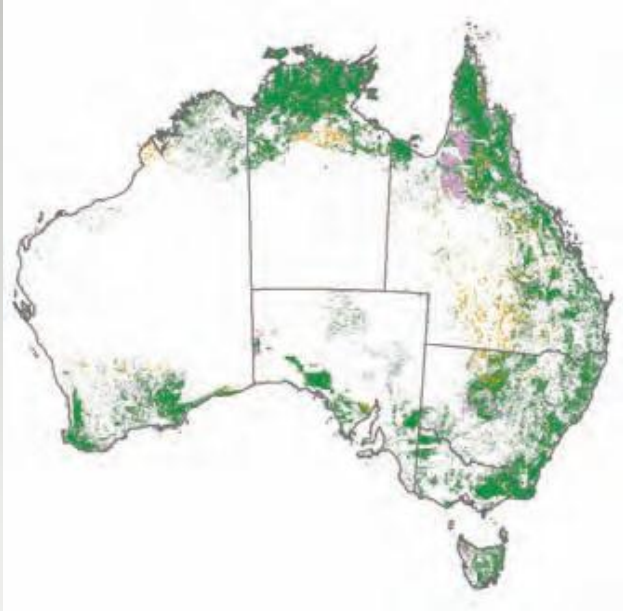


# Australian climate change policy: forestry and land use



Mick Stephens  
Deputy CEO  
National Association of Forest Industries

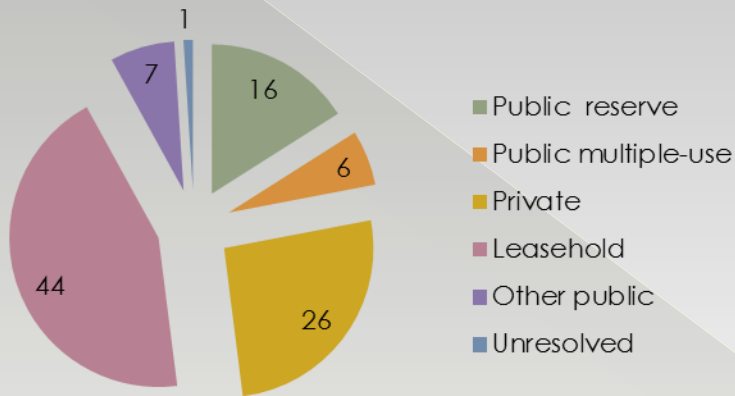
3 December 2010  
Cancun, Mexico



National Association of  
Forest Industries

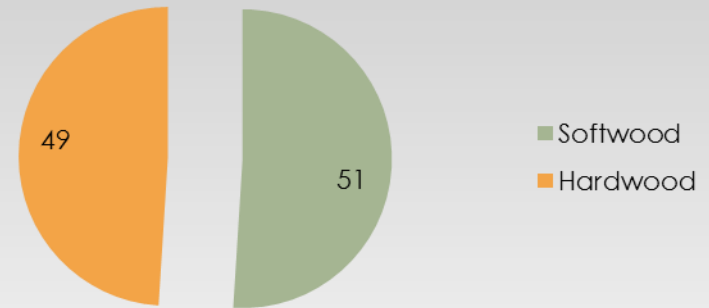
# Forests and forestry

## Native forest tenure (%)



147 Mha

## Plantation by species (%)



2 Mha

- Logs harvested 28 million m<sup>3</sup>
  - native forests ~ 9 million m<sup>3</sup>
- Store 12 billion tonnes C
- Sequester 20 Mt pa

# Forestry contribution to climate change



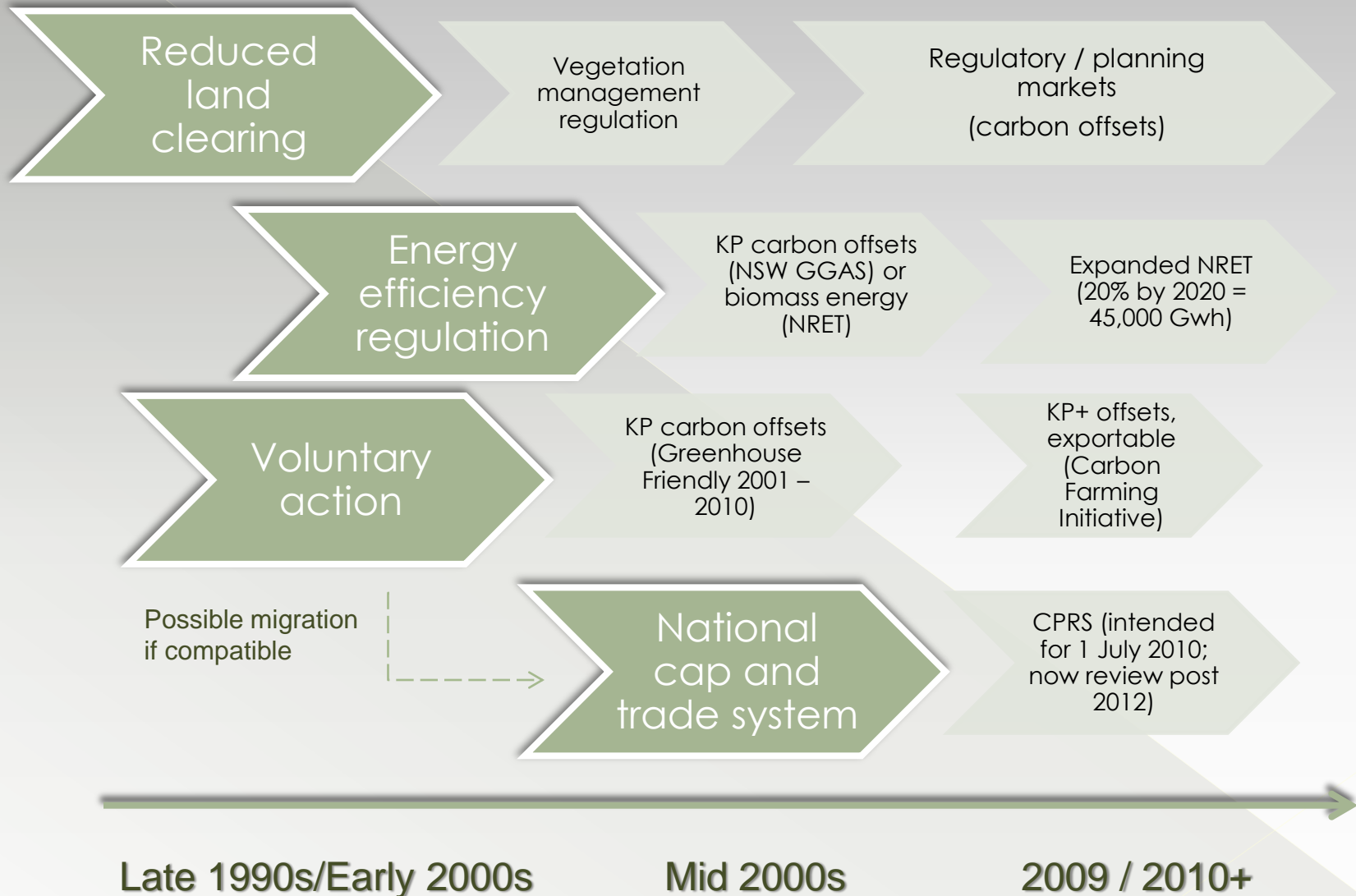
# Forestry contribution to climate change

Activity	Est. CO <sub>2</sub> e offset/ yr (million tonnes)
Plantations	50
Native forests	23
Carbon in harvested wood products	5
Wood waste for renewable energy	3
<b>Total</b>	<b>81</b>

Source: NAFI 2008

- Assumes ongoing planting for new KP forests

# Climate policy (forests): timeline



# Compliance market: CPRS shelved

- ◉ Domestic cap and trade system for covered sectors
- ◉ 2010: reforestation could opt in
  - > KP consistent, 100 year rule (permanence)
- ◉ Credits for carbon sequestration
  - > sell to liable entities
- ◉ Both timber plantations and environmental plantings eligible



CARBON POLLUTION  
REDUCTION SCHEME  
**Australia's  
Low Pollution  
Future**

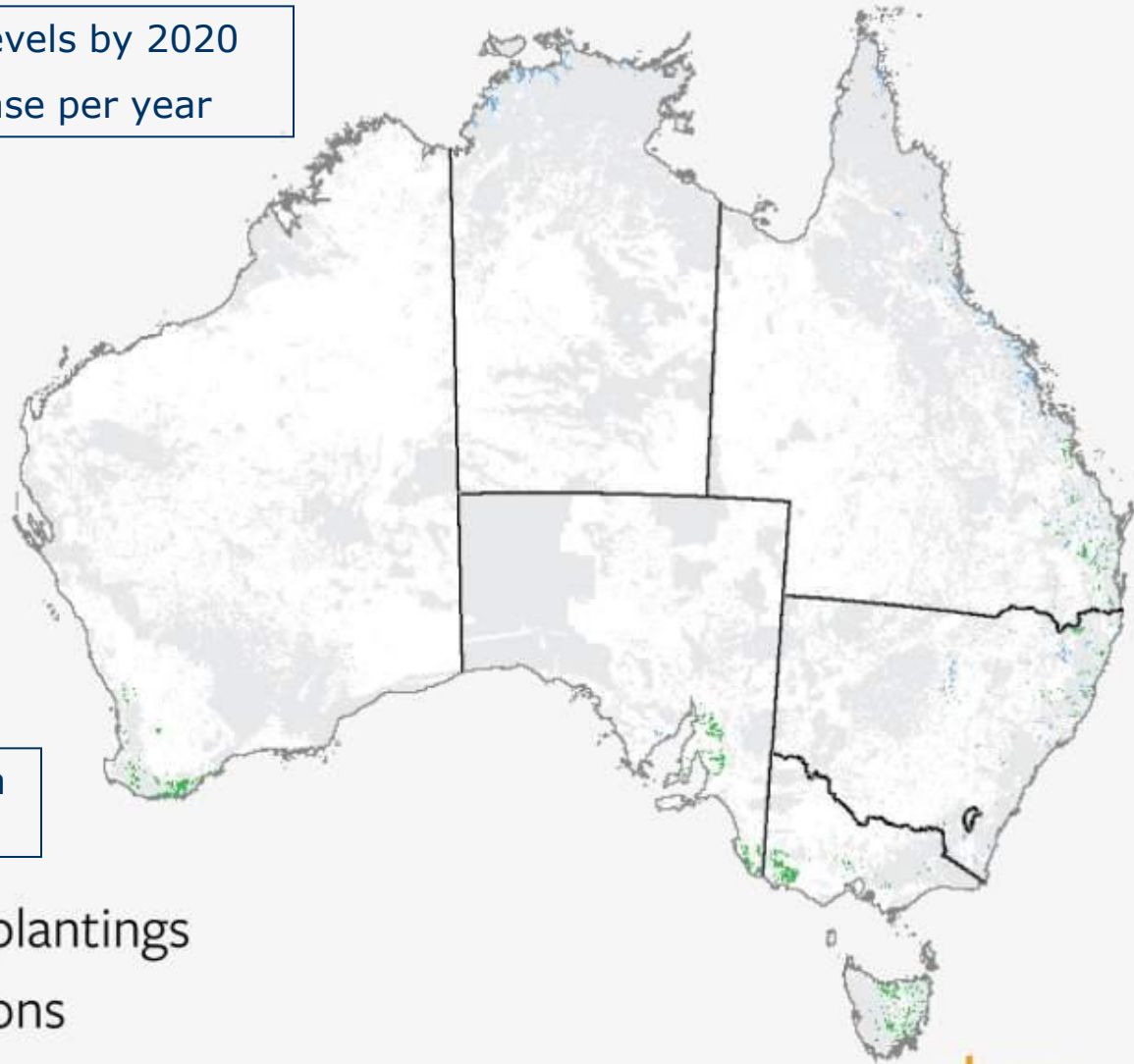
White Paper  
Volume 1  
December 2008

# Potential land use conversion to afforestation

CPRS-5 scenario

Target: 5% below 2000 levels by 2020

C-price: \$20/t; 4% increase per year



Prospective areas: 5 Mha  
(1.4% farmland)

-  environmental plantings
-  timber plantations

# Carbon Farming Initiative (CFI)

- Announced in August 2010
- Access to domestic voluntary and international carbon markets
- KP and non-KP activities
- Integrity standards

- Forests
- Savannahs
- Livestock
- Soils
- Croplands
- Landfill etc.



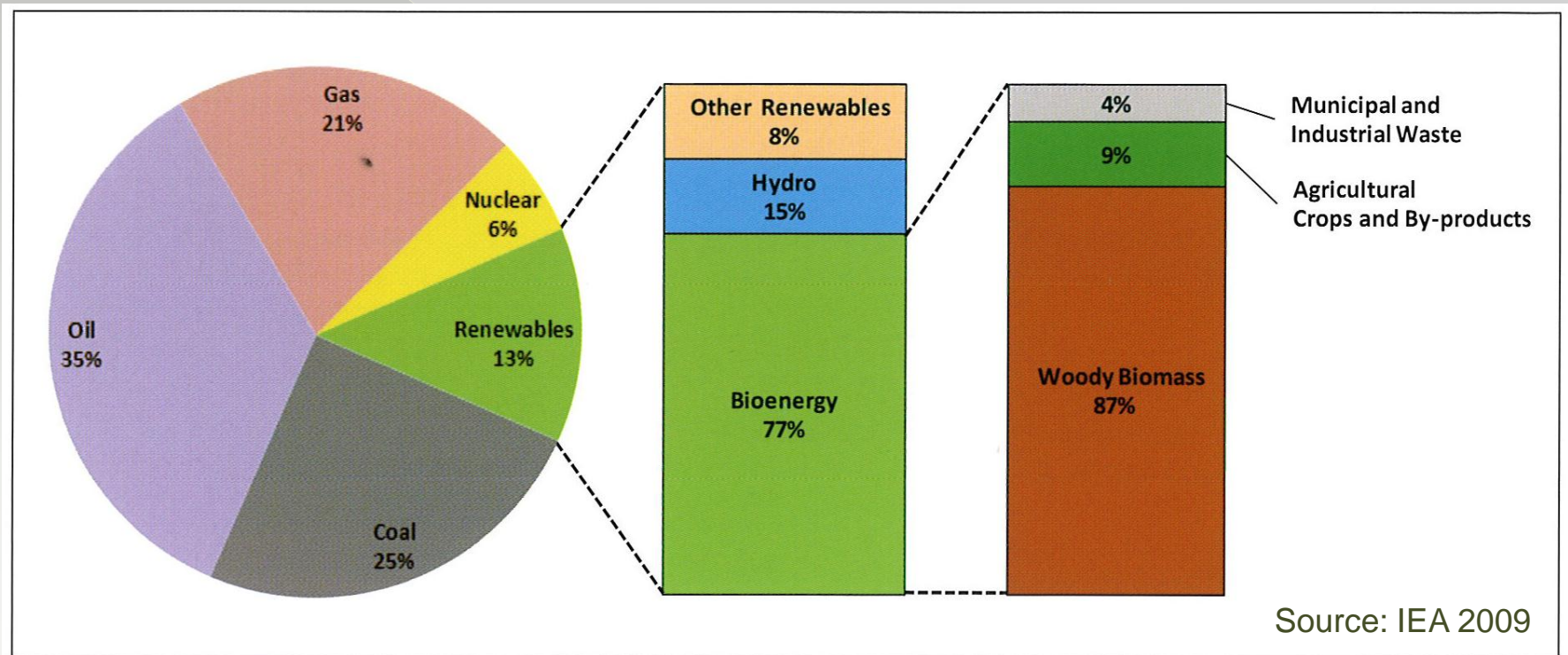
# Carbon Farming Initiative (CFI)

## Integrity: link to National Carbon Offset Standard (NCOS)

- Additional
- Permanent
- Measurable (defensible scientific methods)
- Transparent (accessible records)
- Independently audited
- Registered
- Relevant Australian (AS) and international (ISO) standards
- Domestic Offsets Integrity Committee – expert panel

# Wood based bio-energy

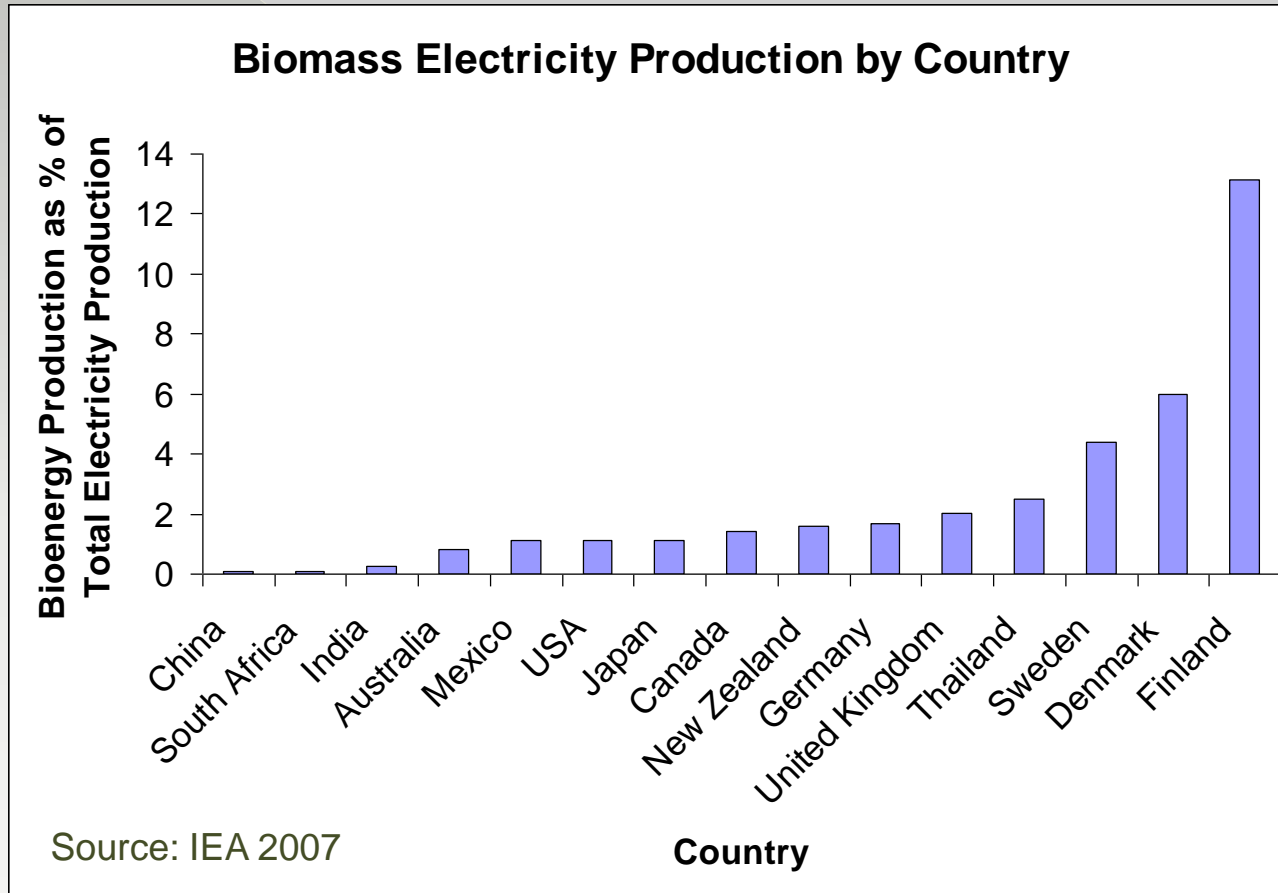
- Large proportion of global renewable energy



- Widely available, particularly in Europe

# Wood based bio-energy

- But Australia lagging rest of world



# Renewable bioenergy

## *Australian resource*

- 12.3M tonnes of **wood waste** is produced each year by the existing forestry and wood products industry
- This equates to 3,000 Gwh per year
- Energy crops



## *Impediments*

- Only partial recognition of wood waste (e.g. NRET)
- Regulatory duplication and red tape for forestry

# Industry issues: policy uncertainty

- ◉ Delay of CPRS
  - > new C-price under parliamentary consideration
  - > voluntary market (CFI) guidelines being developed
- ◉ Renewable energy
  - > regulatory impediments to full use of wood wastes
- ◉ International rules and approaches
  - > LULUCF, REDD+, HWPs etc.

→ impacts on current (\$200m+) and future investment

# Domestic industry priorities

- Full recognition of forestry mitigation
  - > C-sinks from growing forests
  - > carbon storage in wood products
  - > substitution of HWPs for higher emission (e.g. embodied energy) building products
  - > wood for renewable bioenergy
- Carbon market development
  - > Tradable on domestic and international markets
- Practical and cost-effective incentives



# Key messages: COP16+

- Forestry and SFM is part of the solution: low risk early action on pathway to lower emissions

A sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fibre or energy from the forest, will generate the largest sustained mitigation benefit (IPCC 4<sup>th</sup> Assessment Report)

- Account for what 'atmosphere sees'

- > recognise the time profile of forest ecosystems
- > address natural disturbances and variability
- > include HWPs as part of SFM cycle

- SFM provides incentives for enhanced carbon stocks and livelihoods

