

AUSTRALIAN FOREST PRODUCTS ASSOCIATION (AFPA) COMMENT ON THE CLIMATE CHANGE AUTHORITY (CCA) RENEWABLE ENERGY TARGET DISCUSSION PAPER

NOVEMBER 2012

The Australian Forest Products Association (AFPA) welcomes the opportunity to comment on the Climate Change Authority (CCA) Renewable Energy Target (RET) Discussion Paper (Discussion Paper).

AFPA is the peak representative body for Australia's forest, wood and paper products industries. We represent the industries' interests to governments, the general public and other stakeholders on matters relating to the sustainable development and use of Australia's forest, wood and paper products. This submission from AFPA is made on behalf of industry, and builds on previous industry engagement with the Government on the RET including all the recommendations made in our submission to the previous Issues Paper.

Notwithstanding our comments on other issues with respect to the RET which require further consideration, we would like to draw your attention to one specific issue in this supplementary submission related to the eligibility and use of sustainably sourced native forest biomass for renewable energy under the RET.

SPECIFIC COMMENT ON DRAFT RECOMMENDATION 24 (Page 126)

AFPA objects to the draft recommendation 24 (on page 126) '*The preliminary view of the Authority is that without a clear process for ensuring that inclusion of wood waste from native forests would be ecologically sustainable that it should not be reintroduced to the RET*'. AFPA believes that the CCA has provided no objective data or evidence based information to support this recommendation.

AFPA firstly reiterates:

AFPA again strongly urges the RET should be amended to recognise legitimate sources of renewable energy including the recognition of biomass sourced from sustainably managed natural forests. Specifically, the relatively recent exclusion of sustainably managed natural forest biomass residues from the RET should be rescinded. The objective of the RET is to create a guaranteed market for renewable energy therefore it should provide opportunities for all renewable energy sources, including sustainably managed natural forest biomass. This approach is consistent with the objects of the REE Act 2000.

The exclusion of biomass from sustainably managed natural forests from the RET will significantly obstruct this objective and is conceptually flawed because:

- *it was based on a mistaken assumption that the combined incentives of a carbon price and the RET would see an increased use of native forests for energy, which is not substantiated. Waste is defined as a by-product of normal forestry operations, which are primarily for integrated sawlog and pulpwood production and incentives for energy generation will not replace these higher value market drivers;*
- *it is inconsistent with the international science of the carbon neutrality of biomass;*
- *it is counter-intuitive to, and inconsistent with, accepted, evidence-based international practice for achieving emissions reductions from biomass at low cost (e.g. in Europe a large proportion of biomass energy is sourced from sustainably managed natural forests and plantations);*
- *it places local wood based businesses at a competitive disadvantage compared with other renewable energy sources in Australia and with many overseas suppliers who have favourable bioenergy incentives; and*
- *it ignores the extensive regulatory and policy framework for natural forests management in Australia, including State and Crown legislative environmental controls and codes of practice, as well as voluntary certification systems.*

Sustainability

The exclusion of native forest biomass from the RET is based on a flawed premise. AFPA rejects the argument that biodiversity of natural forests will be put at risk by policy incentives such as the RET. Biodiversity is a central focus of a range of regulatory tools that provide a framework for sustainable forest management in Australia, including through the National Forest Policy Statement (1992), an overarching policy framework for the sustainable management and conservation of forests. An important component of the national policy framework has been the development and implementation of the Regional Forest Agreements (RFAs). The RFAs are Commonwealth/State 20-year agreements underpinning regional approaches to biodiversity, conservation and sustainable production from natural forests. The RFAs are supported by the Australian Government as a sound basis for providing wood production and environmental outcomes. The RFA process also reviewed and endorsed the various forestry codes of practices applying to harvesting areas, taking into account biodiversity, water and soil values.

It is also important to put the historical development and purpose of the RFAs into context. These agreements were put in place to: (a) resolve long standing native forest land use conflicts between state and federal governments through agreed 20 year commitments; (b) improve the national reserve system and conservation outcomes through the addition of significant forest areas to the comprehensive, adequate and representative (CAR) forest reserve system; (c) evaluate and accredit state based ecologically sustainable management systems in multiple-use areas available for wood production; and (d) provide for long term investment and certainty in the forest industry.

Such ambitious and worthwhile goals were achieved at substantial cost, including the significant investment in scientific studies and ecosystem mapping that shaped the agreements and provided for environmental protection and biodiversity conservation measures, including the listing of priority threatened species and ecological communities within each RFA region and measures to protect them. The extensive nature of the assessments is reflected in the very definition of an RFA under the Act:

"RFA" or Regional Forest Agreement means an agreement that is in force between the Commonwealth and a State in respect of a region or regions, being an agreement that satisfies all the following conditions:

- (a) the agreement was entered into having regard to assessments of the following matters that are relevant to the region or regions:

 - (i) environmental values, including old growth, wilderness, endangered species, national estate values and world heritage values;*
 - (ii) indigenous heritage values;*
 - (iii) economic values of forested areas and forest industries;*
 - (iv) social values (including community needs);*
 - (v) principles of ecologically sustainable management;**
- (b) the agreement provides for a comprehensive, adequate and representative reserve system;*
- (c) the agreement provides for the ecologically sustainable management and use of forested areas in the region or regions;*
- (d) the agreement is expressed to be for the purpose of providing long-term stability of forests and forest industries;*
- (e) the agreement is expressed to be a Regional Forest Agreement.*

In addition to regulation and mandatory State-based codes of practice, it is common amongst Australian forest growers to be certified through independent schemes promoting sustainable forest management practices (such as the Australian Forestry Standard and the Forest Stewardship Council). These internationally recognised certification standards are rigorously implemented and monitored, and include provisions to promote environmental and social values, including biodiversity. With this exclusion, the Government is implying that these regulatory and certification tools are not achieving their goals of maintaining environmental values in sustainably managed forests, which is manifestly untrue.

Further detail on the regulatory and voluntary certification framework for sustainable forest management in Australia is provided in **Attachment 1**.

The fact that Australian forests are managed to the highest levels of sustainable forest management is supported by the independent 2009 Indufor Oy study which notes that

" ... Canada (B.C., Ontario) and Australia (New South Wales) are the countries with the most comprehensive legislation adequately addressing all of the sustainable forest management elements. The scope of the Australian legislation is the broadest, with its inclusion of provisions for all studied elements."¹

¹ Indufor Oy (2009). Comparison of Selected Forest Certification Standards - Final Report for Forest Products Association of Canada (FPAC) and Forestry Innovation Investment (FII) Ltd, July 3, 2009.

Carbon mitigation implications

It is also worth noting that this exclusion from the RET can effectively inhibit a broader range of mitigation pathways. For example, recent research by the NSW Department of Primary Industries² has shown that managed forests in coastal NSW can produce greater carbon abatement benefits compared with reserved forests over the longer term, given their multiple abatement pathways.

These pathways include:

- the carbon stored in a growing forest;
- the carbon stored in wood and paper products throughout their lifecycle (including recycling and landfills);
- the substitution of higher emission materials such as steel and concrete with wood products; and
- the use of residual biomass for renewable energy (thereby displacing use of fossil fuels).

Importantly, Ximenes *et al* (2012)³ noted that '*native forests managed for production provide the greatest ongoing greenhouse gas benefits, ... Thus native forests could play a significant part in climate change mitigation, particularly when sustainably managed for production of wood and non-wood products including biomass for bioenergy.*'

This is supported by the Intergovernmental Panel on Climate Change (IPCC) in its 2007 Fourth Assessment Report, where it states:

*"...a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fiber, or energy from the forest, will generate the largest sustained mitigation benefit."*⁴

Discussion Paper

The Discussion Paper notes that during the 2003 MRET review the decision was made to leave wood waste from native forests in the RET, because '*there was no compelling evidence that it would alter forest management practices or accelerate the growth of logging*'.

AFPA would argue that this is still the case, given:

- an acknowledgement that the exclusion was a politically negotiated outcome from the Multi-Party Climate Change Committee (MPCCC) rather than a scientific outcome;
- the fact that the regulations had already existed since 2003 with no documented evidence of perverse impacts on biodiversity;

² Ximenes *et al* (2012). Greenhouse gas balance of native forests in New South Wales, Australia, *Forests* 2012: 653-683.

³ Ximenes *et al* (2102). 'Greenhouse Gas Balance of Native Forests in New South Wales' in *Forests*, 2012, 3.

⁴ See http://www.ipcc.ch/publications_and_data/ar4/wg3/en/contents.html

- the fact that the regulations already defined wood waste as a by-product of harvesting operations producing higher value products such as sawlogs and pulplogs, thereby maintaining these other products as the main commercial drivers; and
- the stringent regulatory framework for sustainable forest management in Australia (refer attachment).

Hence, the assertion in the Discussion Paper (on page 126) that *'a robust process would need to be re-introduced to ensure it was an ecologically sustainable source of renewable energy'* is fundamentally flawed. The evidence that this activity is sustainable already exists and is supported by the extensive regulatory framework in Australia, underpinned by long-term scientific research and adaptive environmental management systems.

AFPA seriously questions the need for an additional 'robust process' encapsulated in the RET. It would merely duplicate the regulations, codes of practice and land use planning processes (e.g. RFAs) that already exist.

Conclusion

AFPA is concerned by the apparent lack of recognition by the CCA of the regulatory framework underpinning sustainable forest management for native forests in Australia. The mere fact that this is portrayed as a *'contentious issue'* by some stakeholders without supporting evidence should not be the basis for banning a significant low cost opportunity for renewable biomass. The harvesting of native forests in Australia is supported by an existing regulatory framework that is internationally recognised as world's best practice.

AFPA strongly argues there is an overwhelming case to amend the RET to include native forest biomass from sustainably managed forests as per the previous regulations.

Attachment - Regulatory and voluntary certification framework for sustainable forest management in Australia

The management framework and strategies applied to the sustainable management of native forests for wood production is comprehensive at a federal and state level and recognises the regional scale and significance of habitat requirements for endemic species. It includes:

- the national forest policy framework – Australia’s 1992 National Forest Policy Statement (NFPS) – which provides an overarching policy framework for the conservation and sustainable management of all forests;
- the Regional Forest Agreements (RFAs) – Commonwealth/State 20 year agreements underpinning regional approaches to conservation needs and sustainable production from native forests, primarily through:
 - o the establishment of the comprehensive, adequate and representative (CAR) forest reserve system of formally protected areas (i.e. national parks) based on regional conservation planning criterion;
 - o accreditation of state level ecologically sustainable forest management (ESFM) principles, regulatory codes of practice and ESFM plans in multiple-use forest areas where timber harvesting may be permitted. These codes and plans, include:
 - protected areas through additional flora and fauna reserves and forest zones as part of an adaptive management system in multiple-use forests - timber harvesting is excluded in these areas where there is an identified need (e.g. high quality habitat for endangered species);
 - requirements for pre-harvesting flora and fauna surveys and exclusion zones (e.g. if evidence of koalas have been or are present in areas intended for harvest then mandatory exclusion zones are required);
 - the use of environmental management systems (EMS) by forest management agencies that are typically certified to international standards (ISO 14001) for the ongoing monitoring, reporting and implementation of best standards practice; and
 - regulatory codes of practice for the retention of identified habitat elements (e.g. understory species) and habitat trees in forest patches (e.g. hollow bearing trees) where timber harvesting actually takes place (in NSW for example, 20 hollow bearing trees are required to be retained per 20 hectare area of harvested forest).

In addition to these legislative and regulatory requirements, the forest industry has a high level of participation in voluntary sustainable forest management and chain of custody certification schemes that are internationally recognised. These schemes are designed to maintain a broad suite of socio-economic and environmental values through a credible process of planning, monitoring and third party (accredited certifier) auditing.

The following excerpt from the Australian Bureau of Agricultural and Resource Economics and Sciences (2011) provides further detail:

Several private organisations conduct forest and chain of custody certification in Australia. They use standards set by either the Australian Forest Certification Scheme (AFCS) or the Forest Stewardship Council (FSC) scheme. The AFCS uses the Australian Forestry Standard, which was developed through a nation-wide process involving representatives of the Australian community, industry and government. The FSC uses a standard that complies with its international 'Principles of Responsible Forest Management'. Both schemes issue chain-of-custody certificates that identify and track certified wood and wood products through the supply chain. The area of certified forest and plantation in Australia has grown to about 10.4 million hectares. This includes most of the native forests managed for timber production. About 80 per cent of Australia's certified forest area is native forest and about 85 per cent of Australia's certified forest area is publicly owned.

In addition to certification, multiple-use public forests and private forests are managed in accordance with codes of practice. Many forest managers use environmental management systems (EMS) that are certified independently to an ISO standard. Public forest management agencies with certified EMS in place include Forests NSW, Forestry SA, Queensland's Department of Environment and Resource Management (Forest Products), Western Australia's Forest Products Commission, Victoria's Department of Sustainability and Environment, and Forestry Tasmania. Several large private forestry enterprises also have EMS.

(ABARES 2011, Australia's forests at a glance 2011: with data to 2009-10, pp. 36-37).

Consequently, sustainable forest land use and timber harvesting activities is supported by a broad regulatory and voluntary framework that is specific to the circumstances of each region. In New South Wales, for example, the following regulatory approach is taken with respect to species conservation:

In New South Wales forestry operations are required to comply with three legislative acts: the Protection of the Environment Operations Act 1997, the Threatened Species Conservation Act 1995, and the Fisheries Management Act 1994. In response to these requirements the government licences' forestry activities through Integrated Forestry Operations Approvals (IFOA) which have been developed for four operational units of forestry management: the Upper North East Region, the Lower North East Region, Eden and the Southern Region (Figure 2). In all these agreements every species of conservation significance that does/or may occur in the region is outlined with specific management protocols for assessment and on ground responses to the species presence before and during forestry activities. A multi-catchment survey in NSW supports this localised, catchment approach to the management of koalas, showing that a broad (multi-catchment) approach is not sufficient (Crowther et al.

2009) and a more effective koala management approach should be developed at a catchment scale rather than at a broader region or state level.

(Central Queensland University 2011, Threats to koala populations in south-eastern Australia and the impacts of forestry activities on koalas and their habitat. Report to the National Association of Forest Industries, p 17).