Nature Conservation Council
The voice for nature in NSW

Submission Guide - Generating Carbon Credits from Reduced Logging

(Carbon Farming Initiative— Improved Forest Management in Multi-use Public Native Forest) Methodology Determination 2025

The NSW Government wants to establish a new way of generating carbon credits under the Australian Carbon Credit Unit (ACCU) Scheme, by ceasing or reducing logging in State Forests.

Why make a submission?

Ending native forest logging would have huge biodiversity and carbon benefits. However, the draft method also includes "reduced logging" which we're concerned will undermine these benefits.

It is our strong view that only the cessation of logging should be retained in the final method.

Please make a submission and reinforce the case for an end to native forest logging, the recognition of the carbon cost of native forest logging and the use of the highest integrity carbon accounting method for helping to achieve this outcome.

This proposal comes at a critical moment for NSW's forests, and we are asking you to help ensure this proposal leads to maximum emission reductions and an end to native forest logging.

How to make a submission:

The following guide outlines our areas of concern and suggestions for improving the integrity of the draft method.

Your voice can help shape this method and avoid many of the fatal flaws of past carbon credit offset methods. Please use our suggestions, and data at your disposal to advocate for a shift towards an end to logging emissions and a sustainable plantation-based forestry industry.

Alongside your submission, please consider:

1. **Explaining who you are, and your interest or experience with native forests and/or climate change.** Providing an outline of your experience or history will establish credibility and the weight of your submission.
2. **Forwarding a copy of your submission to Steve at NCC.** Sharing a copy with us will strengthen our advocacy efforts.
3. **Opting in for public campaigning use of your submission:** Allowing the use of your submission in our public campaign will help amplify our campaign efforts to end native forest logging.

Send your submission email to npws.carbonmethod@environment.nsw.gov.au

Submissions close on 11 July 2025.

Key Points

A low integrity method, that includes an opportunity to claim credits for reduced logging, significantly increases the complexity and opportunities for gaming of the system and perverse subsidies that will support the continuation of destructive native forest logging.

Carbon credits should only be available where logging is permanently stopped and the forest transferred to the national park estate.

In the guide below, we draw your attention to the following areas of concern:

- **The inclusion of *the* activity *deferral of harvesting* would undermine the integrity of the method. It would introduce complexity and create numerous opportunities to "game" the system, whilst offering little in the way of emissions reductions**
- **The determination of a baseline is key to integrity and ensuring additionality.**
- **The ability of future tenure transfers, for example to First Nations groups, must not be impeded**
- **Improved controls on "leakage" into private Native Forests and other jurisdictions are required**

Background and further information

- The Draft Method Proposal document
- Expert submission by Brendan Mackey, Heather Keith, and David Lindenmayer
- Notes on baseline and deferral in the draft INFM method -Dalian Pugh
- Reliability of Forestry Corporation Data -Dalian Pugh
- The NSW Government consultation page

For further information contact: sryan@nature.org.au

Contents

Summary of Recommendations 4
Consultation Questions 7
Recommendations and Rationale 11
The removal of Part 2, Section 8 - deferral of harvesting from the method 11
Division 3.3—Management plan for project area 13
Division 5.5—Baseline harvest levels 13
The determination of a baseline 14
Division 5.8—Leakage Prevention 17
Division 6.2—Record-keeping requirements 18
First Nations handbacks 18
Opportunities to realise carbon and biodiversity benefits and support carbon markets 19

Structuring your submission

It's best to include a cover letter explaining who you are, and your interest or experience with native forests and/or climate change. Providing an outline of your experience or history will establish credibility and the weight of your submission.

Then please include your recommendations for improving the method. We strongly encourage you to express concerns about the "deferral of logging" part of the method (Part 2, section 8), and ask for it to be scrapped. Please include your concerns and reasons for each recommendation. Guidance for these is found below in the "recommendations and rationale" section.

Finally, the NSW Government has asked a series of consultation questions. In our opinion, these questions aren't the top priority, but we have provided guidance on these below if you choose to address them.

Summary of Recommendations

Part 2 — Offsets projects to which determination applies

Recommendation 1

Remove Part 2, Section 8 - *Projects to reduce timber harvesting by deferral of harvesting* from the method.

Division 3.3 — Management plan for project area

Recommendation 2

That the NSW Government publish a policy of not selling credits to entities whose carbon emissions come from producing fossil fuels.

Recommendation 3

Ensure that the management plan is open to public scrutiny and independent review at the time of its lodgement with the Regulator.

Division 5.5 — Baseline harvest levels

Recommendation 4

The data provided by the proponent, in relation to the initial or revised modified sustainable yield estimate (according to Division 5.5, 29, (9)), must be made publicly available from the date it is received by the Regulator.

- To have any credibility the parameters used in the modelling must be made publicly available,
    - must be updated to account for fire impacts, dieback and protocol changes, there must be a contemporary reconciliation with actual yields, and
    - FRAMES, the Forestry Corporation's sustainable volumes software, must be provided to an independent modeller for review. Even then it is only useful for gross changes (such as creation of the Great Koala National Park) and not minor changes such as "deferral of harvesting".

Recommendation 5: *The determination of a baseline*

INFM projects should only be based on verified and realistic sustainable yield estimates. Ensuring that INFM projects are grounded in credible, ecologically sound, and independently verified sustainable yield estimates to prevent over-crediting and ecological degradation. This should include:

- Mandatory Independent Review of Yield Estimates
- Use of Empirical Data Over Modelled Projections that are based on actual measured data, with remeasurement of 2019/20 fire affected plots completed before project approval
- Transparent Public Reporting, with all sustainable yield estimates and supporting data must be published online prior to project registration
- Exclusion of Inflated historical benchmarks, e.g. 2014-2020

Recommendation 6

To obtain an accurate assessment of forest carbon use LiDAR, supplemented with represented plots, to identify actual standing carbon across all tenures, derive the carbon carry capacity of each Plant Community Type by assessments of the most mature stands, and to compare it with logging history and compartment yields to assess the reduction in carbon due to recent logging. This could be used to supplement satellite assessments such as by the European Space Agency's Biomass satellite. Using actual baselines would give the process high credibility.

Recommendation 7

Conduct comprehensive remeasurement of forest plots affected by the 2019/20 wildfires.

Recommendation 8

The improved native forest management method (INFM) must not incentivize forest degradation and should not encourage the conversion of mixed-age native forests to single aged pseudo-plantations based on intermittent clearfelling regimes, whatever the rotation length.

An area should be ineligible for deferred harvesting, if the area has been logged to a degree that precludes commercial harvest within the crediting period or if there is inadequate regeneration of naturally occurring trees capable of restoring a natural canopy cover.

Recommendation 9

Improve mapping and monitoring of degraded forests, especially those affected by Bell Miner Associated Dieback (BMAD) and lantana invasion.

Recommendation 10

INFM must clearly define timber categories included in sustainable yield and baseline calculations.

Division 5.8 — Leakage Prevention

Recommendation 11

Implement Robust Controls to Prevent Leakage Across Forest Tenures and Jurisdictions through:

- Require that products specified in Wood Supply Agreements are at least reduced proportionately to the volumes claimed to have avoided emissions, and greater if required to achieve sustainable yield in the project area
- Ensure baselines are established for each product (ie large high quality sawlogs, small high-quality sawlogs, low-quality sawlogs, pulplogs and other), and clear criteria for each product, to ensure substitution isn't used to misrepresent reductions
- Establish Modified Sustained Yield Baselines Across Entire Forest Estates
    - Apply the same modified sustained yield methodology to excluded sections of the proponent's forest estate (outside the project area).
    - This ensures any increase in logging elsewhere reduces ACCUs generated in the project area.
- Develop Counterfactual Baselines for Private Native Forests
    - Require a jurisdiction-wide baseline for PNF using independent data, despite failure to record annual yields and current gaps in sustained yield estimates.
    - Require annual reporting of yields from private forests
    - Require landowners to report accurate volumes in their completion notifications
- Regularly monitor of standing carbon stocks using LiDAR (or similar) to ensure targets are being delivered
- Apply Higher Indirect Leakage Discounts
    - The proposed 5% deduction for indirect leakage is inadequate.
    - Recommend a higher discount rate, informed by recent leakage experiences (e.g., in Victoria).
- Include provisions to prevent logging under the guise of fire management to be automatically excluded from leakage calculations.
- Monitor and Limit Cross-Subsidisation
    - Prohibit use of ACCU revenue to subsidize logging in unprofitable or ecologically sensitive areas.

- Require transparency in financial flows and logging plans across the entire forest estate.

Division 6.2 — Record-keeping requirements

Recommendation 12

Division 6.2 All records provided in relation to this Division should be publicly available.

First Nations handbacks

Recommendation 13

Clarification on the implications for First Nations hand backs need to be addressed

- Clear identification of these areas must be included in references to “other reserve” (draft determination, Section 10(4)) so as to not excessively restrict First Nations hand backs

Consultation Questions

Taken from the consultation draft

1. **forestry region means:**

Question: Is the mandatory minimum project area size for non-RFA regions (1.5 million hectares) set at an appropriate level?

The intent in setting a minimum project area size is to mitigate additionality and leakage risks by ensuring project areas cover substantial areas of public native forests, where there can be confidence in baseline harvesting levels and there is limited scope for activity shifting. Generally, the smaller the project area the greater the additionality and direct leakage risks. However, if the minimum project area size is set too high, it could exclude valid projects.

Feedback is sought on whether 1.5 million hectares strikes the right balance.

Answer: Yes. This is an appropriate project area size.

2. **Relinquishment of carbon credits if harvesting resumed during permanence period**

Question: Should the legislative rules be amended to require the project proponent to notify the Regulator if timber harvesting resumes?

Section 85 of the CFI Act allows for rules to be made requiring the proponent to notify the Regulator of a matter. That section could be used in this case to make sure the proponent notifies the Regulator if harvesting resumes, thereby triggering the requirement under the enforceable undertaking to relinquish ACCUs.

Answer:

Yes. Notification should trigger:

- Immediate review of project status.
- Relinquishment of ACCUs as per enforceable undertakings.
- Potential penalties for non-compliance

This emphasises the need to only give ACCUs for stopping logging and conversion into the national park estate where permanence can be guaranteed.

3. **Part 4—Crediting period for projects**

Questions: Should the crediting period of a project be extended if, after the project starts, the project proponent: (a) adds a new carbon protection area; or (b) further reduces harvesting? If crediting periods can be extended for further reductions in harvesting (without new carbon protection areas), should the option to extend be contingent on the new reduction being greater than a prescribed minimum?

Hypothetical example: When first declared, hypothetical project X involves stopping harvesting in a 20,000 hectare carbon protection area and reducing harvesting by 25% across the remainder of the project area. 7 years into the crediting period, the project proponent wants to

add a new 30,000 hectare carbon protection area. In this hypothetical, there are two potential options being considered.

Option 1: The crediting period remains unchanged at the original 15 years, but the project receives additional credits for the remaining 8 years of the crediting period on account for the further decrease in harvesting relative to baseline harvesting levels.

Option 2: The crediting period is extended for a specified period (i.e. 5 years) and, over this period, the baseline harvest level is reset to the lower of:

- 20% below the average baseline harvest level of the original crediting period; and
- the average harvest levels over the first 7 years of the crediting period, excluding years in which credits were not issued.

This option would result in the project receiving additional credits from the remaining 8 years of the original crediting period and then more credits during the extension period (assuming the other relevant requirements are satisfied).

Answer:

Option 2 is preferred, to encourage further protection during the crediting period. The hurdle requirement should be met for new reductions.

4. **Division 5.4— Representative model plots and baseline estate model**

Question 1: Section 28 is drafted on the basis that harvest events are modelled at the coup level using FullCAM's '% of the forest that is affected by the harvest event' functionality. With this approach, if there are 100 mature trees in a 1-hectare coup and 70 of the trees are harvested, the event would be modelled as affecting 70% of the forest in the 1-hectare coup.

The alternative is to only model the areas where trees are removed during the harvest event. In the hypothetical, rather than modelling the harvesting event as occurring across 1 hectare, a 0.7- hectare area would be modelled as having trees removed (the equivalent of a clearfell harvest event over the 0.7-hectare area).

Which approach should be used in the method?

Question 2: The representative clearing plots assume areas cleared to facilitate harvesting do not regenerate after the event. An alternative approach to accounting for the impacts of these types of clearing events on forest recovery would be for the representative clearing plots to require a natural regeneration event to be modelled that is scheduled to occur 5-years after the clearing event.

Which approach should be used?

Answer:

This raises numerous issues.

Carbon credits should not be given for modified logging, for accountability and monitoring the only deferral that should be considered is where defined areas of productive forest are set aside from logging, this is the only way it can be checked and monitored.

This example shows how broad the definition of deferred harvesting is, giving the impression that anything may be allowable.

This proposal has no credibility and will reduce public confidence in the integrity of all ACCUs generated by this method and reduce the prospect of their sale at a premium.

Retaining 30% of loggable trees is not equivalent to retaining 30% of a logging area, giving the degree of damage to retained trees, loss of regrowth trees, disturbance to understorey, carbon released from disturbed soils and other impacts.

How can a few samples of selected plots (which are normally conservatively logged) be extrapolated across the forest estate when there are so many variables.

Account needs to be made of the trees that need to be retained under various conditions and protocols (this includes minimum basal area retention of 10-12m2, koala feed trees, Greater Glider trees, hollow-bearing trees, giant trees, exclusions around threatened plants, fauna exclusions, etc), as well as “growers” routinely retained for future logging. This also needs to be open to being varied as protocols change - in particular the 5 year reviews of the RFA and CIFOA are overdue and should require increased protections.

Selective logging is not equivalent to clearfelling in terms of regeneration and the rate of growth of trees.

Assessments need to be made of whether retained trees are suppressed and unlikely to grow quickly.

Assessments need to be made of weeds, such as lantana, that will proliferate after logging and suppress regrowth.

Assessments need to be made of the likelihood of the stand being affected by Bell Miner Associated Dieback.

Modelling should reflect actual harvested area, not just % of coup, to improve accuracy. Regeneration assumptions should be evidence-based and site-specific, not automatic.

5. **Estimation of carbon stocks in harvested wood products Issue:**

FullCAM is used to model harvested wood products in the Carbon Credits (Carbon Farming Initiative—Plantation Forestry) Methodology Determination 2022. However, it is not used to model harvested wood products in service or landfills for the purpose of the National Inventory Report.

Two options are being considered:

Option 1 – use FullCAM, justified on the basis of simplicity and consistency.

Option 2 – use an integrated harvested wood products & landfill model that better reflects the model used for the purpose of the National Inventory Report.

Question: Which model should be used for the purpose of the method?

Answer:

A more detailed, integrated model is preferred over FullCAM for harvested wood products.

6. **Private native forests leakage deduction (PNFLDi)**

Question: Should years affected by major wildfire events be excluded from the baseline period when calculating the PNF leakage baseline harvest level and, if so, how should this be done robustly given data limitations?

Answer:

Wildfire years should not be excluded; they are part of the real operating environment, given that under climate change fires are expected to become more frequent and intensive they will have similar impacts in the future,

There has still been no assessment of sustainable yields based on remeasuring of growth plots in affected forests, The fires resulted in the death of numerous mature trees and a large proportion of regrowth. The reduction in actual yields only had a direct impact for a portion of forests one year before logging resumed under normal protocols. It is considered that the actual loss of trees is still not reflected in sustainable yield estimates.

Recommendations and Rationale

The removal of Part 2, Section 8 - *deferral of harvesting* from the method

Recommendation 1: The removal of Part 2, Section 8 - *Projects to reduce timber harvesting by deferral of harvesting* from the method

- **Concern**: The deferral activity introduces a high level of complexity and uncertainty, undermining the integrity of the method.

  The method is vaguely described and open to wide interpretation as to what activities it allows.

  Forestry Corporation would most likely be the proponent in any project involving deferred logging. Forestry Corporation's history of misreporting and illegal activity only increases the probability of gaming and perverse outcomes.

  It is evident that the Forestry Corporation cannot be relied upon to provide accurate data on either areas logged or volumes attained, that external regulators are unable to identify data errors, and the Forestry Corporation are reluctant to rectify errors when identified to them or provide explanations. Forestry Corporation data cannot be relied upon as a basis for the INFM[1].

- **Implication**: The integrity of the method and the credits generated are significantly compromised by the inclusion of this activity. The complexity and uncertainty that this activity introduces, combined with Forestry Corporation's poor record, threatens to lead to perverse outcomes where logging is subsidised to continue where it would have otherwise been uneconomical. Logging could also be intensified, leading to increased habitat destruction.

Background

As outlined in the Method Proposal[2], intact native forests store significantly more carbon than logged and regenerated native forests. Native forest logging generates large amounts of emissions. Indeed, a key way to reach Australia's 2030 GHG reduction targets will be to stop native forest logging
In fact, a major step down in native forest logging in Tasmania had major positive benefits on the carbon accounts in that State[3]. Increased carbon storage in intact native forests can be included in State and National carbon accounts.

---

[1] Reliability of Forestry Corporation Data, Dailan Pugh, 2025

[2] https://www.environment.nsw.gov.au/sites/default/files/2025-03/improved-native-forest-management-multiple-use-public-native-forests-method-proposal.pdf#page=23

[3] H. Keith, B. Mackey, Z. Kun, M. Mikoláš, M. Svitok, M. Svoboda, Evaluating the mitigation effectiveness of forests managed for conservation versus commodity production using an Australian example. Conserv. Lett., e12878 (2022)

The removal of deferral from the method will strengthen the method's integrity and significantly simplify its administration. The inclusion of deferral in the INFM method:

- Undermines the credibility of the method,
- Makes accounting far more complex and difficult to reliably quantify and verify
- Is unlikely to deliver robust or meaningful climate mitigation, and
- Increases the risk of carbon loss and biodiversity decline in associated logging.

The arguments for removal or activity b) include the following:

- The ability to market credits as "High Integrity" would be severely undermined and may result in lower prices for resulting credits.
- Deferral of logging only delays emissions, maintains forests at younger age classes, and does not allow full ecological recovery, resulting in lower carbon storage, higher fire risk and higher risk of emissions.
- Deferral is a short-term, high-risk activity that is complex to assess, regulate, and monitor.
- Deferral does not provide the same stability or permanence of carbon storage as cessation.
- Including both cessation and deferral in the same method increases complexity and opens the door to manipulation:
    - Project proponents could choose areas for deferral or cessation based on economic returns rather than conservation needs.
    - The 20% "hurdle requirement" could be gamed by ceasing logging in low-productivity areas while maintaining or intensifying logging elsewhere[4].
    - Once the 20% hurdle requirement is met (i.e. by creation of the Great Koala National Park) then logging can continue elsewhere in the region without any minimum requirements.
- Deferral maintains logging disturbance, which increases the risk of carbon loss due to fire and drought.
- The proposed 5% risk of reversal buffer is insufficient to cover the escalating climate risks over the 100-year permanence period[5].
- Inclusion of Deferral fails to reflect the scientific consensus that protecting intact forests is more effective for climate mitigation than managing for timber production[6].
- Continued native forest logging conflicts with Australia's international commitments under the UNFCCC and the Kunming-Montreal Global Biodiversity Framework (UNFCCC COP28 CMA5 para 33; CBD COP16 Decision 16/22) [6, 7, 20].

---

[4] Guidance on Key Method Components of the Proposed Improved Native Forest Management ACCU Method:Comments and Analysis, 2025

[5] D. B. Lindenmayer, E. J. Bowd, C. Taylor, G. E. Likens, The interactions among fire, logging, and climate change have sprung a landscape trap in Victoria's montane ash forests. Plant Ecol., 1–17 (2022). N. Wilson, R. Bradstock, Past Logging and Wildfire Increase above Ground Carbon Stock Losses from Subsequent Wildfire. Fire 5, 26 (2022).

[6] B. M. Rogers, B. Mackey, T. A. Shestakova, H. Keith, V. Young, C. F. Kormos, D. A. DellaSala, J. Dean, R. Birdsey, G. Bush, R. A. Houghton, W. R. Moomaw, Using ecosystem integrity to maximize climate mitigation and minimize risk in international forest policy. Front. For. Glob. Change 5 (2022). H. Keith, B. Mackey, Z. Kun, M. Mikoláš, M. Svitok, M. Svoboda, Evaluating the mitigation effectiveness of forests managed for conservation versus commodity production using an Australian example. Conserv. Lett., e12878 (2022).

- Logging — even when deferred — reduces ecosystem integrity, which is essential for long-term carbon storage and biodiversity resilience (Mackey et al., 2024; Lindenmayer et al., 2025) [35, 37].
- Continuing to log native forests is a wasted mitigation opportunity as it will not allow forests to reach their natural carbon carrying capacity.

Selling the credits

Recommendation 2: That the NSW Government publish a policy of not selling credits to entities whose carbon emissions come from producing fossil fuels.

Concern: By generating carbon credits which are eligible for the safeguard mechanism compliance market, this method could prolong the life of coal and gas mining, which would undermine the carbon benefits of the method.

Carbon credits should only be used as part of a genuine emissions reduction plan.

Division 3.3—Management plan for project area

Recommendation 3: That the management plan is open to public scrutiny and independent review at the time of its lodgement with the Regulator.

- **Concern**: The ability to scrutinise the management plan will be central to being able to assess the integrity of the proposed project.
- **Implication:** The management plan must include a map of the project, the sustainable yield estimate, the harvest level in the baseline scenario and the direct and private native forest leakage baselines. These are fundamental to assessing the integrity of the proposed project.

Division 5.5—Baseline harvest levels

Recommendation 4. The data provided by the proponent, in relation to the initial or revised modified sustainable yield estimate (according to Division 5.5, 29, (9)), must be made publicly available from the date it is received by the Regulator.

- To have any credibility the parameters used in the modelling must be made publicly available,
    - must be updated to account for fire impacts, dieback and protocol changes, there must be a contemporary reconciliation with actual yields, and
    - FRAMES must be provided to an independent modeller for review. Even then it is only useful for gross changes (such as creation of the Great Koala National Park) and not minor changes such as “deferral of harvesting”.

- **Concern**: Forestry Corporation's FRAMES software is used to estimate sustainable volumes. It has been found to over-predict sustainable yields on multiple occasions, with numerous past reductions in estimated yields. Sustainable yields based on FRAMES are not reviewable due to the complex nature of the software, its dependence on measured parameters of questionable veracity, manipulation of outcomes based on scheduling, and its output not being able to be reviewed at the compartment or State Forest level. Forestry Corporation are required to prepare five yearly "FRAMES Actual vs Predicted Harvest Reconciliation" reports, the last one for FY2018/19 showed that for north-east NSW yields were 87.3% of predictions, and the one due by 2024 has not been prepared, and there is no intent to prepare one. The modelling parameters for FRAMES are reviewable, but not its inputs or outputs. It can only superficially be reviewed, and is not open to review by third parties with the Forestry Corporation refusing to provide the parameters used in their 2014 modelling, even under a freedom of information request due to commercial in confidence claims.
- **Implication:** As proposed, the integrity of the sustainable yield baseline will be fundamental in determining the integrity of the method as a whole. A lack of public transparency into its assessment would undermine public confidence in the method.

The determination of a baseline

Sustainable Yield Estimates Must Be Realistic and Verified

Recommendation 5: INFM projects should only be based on verified and realistic sustainable yield estimates. Ensuring that INFM projects are grounded in credible, ecologically sound, and independently verified sustainable yield estimates to prevent over-crediting and ecological degradation. This should include:

  - Mandatory Independent Review of Yield Estimates
  - Use of Empirical Data Over Modelled Projections that are based on actual measured data, with remeasurement of 2019/20 fire affected plots completed before project approval
  - Transparent Public Reporting, with all sustainable yield estimates and supporting data must be published online prior to project registration
  - Exclusion of Inflated historical benchmarks, e.g. 2014-2020

- **Concern**: Historical estimates by the Forestry Corporation, in NE NSW, have been grossly inflated, with actual yields for north-east NSW averaging only 54–59% of predicted yields over the past decade. There has been a substantial decline in actual yields since

the 2019/20 wildfires that may result in a permanent reduction that have not been been reflected in sustainable yield estimates

- **Implication**: Using inflated baselines risks over-crediting carbon abatement and undermines the integrity of the method. Credits could be claimed for non-existent reductions in actual logging volumes; effectively gaming the system and collecting subsidies for business as usual logging.

Sustainable Yield estimations are not adequate surrogate for assessing carbon storage or sequestration potential in forests

Recommendation 6: To obtain an accurate assessment of forest carbon use, LiDAR, supplemented with represented plots, to identify actual standing carbon across all tenures, derive the carbon carrying capacity of each Plant Community Type by assessments of the most mature stands, and to compare it with logging history and compartment yields to assess the reduction in carbon due to recent logging. This could be used to supplement satellite assessments such as by the European Space Agency's Biomass satellite. Using actual baselines would give the process high credibility.

- **Concern**: Forestry Corporation sustainable yield estimates are not an indication of current carbon storage or carbon sequestration potential, rather they are being applied to estimate potential changes in extracted volumes of products, and the veracity of those estimates are questionable. It would be far preferable to base assessments on real values able to be regularly monitored to assess the effectiveness of any project, or any changes due to droughts or wildfires. Why use an unreliable surrogate for carbon when the ability exists to use measures of actual carbon?
- **Implication**: Use of LiDAR and satellites give the ability to measure actual carbon and monitor changes through time, which will enable carbon to be measured. This would enable implementation of a high integrity process.

Reassessment of Fire-Damaged Forests Is Urgently Needed

Recommendation 7: Conduct comprehensive remeasurement of forest plots affected by the 2019/20 wildfires.

- **Concern**: Forestry Corporation has not re-measured 659 plots in heavily burnt areas in north-east NSW, relying instead on only 17 plots, a very small and non-representative

volume of data from southern forests. There has yet to be a valid reassessment of sustainable yield that accounts for the impacts of the 2019-20 wildfires

- **Implication**: This greatly undermines the credibility of post-fire yield estimates, sustainable yield estimates and new Wood Supply Agreements signed in 2022. This will likely lead to significant inflation of baselines, again leading to crediting non-existent reductions in real logging and continued logging in a landscape already severely affected by fire.

Logging Rotation Lengths Must not lead to the conversion of mixed age native forests to pseudo-plantations

Recommendation 8: INFM must not incentivize forest degradation and should not encourage the conversion of mixed-age native forests to single aged pseudo-plantations based on intermittent clearfelling regimes, whatever the rotation length.

    - An area should be ineligible for deferred harvesting, if the area has been logged to a degree that precludes commercial harvest within the crediting period or if there is inadequate regeneration of naturally occurring trees capable of restoring a natural canopy cover.

- **Concern**: Rotation lengths are a plantation or pseudo-plantation concept based on clearfelling stands, thinning the regrowth/plantings once or twice, before clearfelling them at the end of a rotation. If we are to maximise the biological values of logged forests it is essential to maintain them as mixed age forests and not encourage further conversions to single-aged stands. In north-east NSW most forests are managed as mixed aged forests, with current logging-return periods of 13–28 years, it would be a grave mistake to encourage the conversion of these forests into plantations that are thinned once then clearfelled, irrespective of whether the rotation length is 50 or 80 years. There is also a danger that the current return times could be confused with rotation length, so that simply by doubling the return time from 13 to 26 years it could be claimed to double the rotation length.
- **Implication**: Management of native forests on rotation lengths may lead to pseudo-plantation conversion and loss of ecological function, while being open to manipulation. Also, areas of degraded forests and young regrowth can be claimed as “deferred harvesting” where there are no or limited prospects of obtaining a commercial crop in the foreseeable future. There are vast areas of native forest that have been degraded by past logging and wildfires, with failed regeneration or without sufficient regrowth to provide economic returns in the foreseeable future.

Degraded Forests Should Be Accurately Mapped and Monitored

Recommendation 9: Improve mapping and monitoring of degraded forests, especially those affected by Bell Miner Associated Dieback (BMAD) and lantana invasion.

- **Concern**: Large areas are ecologically collapsed, with low chance of healthy regrowth, and may be inappropriately claimed for carbon credits.
- **Implication**: Risk of perverse outcomes where heavily degraded forests are credited and used to justify and subsidise further logging elsewhere.

Clarify Timber Categories and Baseline Calculations

Recommendation 10: INFM must clearly define timber categories included in sustainable yield and baseline calculations.

- **Concern**: Ambiguity in what constitutes sawlogs, pulplogs, and residues leads to inconsistent and potentially inflated baselines.
  Pulplogs can be reclassified as low quality sawlogs to avoid claims of immediate CO2 release.
- **Implication**: This affects the transparency, accuracy of carbon abatement calculations and may lead to inappropriate projects being eligible.

Division 5.8—Leakage Prevention

Recommendation 11: Implement Robust Controls to Prevent Leakage Across Forest Tenures and Jurisdictions through:

- Require that products specified in Wood Supply Agreements are at least reduced proportionately to the volumes claimed to have avoided emissions, and greater if required to achieve sustainable yield in the project area
- Ensure baselines are established for each product (ie large high quality sawlogs, small high-quality sawlogs, low-quality sawlogs, pulplogs and other), and clear criteria for each product, to ensure substitution isn't used to misrepresent reductions
- Establish Modified Sustained Yield Baselines Across Entire Forest Estates
    - Apply the same modified sustained yield methodology to excluded sections of the proponent's forest estate (outside the project area).
    - This ensures any increase in logging elsewhere reduces ACCUs generated in the project area.
- Develop Counterfactual Baselines for Private Native Forests
    - Require a jurisdiction-wide baseline for PNF using independent data, despite failure to record annual yields and current gaps in sustained yield estimates.
    - Require annual reporting of yields from private forests

- Regular monitoring of standing carbon stocks using LiDAR (or similar) to ensure targets are being delivered
- Apply Higher Indirect Leakage Discounts
    - The proposed 5% deduction for indirect leakage is inadequate.
    - Recommend a higher discount rate, informed by recent leakage experiences (e.g., in Victoria).
- Include provisions to prevent logging under the guise of fire management to be automatically excluded from leakage calculations.
- Monitor and Limit Cross-Subsidisation
    - Prohibit use of ACCU revenue to subsidize logging in unprofitable or ecologically sensitive areas.
    - Require transparency in financial flows and logging plans across the entire forest estate.

- **Concern:** Leakage, where logging shifts from protected areas to other forests, poses a serious risk to the integrity of carbon abatement. The method currently lacks sufficient safeguards to prevent: direct leakage into other parts of the public forest estate; indirect leakage into private native forests (PNF) and other states; and cross-subsidisation.
- **Implication:** Poor leakage control and a lack of transparency will have a negative effect on the integrity of the method and may encourage perverse outcomes, where ACCU revenue enables intensified logging elsewhere.

Division 6.2—Record-keeping requirements

Recommendation 12: Division 6.2 All records provided in relation to this Division should be publicly available.

- **Concern:** A lack of transparency in the management of public native forests has resulted in a culture of non-compliance and poor record keeping. $1.5 million dollars in fines and revelations of major inaccuracies in reporting, up to 30% misreporting of volumes and log quality, demonstrate the desperate need for improved transparency in Forestry Corporation operations.
- **Implication:** Records relating to the following areas are central to maintaining transparency and integrity of the method :

    - location of all sites used for deferral of harvesting
    - timber harvesting and clearing to facilitate timber harvesting,
    - monitoring harvesting and clearing events, and
    - annual release of mapping and imagery of harvested and cleared areas

First Nations handbacks

Recommendation 13: Clarification on the implications for First Nations hand backs need to be addressed

- Clear identification of these areas must be included in references to “other reserve” (draft determination, Section 10(4)) so as to not excessively restrict First Nations hand backs.

- **Concern**: The draft method does not explicitly mention future tenure changes, apart from a reference to “national park or other reserve or subject to any other applicable law that prevents commercial forestry use.”
- **Implication**: A lack of clarity could result in increased difficulty in handbacks to First Nations groups.

Opportunities to realise carbon and biodiversity benefits and support carbon markets

Native forests contain the largest terrestrial carbon stock in NSW and to date have not been managed in ways that recognize the role of ecosystem integrity in their stability (i.e., resistance and resilience). One consequence is that the average carbon stock in production native forests is well below levels found in unlogged forests; 30%-70% depending on forest type and past logging practices[7],[8].

Provided action is taken to protect and restore forest ecosystem integrity, native forests would have significant potential to recover lost carbon stocks. However, achieving this requires a sharp focus on improving the outlook for biodiversity at all levels. In particular, this requires the cessation of native forest logging that has significant effects on many elements of forest biodiversity[9].

Native forest logging in NSW releases 3.6 million tonnes of carbon (CO2e) per year, which is equivalent to the annual emissions of 840,000 cars. The volume of carbon stored in logged forests has been halved through clearing and degradation. Stopping logging will enable forests to regain their lost carbon and make a significant contribution to meeting our climate targets. As shown by the 2019/20 wildfires, increasing droughts and fires due to climate heating are already having a significant impact on trees, forest species and rainforests – it is essential that logging is stopped to allow forests to reduce the impacts of climate heating by removing CO2 from the atmosphere, and recover their integrity to better withstand future disasters.

[7] H. Keith, B. Mackey, Z. Kun, M. Mikoláš, M. Svitok, M. Svoboda, Evaluating the mitigation effectiveness of forests managed for conservation versus commodity production using an Australian example. Conserv. Lett., e12878 (2022).
[8] H. Keith, M. Vardon, J. A. Stein, J. L. Stein, D. Lindenmayer, Ecosystem accounts define explicit and spatial trade-offs for managing natural resources. Nat. Ecol. Evol. 1, 1683–1692 (2017).
[9] M. Ward, K. Ashman, D. B. Lindenmayer, S. Legge, G. Kindler, T. Cadman, R. Fletcher, N. Whiterod, M. Lintermans, P. Zylstra, R. Stewart, H. Thomas, S. Blanch, J. E. M. Watson, Shifting baselines clarify the impact of contemporary logging on forest-dependent threatened species. Conserv. Sci. Pract. 6, e13185 (2024).

As outlined in the Method Proposal[10], intact native forests store significantly more carbon than logged and regenerated native forests. Native forest logging generates large amounts of emissions. Indeed, a key way to reach Australia's 2030 GHG reduction targets will be to stop native forest logging

In fact, a major step down in native forest logging in Tasmania had major positive benefits on the carbon accounts in that State[11]. Increased carbon storage in intact native forests can be included in State and National carbon accounts.

Carbon does not have to be traded to show benefits " and this will avoid the gaming that has characterized substantial parts of the carbon trading industry in Australia[12].

The biodiversity benefits of intact native forests have been well documented (Mackey et al. 2015, Watson et al. 2018). The best way to maintain the biodiversity values of native forests is to stop logging them, including in NSW[13].

---

10 https://www.environment.nsw.gov.au/sites/default/files/2025-03/improved-native-forest-management-multiple-use-public-native-forests-method-proposal.pdf

11 Mackey, B. G., W. R. Moomaw, D. B. Lindenmayer, and H. Keith. 2022. Net carbon accounting and reporting are a barrier to understanding the mitigation value of forest protection in developed countries. Environmental Research Letters 17:054028.

12 Macintosh, A., D. Butler, P. Larraondo, M. C. Evans, D. Ansell, M. Waschka, R. Fensham, D. Eldridge, D. B. Lindenmayer, P. Gibbons, and P. Summerfield. 2024. Australian human-induced native forest regeneration carbon offset projects have limited impact on changes in woody vegetation cover and carbon removals. Communications, Earth & Environment 5:149.

13 Ward, M., K. Ashman, D. B. Lindenmayer, S. Legge, G. Kindler, T. Cadman, R. Fletcher, N. Whiterod, M.Lintermans, P. Zylstra, R. Stewart, H. Thomas, S. Blanch, and J. E. Watson. 2024. Shifting baselines clarify the impacts of contemporary logging on forest-dependent threatened species. Conservation Science and Practice 6:e13185.