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David Foster
Chair Bendigo and Adelaide Bank
The Bendigo Centre
[REDACTED]

Inquiries: Dr Elizabeth Pietrzykowski
Phone: [REDACTED]
Email: [REDACTED]
Our Ref: D24-42945
[REDACTED]

Bendigo and Adelaide Bank - Climate Change Policy Statement

I am writing concerning your bank's *Climate Change Policy Statement*, part of the bank's *Climate and Nature Action Plan 2024-26* recently published on your website. While we are very supportive of the intent of the statement to support the transition to net zero carbon emissions by 2050, we were surprised and disappointed that your Board had adopted a specific policy of not providing finance to projects in the native forest logging sector.

Private Forests Tasmania (PFT) is an independent statutory authority established under the Tasmanian *Private Forests Act 1994*. We work to facilitate and expand the sustainable growth and development of the private forest resource in Tasmania. We do this through providing information to private forest growers, through research collaborations, advocacy, innovation and planning tools, as described in our *Corporate Plan 2023-26*.

Sustainable forest management, including sustainable native forestry, is recognised as one of the solutions to climate change rather than a cause of climate change. The IPCC has stated that '*sustainable forest management aimed at providing timber, fibre, biomass, non-timber resources and other ecosystem functions and services, can lower GHG emissions and can contribute to adaptation*'¹.

Sustainable forest management ensures that the productive capacity of the forest is maintained over time. This means biomass removals do not exceed forest growth. Trees grow more vigorously and sequester carbon at higher rates when they are young, increasing in biomass and therefore carbon storage. Carbon sequestration rates decline as the tree matures and begins to decay.

Native forests managed for sustainable wood production take advantage of this natural cycle. After growth rates have peaked, trees are harvested from these forests and converted into wood-based products. For solid wood products, the carbon can continue to be stored for decades or even hundreds of years until they are re-used, re-purposed or disposed of in landfill. Even in landfill, wood products will remain as a very long-term carbon store. For pulp wood products, most will be recycled, disposed of in landfill or burnt but will generally have a shorter carbon storage life.

The harvested trees are then re-grown and the cycle starts again. Regenerating and regrowing harvested native forests is a requirement by law in Australian jurisdictions. Given their ability to store carbon in standing trees and long-lasting wood products, sustainably harvested native forests can surpass the carbon storage benefits provided by conserved forests over the long term.

The carbon benefits of sustainable native forest harvesting can also be counted in the substitution effects whereby wood products are used in place of more emission intensive products like steel, aluminium, concrete or plastic. On average, the production of a cubic metre of wood creates around 1.1 tonnes less CO₂ emissions than the production of an equivalent amount of steel, concrete or plastics. This amount, coupled to the 0.9 tonne of CO₂ stored in the wood, means that every cubic metre of wood substituting for fossil fuel-intensive materials saves a total of approximately 2 tonnes of CO₂². Again, the IPCC states *'where wood carbon is transferred to harvested wood products, these can store carbon over the long-term and can substitute for emissions-intensive materials reducing emissions in other sectors'*¹.

The carbon benefits of using wood for building and construction projects was acknowledged by the Australian Government in its recent commitment at COP28 in Dubai. Australia, with 16 other countries, committed to advancing policies and approaches that support low carbon construction by increasing the use of wood from sustainably managed forests in the built environment.

Any policy that aims to cease harvesting in sustainably managed native forests will likely result in no additional mitigation benefits. Conversely, the demand for native forest hardwood timbers will continue to grow and meeting this demand with imported hardwood timber creates a significant risk of increased GHG emissions and poor biodiversity outcomes as the imported timbers are often sourced from countries with less environmental regulations than Australia.

The native forest industry also provides the skills and equipment to fight bushfires and manage outbreaks of pests and diseases. Therefore, active forest management plays a role in reducing susceptibility to bushfires, pests, and disease, which in turn leads to climate benefits. These other benefits from having a well-resourced forest management sector, with income from wood production to help offset forest management costs and fire-fighting capability, for example, are often overlooked in terms of their contribution to climate change mitigation opportunities³.

PFT urges the Bendigo and Adelaide Bank to reconsider its policy position of not providing finance to native forest harvesting projects. As outlined above, native forest harvesting done in a sustainable manner can provide enhanced GHG mitigation and other benefits as well as contributing substantially to Australia's regional economies.

If you have any queries on the points we have raised, please contact me on [REDACTED] or our Chief Executive Officer Dr Elizabeth Pietrzykowski on [REDACTED].

¹ *Climate Change and Land - Special Report. Summary for Policymakers.* Inter-governmental Panel on Climate Change (IPCC), 2019.

² *The Role of Wood Products in Zero Carbon Buildings.* Forest and Wood Products Australia Limited, 2023.

³ *Forests, Plantations, Wood Products & Australia's Carbon Balance.* Forest and Wood Products Australia Limited, 2023.

Yours sincerely,

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Jim Wilson
Chair Private Forests Tasmania