



18 November 2020

Committee Secretariat
Standing Committee on Agriculture and Water Resources
Timber Supply Chain Constraints
PO Box 6021
Parliament House
CANBERRA ACT 2600

AFPA supplementary submission to the House of Representatives Standing Committee on Agriculture and Water Resources Timber Supply Chain Constraints in the Australian Plantation Sector

The Australian Forest Products Association (AFPA) thanks the Standing Committee for the invitation to provide additional comments. This supplementary submission responds to a request from the Committee Chair for additional information about opportunities to grow Australia's plantation estate, and should be read in conjunction with AFPA's main submission to the inquiry.

Enabling more forestry regions to participate in the Carbon Farming Initiative

AFPA is a strong advocate of the need for federal policies that encourage tree planting by valuing the carbon stored in trees through the existing national emissions reduction policy frameworks the CFI and the Climate Solutions Fund (CSF).

Late in 2017, the then Federal Minister for the Environment and Energy approved a new plantation forestry method under the CFI. Eligible participants are now able to apply to the Clean Energy Regulator (CER) to register an ERF project. The method credits abatement by sequestering carbon from the atmosphere in trees. This is done by establishing new plantation forests or converting existing short-rotation plantations to long-rotation plantations.

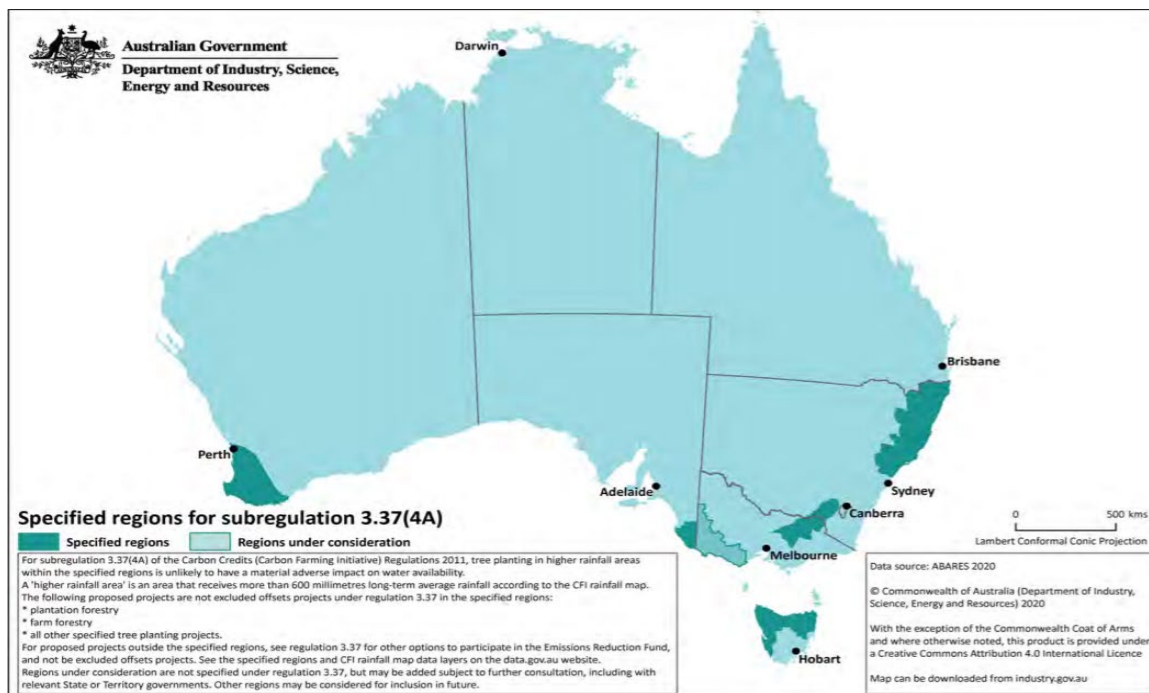
In 2020 the CFI Rule was amended (i.e. Carbon Credits (CFI) Amendment (Excluded Offsets Projects) Regulations 2020) to add a provision to regulation 3.37 of the Regulations to vary the existing water balance requirements. This change will allow new projects in areas over 600mm of annual rainfall to proceed with registration, if they are located in a region declared by the Minister for Energy and Emissions Reduction to be a 'exempt region where material risks to water availability are likely to be addressed'.

On 2 July 2020, the Minister for Energy and Emissions Reduction declared as shown on the map below, four (4) and half exempt forest regions being: South West (Western Australia), North/North West (Tasmania), North East (New South Wales) the South West Slopes (New South Wales and Victoria) and Green Triangle (South Australia).



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Source: Department of Industry, Science, Energy and Resources

All CSF projects will continue to be required to meet relevant state or territory government rules and regulations. Additionally, new projects under the plantation method are subject to a 'Ministerial Veto', that is, if the Minister for Agriculture assesses a proposed project as having an 'undesirable impact on agricultural production in the region', it will be ineligible.

While there have been four and a half regions declared exempt, there are still seven and half which need the exemption to be applied:

- The Victorian side of Green Triangle (Western Victoria)
- South East QLD
- North QLD
- Gippsland
- Central West NSW
- South Tas
- North NT
- South East NSW.

Recommendation: The listed seven and half regions be declared exempt from the CFI rule.

Incentivising 'blended' carbon projects to deliver multiple benefits

In April 2020, the WA EPA released its revised Greenhouse Gas Emissions Guidance. The Guidance says that abatement and offsets information can be required of proponents as part of the EPA's assessment of a future proposal and provides further clarity around the types of offsets the EPA will recognise. Specifically, compliance offsets under the Safeguard Mechanism, as well as voluntary

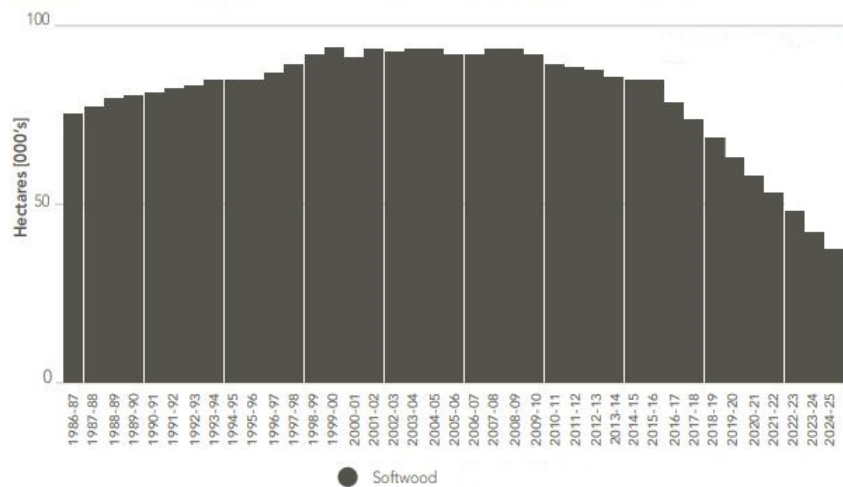
offsets purchased to reduce residual emissions, may contribute to a proponent's greenhouse gas management plan, and will be recognised by the EPA.

As a result of policies such as the WA EPA, there are now potentially liable businesses looking to voluntarily undertake large-scale, biodiverse native tree planting projects to generate carbon offsets. AFPA suggests rather than simply planting large tracts of vegetation and locking the gate to generate carbon offsets that our renewable forest industries should be used. Companies seeking emission offsets should consider blended carbon offset projects that establish new plantings of production trees with native trees.

AFPA believes our forestry industry is best placed to deliver sustainable carbon offsets. The creation of forests which can be actively managed for carbon and forest products will deliver multiple benefits – jobs, economic development, value-add, downstream investment. Simply planting large tracts of vegetation and locking the gate to generate carbon offsets is not sustainable.

In the Forest Industries Federation of WA (FIFWA) report ‘WA Plantations – Missing Piece of the Puzzle’ there is a forecast decrease in softwood plantation area in WA of up to 45,000 hectares. This decrease in area leads to an associated significant decrease in structural softwood sawlog supply to existing timber processing facilities in WA, impacting their long-term viability. Investment in 45,000 hectares of new softwood plantations in key timber supply regions in WA is essential to begin addressing this supply gap (see Graph below).

Graph 3 Softwood Plantation Area in Western Australia (Source: ABARES and FIFWA)



Recommendation: Revise the existing plantation forestry ERF method or develop a new standalone ERF method to enable multiple and different carbon projects to be aggregated and counted together (e.g. new production trees and native forest plantings). These blended projects will increase the flexibility of landowners (e.g. farmers) to partner with large businesses to produce quality carbon offsets with multiple benefits.

Recommendation: Prioritise investment in new carbon abatement projects that have multiple and/ or co-benefits beyond carbon storage, such as securing local industry, new jobs, new manufacturing innovation, and other social or environmental benefits.