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## **Timber Queensland submission on the proposed NSW carbon method 'Improved Native Forest Management in Multi-Use Public Native Forests'**

### **Background**


Timber Queensland is the peak state body representing the interests of the forest and timber industry supply chain: from forest growers and managers, harvesters and haulers through to processors, manufacturers and fabricators, timber wholesalers and traders. We have a strong objective to pursue research and development, promote the use of renewable timber products in the built environment and work with educators and regulators to maximise the benefits from sustainable forest management including the provision of timber and related ecosystem services.

The Queensland forest and timber industry makes a significant contribution to the state economy, supporting 25,000 direct and indirect jobs as well as contributing \$3.8 billion to the state economy. Many of these jobs are located in rural and regional areas across the state.

Timber Queensland (TQ) is providing this submission in response to the NSW Department of Environment and Heritage call for consultation on the NSW proposed 'Improved Forest Management in Multi-Use Public Native Forest' carbon method (NSW method) under the Emissions Reduction Fund (ERF) scheme.


### **Key points**

1. Timber Queensland regards this method, as proposed by the NSW government, as a deliberate politically motivated attempt to curb sustainable public native forestry activities and to create an opportunity to **misuse** the ERF to separately fund its previously stated goal of creating a Greater Koala national park, despite the myriad of technical and policy flaws associated with the method.
2. Timber Queensland (TQ) has major technical concerns not only with the method as proposed, in terms of failing to meet integrity standards for a robust and verifiable method, but also the process adopted to date could be interpreted as political



intervention through **duplicitous** and coordinated activities between the Australian and NSW Governments on the basis of **known limitations** with the method and truncated consultation periods and a lack of public information disclosure.

3. The fact that this method was initially approved through the Emissions Reduction Assurance Committee (ERAC) expression of interest process (EOI) for further development raises concerns which suggest either a lack of due diligence or expertise on behalf of ERAC, or deliberate political influence in the process.
4. The NSW method poses a significant risk of contributing to lower overall long-term abatement compared to the counterfactual (i.e. sustainable timber harvesting), given the multiple pathways for higher abatement, including:
  - the carbon sequestered in growing and regenerating forests;
  - the carbon stored in harvested wood products;
  - the substitution of high emissions materials (e.g. steel, concrete) with wood and other fibre based products that have low embodied energy;
  - the use of woody biomass for renewable energy (including for power, thermal energy and biofuels), thereby displacing fossil fuels; and
  - recycling and use of products at the end of their service life to extend the abatement benefits of the sector.
5. The ACCU Scheme triage criteria used by the ERAC for method prioritisation provides a clear demonstration of the process shortcomings and failure of the NSW method to address:
  - *scale*: the NSW method is intended to apply to New South Wales, Tasmania and Queensland; we are aware that both the Tasmanian and Queensland Governments have formally written to the Australian Government raising policy concerns with the method including that they do not support its application in these jurisdictions; this makes the NSW method fail the scale test of potential abatement;
  - *complexity*: the NSW method fails to adequately address the complexity of leakage issues and measurement of the counterfactual or baseline of continued sustainable native timber harvesting on public land (which is subject to a broad range of dynamic regulatory and environmental factors);
  - *innovation*: the NSW method fails to incentivise innovation as the only stated purpose is to stop an existing activity; the NSW method fails to take account of the broad opportunities that can exist for the greater use of lower value or wood



waste for bioenergy and other uses as well as reuse and recycling which can increase the storage life of harvested wood products to support a decarbonisation agenda; conversely a method as proposed by Forestry Australia with a broader range of active management activities (e.g. ecological thinning, timber harvest for restoration and enhanced wood productivity etc.) more appropriately captures this innovation (with application across a broader range of public and private land tenures); and

- *adverse impacts*: the NSW method fails to address the likely seriously adverse economic, social and environmental impacts from reducing the size of the native forest products industry, that can include loss of employment, social capital, local economic activity, indigenous forestry opportunities with wood and other commercial products, and the supply of local wood products with high environmental credentials (e.g. compared to overseas imports and risk of illegal logging, poor forest management etc.) to meet building demand.


6. Major technical flaws with the NSW method include:

- a fundamental **disregard** of the available science both within Australia and overseas on the long-term greenhouse gas reduction outcomes from sustainable timber harvesting (on a life cycle basis which adequately deals with leakage), particularly as applied at a landscape scale which is relevant to public native forestry in Australia, as a counterfactual to the NSW method (e.g. any short term forest level emissions are offset by younger growth elsewhere in the managed landscape);
- inappropriate assumptions, statements or carbon accounting constructs in the design of the NSW method, such as:
  - failure to account for genuine abatement within the 15 year crediting period consistent with other relevant methods (e.g. plantation forestry), noting the plantation method appropriately credits abatement based on the difference between the abatement generated within the crediting period and the long term carbon stocks in the reference baseline case;
  - the NSW method ignores post-harvest regrowth and carbon sequestration beyond the 15 year crediting period for the counterfactual, substantially **inflating** the sequestration attributable to non-harvested forest (**this simply ignores reality**);
  - these assumptions or accounting constructs will have a significant impact on the estimated carbon credits from the NSW method, with no logical rationale for their adoption, again highlighting in-built biases in the method design which do not reflect actual carbon dynamics in the forests;

- adoption of only partial accounting in the design of the NSW method, which is a shortcoming as identified by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES 2024) when they state:

*Sustainable wood harvesting in Australia's native forests can help combat climate change. As trees grow, they remove carbon dioxide from the air and release oxygen. Harvested wood products from these forests can store carbon for potentially many decades while newly growing trees in the forest continue to sequester more carbon. Substituting carbon-intensive products such as concrete and steel with sustainably produced wood products, and utilising harvesting residues for bioenergy, can further reduce greenhouse gas (GHG) emissions (Churkin et al. 2020, Ximenes 2023). A study comparing the GHG implications of a 'conservation' (no wood harvesting) forest and a 'production' (with wood harvesting) forest scenario over a 200-year period showed that from 40 years onwards, the 'production' scenario is associated with lower GHG emissions. The benefit becomes more apparent over time as further harvest events occur, allowing for greater long-term carbon storage in the forest and in harvested wood products and increased substitution for more carbon-intensive products (Ximenes et al. 2012, Ximenes 2023). Importantly, given the long timeframes associated with native forest growing cycles, assessment over shorter timeframes can yield different results and only partially account for the sequestration potential of native forest harvesting.*

- inclusion of the highly contested statement: *The literature shows that, in Australian native forests, the avoidance or deferral of harvesting in public forest estates is likely to lead to significant greenhouse gas abatement*
  - this statement is either deliberately misleading, or shows a disregard for the contested scientific literature in the Australian context;
  - the literature is increasingly pointing to the importance of life cycle assessments and scope for carbon abatement outcomes from actively managed forests with sustainable timber harvesting compared to non-harvested forests;
- failure to address the integrity standards outlined by the ERAC, including (not an exhaustive list): additionality; measurable and verifiable; and evidence based requirements;
  - **additionality**: notwithstanding the likely perverse impacts of the method compared to the counterfactual, the NSW Government has already publicly committed itself to the creation of a Great Koala national park **violating the principle of additionality** should they wish to use these carbon credits for this purpose; other state jurisdictions have also made policy decisions to cease



timber harvesting in parts of the public multiple-use native forests over the past few decades in the absence of a carbon market, these decisions have occurred historically without a carbon incentive; and any use of carbon credits for ceasing harvesting in the public native forest estate raises serious integrity issues as these policy decisions are **demonstrably common practice**;

- *measurable and verifiable*: the documentation provided to describe the method is grossly inadequate in terms of providing sufficient verifiable data and the rationale for many of the biased assumptions used, including failure to address the use of arbitrary and unsubstantiated leakage factors and key limitations in the use of FullCam which provide a favourable bias to the NSW method compared to the counterfactual;
- *evidence based requirements*: the large volume of evidence, including disputed science in the literature, suggest that the NSW method is contested and highly speculative as to its actual carbon abatement realisation and therefore should not proceed; this represents reputational risk to the ERF scheme and Australian carbon market more generally;
- failure to adequately account for indirect leakage in terms of the sourcing of hardwood timber from other forests (e.g. imported tropical hardwoods with lower environmental safeguards) to meet ongoing demand if the NSW method were adopted;
- failure to adequately account for indirect leakage in the NSW method in terms of the forgone substitution of downstream harvested wood products with higher emissions materials such as steel and concrete in the built environment; and
- significant FullCam biases, which include:
  - overestimating the carbon storage of mature trees by failing to account for decay as trees age in non-harvested forests;
  - overestimation of the rate of decay of coarse dead roots, thereby discounting their carbon storage potential in harvested forests;
  - underestimation of the proportion of biomass allocated to the woody components (e.g. stems) of trees in harvested forests, which overestimates the forest carbon residues that will decay following harvest; and
  - overestimation of the decay of wood products deposited in landfill, contrary to the science on their long-term storage in Australian landfills.




7. Other key public policy issues include:

- a high risk for unnecessary and perverse economic and social impacts to the existing native forest wood products and timber industry in Australia, which provides essential building materials to meet local housing and construction demand;
- a failure to recognise ongoing high demand for housing and building needs and future Federal and State Government housing targets, and the role of the local native hardwood industry for regional employment, economic activity and wood supply to support these targets;
- market failure by promoting a method at the expense of more expansive and holistic native forestry methods that can more appropriately incentivise sustainable forest management with multiple carbon, wood supply and environmental outcomes, such as the method proposed by Forestry Australia which more accurately reflects the available science (noting this method was **not prioritised** for further development during the ERAC EOI process);
- prior knowledge within the NSW and Australian Government Departments of the limited scope of modelled carbon abatement impacts from the NSW method when wood product substitution is included, and known biases in the FullCam model that underestimate the greenhouse gas reductions from the counterfactual;
  - this includes research comparing the cessation of harvesting with continued native forestry operations in public forests across multiple state jurisdictions partly funded by Forest and Wood Products Australia, with preliminary findings shared with Government and industry since 2023;
- clear recognition by international agencies, including the Intergovernmental Panel on Climate Change (IPCC), Food and Agriculture Organization (FAO) and United Nations Economic Commission for Europe (UNECE), on the role that sustainable management of forests for timber production can play in greenhouse gas reductions, such as:

*In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fibre or energy from the forest, will generate the largest sustained mitigation benefit (IPCC Fourth Assessment Report 2007).*

*The use of wood helps mitigate climate change in many ways. Innovative and sustainably produced wood products, when coupled with sustainable forest management, can 'build the future' and contribute to the achievement of the Sustainable Development Goals (UNECE, accessed 09.07.25. <https://unece.org/unece-and-sdgs/enhancing-contributions-forests-climate-change-adaptation-and-mitigation>).*



*Forests and forest products have a key role to play in mitigation and adaptation, not only because of their double role as sink and source of emissions, but also through the potential for wider use of wood products to displace more fossil fuel intense products. Indeed, a virtuous cycle can be enacted in which forests increase removals of carbon from the atmosphere while sustainable forest management and forest products contribute to enhanced livelihoods and a lower carbon footprint (FAO 2016).*

## **Recommendations**

Based on the points and issues raised in this submission, we recommend that:

- this method should be withdrawn immediately from the ERAC process;
- an **independent public inquiry** be conducted into the NSW Government in terms of the development of the NSW method including the participation of the Australian Government and related parties involved in its development.

## Readily available literature (not exhaustive)

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