

National Greenhouse and Energy Reporting System Regulations Policy Paper

Submission by Heather Kenway

I wish to comment on the decision to exclude all non-energy emissions from forestry from the reporting system that will be required under proposed legislation and to allocate a zero value to these emissions at this stage. To exclude all forestry operations is both undesirable and unnecessary. The issue needs urgent attention if the reporting system and Australia's reputation for competence in this field are to have credibility. The sheer scale of the emissions from native forestry makes it very important to include in initial regulations a requirement for reporting on native forest logging and processing, and particularly, given its dominance, on the export woodchip industry sector.

Native forestry impacts (carbon emissions and sequestration) are not a side issue to fossil fuel impacts, too complicated and difficult, and therefore to be pushed off for consideration into the future. They are a very significant element in Australia's current climate change problems. They could and should be a very significant part of the solutions. It is time to take them seriously, fill recognized gaps in coverage in the national accounts, introduce consistency in how the impacts are measured, and make the information available for considered analysis and public scrutiny. The regulations policy paper fails to do so, and begs a more substantive public review of how the accounts are put together and how they could provide a better basis for policy development.

Native forest logging is responsible for at least ten per cent of Australia's total annual emissions, and possibly significantly more. The export woodchip sector accounts for over eighty per cent of Australia's annual emissions from native forest logging. If, as seems to be the case, the supply arrangements for the Tasmanian pulp mill go ahead as an addition to current native forest logging for export woodchip contracts, another two percent of

current emissions will be added to the emissions tally from native forest logging. This is a major increase.

Native forest logging and processing for the export woodchip industry is making far too large a contribution to greenhouse gas emissions to be given a zero emissions value. It is also reducing the present and future cumulative value of our major terrestrial greenhouse sinks.

The claim in the paper that reporting methodologies are not yet sufficiently developed for wide-scale measurement of emissions at the facility and corporate levels does not take into account more recent research that has developed methodologies that can be applied to Australia's temperate forests, and are expected to be applicable to other forest types as well. (see references to scientific papers below).

This research has also found that the default IPCC value for temperate forests grossly underestimates by ten times the carbon stock of Australia's temperate forests (and likely for other forest types as well).

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Assessing the carbon sequestration potential of managed
forests: a case study from temperate Australia

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Summary of paper discussed at the Bali Conference 2007:

Brendan Mackey, Heather Keith and Sandy Berry (ANU)

Green Carbon: the role of ecosystems (natural forests) in carbon storage and the
climate change problem (Note: the full paper is being peer reviewed)

Contribution to the Ecological Society Australia: Occasional Paper on Plantations
by James Watson (the Wilderness Society) and Brendan Mackey (WildCountry
Research and Policy Hub, ANU)

This is hardly surprising given that the IPCC values were developed from study of European-type forests and plantations, not Australian native hardwood forests. It is clear that IPCC default values were a quite inadequate base for developing early Australian policy for reporting, and one that likely has distorted past consideration of Australia's broader forest policy.

The disparity is so large that it suggests the need for reassessment of both broad native forest policies and the more specific policies that should apply to regulation and reporting in the native forestry sector. At the very least the reporting requirements should assist and support development of policies for mitigation of climate change, and provide a solid base for maximizing benefits and reducing costs associated with mitigation measures.

Continued native forest logging means also that a large amount of carbon sequestration capacity is lost now and into the future – and recovery is far beyond the time frames under consideration by Governments for mitigation policies. If present native forest policies are not changed Australia will lose current and future opportunities to benefit more fully from cumulative carbon storage in both old growth and regrowth native forests.

In New South Wales alone three percent of available forest is currently near clear-felled each year and the area logged appears to be increasing as supplies are harder to source. At the present rate thirty per cent of all currently available forest will be felled in the ten years to 2018 that the contract with South East Fibre Exports (the Eden chipmill) has to run. Yet it takes over 50 years to recover 75% of carbon sequestration capacity, over 200 years to recover full capacity.

Both Stern and Garnaut have highlighted the cost-effectiveness of reducing native forest logging and the relative speed with which emissions reductions could be achieved.

Australia has other policy options for native forests available to it – not just stopping the greater part of the emissions from logging, but also in improving the forests' capacity to store carbon, water and biodiversity, all of which have rapidly developing markets. Restructuring the export woodchip industry to substitute plentiful plantation timber for native forest timber is

both feasible and economically and environmentally desirable. It would result in significantly lower carbon dioxide emissions, and improve Australia's carbon sequestration potential – and with additional benefits for water supply and biodiversity protection.

There is thus a broader policy question that needs to be resolved – and the sooner the better – as well as the policy that should apply to reporting requirements. However addressing problems in reporting requirements would assist in quantifying the emissions/sequestration gains and losses, and is essential if Australia is to maximize its benefits and minimize its costs in developing mitigation measures nationally and as a global player.

The answer is not to exclude forestry from reporting requirements, and allocate a zero emissions value, but as a matter of urgency to restructure the accounts in light of the new methodological research, improving the coverage of emissions in the national accounts and removing inconsistencies in treatment. The research referred to above makes it possible to put baseline figures on carbon sequestration capacity in the temperate forests of south-eastern Australia and the losses in carbon sequestration capacity in a regime managed by Forests New South Wales. These forests comprise just over three quarters of temperate forests Australia-wide, so contrary to the statement in the policy regulations paper a wide-scale measurement is achievable.

The methodology is considered to have wider application to other forest types. The gains in emissions reductions and carbon sequestration would be even more marked from substitution policies in the much carbon-denser wet old growth forests in Tasmania.

We now have a number of climate change exercises running in parallel and mutually interdependent – the proposals in the paper under discussion, the Garnaut review, and the review of climate change policies and programs announced on 27 February 2008 by Ministers Tanner and Wong. Both this policy regulations paper and the Garnaut Review indicate a reluctance to give adequate and early attention to the contribution of Australia's forests policies to our current climate change (and water) problems, and to the serious distortions in resource allocation arising from the current mix of tax

concessions and subsidies in the native forest and the plantation sectors. Serious problems in the current accounting framework makes it an inadequate base for decisions on necessary policy changes. It is important that this apparent neglect is rectified, and a serious public review of the issues put in place, not least because new forest policies could be expected to make a greater and earlier and lower cost contribution to both emissions reductions and carbon sequestration than is likely from other policy mechanisms.

The bureaucracy needs to be given the staff and financial resources to come to grips with the latest methodological research, and to fund further research that will allow for a more sophisticated reporting system for other forest types. It needs to move swiftly to fill identified gaps in what is included in the accounts and to remove the distortions caused by irrational inclusion and exclusion of relevant measures of emissions. Above all it needs to come to grips with carbon sequestration in native forests.

That there are gaps and inconsistencies and deficiencies in the policy settings for the current accounting framework is not justification for the decision that reporting should not be required under proposed legislation and a zero value applied to forestry across the board. It does justify urgent work to remedy the shortcomings and to apply the methodologies from research that was based in the South East Forests, but which has a wider application.

Given the dominance of State Government forestry agencies in supplying the export woodchip industry, and given also the small number of export woodchip mills, it would then seem not to be an overly difficult task to assign a more realistic emissions value for reporting purposes. The agencies can put a figure on the areas logged, the proportions of old growth and regrowth forests, the age of regrowth that is logged. They and the mills they supply can assign energy use from administrative, logging, transport and processing operations. The two sets of values, energy and non-energy, need to be combined to give a realistic picture of the contribution of this industry sector to our greenhouse problems, and the way new forest policies could contribute to greenhouse policy solutions.

- ❖ The main result from our study is that **the default IPCC value for temperate forests grossly underestimates by ten times the carbon stock of Australia's temperate forests**. This result is of global significance because **it is very likely that the IPCC default values also underestimate the carbon stock of other natural forests, including tropical forests**.

Reporting methodologies are not yet sufficiently developed for wide-scale measurement of agriculture and land use, land use change and forestry emissions at the facility and corporate levels. To accommodate this under the legislative framework until development of improved methodologies,

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