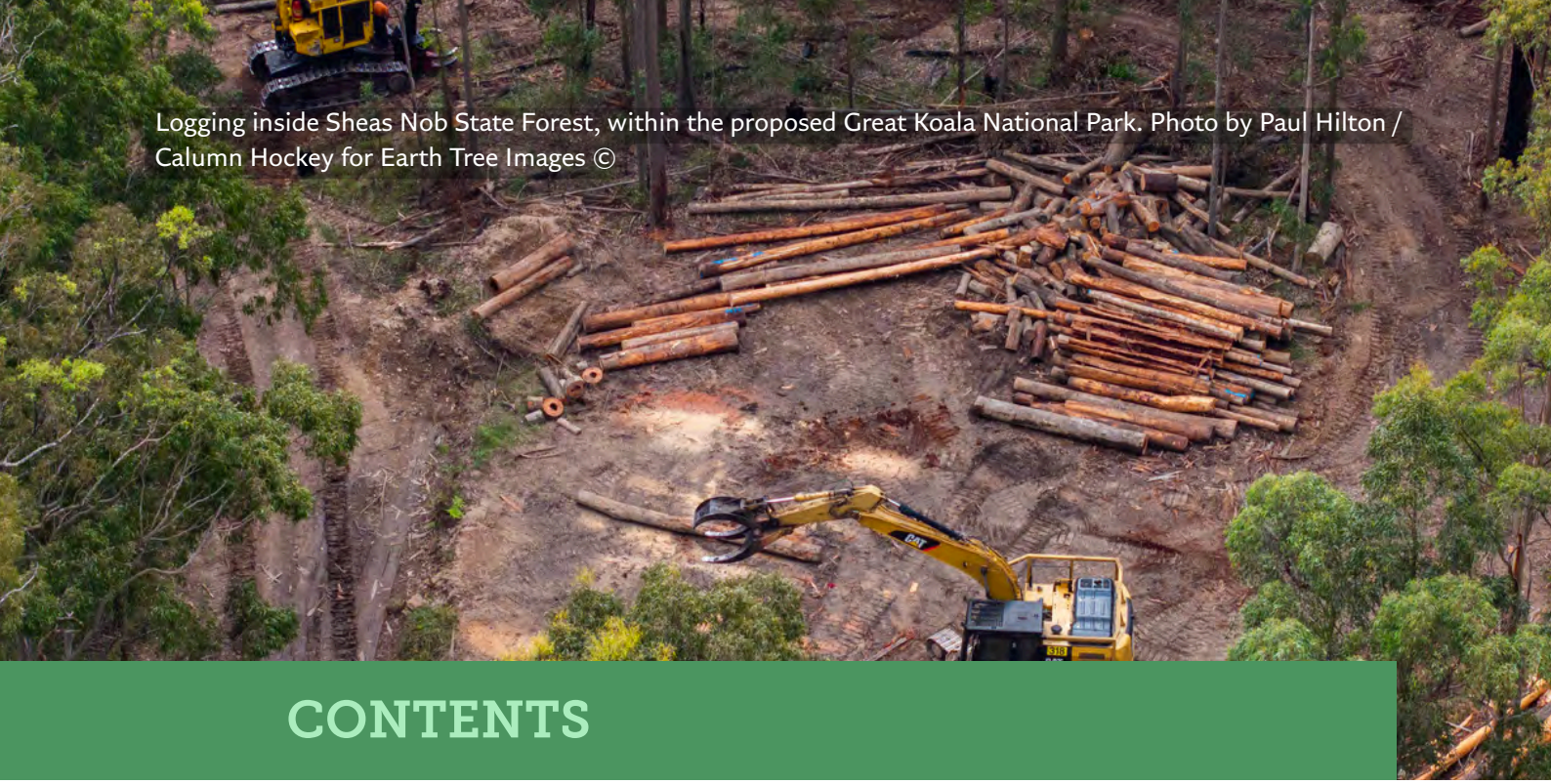
Wilderness Australia

FOREST CARBON BRIEFING

Wilderness Australia Policy Series

June 2025

NUMBER 4



Logging inside Sheas Nob State Forest, within the proposed Great Koala National Park. Photo by Paul Hilton / Calumn Hockey for Earth Tree Images ©

CONTENTS

Logging destruction inTallaganda State Forests, New South Wales

AN INDUSTRY AS OBSOLETE AS WHALING

Native forest logging is outrageously destructive and wasteful. The damage it causes lasts for centuries and it is unpopular in the community.

It has far exceeded its ecological and financial limits, able to continue only by:

1. regularly breaching the environmental constraints set by industry harvesting rules (The Guardian, 2025); and
2. receiving the continuous government subsidy evident every year in the accounts of the Forestry Corporation of NSW.

Since 2020, FCNSW has lost almost $90 million in its Hardwood Division and has been fined almost $2 million for the unlawful destruction of threatened species habitat and related environmental breaches.

It is absurd to speak of “sustainable forestry”. Harvested log sizes have steadily declined over decades. Logging is destroying the habitat of around 150 threatened forest-dwelling species in NSW alone (Ward et al. 2024). Some of our most iconic animals – gliders and koalas – are now listed as endangered.

Logging does not reduce bushfire risk. To the contrary, bushfire risk increases for at least 60-70 years after logging disturbance (Lindenmayer et. al 2021; Wilson et al. 2022).

The industry has steadily declined for more than 30 years, unable to compete with far more efficient plantation timber and engineered wood products (Frontier Economics, 2023).

It provides few high quality timber products. At present, 90% of all sawn timber in Australia comes from plantations (DAFF, 2024). Native forest logging generates predominantly wood chips, paper pulp and packaging and pallets.

It directly employs only 1000 people in NSW (Frontier Economics, 2022). The industry restructuring procedures necessary to complete a fair transition to a wholly plantation-based timber industry are well known – forest industry adjustment packages were used often in NSW during the late 1990s and early 2000s.

BIODIVERSITY PROTECTION IS A NECESSARY PART OF FIGHTING CLIMATE CHANGE

In the past, national parks were created to conserve nature. Now it is understood that they also have a crucial role in climate change abatement, a priceless benefit.

It is the complex web of life in native forests that maintains their stability and resilience. The integrity of forest ecosystems depends absolutely upon the protection and restoration of every element of their naturally occurring biodiversity. They help forest ecosystems resist threats like severe drought and fire, and thereby help keep the carbon they store out of the atmosphere.

Concentrations of carbon in the atmosphere are now so high that net zero targets cannot be achieved by the reduction of emissions alone. It is also necessary to remove the carbon that has already accumulated in the atmosphere, and that can only be done by living ecosystems, especially forests (The Land Gap Report, 2022).

They are the only capture and storage systems proven to actually work! If they are protected from logging they support the restoration of wildlife habitat and assist climate mitigation at the same time. Older and less disturbed forests store by far the highest amounts of carbon.

Tree ferns and rainforest trees in South East Forest National Park sit undisturbed, storing large amounts of carbon.

ENDING LOGGING IS CRITICAL TO THE ACHIEVEMENT OF NET ZERO

On the other hand, forests are at greater risk of releasing the carbon they store back into the atmosphere as a result of the interaction between logging and threats from severe drought and fire that are increasing with climate change. Logging increases fire severity so the protection and restoration of forest ecosystem integrity has never been more urgent.

When logging is stopped, there are four kinds of climate benefits: the significant annual gross emissions from logging operations cease; additional sequestration occurs because existing forests are allowed to keep growing past the age at which they would normally be logged; the risk of forests releasing carbon in the future is reduced; and the ability of forests to adapt to already locked in climate change is improved.

If Australia stops logging and land clearing it can meet its 2030 emissions targets (ANU, 2022). In the example of Tasmania, substantial reductions in logging caused the State to actually achieve net negative emissions in the accounting period 2012-2018 (Mackey et al. 2022).

The carbon stocks in Australia's native forests are very large. A 2008 ANU analysis showed that in 14.5 million ha of eucalypt forests in south-eastern Australia, the effect of retaining the current carbon stock (equivalent to 25.5 Gt CO2) would be equivalent to avoided emissions of 460 Mt CO2 yr for the next 100 years. Allowing logged forests to realise their sequestration potential to store 7.5 Gt CO2 would be equivalent to avoiding emissions of 136 Mt CO2 yr for the next 100 years. This was equal to 24 percent of the 2005 Australian net greenhouse gas emissions across all sectors; which were 559 Mt CO2 in that year (Mackey et al. 2008)

Logging occurring in Glenbog State Forest, southern NSW.

THE DRIVE TO ESTABLISH CARBON CREDIT MARKETS

Governments in the past regarded the protection of forests as a public good. Communities could benefit from all the services provided by forests like clean water, tourism revenue and climate mitigation benefits. Carbon benefits have been automatically reflected in State and Federal Greenhouse Gas (GHG) accounts.

Governments in the past did not expect in addition to receive direct compensation for ending uneconomic forestry activity.

In more recent times however, opportunistic lobbyists for carbon companies have argued that the sale of Australian Carbon Credit Units (ACCU's) created under the Australian Government Carbon Credit Scheme – could be used to pay for ending or reducing native forest logging. And they have persuaded the NSW Government to propose its own nationally applicable Improved Forest Management in Multi-use Public Native Forest (IFM) method for creating ACCUs. The method is now under consideration by Commonwealth authorities.

Conservation is not the purpose of this scheme: its role is to turn forest carbon into a tradable commodity. As presently designed it is not an instrument for reducing carbon emissions: it is an offset mechanism that particularly allows big emitters to continue their use of fossil fuels.

Already it has produced other perverse effects, with the Premier of NSW effectively arguing in 2023 that logging within the boundary of the proposed Greater Koala National Park needs to continue until an ACCU method is approved by the Federal Government (The Australia Institute, 2024).

CARBON CREDIT MARKETS HAVE A HISTORY OF FAILURE

As Richard Denniss of the Australia Institute observed in our previous Forest Carbon Briefing (2024), carbon credit markets all over the world "have been beset with fraud for decades and so called 'land based offsets' were excluded from the original Kyoto Protocol on the basis they were too hard to oversee".

Indeed, he says 'the design of the market for ACCUs creates strong incentives for suppliers of ACCUs to exaggerate the amount of carbon embodied in each credit; incentives for firms required to buy ACCUs to ignore problems of reliability and risk; and incentives to block citizens (the ultimate beneficiary of a successful ACCU market) from obtaining full information about ACCUs on the basis of 'commercial in confidence'.

"As the final beneficiaries of the 'market' for ACCUs (citizens desiring less climate change) are unrelated to those buying and selling ACCUs (project developers/aggregators/polluters obliged by regulation to purchase ACCUs) it cannot be assumed that 'market forces' will work effectively to weed out poor quality products in the way that, for example, a restaurant that sold poor quality food would be expected to lose customers. Indeed, it is very difficult for any purchaser (and most producers) to have enough knowledge to assess the relative quality of credits. So strong government regulation and assurance of quality and risk is essential."

Moreover, Australia's Safeguard Mechanism allows our biggest emitters to purchase offsets to delay their exit from fossil fuels. So ACCUs are actually used to maintain or increase emissions, making global warming worse.

It is little wonder that 100 of Australia's largest companies have left the voluntary carbon market with concerns about the poor quality of credits and the reputational risk to those relying upon them (The Age, 2025).

There is a heavy onus on the New South Wales Government to show that its proposed method will avoid the problem of dodgy products that generally afflict the carbon offset sector. In fact, at a technical level the NSW Government's IFM method is full of gaping holes.


Log piles in Glenbog State Forest, southern NSW

A B DOUBLE LOG TRUCK CAN BE DRIVEN THROUGH THE IFM METHOD.

An ACCU cannot be created under the Commonwealth Carbon Credits (Carbon Farming Initiative) Act unless a proposed change in management arrangements can clearly be identified as being responsible for any claimed reduction in emissions.

This in turn depends on the accuracy of the baseline chosen against which to assess the reduction in emissions. If the action claimed is ending or reducing native forest logging, then an independent verification – a test of integrity – will be required to assess whether the proposed baseline is realistic and whether logging would have ceased or a reduction in logging would have occurred regardless (The Conversation, 2024).

The NSW Government IFM method proposes a 15 year crediting period utilizing an historical baseline drawn from the previous 10 years of logging. The method relies on the past to predict the future. It depends upon the confected assumption that without the creation of ACCUs, State and Federal governments are unlikely to do anything to protect high quality koala or glider habitats currently being destroyed by logging, for the next 15 years.

It is implied, quite absurdly, that the existing and powerful community demand for forest protection will have no effect upon Government and that change will only be generated by turning forest carbon into a tradable commodity.

The proposed baseline for the assessment of 'additionality' ignores reality in many other critical ways:

- It does not try to assess the real, existing condition of native forests or the habitat and recovery needs of wildlife.
- It takes no account of the unprecedented and very long term impact of the catastrophic bushfires of 2019/20, and how those impacts will amplify future catastrophic events and reduce wood supply from native forests.
- It ignores climate change and the way that logging will interact with drought and fire to increase the severity of wildlife habitat destruction, while dramatically reducing the viability of ongoing native forest logging.
- It seeks to establish a baseline without any reference to the recent and dramatic declines in the market for native forest timbers that continue to occur in the real world.

All of these factors call the reliability of any estimate of ACCU's deeply into question. They will generate junk ACCU's, a political risk to governments and a reputational risk to investors.

Photo by Paul Hilton / Calumn Hockey for Earth Tree Images ©

AT WORST THE IFM METHOD ALLOWS LOGGERS TO KEEP LOGGING AND EMITTERS TO KEEP POLLUTING

If the method were to be approved it would open up further opportunities for the political manipulation of the ACCU system. The scheme provides for a choice of eligible activities. It anticipates the creation of ACCUs not only for the cessation of logging but also for reduction or deferral of logging and for "storing carbon in harvested wood products".

The application of the last two activities would introduce a host of additional problems:

- The data underlying the method and modelling used to determine the number of eligible carbon credits is of doubtful accuracy.
- The arrangements for monitoring and regulation to ensure that logging is either ceased or reduced permanently are weak.
- The arrangements to prevent the actual increase of logging outside the carbon project area are weak.
- And worse, the scheme ignores the urgent need to restore the resilience of forests: their capacity to resist threats associated with climate change.

Perversely, ACCUs would be sold in this situation to generate revenue to support the conduct of native forest logging that would otherwise be unlikely to occur. That outcome would be a gigantic backwards step for climate mitigation.

ACCU's are not designed to rescue uneconomic industries, yet it is crystal clear that if revenue generated from the sale of ACCU's accrued to the Forestry Corporation of NSW it would provide yet another form of subsidisation for this uneconomic and environmentally destructive industry.

The IFM method being developed by the NSW Government would, if approved, also be applicable in Tasmania and Queensland, the other states where native forest logging has not yet ended. If it is possible that ACCU revenue could be used to provide a further subsidy for native forest logging in NSW, it is almost certain that it would be used to do so in Tasmania and Queensland.

If it is eventually accepted that NSW is allowed to generate ACCU's for the proposed Great Koala National Park – notwithstanding a long term political commitment to do so anyway – that will be a breach of the common sense understanding of the requirement for "additionality" in ACCU schemes.

So, in the end it is not just the integrity of ACCUs that is at stake but the integrity of governments that promote them.

Prepared by Bob Debus and Virginia Young.

Published 4 June 2025.

Australian Foundation for Wilderness Limited. ACN 001 112 143 ABN 84 001 112 143
Advocating as Wilderness Australia. Formerly The Colong Foundation for Wilderness Ltd.
PO Box K335, Haymarket, 1240, NSW. Registered Office 8/154 Elizabeth Street Sydney NSW 2000.
Telephone (02) 9261 2400
www.wildernessaustralia.org.au
contact@wildernessaustralia.org.au

Wilderness Australia