

3 March 2021

Senator the Hon Jonathon Duniam  
Assistant Minister for Forestry & Fisheries

Inquiries: Penny Wells  
Phone: 6165 4070  
Email: [penny.wells@pft.tas.gov.au](mailto:penny.wells@pft.tas.gov.au)  
Our Ref: D21/438

Mail to: [senator.duniam@aph.gov.au](mailto:senator.duniam@aph.gov.au)

Dear Minister Duniam

## AMENDMENTS TO EMISSIONS REDUCTION FUND AND ASSOCIATED REGULATORY FRAMEWORK

Thank you for taking the time to discuss private forestry matters in Tasmania at your recent meeting with myself and the Chair of Private Forestry Tasmania (PFT), Evan Rolley, on 10 February 2021. At the meeting I undertook to provide you with further information around Federal carbon policy arising from the recent studies for the Tasmanian Regional Forestry Hub and associated forums held by PFT, the IFA and the Tasmanian Forests and Forest Products Network (TFFPN).

The information summarised below and outlined in more detail in the attachment to this letter identifies potential improvements that could be made to reduce regulatory burden and existing barriers particularly for small to medium landowners participating in the carbon market.

Private Forests Tasmania is an independent Statutory Authority established under the Tasmanian *Private Forests Act 1994*. Our statutory objective is to facilitate and expand the sustainable growth and development of the private forest resource in Tasmania. Matters impacting adversely on the private forest sector are therefore of direct concern to PFT.

Our understanding is that elements of the current *Carbon Credits (Carbon Farming Initiative) Act 2011* and associated Regulations, Rules and Methods, are having an impact on the uptake of Emissions Reduction Fund carbon projects within Tasmania. The private forestry sector and associated service providers are indicating to us that without regulatory changes the current system will continue to inhibit the expansion of carbon plantings within Tasmania – and a potential source of income to landowners that would provide a much needed boost to the economics of establishing greenfield commercial tree plantings. This is seen as critical if we are to reverse the current decline in the plantation area in Tasmania.

Our private forest stakeholders are advising that there are barriers within the Emissions Reduction Fund which would necessitate at least five broad level changes in the regulatory framework to allow greater access to and/or greater returns from, carbon projects. These include:

1. A carbon project aggregation system which allows for low risk changes to be approved through a once off consent.
2. Changes in the ERF which modifies the summation of carbon stock in Carbon Estimation Areas to reduce the co-dependency between participants.
3. Provide for compressed crediting to apply to greenfield plantings to help alleviate the significant upfront plantation establishment costs
4. Increase the list of species which can be classified as short and long rotations.
5. Inclusion of privately managed native forest which can be harvested under the ERF framework.

The attachment to this letter briefly describes these five key amendments and other related matters in more detail.

We appreciate that Plantation Forestry has been listed as one of five priorities undergoing a 12-month method review and development. PFT is willing to participate in any further discussions surrounding the topic and would welcome any opportunity to have input as appropriate.

Yours sincerely,



**Penny Wells**  
CEO Private Forests Tasmania

## **Attachment – Proposed amendments to the current national regulatory framework for carbon farming.**

*Amendment 1- A carbon project aggregation system which allows for low risk changes to be approved through a once off consent.*

The implementation of a more streamlined approach for aggregated projects will assist small to medium landowners joining an aggregation. Under the current framework, every time a new participant joins an aggregation, or existing participants make modifications to their projects, approval is needed from all other participants and often their financiers, which results in high costs and delays. A framework which involves a once off approval is needed for low risk projects. This would dramatically reduce the cost involved in aggregation and make the ERF more accessible to small to medium farm foresters.

*Amendment 2- Changes in the ERF which modifies the summation of carbon stock in Carbon Estimation Areas to reduce the co-dependency between participants.*

Under the current framework there is a co-dependency between participants within an aggregation. If a participant of an aggregation experiences a “natural disturbance” such as a planting failure or operational hurdle such as fire, all participants will not receive their Australian carbon credit units (ACCU’s). Under the proposed amendment, ACCUs would be able to be “paused” for those experiencing natural disturbance while the remaining landholders continue to receive their ACCUs.

*Amendment 3- Provide for compressed crediting to apply to greenfield plantings to help alleviate the significant upfront plantation establishment costs*

Under the current system governing new greenfield plantings, the accumulation of ACCU’s is relatively slow in the early years of plantation establishment. This means the establishment costs need to be carried by the owner for some years before receiving any significant income. The availability of compressed crediting of ACCU’s, like what is available in a short to long rotation conversion project, would generate a more consistent income from the outset and make greenfield plantings more attractive particularly for small to medium size growers.

*Amendment 4 - Increase the list of species which can be classified as short and long rotations.*

Currently within Tasmania the only species which can replace a short rotation is *Pinus radiata*. Hardwood species such as *Eucalyptus nitens* and *E. globulus* are currently listed as plantations which require additional evidence under Schedule 1, Part 2, of the Carbon Credits (Carbon Farming Initiative-Plantation Forestry) Methodology Determination 2017. Within Tasmania both these species have had extensive research and development on improved genetics and increased rotation lengths which precede the current baseline length of sixteen years to be classified as a short rotation<sup>1</sup>.

*Amendment 5- Inclusion of privately managed native forest which can be harvested under the ERF framework*

Human-induced regeneration of a permanent even-aged native forest is currently included in the ERF, however only ecological thinnings and small amounts of firewood are currently permitted. The proposed amendment would allow for native forest managers with the intention of harvesting their native forest to participate in the ERF.

### **Other issues – Audit costs**

A further issue that could usefully be addressed is the multiple audits required if there is more than one carbon project per property. Audits are a significant cost that negatively offset returns to the landowner. There is an urgent need to increase audit efficiency so that multiple projects on one estate can be managed under one audit.

<sup>1</sup> [https://www.sttas.com.au/sites/default/files/media/documents/science/tasforests/Tasforests-vol-18\\_Wood.pdf](https://www.sttas.com.au/sites/default/files/media/documents/science/tasforests/Tasforests-vol-18_Wood.pdf)