



ADAPTING TO A CHANGING CLIMATE: CASE STUDY 5

SUSTAINABLE FORESTRY

East Coast landowners capitalise on carbon trading

THE LAND

- The Ngāti Porou homeland is the most easterly region of the North Island.
- The rohe (traditional tribal area) of Ngāti Porou stretches from Potikirua in the north to Te Toka a Taiau in the south and the Raukumara Ranges to the west.
- Mountainous and hilly, with a long coastline. The 135 000 hectares owned by Māori landowners is mostly marginal farm land and regenerated scrub.
- Original native forests were largely cleared for farming; significant stands of radiata pine have been planted since the mid-1950s.
- Erosion and flooding is a big problem. It's estimated that about 35 million tonnes of sediment is deposited as runoff into the Waiapu River every year.
- An economic assessment undertaken about a decade ago concluded that about 60 000 hectares of the tribe's 135 000 hectares was best suited to forestry.

THE PEOPLE

- The relationship between the people and land of Ngāti Porou is built on a view of perpetual interaction between the land, the environment and people – both those who have gone before and those who are yet to come.
- This long-term view means that the economic outcome of some decisions may not be realised for some time, as in the case of forest estates.
- The people of Ngāti Porou also understand that their land needs to provide some form of income to support its own maintenance.

This case study outlines the Permanent Forest Sinks Initiative and the journey taken by the people of Ngāti Porou to achieve sustainable development on their tribal land and capitalise on the opportunities presented by carbon trading.

THE PERMANENT FOREST SINKS INITIATIVE

The Permanent Forest Sinks Initiative (PFSI) promotes the establishment of permanent forests on previously unforested land to increase the number of carbon sinks in New Zealand.

Carbon sinks are natural systems that absorb and store carbon dioxide from the atmosphere. The main carbon sinks are plants, the ocean, and soil.

The PFSI offers landowners an opportunity to earn emission units that comply with the Kyoto Protocol (assigned amount units or AAUs) for carbon sequestered in permanent forests established after 1 January 1990.



Ko te whenua te wai-u mo nga uri whakatipu
The land will provide sustenance for future generations.

To be eligible, forests must be “direct human induced through planting, seeding and/or the human-induced promotion of natural seed sources”.

PFSI participants have a covenant registered against their land title that allows limited harvesting on a continuous forest canopy cover basis. This approach ensures the ground is always covered by a canopy of tree species, even after some harvesting has occurred.

Participant landowners meet all administration, monitoring, auditing and compliance costs, and are liable for maintaining carbon stocks. After 99 years, all harvesting restrictions under PFSI are lifted but carbon stocks must continue to be maintained to the amount of credits sold.

Therefore, long-lived, light-demanding tree species may be suitable for some situations.



PFSI PRESENTS OPPORTUNITIES

The advent of the PFSI gave Ngāti Porou Whanui Forests Ltd an opportunity to capitalise on the resource they had. The first step was to find an investor.

In December 2006, a joint venture between two companies – Ngāti Porou Whanui Forests Ltd and Sustainable Forestry Management Ltd – was set up. This became Iwi Rakau Ltd, which aims to develop up to 30 000 hectares of permanent forests on Ngāti Porou land under both the PFSI and Emissions Trading Scheme. This land is currently a mix of marginal farm land and regenerating native scrub.

As well as sequestering up to 75 million tonnes of carbon dioxide over the 30-year period of a standard forestry rotation, the reforestation brings benefits in erosion and flood control, in addition to employment and income to the rural community.

A BOLD JOINT VENTURE

The path to sustainable forestry for Ngāti Porou landowners began in the late 1980s and early 1990s, when they recognised that simply owning land did not ensure economic certainty and some ongoing development was required. There was also an urgent need to remedy environmental degradation caused by flooding, erosion and stock.

As the international market for carbon off-setting developed, the landowners saw an opportunity that they could capitalise on and build a future asset around.

Iwi Rakau Ltd was the realisation of this potential. The project operates by converting idle land owned by Ngāti Porou in the Gisborne region into permanent forests.

Landowners can earn rent from the land or opt to take an additional share in the carbon risk as well.

Ngāti Porou Whanui Forests Ltd recruits land for the project and manages the forest estate, while Sustainable Forestry Management Ltd provides funding and manages the carbon trading. Both companies are committed to sustainable forest management practices.

Ngāti Porou Whanui Forests Ltd Chairman Whaimutu Dewes believes that managed land has greater value than land that is not managed. The specifics of what covers the land is not relevant – it is simply a case of determining the best planting and management regime for each block of land.

Each potential block of land is assessed for its suitability and profitability, then negotiations are held with its landowner to find an outcome that meets everyone’s needs.

Whaimutu says the Iwi Rakau venture breaks new ground in a number

FOR MORE INFORMATION

- Read more about the Permanent Forest Sinks Initiative in the forestry section of the Ministry of Agriculture and Forestry website: www.maf.govt.nz

of areas and sets a basis to bring new growth and environmental benefits.

“Land is the sustenance for future generations and it is our responsibility to work towards a sustainable, perpetual future for our people.”

INTO THE FUTURE

By 2015, the combined forestry operations (carbon and the harvest of existing stands) of Ngāti Porou could see the landowners' realisable wealth climb to more than \$200 million.

While the main income sources are currently carbon and timber, Ngāti Porou Whanui Forests Ltd will stay open to the potential of trading in other non-timber benefits, such as water rights and biodiversity protection.

The company plans to introduce mixed land use to the region by planting native forest, preserving existing native bush and enhancing regeneration, as appropriate. It will plant throughout the coming year as land is recruited, and also carry out pest control to protect the forest and its biodiversity.



Key points

- 1 In the late 1980s, the people of Ngāti Porou began to look for long-term opportunities to realise the value of their land while preserving it for the future.**
- 2 A joint venture with South Korea's Hansol Home Deco Ltd was established in 1996 and resulted in 10 000 hectares of plantation forest on Ngāti Porou land in the Gisborne region.**
- 3 As international attention turned to climate change and carbon trading, Ngāti Porou Whanui Forests Ltd began to pursue opportunities to create carbon forests.**
- 4 In December 2006, the joint venture Iwi Rakau Ltd was formed between Ngāti Porou Whanui Forests Ltd and Sustainable Forestry Management Ltd.**
- 5 Iwi Rakau Ltd aims to develop up to 30 000 hectares of permanent forest on mostly marginal farm land and regenerating native scrub owned by Ngāti Porou. The project is supported by the Permanent Forest Sinks Initiative.**
- 6 In addition to sequestering up to 75 million tonnes of carbon dioxide over the 30-years of a standard forestry rotation, the reforestation will also help with erosion and flood control, and bring important employment and income opportunities to the rural community.**
- 7 Although the main output for Iwi Rakau is carbon trading, the company is alert to other opportunities, such as trading in environmental benefits.**

**THIS IS ONE IN A SERIES OF CASE STUDIES CALLED
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