

## Submission Cover Sheet:

Submission to Private Native Forestry Review 2018

### Contact Details

<b>Name of Author:</b>	Janice Baird
<b>Address:</b>	[REDACTED]
<b>Phone number:</b>	[REDACTED]
<b>Email:</b>	[REDACTED]
<b>Date:</b>	15 February 2019

15 February 2018

Private Native Forestry Review  
Locked Bay 6013  
Orange NSW 2800  
Via Email: [pnf.info@lls.nsw.gov.au](mailto:pnf.info@lls.nsw.gov.au)

Dear Sir/Madam

### **Public Consultation on the Private Native Forestry Review 2018**

I would like to thank the NSW Government for consulting the public on the policy and regulatory framework in relation to private native forestry (PNF Review).

The scope of the PNF Review encompasses the development of PNF Codes of Practices and, on a broader level, the PNF system. I have read the submission made by NSW EDO on the PNF Review, which addresses the Terms of Reference (TOR), regulatory settings for PNF and PNF Codes of Practice and agree with their views and recommendations, which are set out in Schedule 1 to this submission. I also agree with recommendations made by NSW EDO on the Forestry Legislation Bill 2018 as they apply to the current PNF legislative regime. These are set out in Schedule 2 to this submission.

The TOR provides that PNF regulatory settings are to be reviewed in the context of the NSW Forestry Industry Roadmap (Roadmap), which was released in 2016. The Roadmap adopts a triple bottom line approach to social, environmental and economic sustainability and sets out for priority pillars as follows:

1. Regulatory modernisation and environmental sustainability;
2. Balancing supply and demand;
3. Community understanding and confidence; and
4. Industry innovation and new markets.

In the Roadmap, the NSW Government notes that the carbon market presents challenges and opportunities for NSW. It plans to achieve priority pillar four by asking the NSW Forest Industries Taskforce to identify opportunities and make recommendations in relation to:

- a plan to foster innovation and entrepreneurship;
- identifying new markets for forests products with a focus on the low carbon economy; and
- working with planning and construction sectors to promote NSW timber building products.

This submission focuses on the ability of the PNF regulatory settings to achieve the fourth pillar of the Roadmap – industry innovation and new markets. In my view, the PNF regulatory and policy framework should support the ability of the forest industry to plan for, participate in and take advantage of emerging domestic and international carbon markets. Given that the forestry sector’s ability to access carbon markets depends on the Australian Clean Energy Regulator issuing Australian Carbon Credit Units (ACCUs) for greenhouse gas abatement projects,<sup>1</sup> it is critical that the PNF regulatory settings are consistent with federal legislative requirements to reduce regulatory burden on landowners and to enable them to quickly respond to market developments. Recognising that the forestry industry will be competing on a global level with other providers of carbon offsets, it is important that the offsets are of high quality. This will require robust and transparent legislative regime for the reporting of forestry operations.

---

<sup>1</sup> Australian Government Clean Energy Regulator, *Australian Carbon Credit Units* (15 December 2017) <[www.cleanenergyregulator.gov.au/OSR/ANREU/types-of-emissions-units/australian-carbon-credit-units](http://www.cleanenergyregulator.gov.au/OSR/ANREU/types-of-emissions-units/australian-carbon-credit-units)>

## 1. Australian carbon markets

The *Carbon Credits (Carbon Farming Initiative—Plantation Forestry) Methodology Determination 2017* (Cth) (the Determination) provides a mechanism for ACCUs to be generated through:

- the establishment of new plantation forests; and
- increasing sequestration in existing estates by transitioning from short-rotation plantation forests to long-rotation plantation forests.

Each ACCU issued represents one tonne of carbon dioxide equivalent (tCO<sub>2</sub>-e) stored or avoided by a project. ACCUs are primarily sold to the Australian Government under the Emissions Reduction Fund (ERF).<sup>2</sup> They are also sold by liable entities to meet obligations under the safeguard mechanisms under the *National Greenhouse Gas and Energy Reporting Act 2007* (Cth) (NGER Act), to meet State and Territory policy commitments and traded in voluntary carbon markets.

Demand for ACCUs is projected to increase in the future. The difference between Australia's emissions trajectory and its target of reducing greenhouse gas emissions by 26-28% below 2050 levels by 2030<sup>3</sup> could leave a shortfall of three to four times the magnitude of ACCUs issued in Australia. This could represent up to \$1.7 billion to the Australian offset industry.<sup>4</sup>

---

<sup>2</sup> For average ACCU prices and the total volume of ACCUs sold under the ERF, see Australian Government Clean Energy Regulator, *ACCU Market Update – December 2018* (20 December 2018) <http://www.cleanenergyregulator.gov.au/Infohub/Markets/buying-accus/australian-carbon-credit-unit-market-updates/december-2018>

<sup>3</sup> Climate Action Tracker, *Australia Country Summary* <<https://climateactiontracker.org/countries/australia/>>

<sup>4</sup> Department of Environment and Heritage Protection, *Global Carbon Offsets Market Analysis* (15 July 2017) <[www.qld.gov.au/\\_\\_data/assets/pdf\\_file/0029/67925/global-offset-markets-analysis-report.pdf](http://www.qld.gov.au/__data/assets/pdf_file/0029/67925/global-offset-markets-analysis-report.pdf)>

## 2. Compliance markets for carbon offsets

The World Bank estimates that carbon price and tax schemes generated approximately US\$33 billion in revenue for Governments in 2017 and US\$82 billion to global economies in 2018 (almost AU\$46bn and \$115bn respectively).<sup>5</sup> Global demand for high quality carbon offsets is projected to increase with the following developments in new compliance markets:

- the emergence new domestic carbon pricing schemes;
- international trading of offsets under the Paris Agreement; and
- the aviation industry's carbon offset scheme (CORSIA).

## 3. Recommendations

**Recommendation 1:** Require Local Land Services to provide landholders information on how to generate ACCUs from their forestry operations.

**Recommendation 2:** The NSW Government should consult the Clean Energy Regulator to develop a strategy to align the PNF legislative and policy framework with Determination to enable ACCUs to be issued in relation to eligible NSW forestry operations.

**Recommendation 3:** The NSW Government should work with the Department of the Environment to develop a plan to enhance co-benefits of proposed project activities such as biodiversity or habitat protection. Co-benefits enhance the ability of ACCUs to be sold on the voluntary carbon market and offset pricing.<sup>6</sup>

---

<sup>5</sup> World Bank, *State and Trends in Carbon Pricing 2018* (May 2018) <<https://openknowledge.worldbank.org/bitstream/handle/10986/29687/9781464812927.pdf?sequence=5&isAllowed=y>>

<sup>6</sup> Forest Trends Ecosystem Marketplace, *Unlocking potential state of the voluntary carbon markets 2017* (May 2017) <[www.forest-trends.org/wp-content/uploads/2017/07/doc\\_5591.pdf](http://www.forest-trends.org/wp-content/uploads/2017/07/doc_5591.pdf)>

**Recommendation 4:** Align PNF reporting requirements with information required by the Determination. In particular, require records to be kept of management actions and sivicultural activities.

**Recommendation 5:** Formalise reporting requirements in PNF Codes in the *Local Land Services Act 2013* (NSW) and require such reports to be made public.

## **Schedule 1: Recommendations of NSW EDO in response to the PNF Review**

Recommendation 1: Make all public submissions in response to the PNF TORs publically available, prior to the next round of consultation.

Recommendation 2: Provide a public statement of how public submissions have been taken into consideration.

Recommendation 3: In addition to conducting public consultation on draft PNF Codes, provide the opportunity for public comment on any additional proposed changes to the PNF regulatory framework, including proposed legislative changes.

Recommendation 4: The Minister for the Environment should be responsible for PNF, or at the very least have primary responsibility for making PNF Codes of Practice and approving PNF plans.

Recommendation 5: Require PNF Codes to be consistent with the objects for PNF.

Recommendation 6: Require consideration to be given to whether PNF plans are consistent with the PNF objects before plans are approved.

Recommendation 7: Require the PNF objects to protect biodiversity and water quality and soil quality; and define biodiversity.

Recommendation 8: Add an additional PNF object “to ensure the contribution of native forests to sustainable global carbon cycles”.

Recommendation 9: Exclude PNF from all environmentally sensitive land (for example all threatened ecological communities, and category 2-sensitive and category 2-vulnerable land).

Recommendation 10: Extend the public consultation period on draft PNF codes to a minimum of three months.

Recommendation 11: Require the Minister to make all submissions made on the draft code publically available.

Recommendation 12: Require further public consultation on substantial changes to draft Codes following initial public consultation.

Recommendation 13: Remove provisions specifying that failure to comply with the requirements for public consultation on draft codes does not prevent codes from being made or invalidate the code once made.

Recommendation 14: Require draft PNF Codes to be informed by a peer review by eminent ecologists to ensure biodiversity, water quality, threatened species, soil and carbon stores are protected, and make the peer review publically available.

Recommendation 15: Require public consultation on draft PNF plans prior to approval.

Recommendation 16: Require all approved PNF plans to be contained in a public register.

Recommendation 17: Formalise a process for monitoring PNF operations, including an assessment of the cumulative impacts of PNF on environmental assets over time.

Recommendation 18: Formalise reporting processes in legislation and require reports to be made public.

Recommendation 19: PNF codes must provide clear, robust standards based on the best- available science, and protect all environmentally sensitive land from logging.

Recommendation 20: Maintain approval requirements for all scales of PNF.

Recommendation 21: Ensure ecological prescriptions are comprehensive and include all relevant threatened species.

Recommendation 22: Consider including habitat-based prescriptions in the codes.

Recommendation 23: Require site threatened species and habit surveys to be carried out by an accredited ecologist before logging operations can occur.

Recommendation 24: If retained, minor variation provisions must include additional requirements that improve transparency and accountability, for example a publically available statement of reasons for allowing the variation.

Recommendation 25: PNF codes should address and provide adequate protections for koala habitat, and unmapped drainage lines, and address the spread of bell minor associated dieback and commercial firewood collection.

## **Schedule Two - Recommendations of NSW EDO in response to the Forestry Legislation Amendment Bill 2018**

**Recommendation 11.** Require the regulatory authority to establish a monitoring and reporting program to assess the cumulative impacts of PNF on environmental assets over time.

**Recommendation 12.** Clarify that PNF is not to be permitted in Environmental Zones – particularly where a Local Environmental Plan prohibits forestry (explicitly or implicitly).

**Recommendation 13.** Consider explicitly excluding PNF Codes from rural areas mapped as 'category 2 - sensitive' and 'category 2 - vulnerable' lands (also under s. 60ZS of the Bill). Sensitive lands include critically endangered plants and ecological communities, 'core' koala habitat and Ramsar-listed wetlands. Vulnerable lands include steep slopes, highly erodible soils and protected riparian areas. While some exclusions apply under PNF Codes themselves, those Codes will soon be reviewed, and were made prior to the native vegetation reforms in the LLS Act.