
EXECUTING PERMANENT FOREST SINK COVENANTS

1. Purpose of Report

To seek Council's agreement to delegate to the Chief Executive authority to execute all necessary steps to finalise covenants on Council land under the Permanent Forest Sink Initiative (PFSI).

2. Recommendations

Officers recommend that the Council:

1. *Receive the information.*
2. *Note that on 30 April 2008, Council resolved to apply to put the areas described in Appendix one of this report into the Permanent Forest Sink Initiative, subject to confirmation that there is no land-use overlap arising from Ngati Toa's Treaty Claims.*
3. *Note that there are no conflicts between the proposed Permanent Forest Sink Initiative covenant areas and any claims made by Ngai Toa under the Treaty of Waitangi.*
4. *Authorise the Chief Executive Officer to execute Permanent Forest Sink Initiative covenants over the areas of land described in Appendix one of this report.*
5. *Delegates to the Chief Executive all the authority necessary to finalise agreement with the Ministry of Agriculture and Forestry on the Permanent Forest Sink Initiative covenants to be executed.*

3. Background

On 30 April 2008, the Council resolved to place several areas of Council-owned land into the Government's PFSI scheme (see Appendix one for a description of the areas and Appendix two for a reference to the Council minutes for that decision). The Council's consideration was based on the recommendations of the Strategy and Policy Committee (SPC). The SPC report (considered on 17 April 2008) contained comprehensive discussion on the PFSI option as well as other options for the use of the land. It also included maps of all areas described in Appendix one to this report.

The PFSI scheme provides opportunities for the Council to establish “permanent forest sinks” and obtain tradable emission units in proportion to the carbon sequestered in these forests. Land that is accepted into the PFSI scheme must be placed under a protective covenant, which binds the land use as a “permanent forest sink”. Placing land under a PFSI covenant has similarities to classifying land as scenic reserve (that is, it leads to similar binding, long-term land management practices of protection and restoration). The Council, as the landowner, may choose to opt out of the covenant after 50 years at which time it would need to repay all emission units it accrued during that time. However, if the Council retains the covenant then there is no obligation to repay emission units, unless the amount of carbon in the forest falls (such as through a major forest fire).

The Council’s agreement to place the land into the PFSI scheme was subject to confirmation that there were no land-use overlaps arising from Ngati Toa’s claim under the Treaty of Waitangi. In February 2009, officers confirmed with Ngati Toa representatives that none of the areas described in Appendix one had overlaps with Ngai Toa’s draft settlement with the Crown.

In addition to the above, there have been delays in advancing the PFSI proposals because of:

- negotiations with utility companies that have easements on the proposed PFSI area and who must approve the PFSI covenant documents;
- longer than anticipated application processing times with the Ministry of Agriculture and Forestry;
- resolving a legal issue relating to the ability to place a covenant on Council land that is registered under the Reserves Act.

On 16 September 2010, SPC agreed to consult on a draft Carbon Management Policy. The draft Policy contains a framework for managing the Council’s existing and future forest assets and liabilities arising from the PFSI scheme and the New Zealand Emissions Trading Scheme.

4. Discussion

In order to progress the PFSI application process, it is proposed that the Council agrees to:

- authorise the Chief Executive to execute PFSI covenants over the areas of land described in Appendix one of this report; and
- delegate to the Chief Executive all the authority necessary to finalise agreement with the Ministry of Agriculture and Forestry on the PFSI covenants to be executed.

The process for obtaining a PFSI covenant involves completing detailed GIS maps and submitting technical applications to the Ministry of Agriculture and Forestry. The Council has previously resolved to place specified Council land into the PFSI, subject to conditions that have now been met. The recommendations in the report, if agreed, would allow officers to execute the Council’s resolution without further delay and avoid the requirement for the Council to consider administrative matters.

5. Conclusion

This report recommends that the Council give authority and delegations to the Chief Executive to finalise PFSI covenants over areas of Council land already agreed by Council for inclusion in the PFSI scheme. This authority and delegation would relate to procedural and administrative matters.

Contact Officer: *Zach Rissel, Senior Advisor, Climate Change Office*

Supporting Information

1) Strategic Fit / Strategic Outcome

This report implements activities identified in the Council's Climate Change Action Plan that was adopted in June 2010.

2) LTCCP/Annual Plan reference and long term financial impact

Forests covenanted under the PFSI will generate additional revenue for Council. The treatment and accounting of such revenues are addressed under the Council's draft Carbon Management Policy, currently under public consultation.

3) Treaty of Waitangi considerations

The Council has consulted the Tenth Trust and Ngati Toa on the potential Treaty of Waitangi implications of the PFSI covenants. No issues have been identified in relation to Treaty claims.

4) Decision-Making

This report does not require a significant decision to be made.

5) Consultation

a) General Consultation

The Council's proposal to bring forests under the PFSI scheme (or the New Zealand Emissions Trading Scheme) was included in the Climate Change Action Plan, which was the subject to considerable consultation in the first half of 2010. Feedback on the Climate Change Action Plan was generally supportive of the Council's proposals in respect of forests.

b) Consultation with Maori

Consultation with Maori has been undertaken in relation to establishing PFSI covenants.

6) Legal Implications

The Council's legal advisors were consulted during the preparation of this report. The recommendations to seek authorisation and delegations to the Chief Executive are based on legal advice.

7) Consistency with existing policy

The recommendations in the report seek to implement existing resolutions by the Council.

APPENDIX ONE

Management Plans for Properties in the PFSI Application (Reproduced from Appendix three of the Council minutes of 30 April 2008)

1. Application 1 – Carey’s Gully

Carey’s Gully is home to the Council’s Southern Landfill and is currently managed for sanitary purposes. No land associated with the Council’s long-term landfill plans (or potential wind energy sites being investigated as part of the Climate Change Action Plan) would be included in the PFSI application. The land area being considered for the PFSI scheme adjacent to the landfill site will be located on a contour 20m above the top contour for the unconsented stage 5 of the landfill.

There are selected areas identified in the Outer Green Belt Management Plan and Carey’s Gully Strategic Plan that have been set for scenic reserve to serve as “ecological buffer” and “landfill buffer” areas. This land is also being recommended for the PFSI scheme. Placing selected land areas of Carey’s Gully into a covenant fits with the long-term management plans for this area.

2. Application 2 – Polehill Reserve (Brooklyn)

Polehill Reserve is not included in the Outer Green Belt Management Plan and also sits outside the Town Belt. The Town Belt Management Plan recommends that it is reinstated into the Town Belt. The land is currently reverting back into native forest and placing this area into a covenant is consistent with the Town Belt Management Plan.

3. Application 3 - Wright Hill

Wright Hill is managed as a significant high point and viewing area within the Outer Green Belt. The long-term vision is to restore the area as a part of a wider indigenous forest ecosystem, complementing the Karori Sanctuary and adjoining areas. All of the land is earmarked for classification as scenic reserve. Around half of Wright Hill is owned by the Department of Conservation (DOC). The DOC land will not be included in the application. Placing this area into a covenant fits with the long-term management plans.

4. Application 4 Makara Peak

The long-term vision for Makara Peak is to create a world class mountain bike park in a restored native ecosystem. The Council is implementing a plan to restore the indigenous forest ecosystem with linkages to surrounding bush corridors both within and outside the Outer Green Belt. Nearly all of the land earmarked for the PFSI is in the process of being classified as scenic reserve. Placing this area into a covenant is consistent with the long-term management plans.

APPENDIX ONE

Western Sewage Treatment Plant

The land surrounding the Western Treatment Plant is not included in the Outer Green Belt concept plan and it does not have a land management plan. The Western Treatment Plant land borders the Makara Peak Mountain Bike Park, where the Council plans to restore the indigenous forest ecosystem. All future and potential development plans for sewage treatment purposes can be accommodated within the existing footprint of the treatment plant operations. Placing this area into a covenant is consistent with the long-term management plans for neighbouring properties and would further bolster the area's biodiversity values.

5. Application 5 – Makara Cemetery

The south-eastern corner of Makara Cemetery is currently regenerating back to native forest. The Council plans to continue to manage this land into native forest as this area “provides a natural setting which is important as a contemplative setting for loved ones...and can also provide alternatives for ash scattering or native tree memorials”. Placing this area into a covenant is consistent with the long-term management plans.

6. Application 6 – Otari Farms and Karori

Otari Farms is not included in the Outer Green Belt Management Plan but it is adjacent to Johnston's Hill, Otari Wilton's Bush and Kilmister Tops, which have important significance to Wellington's biodiversity and open space plans. The Council recently purchased the land and classified it as scenic reserve. The Council agreed to allow the east facing portions of the land to regenerate and keep the ridge top as grazing land. Placing this area into a PFSI covenant is consistent with the long-term management plans.

7. Application 7

Kilmister Block

The long-term vision for Kilmister Block is to maintain it as a major area of open ridge top and hilltop landscapes with regenerating bush on the lower slopes. Large chunks of Kilmister Block are currently leased for grazing and these areas are not included in the proposed PFSI application. Only land that is being actively protected and managed back into native bush is being considered for the PFSI. All of the land on the Kilmister Block is earmarked for reclassification as scenic reserve. Placing this area into a PFSI covenant is consistent with the long-term management plans.

Awarua Street Reserve

The long-term vision is to clearly define areas to be grazed and to undertake any new fencing required to achieve this. All regenerating vegetation areas fenced from grazing would fit the PFSI criteria. Most of the land area included in the application is earmarked for classification as scenic reserve and placing this area into a covenant fits with the long-term management plans.

APPENDIX ONE

8. Application 8 - Khandallah/Johnsonville Parks

The long-term vision for this area is to manage it as one of the five principal groups of remnant forest and major key native ecosystems in the Outer Green Belt. The Council plans to encourage regeneration of native bush on the eastern flanks of the area except areas specifically designed for grazing (which will not be included in the PFSI application). The mature native forest in this area could potentially qualify as post-1989 forests depending on the outcomes of the ETS legislation. The remaining scrub and regenerating native bush qualifies for the PFSI scheme. The majority of this area is currently classified as scenic reserve or in the process of being reclassified as scenic reserve. Placing this area into a PFSI covenant fits with the long-term management plans.

9. Application 9 - Waihinahina Reserve and Gilbert Bush Reserve

The Gilbert Bush Reserve is classified as recreation reserve and under the Northern Reserves Management Plan, the Council intends to continue weed and pest management and to monitor the forest health and resilience of Gilbert Bush Reserve. There are no plans to change the land use or classification of this area.

Under the Northern Reserves Management Plan, the Council intends to protect the Waihinahina reserve as forest area and classify the area as recreation reserve. Placing these areas into PFSI covenants fits with the management plans.

10. Application 10 - Caribbean Avenue Reserve

Under the Northern Reserves Management Plan, the Council intends to prepare a landscape development plan for Caribbean Avenue Reserve and continue pest and weed control. Placing this area into a PFSI covenant fits with the long-term management plans.

APPENDIX TWO

Reference to Council Minutes from 30 April 2008

038/08C **STRATEGY AND POLICY COMMITTEE**
Meeting of Thursday 17 April 2008
(1215/11/IM) (REPORT 5)

1. **ITEM 093/08P CARBON CREDIT OPPORTUNITIES AND LIABILITIES ON COUNCIL LAND**
(1215/52/IM) (REPORT 3)

Moved Councillor Ahipene-Mercer, seconded Councillor Wade-Brown the substantive motion.

The substantive motion was put.

Voting for: Mayor Prendergast, Councillors Ahipene-Mercer, Best, Coughlan, Foster, Goulden, McKinnon, Morrison, Pannett, Pepperell, Ritchie, Wade-Brown and Wain.

Voting against: Nil

Majority Vote: 13:0

The substantive motion was declared CARRIED.

RESOLVED:

THAT Council:

1. *Apply to put the properties listed in Appendix 3 of the minutes into the Permanent Forest Sink Initiative (PFSI), subject to confirmation that there is no land-use overlap arising from Ngati Toa's Treaty Claims.*
2. *Apply to place Clelland Forest into the Forestry Emissions Trading Scheme.*
3. *Seek opportunities to encourage and assist other large land owners in the city to develop forest carbon sinks.*
4. *Develop a policy for managing carbon credits and liabilities that arise consequent to recommendations two through five.*