

# Kyoto Forest Owners Association NEWSLETTER

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## Compensation

Hello

This is an update on the Kyoto Forest Owners Association's continuing campaign for compensation for the carbon credits taken from people who have planted more than 500,000 ha of forest in New Zealand since 1989. Many New Zealand and overseas investors planted forests budgeting that a significant part of their forest return would arise from the internationally tradable carbon credits generated. The Government's own figures project Kyoto Forest sinks will generate \$2.6 billion dollars in credits during the first Kyoto commitment period, 2008 to 2012.

## Email Campaign

Throughout 2004 KFOA has met with other Forest Industry groups and with the Minister in Charge of Climate Change, Pete Hodgson, and department officials. There have also been a number of media releases, and interviews with journalists. KFOA believes it has been critical to keep debating the property rights issues in the public arena.

In June this year the Kyoto Forest Owners Association was joined by hundreds of forest owners and investors in a letter and email campaign to MPs and Ministers, strongly protesting the Government's theft of their carbon credits and demanding compensation for their property.

Using the Government's own figures the correspondents pointed out that the value of the carbon credits taken could be equivalent to a loss of \$18,000 per ha from the average Kyoto Forest owner's final harvest receipts.

## News Coverage

Both national and provincial newspapers have carried all KFOA Press Releases this year and National Radio interviewed a member of the KFOA Executive. Earlier this year the National Business Review featured the Association's concerns. The May/June edition of The Opinion Newspaper carried a double page story by feature journalist Buddy Mikaere headed "Government steal \$2.6 billion of property rights".

## National Field Days

In June, at the instigation of KFOA executive member Grant Holyoake, 10,000 pamphlets were printed by KFOA and distributed, with the assistance of the Farm Forestry Association, at this year's Mystery Creek Field Days. The pamphlet advised visitors to the Field Days who KFOA represented, details of the Government's intention to seize foresters' property rights, and offered visiting farm foresters membership of KFOA.

## TV2's 'Grassroots'

On a recent edition of TV2's Grassroots programme Roger Dickie, a founding executive member of KFOA, spoke out strongly on the Carbon Credit property rights of farmers, forest owners and investors. A video and audio clip of the interview can be seen on the KFOA web site <http://www.kfoa.co.nz>

## Concessions

It is acknowledged in political circles and throughout the forestry sector that the ongoing campaign by Kyoto Forest owners to assert their property rights is an issue that is concerning the Government and this pressure has resulted in some concessions.

The most important concessions announced so far are: -

- The proposed deforestation liability for post 1990 forests is now waived. *(The Government was proposing that once a set deforestation cap had been breached then any forest harvested and not replanted would incur a carbon tax of around \$18,000 per ha).*
- The Government has indicated they may be willing to devolve credits back to forest owners in the second commitment period (2013-2018).
- A clear line in the sand has been drawn between owners of pre 1990 and post 1989 forests.
- The Government may be making sink credits available for owners of alternative species who commit to manage them under a continuous cover regime.

## Planting Plummet

The many hundreds of emails arriving at the Beehive also highlighted the fact that as a result of the Governments actions little or no new forest planting is happening. Without the establishment of new forests a major export industry will not be able to guarantee future supplies and New Zealand's commitment to play its part in reducing global warming under the Kyoto Protocol is unattainable.

A Ministry of Agriculture and Forestry survey shows that for the years 1994 through to 2000 sufficient seedlings were propagated to plant a forest area of 68,433 hectares annually. With customary forestry practice being an initial planting of 1000 stems per hectare this represented the establishment of more than 68 million trees in each year. In 2003 the new planted forest area plummeted to 14,900 hectares or less

than 15 million trees. The figures speak for themselves. The Governments policy on Kyoto contradicts the very aims of the Treaty – how can a policy that discourages new forest planting be called environmentally friendly?

## FIFA

Earlier this year the KFOA opposed the Forestry Industry Framework Agreement (FIFA). The agreement was meant to return some of the value of the stolen carbon credits back to the forest industry. The Government proposal was viewed as patently unfair to Kyoto Forest owners. Approximately 82% of the \$125 million annual package would have gone to owners of pre 1990 forests (These do not earn carbon credits). Less than 1% of the package would have flowed back to post 1990 forest investors.

A significant amount of time, (1000s of hours) and effort has been put in by the Executive and members campaigning for Kyoto Forest owners property rights. Without the efforts of the Executive and your membership of KFOA it is likely that the rest of the forest industry and Government would have already finalised the FIFA agreement and further eroded forest owners property rights.

## Protocol Ratification

The last major hurdle for the Kyoto Protocol to enter into force was removed at the end of November as the Russian Parliament formally ratified the Kyoto Protocol. From February next year, nations who are signatories to the protocol will be legally bound to meet the targets for reducing and limiting emissions of so-called greenhouse gases.

Today it is generally acknowledged that global warming is a major environmental threat. Carbon dioxide absorbing existing forests and new forest plantings are a major factor in the fight against global warming. Forests reduce erosion, keep rivers and streams clean and provide a safe wild life habitat. All in all these benefits enhance the long-term sustainability of our society.

## Your Property

The Government continues to claim that Kyoto is a government-to-government agreement and therefore the resulting credits are theirs to distribute and trade as they see fit. The injustice and inequity of this view is illustrated in the Government's profiting by trading of your property.

This year the Government used carbon credits, appropriated from forest-owners, to subsidise State-owned enterprise Meridian Energy's venture into wind farming at Te Apiti in the Tararua foothills. Meridian Energy then sold those carbon credits to the Dutch Government. The Government effectively cashed in on the stolen carbon credits through the dividend payment from its own SOE.

Details of the value of the carbon credits given to Meridian remain confidential. However the most recent tender round in Holland realised NZ\$10.50 per emission unit. In the two tender rounds held in NZ the Government have given to industry 10 million units!

The fact remains that without your investment in the trees the Government has absolutely nothing. The carbon credits generated by your forests are your property.

## Election Year

The Government's actions are nothing short of theft and the Kyoto Forest Owners Association, along with many individual investors will continue to take this message to the Minister.

It is important that this pressure and momentum is sustained as the next election is now less than twelve months away. We urge both previous writers and new correspondents to email the Minister and MPs to protest the arbitrary confiscation of your property.

For more information on the issues pertaining to carbon credits please contact the Kyoto Forest Owners Association or visit their Web site at <http://www.kfoa.co.nz>