

Improved Native Forest Management in Multiple-use Public Native Forests





NSW Government acknowledges the traditional custodians of the land and pays respect to Elders past, present and future.

We recognise Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to place and their rich contribution to society.

Artist and designer Nikita Ridgeway from Aboriginal design agency – Boss Lady Creative Designs, created the People and Community symbol.

Consultation and review thus far

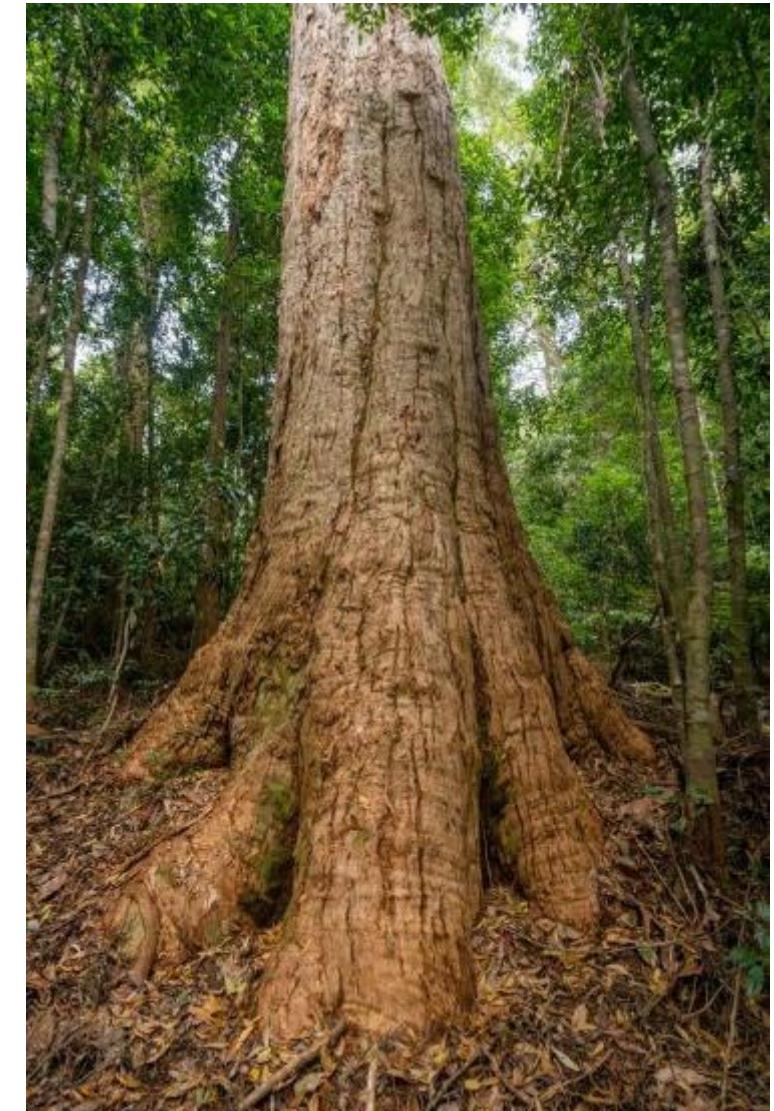
- 3 x GKNP advisory panels (including industry, local government, environment and Aboriginal representatives).
- Workshops with 34 technical experts from 11 organisations
- Design outline released for public comment in March 2025
- Exposure Draft and Explanatory Statement released for public comment in June-July 2025
- Griffith University technical review



INFM method ACCU generation

The INFM method provides for ACCUs to be generated by:

1. The permanent cessation of harvesting in a defined area (Carbon Protection Area) within a Regional Forest Agreement region
2. A permanent reduction in the level of harvesting across the Regional Forest Agreement region



Mitigating additionality risks

1. Confine eligibility to public native forests only
2. Confine eligible activities to avoidance/reducing harvesting
3. Project areas must cover whole RFA regions
4. Conservative assumptions regarding baseline harvesting levels
5. Hurdle requirement ($\geq 20\%$ below baseline harvesting level)
6. Shortened crediting period
7. Mandatory 100-year permanence period



Baseline harvest levels

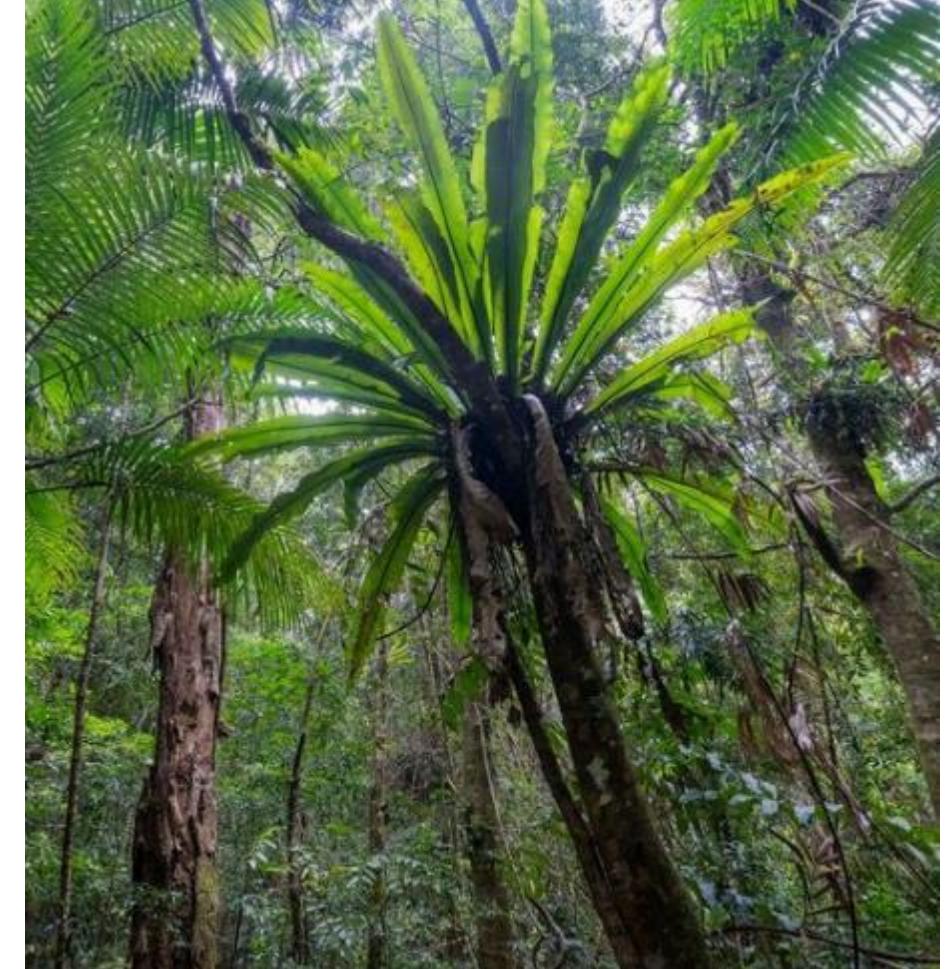
Conservative approach to setting baseline harvest levels – lower of:

- a. sustainable yield x adjustment factor
- b. historic sustainable yield x adjustment factor

Adjustment factor: accounts for historic difference between SY and log production over baseline period

Baseline period: prior 10 years, excluding years impacted by major wildfire (>25% net harvestable area affected) + 2 subsequent financial years

Baseline harvesting levels must be recalculated every five years and following major disturbance events.

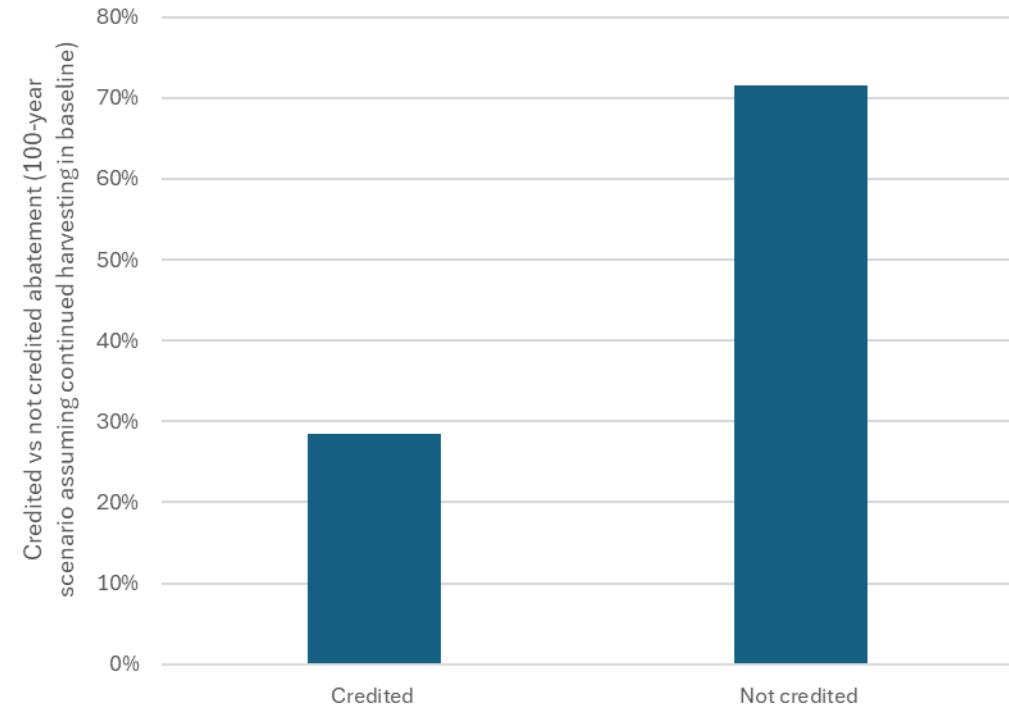


Mitigating leakage risks

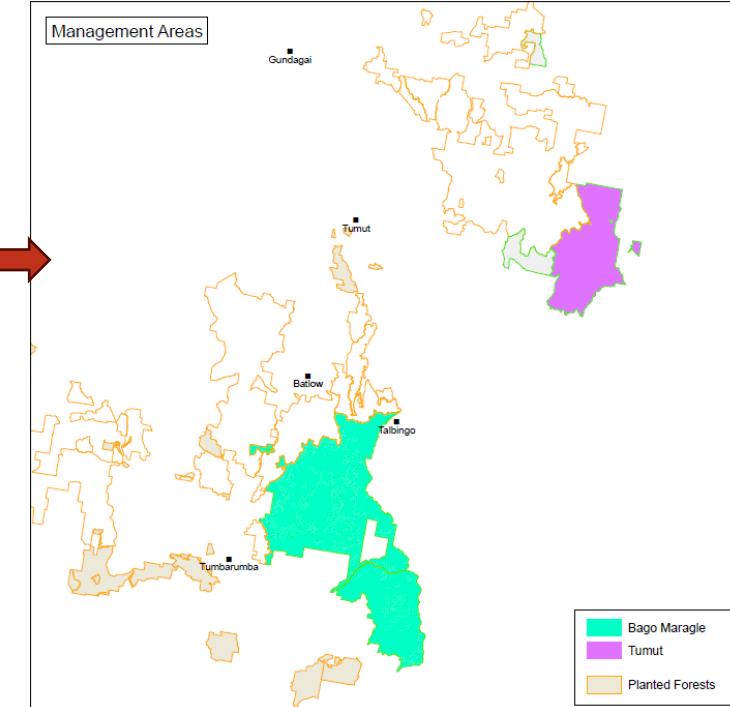
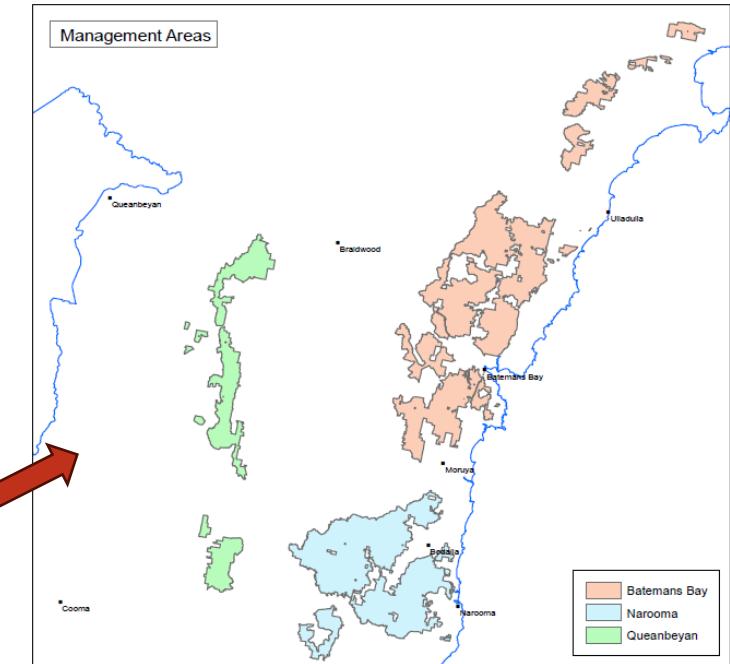
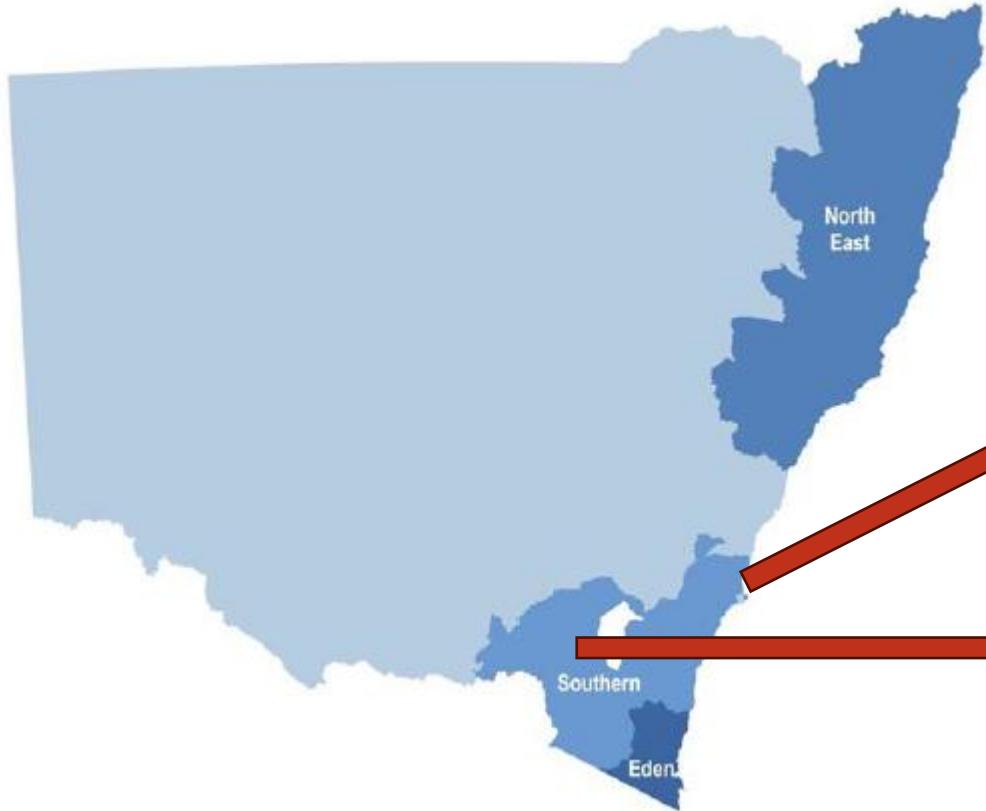
1. Project area must be whole RFA region
2. 20% hurdle requirement
3. Direct leakage deduction = ACCU discount if harvesting increases on public land outside the RFA region
4. PNF leakage deduction = ACCU discount if harvesting increases on private land in same jurisdiction
5. Indirect leakage deduction: 5% (e.g. imports, substitution)

Credits vs uncredited abatement

- Conservatism of method assumptions means large % of abatement is not credited
- Ratio is roughly 30/70 over 100 years, assuming continued harvesting (based on scenario involving cessation of all native forest harvesting)
- Truncation of crediting period important + assumptions regarding leakage



Hypothetical case study: NSW Southern RFA



Eligibility

Step 1: Eligible project type

Project = cessation of harvesting in 150,000 ha of state forest in project area, reducing net harvestable area to 120,000 ha

Step 2: Land eligibility

Requirement 2.1. Project area must consist only of: (a) 'public native forests' = native forest on Crown land; (b) designated for commercial forestry use at the project declaration date and throughout the 10 years prior to the project application date.

Requirement 2.2. Project area must consist of all public native forests designated for commercial forestry use in at least one whole 'forestry region'.

Requirement 2.3. In lieu of the regulatory additionality requirement 1 = area cannot be included in a project area if, at any time since 1 January 2000 and the project declaration date (a) a federal or state law stopped timber harvesting in the area; or (b) the relevant state government decided to stop timber harvesting in the area. Do exemptions apply?

Requirement 2.4. The public native forests in the project area must have a sustainable yield covering the 15-year crediting period published during the period from 1 July 2014 to 30 June 2024.

Step 3: Project eligibility

Requirement 3.1. Proponent must be the state government in which the public native forests are located or an authority of the State designated by the relevant state government.

Requirement 3.2. In lieu of the regulatory additionality requirement 2 = the stopping or reduction of timber harvesting that is the basis of the declaration must not be required by or under a law of the Commonwealth or the relevant State that is in force at the date of the project declaration or that applied at any time between 1 January 2000 and the date that the project declaration. Do exemptions apply?

Requirement 3.3. Project must be likely to reduce log production (in m³) by at least 20% below the baseline harvest level in each 12 months of the 15-year crediting period.

Requirement 3.4. Proponent must request 100-year permanence period.

Requirement 3.5. Proponent must prepare project map showing (a) boundaries of the project area, (b) the forestry region in which the project area is located, (c) any proposed carbon protection areas, (d) spatial distribution of each major vegetation group across the project area and (e) age class of forests (by MVG and CPA).

Requirement 3.6. Proponent must prepare management plan and provide it with the declaration application (s 19).

Requirement 3.7. Proponent must enter into enforceable undertaking with Regulator to relinquish ACCUs if 'harvesting resumes' after the end of the crediting period and before the end of the 100-year permanence period.

Project implementation

Step 4: Project activity requirements

- Project area must be managed in accordance with the management plan throughout the permanence period
- Management plan can be amended at any time before or after the project declaration
- Amended management plan cannot increase the volume of wood proposed to be extracted from the project area during each 12 months of the 15-year crediting period
- Carbon protection area cannot be removed from a project area or reduced in size

Abatement calculations

Step 5: Calculating net abatement amount

$$\text{NA}_i = (\Delta\text{CS}_{n,i} - \Delta\text{CS}_{b,i}) + (\text{ES}_{b,i} - \text{ES}_{n,i}) - \text{LD}_i + \text{ANAA}_i$$

Requirement 5.1. Devise representative FullCAM model plots and prior period FullCAM forest estate model.

Representative plots = harvest plots (which provide the basis for avoided harvest plots) and clearing plots (to simulate clearing to facilitate harvesting, which provide the basis for avoided clearing plots), based on 5-year prior period.

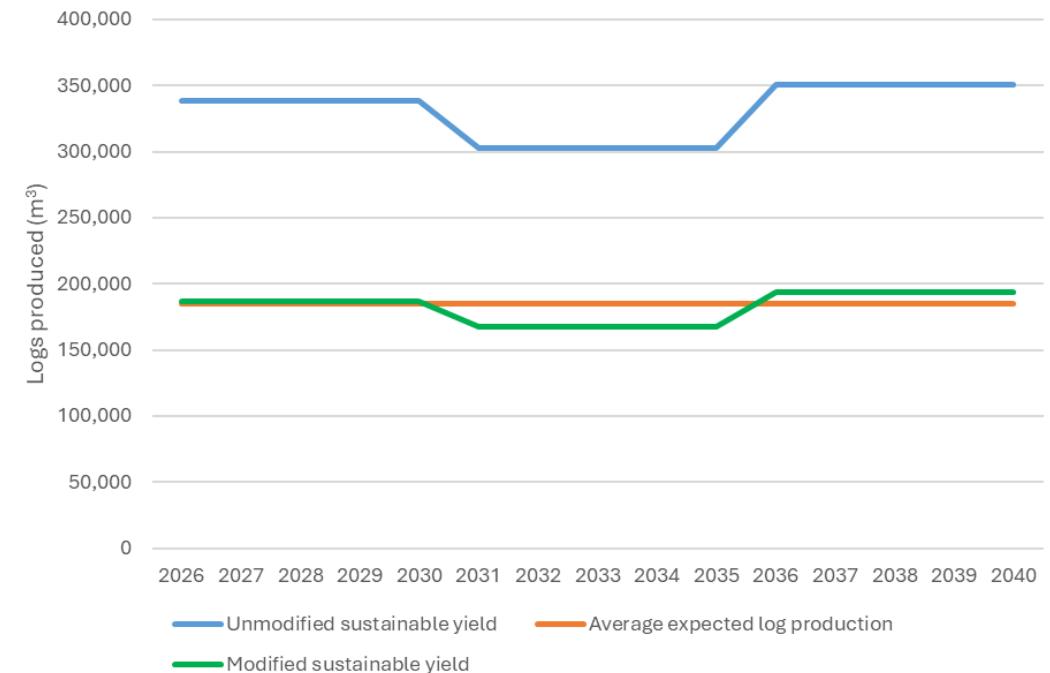
Prior period FullCAM forest estate model = estimates of the total net harvested area (in hectares) in, and logs produced from (in m3), the project area for the prior period must be within $\pm 5\%$ of the actual values

Requirement 5.2. Calculate baseline harvest level in two stages: (a) baseline in logs produced (m3 over the reporting period) [using latest modified sustainable yield] and (b) convert the logs produced estimate into a harvest area (in hectares) using the prior period FullCAM forest estate model.

Adjustment factor for calculating modified sustainable yield

Cascading tests

- If the coefficient of determination (r^2) between sustainable yield and log production during the baseline period ≥ 0.7 , then the adjustment factor = average log production to sustainable yield ratio from the baseline period.
- If the log production to sustainable yield ratio over the baseline period was ≥ 0.8 in all years, then the adjustment factor = 0.8.
- In cases where neither (a) nor (b) is satisfied, the adjustment factor = 0.6.



Requirement 5.3. Calculate net abatement amount for reporting period

Net abatement amount is calculated as:

- The difference between the carbon stock change in the project scenario and the carbon stock change in the baseline scenario (forest carbon stocks + harvested wood products in service and in landfill)

Note 1: Modelling focused on areas where harvesting and associated clearing avoided (do not model carbon stocks across whole estate)

Note 2: HWP project scenario excludes pulplogs and other residue logs.

- Plus the difference in emissions from included sources in the baseline scenario and emissions from included sources in the project scenario
- Minus the leakage deduction
- Plus the aggregate negative abatement amount in the aggregate negative abatement account at the end of the reporting period (if any)

Step 6: Transparency

Proponent must publish

- a) current management plan
- b) all necessary information, including full details of the method and all relevant data, to enable third parties to recreate the representative FullCAM model plots and the prior period FullCAM forest estate model
- c) all necessary information, including full details of the method and all relevant data, to enable third parties to replicate the calculations used to derive the modified and unmodified sustainable yields
- d) all necessary information, including full details of methods and all relevant data, to enable third parties to replicate the calculation of the carbon dioxide equivalent net abatement amount for each reporting period

Step 7: Monitoring and record keeping

- Proponent must monitor timber harvesting and clearing events (including post-harvest (slash) burns) in the project area – ensuring events can be modelled and verified
- Proponent must keep specified records, including:
 - all methods, data, FullCAM model plots and FullCAM forest estate models used to calculate the carbon dioxide equivalent net abatement amount for each reporting period
 - all timber harvesting and areas cleared to facilitate timber harvesting, including the extent of harvesting and clearing and the harvesting practices that were used
 - maps of the areas harvested and cleared prepared in accordance with the Mapping Guidelines
 - date-stamped and geo-referenced remotely sensed imagery of the harvested and cleared areas