



THE INSTITUTE OF FORESTERS OF AUSTRALIA AND AUSTRALIAN FOREST GROWERS

Submission to the Department of Industry, Science, Energy and Resources
Emissions Reduction Fund: Consultation paper

28 February 2020

The Institute of Foresters of Australia & Australian Forest Growers (IFA/AFG) is pleased to make this submission to the Department of Industry, Science, Energy and Resources (the Department) on the *Emissions Reduction Fund: Consultation Paper – Proposed amendments to regulations applying to forestry projects*, released in February 2020.

About the IFA/AFG

The IFA/AFG is the professional body representing over 1200 members who are forest scientists, professionals and managers operating in all aspects of forest and natural resource management, including forest conservation, throughout Australia.

Forestry professionals, informed by the science of natural resource management, play a crucial role in shaping the future of forests, including plantation forests and farm forestry projects that are managed in accordance with the requirements of the Commonwealth Government's Emissions Reduction Fund (ERF). We advocate balanced land use that meets society's needs for sustainable forest management, timber supply, and conservation outcomes.

The Institute of Foresters of Australia (IFA) and Australian Forest Growers (AFG) merged in early 2019. This new merged identity represents all segments of the forestry profession, including public and private practitioners and growers. Members are engaged in many aspects of forestry, nature conservation, resource and land management, research, administration and education.

Proposed amendments to regulations applying to forestry projects

We note the Consultation Paper sets out the Government's proposal to reduce the regulatory burden for new plantation forestry and farm forestry projects under the ERF by making two key amendments to the *Carbon Credits (Carbon Farming Initiative) Regulations 2011* (the Regulations). These amendments would be:

1. *Water interception requirements*: adding a new provision to regulation 3.37 of the Regulations to amend the existing water interception requirements. This change will allow new projects in higher rainfall areas (over 600mm) to proceed with registration if they are in a region declared by the Minister for Energy and Emissions Reduction to be a region where material risks to water availability are likely to be addressed. The Minister would declare exempt regions by notifiable instrument – and we note that as an initial focus, the Government is considering including five pilot Regional Forestry Hubs in such an instrument (South West Western Australia, the Green Triangle region, North/North West Tasmania; North East NSW; and the South West Slopes of NSW).
2. *Ceasing or avoiding harvest of a plantation*: removing the paragraph 3.36(1)(d) from the Regulations. Subject to the development of a new method, this would allow new projects involving ceasing or avoiding harvesting of plantations (forests established for harvest) to proceed.

The IFA/AFG would welcome both these proposed amendments.

Our support for these proposed amendments is based on the following:

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- We consider that sustainably managed plantations are vital to Australia's land use. Furthermore, plantation planning and management can result in minimal impact on stream flow; and if located appropriately, plantations can have positive hydrological impacts on dryland salinity (*IFA Policy Statement 5.2*).
- In this context we support the ERF's recognition in principle of plantation forestry and farm forestry as approved land uses for reducing greenhouse gas emissions, through carbon sequestration, subject to the following IFA/AFG policy guidance on forests and climate change mitigation (*IFA Policy Statement 6.2*):
 - Forest carbon projects should promote sustainable forest management practices.
 - Forest carbon offsets should be used to supplement, not replace, efforts to reduce greenhouse gases, as well as investment in renewable energy sources; and
 - Efforts should be made to maximise the longevity of forest carbon sequestration and avoidance projects, while recognising that temporary emission reductions are significant (allowing time for investment and development in renewable energy sources and low-emission technologies).
- We consider the uptake of the ERF Plantation Forestry method has been constrained in its application, at least partially, by the onerous eligibility conditions relating to water interception requirements in locations where average annual rainfall exceeds 600 mm. As noted in the ERF Consultation Paper, plantation forestry and farm forestry projects in locations where average annual rainfall exceeds 600 mm need to meet conditions that were designed to help manage risks to water availability.
- We acknowledge a recently published study by Forest & Wood Products Australia (FWPA) that reviewed production forest methodologies for the ERF (June 2019). The study included in its recommendations that the "600 mm rainfall limitation rule should be consistently applied to all tree planting projects or it should be removed"¹. The FWPA study acknowledged that all forests planted in high rainfall areas can have adverse impacts for other water users and environmental flows due to the amount of water they intercept. However, the study also observed the regulation is inconsistent in its application across all methods in the ERF scheme, as it does not apply to reforestation projects that are permanent environmental plantings and/or planted forests that address salinity. Such plantings, which must be able to become a forest in order to be eligible, are equally likely to impact water interception and water flow as plantation forests.
- We refer to the findings of this FWPA study, and to IFA/AFG member views on the limited traction of the ERF Plantation Forestry method to date, and we concur the 600 mm rainfall limitation rule should be removed or changed to streamline the method and remove unnecessary constraints on forestry investment.
- In relation to the consideration of declaring exempt regions by notifiable instrument, and the Department's initial focus on five pilot Regional Forestry Hubs - we acknowledge and welcome the intent to further streamline the registration process for projects in these major hubs, subject to the policy principles and controls referred to earlier in this submission. However, we note there may be other hubs that are looking to increase their plantation base, and we consider it important that other hubs outside the five pilot hubs are not unfairly delayed in addressing registration requirements relative to the pathway for the pilot hubs.

¹ Smith, H. & Ximenes, F (2019) *Production Forest Methodologies for the Emissions Reduction Fund*. Report prepared for Forest & Wood Products Australia, PNC354-1415, published June 2019.

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With that consideration, we recommend the Department ensure that exempt region declarations can be rolled out for all designed Regional Forestry Hubs as quickly as possible, with or without a pilot testing phase to the process.

- In relation to the proposed amendment to enable project proponents to cease or avoid harvesting of a plantation, we consider this would remove an unnecessary constraint on prospective proponents, without unduly unwinding other eligibility requirements and compliance controls to minimise the risks of perverse outcomes from ERF funding allocations. We highlight again the IFA's policy guidance on forests and climate change mitigation; specifically, that forest carbon projects should promote sustainable forest management practices and efforts should be made to maximise the longevity of forest carbon sequestration.

Additional issues for consideration

While welcoming the proposed amendments as a means of reducing regulatory burden under the ERF, the IFA/AFG would like to flag one further issue of concern in relation to undue constraints on the development of plantation forestry and farm forestry under the ERF. This issue relates to inconsistency across the ERF methods in respect to the applicability of a provision for the Minister of Agriculture to assess whether the project will have an undesirable impact on agricultural production, and if so, to deem the project ineligible.

The FWPA study on production forest methodologies for the ERF, published in 2019, raised this same issue, among others. The IFA/AFG considers this to be the next most prospective aspect for regulatory review and potential changes.

To confirm our understanding of this regulatory aspect – the Australian Government Minister for Agriculture has a role to assess whether proposed projects under the Plantation Forestry method would lead to an undesirable impact on agricultural production in the region where the project would be located. Proponents who intend to apply for either a new plantation forestry project (including a new project under the measurement-based methods for farm forest plantations) or an expansion of an existing plantation forestry project are required to submit an ERF plantation forestry notification by email to the (now) Department of Agriculture, Water and the Environment, so that an assessment of the impact on agricultural production can be made². ERF projects based on conversion from short- to long-rotation plantations are not required to make such a notification.

As noted in the FWPA study, the regulation is inconsistent in its application across all methods in the scheme³. For example, it does not apply to reforestation projects that are permanent environmental plantings or projects that result in the regrowth of forest through changes to agricultural practices.

While in some cases projects may result in the conversion of agricultural land to plantation, the IFA/AFG considers that over the broader landscape, primary production will be maintained and with it the other socio-economic benefits that do not arise from conversion to permanent plantings or native forest that cannot be harvested. It is therefore unreasonable that plantation forestry projects should be subject to a specific assessment that is not applied to all land sector methods that may impact overall agricultural productivity. We therefore recommend the Department review the application of the Ministerial assessment of undesirable impacts on agricultural production, with a view to it being applied consistently across all ERF methods resulting in a change in land use.

² Climate Policy Section (2017) *Emissions Reduction Fund Plantation Forestry Notification Guidelines: Guidance for Proponents*, Department of Agriculture and Water Resources, Canberra, August. CC BY 4.0.

³ Smith, H. & Ximenes, F (2019) *ibid*.

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Conclusions

In summary, the key messages from our submission are:

1. The IFA/AFG would welcome both the proposed amendments in the ERF Consultation Paper.
2. Regarding the consideration of declaring exempt regions by means of a notifiable instrument, we recommend the Department ensure that exempt region declarations can be rolled out for all designed Regional Forestry Hubs as quickly as possible, with or without a pilot testing phase to the process.
3. We recommend the Department review the application of the Ministerial assessment of undesirable impacts on agricultural production, with a view to it being applied consistently across all ERF methods resulting in a change in land use.
4. We would welcome further engagement with the Department on the design of regulations applying to forestry projects and would be happy to discuss further our relevant policy positions, including positions on plantations and water regulations and forests and climate change mitigation.

Further comment and contacts

If you have any further queries on this submission, please contact the IFA/AFG office on (03) 9695 8940.

We look forward to further contact on this matter and request the Department keep us informed of further developments in relation to the proposed amendments; particularly in relation to any subsequent or additional changes to be made to the Regulations.

Yours sincerely



Jacquie Martin
Chief Executive Officer

THE INSTITUTE OF FORESTERS OF AUSTRALIA
Incorporating AUSTRALIAN FOREST GROWERS
GPO Box 1272, Melbourne, Victoria 3001
P: 03 9695 8940
E: ceo@forestry.org.au
W: www.forestry.org.au
ABN: 48 083 197 586
