



Australian
Forest
Products
Association

AUSTRALIAN FOREST PRODUCTS ASSOCIATION

Submission on proposed changes to the
Carbon Credits (Carbon Farming Initiative)
Rule 2015
March 2022



17 March 2022

Emissions Reduction Fund Policy and Governance
Department of Industry, Science, Energy and Resources
via email - emissions-reduction@industry.gov.au

About AFPA

AFPA is the peak national industry body representing the Australian forest, wood and paper products industry's interests to governments, the general public and other stakeholders on matters relating to the sustainable development and use of Australia's forests and associated manufacturing and marketing of wood and paper products in Australia.

To whom it may concern

RE: Proposed changes to the *Carbon Credits (Carbon Farming Initiative) Rule 2015*

The Australian Forest Products Association (AFPA) welcomes the opportunity to provide feedback on the Department's consultation paper on potential changes to the *Carbon Credits (Carbon Farming Initiative) Rule 2015 (the Rule)* relating to excluded offsets projects listed in the *Carbon Credits (Carbon Farming Initiative) Regulations 2011 (the Regulations)*.

AFPA Submission Summary

- AFPA supports the overarching changes to streamline and simplify the Emissions Reduction Fund (ERF).
- AFPA recommends the removal of Regulation 3.37 as it impedes the government reaching its own 'net zero' target and '1 billion trees' policies because of the following reasons:
 - disincentivises plantations in recognised and long-established plantation regions,
 - is administratively complicated for landowners and managers and the regulator,
 - duplicates existing state government and regulatory authority controls and regulations that authorise plantations.

AFPA supports the overarching proposed changes to streamline and simplify the Emissions Reduction Fund (ERF) scheme's regulatory framework by consolidating the Regulations into the Rule. AFPA understands that the proposed changes are primarily procedural in nature as the legislative instruments are due to sunset on 1 April 2022.

AFPA also appreciates the Department's willingness to consider comments relating to whether the current excluded offsets lists are

- Still necessary to exclude these project types from participating in the ERF?
- Still the most appropriate instrument to manage any potential adverse impacts of ERF projects? and
- If there any alternatives to manage unintended adverse impacts of ERF projects?

AFPA, strongly believes that there is a significant opportunity for the Government to increase ERF participation by the forest industry which in turn will increase long-term

carbon abatement and associated regional economic growth, with the removal of the current excluded offsets projects relating to **regulation 3.37 – specified tree planting**.

AFPA has long campaigned for the removal of regulation 3.37, particularly as it relates to the 600mm rule from the CFI negative list and the 400mm rule from the farm forestry methodology.

The removal of these regulatory requirements was supported by the former Assistant Minister with responsibility for Forestry who stated in a letter to the Minister for Climate Change dated 4 April 2019 that *“In recognition of the government’s commitment to review the water restrictions for plantations, and the clear lack of new plantation development that is occurring at the present time, I would like to request your consideration of removing the 600mm rule from the CFI negative list and the 400mm rule from the farm forestry methodology. I believe this will have untold benefits for Australia’s carbon abatement goals and for our forestry industry...I look forward to working with you on considering this important action in support of a strong and viable forestry industry.”*

Since that time the Government has removed the water restriction from various jurisdictions from the excluded offsets projects list and industry is grateful for those specific changes. However, the partial removal has essentially created an inequitable and more complex regulatory environment for the forest industry to participate in the ERF.

The former Minister stressed that the plantation estate was in decline and since that time it has declined further in size. According to the recent ABARES *Australian plantation statistic and log availability report*, Australia’s commercial plantation area has declined by 10 per cent since 2014-15¹.

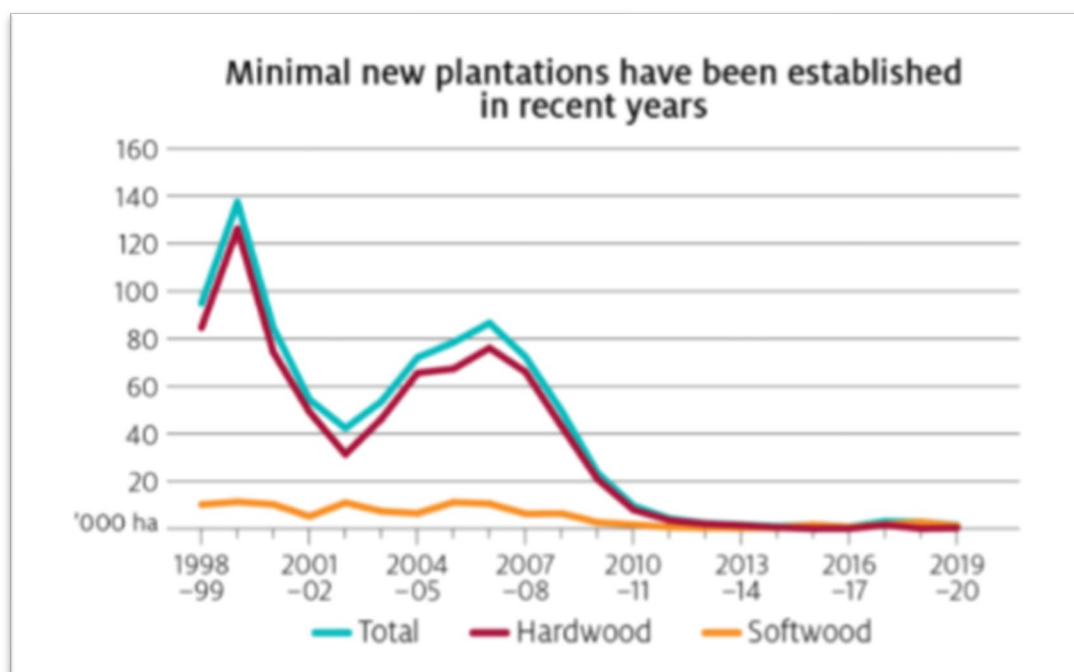


Figure 3 – New plantation establishment – ABARES Australian plantation statistics and log availability report, pg 13

¹ <https://www.awe.gov.au/abares/research-topics/forests/forest-economics/plantation-and-log-supply>

The current excluded offsets projects list further exacerbates the lack of new production tree plantings. It is not necessary to regulate new production tree plantations through the excluded offsets projects – specified tree planting regulations, as existing planning and approvals requirement for new plantations in Australia is subject to a raft of legislation, regulation and policies that apply predominately at the State government level. These instruments impact the extent to which plantations can be established, where they can be established and the rules under which they can operate².

AFPA understands the ERF must operate under a legislative framework which supports incentives for new projects while ensuring high levels of scheme integrity as well as safeguarding against potential adverse impacts of emissions reduction projects. The removal of the regulation **3.37 – specified tree planting** does not undermine the integrity of the ERF scheme framework as State and territories have their own legislative frameworks to ensure trees are planted in the right place for the right purpose at the right scale.

It is also important to note that there are only two ERF methodologies available for crediting emissions reductions to landholders who plant production trees on their land. These are the Farm Forestry Method and the Plantation Forestry Method. AFPA continues to work with government to improve eligibility criteria to improve the take up of these methods. AFPA will also continue to pursue updates to the methodology to better reflect the total emission benefit of planting trees such as including the full soil carbon benefits of plantation forestry. The Farm Forestry Method also does not include the carbon stored in the wood products derived from the trees as part of the methodology, whereas the plantation methodology does. This type of inconsistency adds to the existing barriers of farm forestry projects and should be amended to align with the plantation methodology.

The decline in new plantation plantings contrasts with the Government's 2018 *National Forest Industries Plan: Growth for a Better Australia – A Billion Trees for Jobs and Growth*³. The Commonwealth Government has also established regional forestry hubs to further ensure production trees are planted in specified regions to reduce any potential adverse or unintended impacts.

Finally, with regards to the adverse impacts on productive agricultural land, before the Clean Energy Regulator can register a plantation project it is subject to a Ministerial consideration and potential veto process. ERF participants must notify the Department of Agriculture, Water and the Environment of their proposal and the Minister for Agriculture must assess whether the project may lead to any undesirable impact. If an adverse finding is made by the Minister, the project will be ineligible to participate in the ERF under the plantation and farm forestry methods. Providing yet another additional layer of regulatory oversight to ERF offsets projects. This process is unique to the plantation and farm forestry ERF methods.

² <https://ausfpa.com.au/wp-content/uploads/2021/09/Planning-and-approvals-requirements-for-new-plantations-in-Australia.pdf>

³ <https://www.awe.gov.au/agriculture-land/forestry/publications/growing-better-australia#:~:text=A%20billion%20new%20plantation%20trees%20will%20boost%20the%20Australian%20economy,will%20need%20into%20the%20future.>

Thank you for providing AFPA with the opportunity to provide feedback on the potential changes to the Carbon Credits (Carbon Farming Initiative) Rule 2015, if you have any queries regarding this submission, please contact Natasa Sikman, Climate Policy Manager via email natasa.sikman@ausfpa.com.au



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AFPA is the peak national industry body representing the resources, processing, and pulp and paper industries covering the forest products value chain.

AFPA represents all elements of the value chain from the sustainable harvesting of plantations and multiple use natural forest resource including forest establishment and management, harvesting and haulage, processing of timber resources and manufacture of pulp and paper.