposed new fire legislation.

At the United Fire Brigades Association conference in March Rick Barker Minister of Internal affairs informed them that while no final decision had been made, it was not the right time to be reforming fire legislation. The results of the consultation showed that all the stakeholders are struggling to agree on the way forward.

Kevin Parkes

Sustainable Forestry bulletin



Issue 1

22 April 2008

New Zealand Emissions Trading Scheme (NZ ETS) Draft Legislation

The Climate Change (Emissions Trading and Renewable Preference) Bill is the legislation that, if passed into law, will establish the New Zealand Emissions Trading Scheme. The draft legislation is currently before the Finance and Expenditure Select Committee, which received more than 260 public submissions about various aspects of the Bill and is currently considering these and hearing oral submissions. It has set aside until the middle of May for this process.

After hearing and considering the public submissions, the Select Committee will make detailed recommendations on the content of the Bill, which are then reported back to Parliament prior to MPs voting on whether it should be passed into law.

- › To read the Bill in its current form, [click here](#).
- › To view a list of submissions, [click here](#).

Consultation on draft forestry regulations under the NZ ETS

The Government – through MAF – will soon begin consultation on the draft forestry regulations that sit under the legislation mentioned above. Regulations provide more detailed guidance about how a given piece of legislation will operate in practice and about the "machinery" for forest owners to follow.

The draft forestry regulations cover two aspects – established before 1990 (pre-1990 forests), and forests established after 1989 (post-1989 forests). Unless exempted, all pre-1990 forests will be compulsorily included in the NZ ETS, whereas owners of post-1989 forests can choose to participate.

The draft regulations for pre-1990 forests were publicly released in February – at that stage for information only and to better inform the submissions to the Select Committee about the legislation.

MAF will shortly be calling for submissions on the draft regulations for both pre-1990 and post-1989 forest land. When this consultation begins, the draft regulations, along with a commentary explaining what the regulations mean and how to make a submission on them, will be distributed to you electronically via this Sustainable Forestry Bulletin. They will also be available from the MAF website:

www.maf.govt.nz/climatechange/legislation

- › If you would like to receive a printed copy of the commentary and the regulations, please email: climatechange@maf.govt.nz.

Welcome to the first issue of the Ministry of Agriculture and Forestry's new Sustainable Forestry Bulletin

The purpose of this bulletin is to keep you up to date with information about MAF's sustainability and climate change schemes that relate to forestry. It will contain news on topics such as the New Zealand Emissions Trading Scheme (NZ ETS) for forestry, the Permanent Forest Sink Initiative (PFSI), the Afforestation Grant Scheme (AGS), the East Coast Forestry Project (ECFP) and news from the Indigenous Forestry Unit (IFU).

Each edition of the bulletin will cover a range of topics, which will be listed on the first page so you can see the items that interest you most.

In this issue we have stories about:

- New Zealand Emissions Trading Scheme (NZ ETS) draft legislation.
- Consultation on the draft forestry regulations under the NZ ETS.
- Launch of the Afforestation Grants Scheme.
- News about the Permanent Forest Sink Initiative.
- Indigenous Forestry Unit.
- East Coast Forestry Project - funding applications for erosion control.
- How does it all fit together?
- Appointment of a new Programmes Director.



Launch of the Afforestation Grants Scheme

The Afforestation Grants Scheme (AGS), which was announced last year by the Government as part of its package of climate change initiatives, has now been launched. The scheme, which is administered by MAF, is a contestable fund aimed at encouraging more forestry planting. It offers an alternative to the proposed New NZ ETS as a way to encourage greater levels of greenhouse gas absorption by increasing the area of Kyoto-compliant new forest in New Zealand.

There are two funding components under the AGS. Half of the funding will be available to Regional Councils to help them meet their sustainable land management objectives. The other half will be available to the general public via a public tender pool.

The majority of this public funding pool (70 percent) will be allocated to species that have high sequestration rates. These will be the usual exotic plantation species such as *pinus radiata* and Douglas fir.

The remaining 30 percent of these public funds will be reserved for species with low carbon sequestration rates. This is as a result of public interest in planting indigenous species, which have low carbon sequestration rates.

- To download a copy of the *AGS Guidelines*, [click here](#).

Permanent Forest Sink Initiative

The Permanent Forest Sink Initiative (PFSI) was launched in December 2007 and applications for registration can be made.

The PFSI allows landowners to get the economic value of removing carbon dioxide from the atmosphere and storing it in permanent forests, by providing an opportunity for landowners to establish permanent forest sinks and obtain tradable Kyoto Protocol compliant emission units in proportion to the carbon sequestered in their forests.

To be eligible for this initiative the land must not have been covered in forest as at 31 December 1989 and some form of active management is required in establishing the forest. Limited harvesting of the forests established under this initiative is allowed on a continuous canopy cover basis, but clear-fell plantation forests are not intended for the PFSI.

- The full Guidelines for the PFSI will be available shortly. You will be advised in the next issue of this bulletin when they are ready and how to get a copy. In the meantime, if you are interested, information on the PFSI is available at www.maf.govt.nz/climatechange/initiatives or contact Pat Hawinkels on 029 213 405.

Indigenous Forestry Unit

The Indigenous Forestry Unit (IFU) administers the sustainable forest management provisions of the Forests Act 1949. The IFU has completed an update of publications to guide the public. The publications include:

- **Indigenous Forestry on Private Land** – an A4 brochure that describes the various options for managing indigenous forests, harvesting and milling indigenous timber, and exporting indigenous sawn timber and indigenous timber products
 - **Milling Indigenous Timber in Accordance with Personal Use Approvals and Milling Certificates** – an A4 brochure that lists the various sources of indigenous timber that may be milled and explains the process to be followed when seeking an approval
 - **Indigenous Forestry Sustainable Management: A Guide to Preparing Draft Sustainable Forest Management Plans, Sustainable forest Management Permit Applications and Annual Logging Plans** – an A5 booklet outlining the information required for draft plans and permit applications
 - **Standards and Guidelines for the Sustainable Management of indigenous Forests** – a 219 page A5 ring-bound handbook that presents the procedures and practice standards for sustainable management in accordance with Part 3A of the Forests Act 1949. The current edition incorporates findings from recent operational research projects funded by MAF.
- All of the publications can be viewed as HTML on MAF's website www.maf.govt.nz or downloaded as a PDF. Alternatively, hard copies are available from the IFU's offices in Christchurch (03) 943 3700, and Rotorua (07) 921 3400.
 - Application forms for Personal Use Harvesting and Milling and Other Milling Statements (e.g. windthrown or salvaged timber) can also be downloaded from MAF's website: www.maf.govt.nz/forestry/indigenous-forestry/

East Coast Forestry Project – funding applications for erosion control

A reminder that applications for funding under the East Coast Forestry Project (ECFP) for large erosion control treatments over 50 hectares in the Gisborne District close 30 April. Approved treatments include plantation forestry, indigenous reversion (retirement) and on-farm pole planting.

Under the ECFP, MAF can approve up to \$6.5million each year for erosion control treatments. Since it was established in 1993, the ECFP has funded such treatments for just under 33,000 hectares.

How does it all fit together?

If you are wondering how all of these forestry schemes fit together, we have produced a decision-making flowchart to show how the schemes relate to help you make decisions.

- Click [here](#) to download a copy of the flowchart.

Please bear in mind that aspects the final NZ ETS may differ from what is shown, depending on the recommendations of the Select Committee and the decisions made by Parliament on the legislation.

- We have also prepared some **Frequently Asked Questions and Answers** about forestry in the NZ ETS, which you might like find useful. You can access these by [clicking here](#).

| New Zealand Emission Trading Scheme | | | | |
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| Sustainable Forestry Programmes | Jan 2008 | Jan 2009 | Jan 2010 | Jan 2013 |
| | Forestry NZETS | Liquid fossil fuels in NZETS | Stationary energy & industrial process emissions in NZETS | Agriculture, water & other emissions in NZETS |
| | Affordable Grant Schemes | | | |
| | Permanent Forest Sink Initiative | | | |
| | East Coast Forestry Project | | | |

Appointment of new Programmes Director

MAF's new Programmes Director Clive Lilley took up his position on 25 March.

The Programmes Directorate was established earlier this year and brings together the operational aspects of MAF's sustainability and climate change activities. These include the Indigenous Forest Unit (IFU), the East Coast Forestry Project (ECFP), the Permanent Forest Sinks Initiative (PFSI), the Afforestation Grant Scheme (AGS), as well as the forest specific aspects of the New Zealand Emissions Trading Scheme (NZ ETS). These programmes are central to Government's plans to reduce carbon emissions.

(The Directorate's aim is to provide a simple and user friendly experience for foresters and landowners choosing to participate in these programmes. The NZ ETS, the PFSI and the AGS create a strong economic incentive for owners of pre-1990 forests to retain their forests and encourage further conversions of marginal land to forests, especially when there are potential co-benefits such as the stabilisation of erosion prone land.

Clive's role at MAF follows a distinguished and wide-ranging military career spanning approximately 35 years. His background has provided him with significant operational, strategic and relationship management experience to the role and he is keen to contribute to a significant and important area of public policy implementation.

Clive was born in Ashburton and prior to joining the Army, he spent some time working on farms of various kinds. He is married with two adult children.

Help us to keep you informed

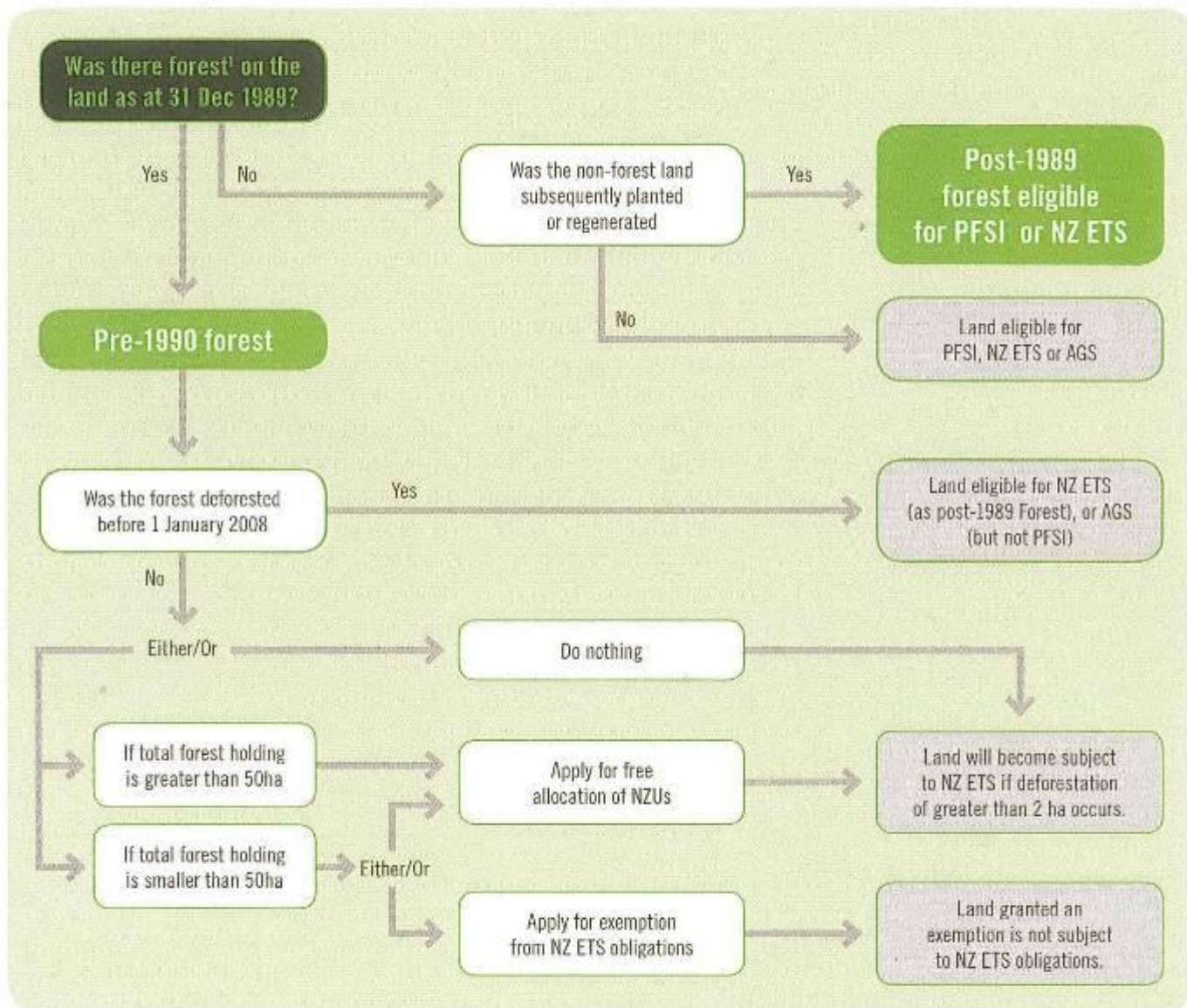
The *Sustainable Forestry bulletin* is all about keeping you and others with an interest in forestry informed, so please feel free to forward it on to others who might be interested and ask them to sign up if they receive it directly in future. They can sign up by emailing climatechange@maf.govt.nz with **Sustainable Forestry bulletin subscription** in the subject line.

And if you have any questions relating to anything in this bulletin or other forestry matters, please email your inquiries to: climatechange@maf.govt.nz. If your questions are about details of the NZ ETS for forestry, please bear in mind that there are aspects of the scheme that are still to be determined by the select committee and by Parliament, so we do not have all of the answers at this time – but we will keep you up-to-date as decisions are made and information becomes available.

FORESTRY PROGRAMMES DECISION FLOWCHART

25 February 2008

Based on the Climate Change (Emissions Trading and Renewable Preference) Bill 187-1



Note: The New Zealand Emissions Trading Scheme (NZ ETS) depends on legislation that is currently before the Finance and Expenditure Select Committee being passed. The other schemes outlined above – the Afforestation Grants Scheme (AGS), Permanent Forest Sink Initiative (PFSI) and the East Coast Forestry Programme (ECFP) – are all operational. Details of these schemes are provided on the other side of this document.

¹ Put simply, a forest is defined as greater than 1ha in area, greater than 30m wide, 30% tree canopy cover per ha and with the potential to grow 5m in height at maturity in situ.

NZ ETS Pre-1990 Forest

(does not currently include indigenous forests)

- Obligation to surrender NZUs if deforesting more than 2ha of non-exempt pre-1990 forest over the period 2008-2012.
- No obligations to surrender NZUs if harvesting and replanting or allowing forest to regenerate.
- Opportunity to apply for one-off free allocation of NZUs.
- No NZUs earned for carbon sequestration/tree growth.
- Opportunity to apply for exemption from NZ ETS if less than 50ha total pre-1990 forest holdings on 1 September 2007.
- Exemption runs with land.
- Opportunity to apply for exemption from NZ ETS obligations if deforesting weed trees.

NZ ETS Post-1989 Forest (exotic and indigenous forests)

- Voluntary participation in the NZ ETS.
- Participants have obligations to surrender NZUs for decreases in carbon stored in the forest (e.g. from harvesting, deforestation and fire). However, liability will not exceed NZUs earned.
- NZUs earned for forest growth from 2008.
- No NZUs for forest growth from 1990 - 2008.
- Can exit NZ ETS at any time if NZUs are repaid.
- Eligible for ECFP at reduced grant rate.
- If not in NZ ETS - no liability for harvesting or deforestation.
- Participation will transfer with the sale of the land or forestry right.

PFSI (Permanent Forest Sink Initiative)

- Can earn Kyoto Protocol assigned amount units (AAUs).
- Covenant registered against land title.
- Limited harvesting allowed.
- Liabilities for deforestation.
- Option to exit after 50 years provided units repaid.
- Eligible for ECFP (grant rate not reduced)
- Can transfer to NZ ETS as post-1989 forest within 18 months of NZ ETS legislation becoming law.

AGS (Afforestation Grant Scheme)

- Government grant to establish new forests.
- Government retains responsibility for credits and liabilities.
- No harvesting restrictions.
- Forest must be maintained for at least 10 years.
- Not eligible for ECFP, NZ ETS or PFSI on the same area of land.
- Minimum area 5ha

ECFP (East Coast Forestry Project)

- Government grant for soil conservation on North Island East Coast region only.
- ECFP grant recipients may participate in the PFSI with no change in their grant.
- ECFP grant recipients may participate in the NZ ETS but the grant will be adjusted.
- 50 year covenants registered against title.

For more detailed information about these schemes go to www.maf.govt.nz/climatechange

Chas Perry**Afforestation Grant Scheme**

The guidelines for the Afforestation Grant Scheme (AGS) are now available.

The Afforestation Grant Scheme (AGS) is a new initiative first flagged in the Sustainable Land Management and Climate Change: Options for a Plan of Action discussion document released in December 2006.

Under the AGS, foresters can receive a government grant for planting new forests on Kyoto-compliant land (that is, land that was not forested as at 31 December 1989). Grant recipients will own the new forests and earn income from the timber, while the Crown will retain the carbon credits generated under the Kyoto Protocol, and take responsibility for meeting all Kyoto harvesting and deforestation liabilities.

The AGS offers an alternative to the proposed New Zealand Emissions Trading Scheme (NZ ETS)¹ as a way to encourage

greater levels of greenhouse gas absorption by increasing the area of Kyoto-compliant new forest in New Zealand.

Another objective of the AGS is to establish this new Kyoto-compliant forest in areas where it will help reduce the likely impacts of climate change and generate other environmental benefits, for example, where it will reduce erosion, nutrient leaching and flood peaks.

The guideline can be viewed at

<http://www.maf.govt.nz/climatechange/forestry/initiatives/ags/>

or you can request hard copies of this publication from:

Policy Publications

MAF Policy

PO Box 2526

Wellington

New Zealand

Tel: 64 4 894 0252

Email: policy.publications@maf.govt.nz

Reminder:

Field trip to Manuka Island Forest.

Have you noticed the emergence of the large pine and Douglas fir forest over the Wairau River opposite the Branch River confluence and wondered what's happening over there!

Now is your chance to visit this historic property in the Wairau Valley where drover's once held livestock overnight on the journey down the Wairau and where early settlers stopped at the accommodation house en route from Nelson to Blenheim or return.

Manuka Island farm was purchased in 1993 by Merrill & Ring for afforestation. Merrill & Ring staff will share their experiences with establishment and silviculture practices for the 1955 hectares of Radiata and Douglas fir.

Explore Manuka Island's distinctive geography including glacial landforms.

Visit native forest reserve areas, the old accommodation house/homestead and enjoy stunning views of the Branch, Raglan Range, Mt Patriarch and Badmans Flat.

Forestry field trip to Merrill & Ring's Manuka Island Forest

When: Meet 9am Saturday May 24th.

Where: Meet at Broadbridge's Transport yard near Renwick to organise transport. Four wheel drive utility vehicles will be required so people can share with others if they don't have suitable vehicles.

What to bring: Sturdy footwear, warm clothes and lunch

The field trip is a general forest tour looking at establishment, silviculture practices, growth rates etc.

Over lunch there will be a refresher talk on chainsaw use from an industry trainer.

We plan to be back at Broadbridge's yard at 3pm.

If wet the trip will be postponed.