

24 September 2021

Attention Project Manager
Plantation Forestry Method Review
Method Development, Clean Energy Regulator

Inquiries: Penny Wells
Phone: 6165 4070
Email: penny.wells@pft.tas.gov.au
Our Ref: D21/1672
Your Ref:

Draft Plantation Forestry Method - Additionality Framework

Thank you for your email of 17 September 2021 inviting comment on the proposed additionality framework for the draft ERF plantation forestry method. At the July co design workshop the CER were proposing a regional economic modelling exercise (using FoRUM) be undertaken by ABARES to identify those regions where there was a high likelihood of conversion of plantations to non forest. In the most recent proposal the CER have dropped the modelling approach and instead moved to an evidence based approach which layers several requirements that would all need to be met for projects to be eligible under Schedules 3 and 4. At a minimum, a project proponent would need to provide:

- a financial assessment by an independent and qualified auditor, accountant, or valuer
- a land valuation by an independent and qualified agricultural property valuer
- a forest management plan, signed-off by an independent Registered Forestry Professional, plus
- the standard ERF administrative and auditing processes.

PFT acknowledges the Regulator must ensure the integrity of the system is maintained, however the multi-layered evidence based approach will undoubtedly increase the transaction costs for landowners when preparing an application, and the administrative costs for the CER when assessing an application. The high transaction costs impact mostly on small lot holders and farm foresters who will not have the internal capacity to readily prepare this evidence. This puts them at a competitive disadvantage and the net effect is to deter participation by small holders. This issue is particularly pertinent in Tasmania as Tasmanian farms are typically small relative to farms in other states or territories and the intensive management of these farms means farmers only want to contribute a portion of their farm to trees.

Private Forests Tasmania recently released the [2020 Tasmanian Private Forests Resource Review](#) which found there are approximately 37 000 ha of hardwood plantations managed by mostly small private independent growers. These trees are spread across more than 2 000 individual properties and most were planted as a result of MIS schemes during the years 2000-2010. The age of these plantations are such that the optimal harvest age will be now, or in the next 4-5 years. This means many of these plantation owners will currently be making decisions on whether to re-plant a second rotation, or convert the land to an alternate non forest land use.

In Tasmania, a landowners intention to re-plant a forest can be indicated by the presence or absence of a private timber reserve (PTR). A PTR is an area of private land set aside for forestry purposes and registered on the title. Any forest situated under a PTR that is harvested must be reforested to fully stocked forest if the PTR is still present at the time the Forest Practices Plan is active. Of the ~37 000 ha of private independent hardwood plantation standing in Tasmania, only 51% are currently covered by a PTR. Of those areas that were harvested between 2015 and 2019 and currently laying fallow, only 44% have a PTR.

The conclusion from these statistics is that only half of these areas at best is likely to be replanted without some additional incentives such as a carbon income.

Currently, there are just under 4 000 ha of plantation forest in Tasmania registered under the ERF (data extracted from [ERF Register](#)). All of this is under the plantation forestry method and all projects are short to long rotation conversion projects. PFT had hoped that the proposed new Schedule 4 may provide a new pathway to ERF participation for some of the small holders mentioned above and in so doing go some way to arrest the decline in the plantation area in Tasmania, estimated to be approximately 5 000 ha per annum. To do this their ERF transaction costs must be contained.

In regard the additionality framework PFT would prefer some sort of hybrid approach where the modelling identifies regions/areas of high, medium, low risk of conversion and the evidence requirement is then proportionate to that risk. Small holders should also be able to access a streamlined application and assessment pathway with the Regulator providing standardised templates, default financial inputs specific to a region and guidance material for the independent consultants so they may offer a streamlined one-stop-shop service.

I look forward to further collaboration on the development of the new plantation forestry method.

Yours sincerely,

A solid black rectangular box redacting the signature of Penny Wells.

Penny Wells
CEO Private Forests Tasmania