



Australian
Forest
Products
Association

AUSTRALIAN FOREST PRODUCTS ASSOCIATION

Submission on Review of international
offsets

April 2022



11 April 2022

Climate Change Authority
via email - enquiries@climatechangeauthority.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: Review of international offsets

The Australian Forest Products Association (AFPA) welcomes the opportunity to provide feedback on the Climate Change Authority's review of international offsets.

These comments are general in nature addressing the use of international offsets in Australia's transition to net zero by 2050 and associated opportunities and risks.

AFPA Submission Summary

- International offset schemes must build markets with high ambition and integrity
- Standards and guidelines need to drive genuine emission reductions with corresponding carbon adjustments with host countries
- The rise of nature-based sequestration is recognised as growing in demand for premium carbon credits, including sustainable forestry to meet future demands of forest products, reducing embodied carbon in the built environment, avoiding emissions by displacing plastics and increasing the use of bioenergy
- International carbon offsets schemes must ensure safeguards such as free, prior, and informed consent to prevent unintended negative impacts on native landowners
- International carbon offset schemes must not disadvantage Australian forest industries which are able to meet integrity principles and can contribute to co-benefits including, increasing sustainable forestry, creating local regional jobs and preserving habitat corridors
- International carbon offsets schemes must not disadvantage Australian farmers seeking to participate in farm forestry opportunities which provide ongoing economic and environmental benefits to the Australian Government through the provision of amenity, carbon sequestration, shade for livestock, the protection of crops and waterways and the control of salinity and soil erosion.
- Robust domestic carbon offset schemes must continue to be developed in Australia as a means for current and future governments to meet their Paris Agreement obligations via Nationally Determined Contributions (NDCs)

AFPA supports the development of international carbon offset schemes that build voluntary carbon markets with higher ambition and integrity. International offset carbon credits must

face the same scrutiny projects within Australia face and should allow for both the purchase and selling of carbon credits between bilateral and multilateral arrangements.

The Australian Government must ensure that international offset schemes are designed using Article 6 high level principles and standards framework for international carbon markets. Internationally transferred mitigation outcomes (ITMOs) must not be doubled counted and will be subject to transparent reporting requirements with regular independent expert review.

AFPA, strongly believes that there is a significant opportunity for the Government to increase Emissions Reduction Fund (ERF) participation by the forest industry which in turn will increase long-term carbon abatement and associated regional economic growth. The forest industry contributes several co-benefits consistent with sustainable development objectives.¹

Whilst AFPA supports the development of international offset schemes, carbon credits should not come at the expense of Australian industries doing more to both increase sequestration and reduction or avoidance of carbon within Australia. Australia's forest industries can do more both in terms of sequestering more carbon and reducing embodied carbon in the built environment.² However, a key barrier to achieving a better outcome for Australia with regards to reducing carbon emissions is the decline of new plantation plantings within Australia.

According to the recent ABARES *Australian plantation statistic and log availability report*, Australia's commercial plantation area has declined by 10 per cent since 2014-15³.

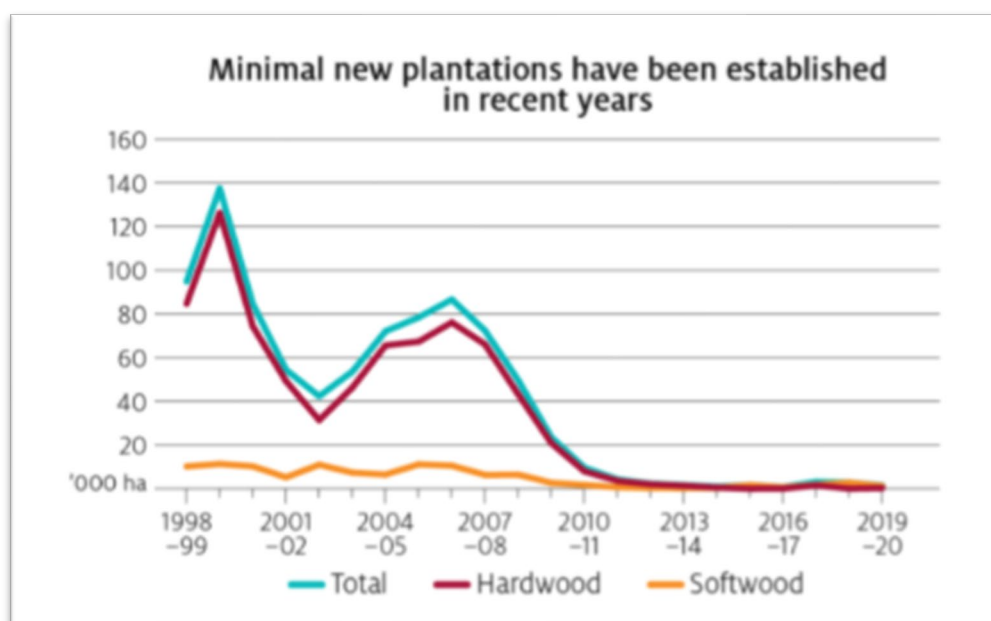


Figure 3 – New plantation establishment – ABARES Australian plantation statistics and log availability report, pg 13 Furthermore, the current ERF excluded offsets projects list exacerbates the lack of new production tree plantings. It is not necessary to regulate new production tree plantations through the excluded offsets projects – specified tree planting regulations, as existing

¹ <https://www.responsiblewood.org.au/what-we-do/sustainable-development-goals/>

² <https://www.cefc.com.au/media/ovrkk513/australian-buildings-and-infrastructure-opportunities-for-cutting-embodied-carbon.pdf>

³ <https://www.awe.gov.au/abares/research-topics/forests/forest-economics/plantation-and-log-supply>

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 operate⁴.

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. 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*⁵. 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.

The scale and magnitude of carbon offsets that will be required by many hard to abate Australian industries should not drive unintended consequences whereby cheap carbon offsets negate stronger ambition by private companies. International offset schemes must safeguard landholders from perverse negative outcomes for native landholders. Australia's emission reduction projects are subject to high integrity standards and similar safeguards should be embedded in future international offset schemes.

Thank you for providing AFPA with the opportunity to provide feedback on the Climate Change Authority's review of international offsets, if you have any queries regarding this submission, please contact Natasa Sikman, Climate Policy Manager via email natasa.sikman@ausfpa.com.au

⁴ <https://ausfpa.com.au/wp-content/uploads/2021/09/Planning-and-approvals-requirements-for-new-plantations-in-Australia.pdf>

⁵ <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.>



**Australian
Forest
Products
Association**

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.