

**Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION**

Ref: 177059

Date: November 20, 2012

Issue: Land within the Agricultural Land Reserve (ALR) is being used for the purpose of planting trees and generating carbon offsets.

Background: Carbon trading markets are growing in size and significance around the world. In most of these markets, tree planting is recognized as a viable method of generating tradable carbon offsets because trees can sequester carbon in soil and their own biomass.

In 2009, agricultural producers and Ministry of Agriculture (AGRI) staff in Northern BC reported that a British company, Reckitt Benckiser Group PLC (RB) bought 4000 hectares of land in the ALR in the Vanderhoof and Peace River regions for the purpose of planting trees and selling carbon offsets. RB hired a Toronto-based company named Borealis Carbon Offsets (BCO) to plant trees on the land they purchased, 1000 hectares of which is now believed to have been planted.

Although no information has been found on other land *purchases* within the ALR for the purpose of generating carbon offsets from tree planting, there is a case in which BCO signed a tree planting *contract* with an ALR landowner in the Vanderhoof region at McPhee Creek. This landowner then placed a covenant on their land under BC *Land Title Act* Section 2.19. BCO planted trees on 70 hectares of that land. BCO intends to plant more trees in this region of BC, but does not yet have contracts in place.

Of BC's total land mass of 950,000 square kilometers, approximately 45% is mountainous, 50% is forested, and a little less than 5% is suitable for agricultural production and is protected for this use within the ALR. Section 2 (2)(f) of the Agricultural Land Reserve Use, Subdivision and Procedure Regulation defines *timber production, harvesting, silviculture and forest protection* as a permitted use for land within the ALR, and some ranchers practice limited logging on their properties as a form of secondary income.

Discussion: The amount of tree planting that has occurred within the ALR for the purpose of generating carbon offsets is not significant. A contact at BCO asserts that RB is done buying land in BC for this purpose and thinks it is unlikely that other companies will do so, because signing contracts with landowners is easier and less costly than purchasing land. This indicates that as carbon trading markets potentially gain prominence, more ALR land may be *contracted* for tree planting.

In order to provide an assurance to the lessee that the trees planted under such a contract will mature to the point that they sequester the quantity of carbon required to generate the desired offset revenues, the lessor is typically required to place a covenant on their land stating that the trees planted under the contract will be left standing for at least 100 years.

Given the scarcity of productive farmland in BC relative to the abundance of forestland, and given the long timeframe under which offsets are generated, the potential for expanded contracting of farmland for tree production is a concern.

Section 22(2) of the *Agricultural Land Commission Act* (Act) provides that *a covenant that prohibits the use of agricultural land for farm purposes has no effect until approved by the [Agricultural Land] Commission.*

Next Steps:

- AGRI staff and the Agriculture Land Commission (ALC) will continue to monitor the use of farmland for tree production to generate carbon offsets.

- If it becomes apparent that a significant amount of ALR land is being contracted for this purpose, and that covenants are being placed on the land to support this, a policy statement can be developed by AGRI and the ALC clarifying that this activity constitutes an activity that prohibits the use of the land for farm purposes under Section 22(2) of the Act. This would provide the ALC with clear authority to monitor and control the activity.

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