Submission of views and analysis on the Consultation Draft on Carbon Credits (Carbon Farming Initiative-Improved Forest Management in Multi-use Public Native Forest) Methodology Determination 2025

14th July 2025

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I live and work on Yuin Country in southern NSW.

This paper is informed by personal experience during the black summer bushfires including participation in a post bushfire recovery project lead by Griffith University and ANU; my work in the international climate and biodiversity policy arenas (CBD and UNFCCC Rio Conventions) on the nexus between climate change and biodiversity loss; my role with the IUCN Climate Crisis Commission as Nature Thematic Lead and as an active member of the IUCN World Commission on Protected Areas Climate Specialist Group; and my experience with on ground programmes working to protect and restore ecological integrity and connectivity at a landscape scale in eastern Australia and in south western Australia.

I worked to support forest conservation outcomes during the Regional Forest Assessment (RFA) period contributing to NGO work in Tasmania, Western Australia, Queensland, New South Wales and Victoria.

I have a substantial depth and breadth of knowledge of the challenges facing Australia's forests and those likely to increase with climate change.

CONTENTS

1.0.0 CONTEXT

We are facing two entwined existential threats to humanity: rapidly increasing global heating and rapid loss of biodiversity and relatedly, the integrity and stability of ecosystems.

We are fast moving beyond the guardrail of 1.5 degrees of global warming and are on track to reach an unimaginable 3 degrees of warming (UNEP, 2024). We are exceeding planetary boundaries on all biodiversity and ecosystem indicators and must, as the signatories to the Convention on Biological Diversity recognised when adopting the Kunming-Montreal Global Biodiversity Framework (2022), halt and reverse species loss, retain all areas of high ecological integrity, restore 30% of degraded ecosystems and protect a further 30% of all ecosystems by 2030.

Every climate action in the land and forest sector must also help solve the biodiversity crisis because unless we solve these two crises together, we will fail on both (IPBES-IPCC, 2021).

The decisions taken at COP 28 on the Global Stocktake (CMA 5 para.33) and at CBD COP 16 (16/22) reinforce the importance of synergistic climate and biodiversity action. Momentum to build greater policy coherence between the Rio Conventions is increasing and is particularly relevant for re-framing approaches to climate action in land, forests and other ecosystems.

Unfortunately, current climate policy and carbon accounting rules were developed at a time when biodiversity was considered irrelevant for the success or failure of climate action on forests. They fail to understand let alone reflect the importance of biodiversity and ecosystem integrity for the ability of carbon dense ecosystems like forests to continue to sequester and retain carbon over the long term. They are not designed to foster synergistic climate and biodiversity outcomes. Australian Carbon Credit Units (ACCU's) are not biodiversity conservation instruments. It is inappropriate to assume that robust biodiversity outcomes can be delivered by, let alone be dependent upon, the ability to generate ACCUs.

It is equally inappropriate to assume that land and forest sector carbon credits can negate the impact of ongoing emissions from fossil fuels.

1.0.1 Achieving real zero

Any assumption that fossil fuel emissions can be neutralised by carbon sequestration in land and forests is, as the 'Guidance on key method components' of the proposed IFM ACCU method recognised, scientifically incorrect.

"NZE (net zero emissions) is achieved when all anthropogenic (i.e., human caused) CO_2 emissions (as well as other greenhouse gases) are reduced to the rate at which they can be removed and permanently stored by natural sinks, i.e., the world's ecosystems and oceans" (Becken et al 2024).

The integrity of carbon offset projects is increasingly being questioned and the role of offsets in delaying our exit from fossil fuels increasingly evident. Australia relies heavily on offsets for achieving its 2030 emissions reduction target. Limiting the use of offsets, as most other countries already do, is essential for the credibility of Australia's emissions reduction goal and targets. A low and rapidly tightening cap on the use of offsets is essential if we are to achieve the emissions reductions we so desperately need in all sectors. Purchasers of offsets must be required to demonstrate that they are only being used as a last resort and as a short-term measure to address residual emissions.

1.0.2 Protecting and restoring public forests is a government responsibility

The community expects governments to respond to the latest science, new information and challenges to ensure the critical ecosystem services provided by our forests and the wildlife they harbor are protected in the face of climate change.

Given that the carbon benefits from protecting and restoring native forests automatically show up in State and Federal Greenhouse Gas Accounts, attempting to shift public responsibility onto the private sector by monetising part of this climate benefit, while propping up an industry in steep decline that is increasing the likelihood of species extinction, is bad public policy.

1.0.3 Why biodiversity matters for fighting climate change

Protecting and restoring the integrity of forest ecosystems is absolutely dependent upon protecting and restoring every element of their naturally occurring biodiversity. The complex web of life in native forests underpins their stability and maintains their resilience and capacity to resist threats like severe drought and fire. Biodiversity and ecological integrity matter for reducing the risk of releasing the large amounts of stored carbon in forests to the atmosphere.

Forests are at elevated risk of releasing stored carbon to the atmosphere as a result of the interaction between logging and threats from severe drought and fire that are increasing with climate change. The science is clear that logging increases the severity of fire (Lindenmayer et al., 2021). Retaining and restoring forest ecosystem integrity has never been more urgent.

Past conceptions of sustainable forest management are out-dated and obscure the urgency of protecting and recovering the integrity of forest ecosystems for both the survival of native wildlife but also for retaining their climate mitigation value and facilitating adaption to already locked in climate change.

Meeting existing policy commitments under the UNFCCC Global Stocktake decision at COP 28 (CMA5 para33) to end deforestation and forest degradation and align climate action with the CBD COP 15 decision on the Kunming-Montreal Global Biodiversity Framework (K-M GBF) by 2030, requires substantial additional protection and recovery action in native forests currently available for logging. Additional protection and recovery action needed to reverse the extinction crisis in native forests by 2030 include:

- Urgent protection of fire refugia, core habitat and wildlife corridors to ensure wildlife have a chance to recover from the severe impacts of the 2019/20 bushfires;
- Well-funded and detailed species recovery plans across all tenures governed by strengthened Australian and State biodiversity legislation; and
- Cessation of native forest logging in order to restore forest ecosystem integrity and improve resilience and resistance to threats that are increasing with climate change.

1.0.4 The need to reform out of date forest carbon accounting rules

We need forests to be able to continue drawing down carbon dioxide from the atmosphere and store it safely for long periods of time. Storing carbon for long periods of time is the most important climate mitigation role of native forests. Their ability to do so ultimately depends on retaining and recovering biodiversity and preventing other damage to their integrity and stability.

ACCU methods are based on accounting rules that pay no attention to the importance of biodiversity for retaining carbon in native forests. Greenhouse gas (GHG) accounting rules for land and forests need to be supplemented to reflect the superior provision of ecosystem services, including long-term carbon storage in old and long unlogged forests that retain their natural structure and composition of biodiversity.

The ecosystem accounting framework developed by the UN Statistical Commission, the System of Environmental Economic Accounting Ecosystem Accounting (UN SEEA-EA) and adopted by the Australian Government in their commitment to ongoing reporting of the National Ecosystem Accounts, is able to reflect the economic benefits to State and Federal governments from protecting and restoring forest ecosystem integrity including the protection of existing and recovery of lost, forest carbon stocks (Land Gap Report, 2022).

2.0.0 THE PROPOSED IFM METHOD

2.0.1 Introduction

The sections below reflect on the technical detail of the proposed method aimed at meeting the Carbon Farming Initiative (CFI) Act 'integrity' requirements for establishing 'additionality', achieving 'permanence' and preventing 'leakage'. It draws heavily on and supports a recent submission by Griffith University (Griffith University, 2025).

The CFI Act aims to ensure that projects "result in carbon abatement that is unlikely to occur in the ordinary course of events". This is the most important requirement for establishing the integrity of any ACCU project. The provisions that define 'additionality' based on whether State or Federal government legislation already requires 'the stopping or reduction of timber harvesting' are open to manipulation by governments, particularly if they are the project proponent. **Actions taken to fulfil government policy commitments should be ineligible to generate carbon credits.**

By seeking to generate carbon credits from meeting a longstanding policy commitment to create The Great Koala National Park, satisfying 'additionality' is instantly called into question. The sophistry of arguments based on the fact that the park boundaries have not yet been announced is clear. The NSW Government has been delaying an announcement until the pathway for generating carbon credits proposed in the Consultation Draft has been resolved. The Premier of NSW has argued that logging within the boundary of the proposed Great Koala National Park (GKNP) needs to continue until the Federal Government decides whether to approve the IFM ACCU method (The Australia Institute, 2024). Worse, there is good evidence that logging inside the proposed boundaries of the park is more intensive than in the much larger area of public forest in northern NSW outside the GKNP (Wilderness Australia & NPA NSW, 2024, NEFA 2025).

The proposed method attempts to exclude the impact of all policy commitments by State and Federal governments that will affect future forest management, including Australia's 2030 commitments under the CBD and UNFCCC which include a commitment to end deforestation and forest degradation by that date. It is scientifically inarguable that logging and fire have seriously degraded many areas of native forests in Australia and that recovery plans are urgently required for endangered forest wildlife that will inevitably reduce areas available for logging.

2.0.2 Governance and regulatory arrangements

It is highly likely that the State Forest agency in each state will be designated as the 'project proponent'. In NSW this agency, the Forestry Corporation of NSW (FCNSW), has been found by the courts to be logging illegally and has a litany of fines from the regulator against its name (The Guardian, 2024).

Worse, neither FCNSW nor the regulator, the Environment Protection Authority, have upheld even modest exclusions aimed at habitat protection for endangered species (ABC NSW, 2024; Yahoo, 2024). The community has tried valiantly to fill the regulatory void (FANSW, 2024). It would be unreasonable in the extreme to expect the community to hold governments to account through monitoring the complex arrangements governing ACCU's.

Forest management agencies are in a unique position to game any regulatory framework. They have done so for years (NEFA, 2025; Wilderness Australia, 2024).

The method does not envisage changes to current regulatory arrangements even though they have demonstrably failed to protect core habitat for endangered species nor facilitate forest ecosystem recovery post the catastrophic 2019/20 fires.

Tallaganda State Forest – Case Study

Tallaganda State Forest is one of the few areas of large contiguous forest in southern NSW that remained mostly unburnt during the 2019-20 bushfires. The forests are home to exceptionally

high numbers of endangered greater gliders. By definition, it is critically important to protect this fire refuge and greater glider population to enable recovery across the fire-affected landscape.

Following failure by FCNSW to find Greater Glider den trees in Tallaganda, during 2023-24, community members found over 111 greater glider den trees that were then afforded a 0.78 ha logging exclusion zone for each tree- across active and planned logging operations in Tallaganda State Forest. This large-scale citizen science effort was allowable and even encouraged under current logging regulations.

As a result, FCNSW was forced to abandon scheduled logging operations on three occasions. No logging has occurred anywhere in Tallaganda since mid 2023.

We have been told directly by FCNSW officials that they're acutely aware that further attempts to log Tallaganda will be impossible, a result of our determination to find den trees and the sheer density of greater gliders. Tallaganda is just one example of areas of State Forest that have become essentially 'unloggable' due to the efforts of the community.

These outcomes were not predicted or predictable by FCNSW due to the unforeseen efforts of the community in finding numerous den trees throughout the logging and planning process. However, only a tiny fraction of den trees have been identified in the public native forests of NSW as this task has largely been left to community volunteers. There is no doubt that many of these trees could be found in the future, which should result in further abandonment of forest areas by FCNSW.

Yet estimates of sustained yield appear to be blind to the inadequacies of current regulatory arrangements and therefore bound to overestimate loggable volumes of wood. If properly resourced, any competent team can identify den trees and other critically important habitat features. **A robust ACCU method should not rely on citizen scientists to find, report and monitor irrecoverable conservation values before they are destroyed by logging. Nor should it depend on the community to monitor the impact of reductions in logging volumes after the generation of ACCUs.**

The habitat values of all the public forests available for logging should be properly and independently assessed across the entire native forest estate to inform future sustained yield estimates and the baseline. A baseline that ignores the importance of protecting key habitat features and current regulatory failures is fatally flawed, even if attempts are made to modify it.

The Commonwealth should concern itself with all these considerations as they go to the heart of whether gaming the system can be prevented and the overall credibility of the proposed IFM ACCU method.

If forest management agencies are responsible for managing wood production as well ACCU project activities, the ideology that currently sustains a grossly uneconomic industry will continue and there would be an irreconcilable conflict of interest underpinning the whole venture.

2.0.3 Establishing a credible baseline against which to assess 'additionality'

As highlighted above, a fundamental question for the Federal Government and the Emissions Reduction Assurance Committee (ERAC) is whether protecting forests previously slated for protection should be permitted to generate ACCUs?

Equally fundamental, given the glaringly obvious need to increase forest protection and the precariousness of markets for native forest wood, is whether a baseline determined by the past has any relevance to what will happen in the future?

The project permanence period would be 100 years and the period during which ACCUs could be generated (the crediting period) is 15 years, a relatively short time. The baseline against which 'additionality' would be assessed would be drawn from the previous 10 years of logging. **The inherent and patently absurd assumption is that in the absence of ACCUs there would be no equivalent reduction in native forest logging in any potential project region for 15 years**.

The proposed historical baseline ignores: the demonstrable need to increase habitat protection for endangered forest wildlife; the increasing climate and ecological constraints on logging; biodiversity policy commitments made by governments that must be fulfilled by 2030; the long-term ecological impacts on native forests of catastrophic fires; and recent market trends.

Can the proponents of the IFM method honestly say that no state or federal government will respond to the plight of Koalas, Greater Gliders and every other species whose future depends on increased protection of high-quality forest habitat and ignore community pressure to protect native forests, for the next 15 years? It is clear that governments at all levels are under increasing pressure from the scientific and local communities to promptly end native forest logging. Two state governments have already responded to this pressure by ending native forest logging.

A counterfactual baseline that is science-based and relevant for climate mitigation would be to use estimates of the carbon stored in natural forest ecosystems, "inclusive of impacts from natural disturbance regimes and minimally disturbed (or long-undisturbed) by logging or other human activities" (Griffith University, 2025). This would encourage recovery of lost forest carbon stocks and forest ecosystem integrity, improve forest ecosystem stability and minimise the risk of losing forest carbon to the atmosphere.

The approach to ecosystem carbon accounting developed by the UN Statistical Commission, known as the UNSEEA-EA, should be utilised by FullCAM, the government's land sector carbon accounting model which currently underestimates carbon storage in native forests.

If the proposed initial inventory of forest carbon stocks in the project area used to calibrate FullCAM included old growth sites, and other high integrity, long unlogged sites, it would provide a reference condition that could be used to calibrate the carbon carrying capacity and hence estimate the potential carbon gain of regenerating forests (Griffith University, 2025).

Climate trends over the project period (100 years) that incorporate the likelihood of and impacts from, increases in the frequency and severity of extreme weather events together with the effects of increased seasonal climate variability, should also be incorporated in FullCAM modelling. All these factors will influence forest ecosystem integrity, wood supply and the increased risk of losing forest ecosystem carbon stocks to the atmosphere. The increased risks from severe drought and fire to relatively young forests should also be factored into the modelling (Griffith University, 2025).

2.0.4 Wildlife recovery needs in NSW

The proposed IFM baseline ignores the ecological condition of native forests and the habitat and recovery needs of wildlife.

In NSW alone, one hundred and fifty threatened species are adversely affected by logging (Ward et. al. 2024). Considerable pressure is on all governments to strengthen the regulatory framework underpinning biodiversity protection and recovery. As the Samuel Review on the EPBC noted, exempting logging operations from federal environment law is no longer a credible approach - if it ever was - to securing the future of forest wildlife.

High quality citizen science is currently filling the gap created by regulatory failure to protect the integrity of forest ecosystems and endangered wildlife. Reports by ENGO's and scientist identify climate refuges and habitat connectivity pathways (Ward et al., 2024), as well critically important core habitat for the Koala, Greater Glider (Norman & Mackey, 2023) and other threatened forest species that must be given secure protection.

The current bias in the forest reserve system, created by conservation decisions that sought to minimise the impact on wood supply, must be re-dressed. We cannot reverse the extinction trajectory of forest wildlife unless high quality habitat is protected, restored and re-connected. And we cannot do that without withdrawing logging from areas that are also highly productive for wood. Wildlife and wood are in direct competition (Pressey et al., 2002; Lindenmayer & Burnett, 2021). The ability to protect core habitat for wildlife will be a key factor in determining the survival of these species in the wild and the viability of native forest logging (Griffith University, 2025).

Following the 2019/20 catastrophic bushfires, the Natural Resources Commission of NSW (NRC) recommended that a rapid assessment be conducted *"of forestry industry size, viability, and resilience to changes in wood supply for south coast subregions in full consultation with industry"*. No such assessment occurred.

Damage to wildlife habitat from the 2019/20 bushfires is being amplified by ongoing logging in lightly burned and unburned areas that provided a refuge for wildlife. It will take decades and, in some cases, more than a century, even if all native forest logging ceases, for wildlife populations to recover from the impacts of the 2019/20 bushfires. Urgent protection of remaining lightly burned and unburned areas is required (Griffith University, 2025).

The EPA in NSW has not proved capable of developing strong enough regulations to protect all core endangered species habitat, let alone implement the advice and recommendations to them provided in a report they commissioned from AUSTECO Environmental Consulting, following the 2019/20 bushfires. Recommendations in that report included:

- "Case studies indicated that protection of unburnt and lightly burnt areas could mitigate logging impacts in burnt landscapes if it was made permanent (or longer than 20 – 120 years) and extended to protect 50% of the least burnt area of forest in each compartment across the entire landscape."
- "New conditions are required that focus on permanent protection of large forest patches across regions and landscapes and which capture and include fire refuges…and old growth and which link all retained forest patches larger than 5 hectares in size in a network of permanent wildlife corridors."

A baseline must take into account the need for increased protection, connectivity and restoration of forests to help reverse biodiversity loss and protect threatened and endangered wildlife. **An independent scientific assessment is needed of the cumulative impacts of past logging and fire on the current ecological condition of the entire state-wide native forest estate in NSW, Tasmania and QLD.**

2.0.5 The treatment of wildfire in the baseline

Alarmingly the proposed method assumes that the impacts of severe/catastrophic fires including the 2019/ 20 fires are not relevant for establishing a baseline - ignoring the fact that the "impacts of the 2019/20 fires on forest ecosystem integrity will be evident for many decades (Dickman, 2021; Mackey et al. 2021)" (Griffith University, 2025). Any baseline must take into account that past major disturbance events "will interact with and likely amplify the impacts of future major disturbance events" (Griffith University, 2025; Lindenmayer, 2023).

The ability to exclude 3 of the 10-year baseline period if more than 25% of the net harvestable area in the project area has been affected by wildfire, on the basis that the fires were not representative of normal operating conditions, **ignores the reality that increases in severe drought and fire are, for the foreseeable future, the new 'normal.**

The baseline must reflect the increasing threat to forest ecosystem integrity from climate change, the increasing risk of losing forest carbon to the atmosphere and differentiate those risks based on forest age and protection status.

Waiting, as the method proposes, until the next major disturbance event makes little sense and would artificially inflate logging levels in the baseline.

2.0.6 Market trends

Wood production from the native forest sector has been in decline for the past 25 years. Before native forest logging ceased in Western Australia and Victoria, native forest sawlog and pulp log production fell by 24% and 37%, respectively (2022-23), (Australia's State of the Forests Report, 2023). The 2024 State of the Environment Report for NSW found that logging had declined by 61% since 2017 (EPA, 2025). Were that trajectory to continue logging would cease in less than 15 years.

Recent market developments point to a further substantial drop in demand for native forest products (ABARES, 2024). This year we learned that China is scaling back its imports of Australian woodchips now that its own hardwood plantation estate is on stream (Timber & Forestry eNews, 2025). This expectation seems to be coming to fruition, with not a single woodchip ship this year to China loading up at the Port of Eden.

A major purchaser of wood pallets, Brambles is looking for plantation and other non-native forest alternatives to supply its pallet market (pers. com. Sarah Rees) and Essential Energy plans to replace 1.33 million hardwood power poles with fire resistant composite cement-based products (Essential Energy 'Risk Based Proactive Pole Replacement Report', 2025). Woodchips, pallets and power poles provide economic underpinning for the entire native forest sector.

An independent assessment of recent industry developments and market trends is required to inform a counterfactual baseline suitable for a 15-year crediting period.

2.0.7 Calculating 'modified sustained yield' and reliability of data

In the absence of further information, the proposed 'modified sustained yield' of 80% of the sustained yield as at mid-2024 where there is sufficient correlation with log production and 60% of sustained yield "where there is not a sufficient correlation", appears arbitrary. Questions about the veracity of past estimates of 'sustained yields' abound (NEFA, 2025). An independent and probing assessment is needed of the assumptions underpinning claims of sustained yield across the whole public native forest estate in each relevant state.

The approach to developing modified sustained yield also needs to ensure that errors reported by FCNSW in October 2024 that halved log volumes previously reported for 2023 and errors reported by them in February 2025 that reduced previously reported log volumes by a further 28% for each of the years 2022, 2023 and 2024, are accurately reflected in modified sustained yield for NSW. Moreover, the threshold requirement for the impacts of fire on sustained yield of a minimum 15% reduction in carbon stocks, ignores the significant impact of fire on ecological processes and the decades it takes for trees to regenerate and vegetation structure and composition to re-establish (Griffith University, 2025).

2.0.8 Eligible project activities

The landscape approach proposed by the method to assess the mitigation benefits of ceasing logging is correct. This approach clearly demonstrates that the mitigation benefit of ending logging is much greater than the mitigation benefit from reducing logging. If native forest logging ceased state-wide and preferably nation-wide, the technical problems associated with this method would be easier to address.

A method crediting abatement from ceasing harvesting for an entire State utilising a baseline determined by forest recovery potential (see above) would lessen many of the problems regarding adequacy of data, predictions of sustainable yield and potential future harvesting.

> *"Attempting to satisfy additionality requirements and establish robust permanence criteria and mechanisms to prevent leakage from activities that are profoundly different, would require a complex and independent of industry, new regulatory and governance structure. Utilising current forest management and regulatory arrangement will not be credible. Every state government that still allows native forest logging has demonstrably failed to offer hope for surviving endangered wildlife, proven incapable of responding to changing ecological circumstances and utterly failed to ensure native forest logging respects ecological boundaries. Local communities and citizen scientists are desperately trying to fill the void created by governance and regulatory failure"* (pers. Com Bob Debus).

Cessation of logging, forest protection and improved conservation management of the entire native forest estate are the only activities that would deliver long term climate mitigation, adaptation and biodiversity benefits. Industry buy-back and structural adjustment packages would help prevent leakage and minimise risks of forest and carbon loss from future drought and fire. Total storage of carbon in forests would be significantly higher if logging were to cease.

Activities that merely reduce logging prevent full ecological recovery of the forest and ensure risks associated with logging disturbance remain for the project lifetime. Fundamental differences in the risks of emissions from carbon stocks in protected forests versus logged forests add weight to the benefits of focusing solely on forest protection and recovery (Griffith University, 2025).

Allowing the generation of ACCUs from stopping logging, reductions in logging and carbon temporarily stored in 'harvested wood products', means that decisions about which activity is used to claim ACCUs will be open to manipulation and blind to forest conservation needs.

Choosing which areas are subject to which activity will not be based on conservation needs but on economic returns from ACCUs and markets for wood. Together they will shape how forests are logged. Markets have always played a major role in determining how Australia's forests are logged (Dargavel, 1997). For almost 50 years forest management was shaped by market demand for woodchips. Clearfell logging was introduced with the result that much of the native forest estate is now dominated by young, even aged stands. The intensity of logging is not merely determined by

clearfell logging. Sequential selective logging that removes hollow bearing trees in the same compartment over relatively short time frames has the same ecological impact as clear fell logging (Lindenmayer, 2007).

2.0.9 'Deferral of harvesting' & the 'hurdle requirement'?

Under the 'hurdle requirement' projects are only eligible to receive ACCUs if both the levels of harvesting and the volumes of wood extracted from the project area are greater than or equal to 20% below the level in the baseline scenario. This reduction in logging intensity could be achieved in a number of ways, including by ceasing logging in a portion of the project area and maintaining modified sustained yield levels within the rest of the project area. The 20% threshold is well below regularly reported error rates on log volumes (see 2.0.7) indicating that a much higher hurdle requirement should be applied.

2.1.0 Generating ACCUs from harvested wood products

All harvested wood products (HWP) are relatively short-term and make a negligible contribution to long-term carbon storage when compared to leaving forests *in situ* (Griffith University, 2025; Keith et al., 2015).

Carbon storage attributed to HWP is highly questionable. Under the IFM method, woodchips would correctly be treated as an almost instantaneous emission but **there is no proposed category that appears to cover other very short-term products like pallets. The data input to models designed to attribute carbon storage to particular wood products will be vulnerable to manipulation as the categorisation of logs is open to subjective judgement based on market considerations and will be influenced by the availability of ACCU revenue** (Griffith University, 2025).

The Land Gap Report, published in 2022, noted that: "The role of wood products for mitigation has been misrepresented, creating the false impression that carbon stored in products has a greater benefit than in forest ecosystems. The promotion of wood for construction as a mitigation strategy is based on the false assumption that wood provides emissions reduction benefits. Due to changes in how harvested wood products were accounted between the 2006 and 2019 in IPCC guidelines, the carbon sink in wood products was halved (Kayo et al. 2021). There is little evidence that wood is replacing steel and aluminium in major construction projects, and while their production currently is emissions intensive compared to wood, the situation will reverse as soon as these products transition to renewable, non-carbon energy sources. The use of wood for construction will always produce net emissions because the forest carbon stock is maintained at a lower level than an unlogged forest (Keith et al. 2014, 2015). Wood products do provide a store of carbon for their lifetime, but this is small and ineffective as a mitigation action compared to keeping forests intact (Law et al. 2018). Only 30% of harvested wood is used for what is classified as long-lived wood products (sawn wood and veneer) (FAO 2020) and these have an average longevity of 35 years (IPCC 2014)."

Under the proposed IFM method, ACCUs for HWP will be determined by modelling which makes uniform/overarching assumptions about:

- How logs taken from the forest are categorised;
- The amount of slash left on the forest floor;
- Wood product: waste ratios in milling; and
- Methane recovery from wood in landfill.

The modelling to be used by the IFM method assumes "80% of the harvested stemwood is extracted for products with the remaining 20% left as slash" and that "Logs were assumed to be 50% sawlogs and 50% pulplogs and methane recovery in landfill is 75%." (Guidance doc). These assumptions will not hold for every region, forest management zone nor every logging compartment. They will need to be assessed on a 'coupe' by 'coupe' basis and independently monitored.

"The 2021-22 ABARES survey on wood processing published in 2024 found that the recovery rate from logs going to hardwood sawmills was 39%. A range in proportions of wood product and slash were reviewed by Keith et al. (2015). A critical point that is not specified in the proposed method is how the proportion of each component of forest ecosystem biomass is accounted. Typically, forestry data applies a proportion of the aboveground tree biomass that is harvested and divides this into that removed off-site for wood products and that remaining on-site as slash. However, the belowground biomass, understorey, non-commercial trees and dead biomass all remain on-site and are burnt as slash or decompose. Additionally, there is the proportion of the log volume that goes to waste during processing of products. All of these components contribute to creating a larger proportion of biomass where the carbon is emitted to the atmosphere in relatively short timescales. The volume of slash left on the forest floor is highly variable with much higher figures than 20% in most areas. Any assumptions about slash must be ground-checked and monitored closely. The assumption that logs are 50% pulp logs and 50% saw logs does not hold for all regions and varies with shifts in market demand as does the proportion of wood left on the ground." (Griffith University, 2025).

"In 2024 in Tasmania, native forest sawlogs and other high quality native forest products comprised less than 20% of total wood production whereas native forest pulp logs and other short lived products like firewood, sawdust and bark comprised close to 60% of total wood production" (Griffith University, 2025; Sustainable Timbers Tasmania 2024 Annual Report). High levels of variability exist between and within RFA regions that can lead to underestimation of carbon stocks in forests and over estimation of carbon storage in HWP. Because demand for woodchips is in steep decline the proportion of pulp logs has dropped from figures once as high as 90%. The Eden region, southern NSW, is still largely harvested for woodchip and paper producers. The historical volumes of pulpwood supplied are shown in Figure 3. (Frontier Economics & ANU, 2021).

2.1.1 Permanence and fire.

The IFM method proposes to align the treatment of emissions from wildfire with the current federal approach to accounting. Accounting for emissions from 'wildfire' is vexed. While emissions from 'wildfires' are reported to the UNFCCC they do not appear, unless forests fail to regenerate after fire, in Australia's GHG accounts.

GHG emissions from the 2019/20 fires were greater than the emissions from all sectors in 2018 (Climate Council, Summer of Crisis Report, 2020). Assuming forests are still able to recover in the face of increasingly frequent and severe droughts and fires, it usually takes between 8-10 years to recover carbon lost during severe wildfires (Griffith University, 2025; Keith et al., 2014). How the emissions from increasingly severe wildfires should be treated under carbon accounting rules is a matter of significant debate. **The current practice of reporting emissions from wildfire but not accounting for them unless forests do not recover, on the grounds that wildfire emissions are short term and non-anthropogenic (i.e., outside our control) is a significant and increasingly untenable accounting loophole.**

We all know there is a 'human induced climate change' signal in our increasingly severe and frequent weather events. We also know that roads, logging and other forms of forest degradation increase fire severity (and thus emissions) and increase the risk of future emissions from severe fire (Griffith University, 2025; Lindenmayer et al., 2021).

The method proposes to deal with this risk through a 5% risk of reversal buffer, i.e., 5% of the credits generated during the 15-year crediting period would be set aside to compensate for losses during the life of the project (permanence period). A single catastrophic fire event during the crediting period could wipe out any ACCU generation for a decade. The probability of one or more catastrophic events occurring over the 100-year permanence period is very high. **A 5% buffer is highly unlikely to cover either the risk of loss over the crediting period or the escalating risk of loss, over the permanence period. Risks of loss will increase the longer logging is allowed to continue.**

"Reducing the severity of drought and fire requires a management focus on improving overall forest ecosystem integrity at large landscape scales. Resistance to fire has been found to improve once forests reach 40+ years of age. Preventing logging in all long unlogged forests and fostering ecological recovery across the entire native forest estate would significantly reduce risks to carbon storage from severe drought and fire (Zylstra et al. 2022; Lindenmayer et al. 2021)"(Griffith University, 2025).

A risk of reversal buffer does not insure against loss of income from selling ACCUs after fire and other natural disturbances or the costs of re-establishing carbon stores.

2.1.2 Leakage

Without tight controls, leakage between states, RFA regions and into private native forests (PNF) would occur. Cross subsidisation, whereby ACCU revenue props up otherwise uneconomic native forest logging needs far greater attention. Leakage into the plantation sector also needs to be taken into account.

2.1.3 Leakage into Private Native Forests (PNF)

The guidance document recognised that 'lack of sustained yield estimates for PNF, create high levels of uncertainty in log production estimates and high levels of uncertainty re wildfire impacts on harvesting and log production" making developing a PNF baseline and the assessment of leakage into PNF, difficult. The draft method has abandoned any attempt to develop a modified sustained yield for PNF and has thus given up on reflecting any form of sustainability.

PNF suffer even more egregiously from lack of information about the condition of the forests than public native forests. PNF in NSW, TAS and QLD are poorly regulated even though they are a major source of timber. Questions of sustainability at any level (i.e. whether for sustaining wood or biodiversity) have been raised for many years and remain unresolved. There are no sustained yield estimates in NSW. The conservation values and integrity of private native forests in all states have never been fully assessed (let alone the impacts on their integrity of past logging and severe fires). **Any attempt to prevent leakage into PNF by developing a counterfactual reference level based on past levels of logging will fail as a predictor of future wood supply. An independent assessment of the ecological integrity, conservation status and protection and recovery needs of PNF is urgently required.**

The only feasible approach to preventing leakage into PNF would be to buy back wood supply, close mills and transition mill workers into alternative industries – effectively closing down logging in PNF in the project region. Questions of equity regarding the inability of private forest owners to earn ACCU revenue would no doubt arise.

The Victorian and West Australian experience following 'the end of native forest logging' demonstrates that deforestation in the name of fire management is supplying timber mills whose wood supply was purchased as part of exit package arrangements. For a period, the amount of wood removed from Victoria's native forests exceeded levels prior to ceasing native forest logging.

Lessons from the rapid expansion of logging into private native forests and other crown land in Victoria following the end of public native forest logging need to be heeded to prevent increases in logging in the name of improved fire management on private and other crown lands (The Age, 2024).

2.1.4 Leakage between States

The ABARES data relied on to conclude that leakage between states is inconsequential, clearly has not yet incorporated the large volumes of logs coming into Victoria on the Spirit of Tasmania (thanks to the Freight Equalisation Scheme) to supply Victorian mills. Nor the fully laden log trucks moving from NSW into Victoria.

In light of recent experience with logs moving into Victoria from both Tasmania and NSW, to help keep mills operational following the end of native forest logging in that state, the proposed 5% deduction to cover 'indirect leakage' appears woefully inadequate. The potential for leakage between states needs an up to date independent assessment. Regulatory change may well be needed to the Freight Equalisation Scheme to help prevent Leakage into other states – particularly into poorly regulated private native forests in Queensland and Tasmania.

2.1.5 Leakage into the plantation estate

"Plantation timber has been progressively replacing native forest hardwood in the building sector over the past three decades, to the point where 90% of our domestic timber needs are now sourced from plantations (ABARES, 2024). The method does not give any consideration to the degree to which reductions in native forest wood production would result in increased wood production in the plantation estate. Given that plantation timber, including softwood, directly competes with native forest wood in almost all building products in all domestic markets, leakage would probably if not inevitably occur into the plantation estate (which in every other respect would be desirable). An additional discount should be applied to products that can be substituted by plantations."(Griffith University, 2025).

2.1.6 Cross subsidisation

The potential for cross subsidisation is identified as a potential pathway for leakage that is not addressed adequately in the method provisions. In the context of declining markets and increasing pressure to protect more native forests and remove subsidies for native forest logging, an ACCU method that results in state forest management agencies receiving ACCU revenue from ceasing, and/or reducing logging in some areas will always act as a subsidy by improving the economic viability of logging. Repeated economic analyses show that the native forest logging industry is not financially viable (Frontier Economics & ANU 2021, Frontier Economics 2023, Chapman et al. 2025[1]) so there is a high risk that funding generated would be used to keep subsidising loss-making logging operations elsewhere in the landscape and delay reductions in or an end to, native forest logging that would, in the absence of ACCU revenue, occur. Even within a project area and not withstanding that model plots will reflect differences in age class, 'harvest treatment' and broad vegetation types, differences in productivity will not necessarily be picked up. Assuming the model plots are used to

[1] Chapman, B., Mitchell, J., Lindenmayer, D.B., A Disturbing Example of Inequitable and Expensive Government Subsidies: The Logging of Native Forests in Australia, Australian Quarterly. 96 (2025) pp. 17–25.

generate an average carbon stock for the project area, it is not clear how gaming the system e.g., by protecting the least productive sites to log and generating 'average carbon stock' income from those sites; while keeping high productivity sites in wood production, will be prevented. There will be areas of forest on low productivity sites that are expensive or otherwise difficult to log. At the margin, revenue from ACCUs will make it feasible to log areas that in the absence of ACCUs would not be logged and/or increase the risk that carbon credits will be claimed for not logging places that would otherwise never have been logged." (Griffith University, 2025).

ACCUs were not designed as a competition or industry policy mechanism. Propping up native forest logging and delaying its inevitable demise would have the perverse outcome of preventing decreases in emissions that would otherwise occur.

3.0.0 CONCLUSION

Governments should consider the message it will send to the community, if: they abrogate :their climate and biodiversity responsibilities on public land; ignore the complexity of the native forest estate in favour of turning forest carbon into a tradeable commodity; profit from and use the carbon credits gained to help our biggest emitters delay their exit from fossil fuels: and prolong the damage being caused to our forests from native forest logging.

By doing so they would demonstrate a complete lack of understanding about what makes our native forests so important for fighting climate change and complete disregard for the fate of our wildlife and how much Australians care about them. Once again, the interests of our biggest carbon polluters and the native forest logging industry would be placed ahead of demonstrating a strong commitment to protecting nature and ensuring a safe climate for all.

Compounding the effects of this policy blunder is the extraordinary political risk revealed in the details of the method. You can drive a B double log truck through its technical elements. Any risk averse purchaser of the proposed IFM ACCUs will have very cold feet when they understand that the method ignores the plight of endangered wildlife and the damage caused to the integrity of our forests from the entwined threats of biodiversity loss, climate change and severe drought and fire.

The knots the method ties itself into in an endeavour to meet the CFI Act's integrity requirements, will create a regulatory nightmare.

The tragedy is that simply by ending native forest logging and investing in recovery efforts the climate mitigation benefits would show up in state and federal government GHG accounts.

Conversely, maintaining logging puts all forests at greater risk of losing carbon to the atmosphere. The only relatively low risk approach to protecting and restoring forest carbon sequestration and storage would be to rapidly transition the timber industry out of native forests altogether.

Exit packages that facilitate a permanent movement of jobs out of native forest logging would be a small cost to the NSW Treasury relative to a flawed ACCU system designed to help a declining industry survive and prolong our dependence on fossil fuels.

It is arguable that approval of the method would provide a significant disincentive for state and federal governments to provide increased threatened species protections through federal and state environment laws, including to remove the exemption of logging in the EPBC as recommended by the Samuel Review.

4.0.0 QUESTIONS IN THE CONSULTATION DOCUMENT

Question on page 2. Is the mandatory minimum project area size for non RFA regions (1.5 million hectares) set at an appropriate level?

Answer: No. The "minimum area" would need to be defined by state jurisdiction in order to properly manage and prevent leakage anywhere within a state. This is particularly important from the point of view of equity between states. Despite having 9 bioregions, Tasmania was treated as one RFA region and Qld only has one area (the SEQ bioregion) that was treated as if it was an RFA region. While bioregional analysis makes sense for conservation analysis it makes no sense for the purposes of establishing baselines, demonstrating additionality, ensuring permeance and preventing leakage. Statewide baselines make far more sense although leakage between states is still a real risk and all the other challenges for establishing 'additionality' remain.

Question on page 10. Should the legislative rules be amended to require the project proponent to notify the Regulator if timber harvesting resumes?

Answer: Yes. To do otherwise would completely undermine the credibility of the scheme.
The question calls into doubt the efficacy of proposed monitoring arrangements. Monitoring should be independent and ongoing over the project and permanence periods and not rely on self-reporting. There should be a national monitoring system that can, independently from the project proponent, identify if timber harvesting resumes,

Question on page 12. Should the crediting period of a project be extended if, after the projects starts, the project proponent either (a) adds a new carbon protection area or (b) further reduces harvesting?

Answer: No, for all the reasons outlined in the submission that highlight the problems of establishing a credible baseline. The longer the crediting period the more uncertain the baseline becomes.

Questions on page 18:

Question 1 - Which approach should be used in the method?

Answer: Both approaches are inadequate as irrespective of the percentage of trees selectively

removed in a given area, 100% of the coup is ecologically impacted.

Question 2 - Which approach should be used?

Answer: The first approach, i.e., the assumption that areas cleared to facilitate harvesting do not regenerate after the event. This is the more conservative and likely a more realistic approach.

Question on page 26. Which model should be used for the purpose of the method?

Answer: Option 2. The more detailed model is preferred and should be made publicly available for use in the method and for comparison with the existing sub-model in FullCAM.

Question on page 33. 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: No for the reasons given elsewhere in the submission including: excluding the impact of wildfire ignores the likelihood that fires of this extent and severity are likely the new normal; the linkages between logging and fire severity; and the fact that the forests have still not recovered their ecological integrity nor pre-fire carbon stocks following the 2019-20 bushfires.