Independent Forestry Panel

Public submission

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Government of NSW

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We must end native forest logging now

Native forest logging has been an environmental disaster in NSW for fifty years. It has caused a major decline in forest biodiversity, and pushed a number of forest species to the precipice of extinction. It has created the conditions for the destructive megafires of today and the future by converting landscapes into dried-out kindling-like regrowth forests. Logging of our forests is deeply unpopular, and has been fiercely fought by residents of NSW every year since the 1970s.

Our native forests are some of the most extraordinary and biodiverse environments on Earth. They combat climate change on an enormous scale. They are part of the heritage of NSW, and have been the custodial lands of first nations people for Millennia. Forests are therapeutic, recreational and cultural spaces of great importance to many Australians. Their value is orders of magnitude greater than the woodchips, firewood, tomato stakes, pallets, poles and sawlogs that their destruction produces.

Hunting koalas once occurred widely in our forests, a practice that is now unthinkable. Whaling has long been considered an obsolete industry across most of the world. Native forest logging has outlasted those two archaic practices in NSW, but is no less out of place and out of time. The practice has ended in Western Australia and Victoria. It should end in NSW today.

Yours sincerely,

Andrew Wong
Operations Manager
Wilderness Australia

[1] The native forestry industry in NSW is an environmental, economic and social failure

It has been 55 years since industrial logging began in NSW, with the opening of the Eden woodchip mill in 1969 under the Askin Coalition government. Since then, sixteen parliaments have each made their own attempts to reconcile intensive logging with the preservation of forest biodiversity. Not one has succeeded in halting biodiversity's rapid decline. We have failed to find a way to make native forest logging sustainable.

At the beginning of 2024, native forestry ended in both Western Australia under the McGowan Labor government, and Victoria under the Andrews Labor government. Both State's industries were plagued by declining wood volumes, unprofitability, heavy government subsidisation and legal troubles. **These same elements are all present in NSW's native forestry industry today.**

Plantations now dominate the industry in Australia, including 81% of NSW timber being supplied by plantations. A wide range of engineered wood products made from plantation timber can now meet the vast majority of the market's needs, making a transition to 100% plantations easy.

For the financial year 2022-23, FCNSW softwood division's normalised earnings were around $19 million, and the hardwood division's (dominated by native forestry) normalised earnings were around minus $15 million, leading to total normalised earnings for FCNSW of approximately $3 million (FCNSW Annual Report 2022-23, page 25). The industry is only able to survive through taxpayer subsidisation and enormous environmental and climate harm.

Although the industry inflates itself by using a multiplier effect when calculating their employment numbers, the fact is that only around 1,000 people are directly employed. That

figure includes all loggers, log truck drivers, mill workers and Forestry Corporation of NSW (FCNSW) employees.

FCNSW, the company in charge of managing State Forests, have a long history of 'environmental offending' when it comes to native forest logging. Justice Rachel Pepper of the NSW Land and Environment Court recently said "FCNSW... has a pattern of environmental offending, has not provided any compelling evidence of measures taken by it to prevent its reoffending, and does not accept the true extent of harm that it has caused by its offending."

The EPA has commenced and/or completed more than 50 investigations in the last five years into the compliance of FCNSW's operations. More than 30 of these investigations have so far resulted in enforcement action, including warnings, cautions, orders, penalty notices, enforceable undertakings, prosecutions and more, with fines and other costs to FCNSW totalling over $1.7 million. 22 investigations remain ongoing. Prosecutions are generally an act of last resort, and represent only the proportion of cases that makes it through the process of negotiation between the EPA and FCNSW, or that the EPA never pursue due to a lack of resources.

Long term public polling has consistently found that a majority of NSW residents oppose native forest logging.

[2] FCNSW' activities are immensely destructive towards biodiversity

Industrial logging destroys or degrades native forest ecosystems and wildlife habitat. In 2024, research found ongoing logging in NSW affects at least 150 species considered at risk of extinction. Of these, thirteen are critically endangered.

In 2019-20, the previously unimagined Black Summer megafires burnt more than five million hectares in NSW. It was the longest continuously burning bushfire complex in Australia's history. An estimated three billion native animals were killed along the east coast of Australia. This environmental catastrophe has put considerable pressure on remaining areas of intact and ecologically viable habitat, many of which exist outside the reserve system.

In 2022, two iconic forest species, the koala and greater glider, were uplisted to Endangered status in NSW, after populations of both these animals halved in the previous twenty years. Tens of thousands of hectares of the most critical habitat remaining in NSW for koalas and greater gliders is within state forests, and is being logged now or is scheduled for logging in the near future.

Within the proposed Great Koala National Park logging is occurring at approximately five times the rate of the surrounding region of north east NSW.

More than 11,000 hectares of core greater glider habitat is being logged or is scheduled for logging across 13 state forests in NSW. These areas have been identified through extensive community surveys, which have so far found 875 greater glider records and 206 den trees across just five of those state forests - Tallaganda, Badja, Tuggolo, Bulga and Styx River.

[3] A moratorium on logging in critical endangered species habitat is required while the IFP assessment takes place

The koala and greater glider are listed Endangered species both in NSW and nationally. In just three seven-year generations of those species they have halved in numbers: a catastrophic rate of decline which is still ongoing. Without radical action, their extinction within NSW is moving inevitably closer.

Yet 30,000 hectares of the most critical koala and greater glider habitat is being logged or is scheduled for loggin in NSW right now.

While the Independent Forestry Panel considers an end to native forest logging and a future industry based on sustainable plantations, the Panel should place an immediate logging moratorium over areas of critical koala and greater glider habitat.

A Koala moratorium

The proposed Great Koala National Park is the signature environmental promise of the Labor government. It contains the last, best koala habitat remaining in NSW.

The GKNP is at risk of being destroyed before it becomes a reality.

Logging has never stopped within the boundaries being assessed for the Park. During the period of assessment, not only has logging continued, it has intensified. Currently the GKNP is being logged at five times the rate of the surrounding forests of north east NSW.

Logging in north-east NSW at October 2024:

State Forest Area	Hectares	Logging operations
GKNP assessment area	176,000	11
North East NSW	742,000	11

This in effect is a last ditch effort by Forestry Corporation of NSW (FCNSW) to log the GKNP before it is lost to it forever. Currently more than 18,000 hectares of the proposed GKNP is being logged or is scheduled for logging soon. If FCNSW is left unrestrained, it may do so much damage that koalas are pushed to the point of 'functional extinction' (the point of no return) in northern NSW.

The 176,000 hectares of state forests within its boundaries is just 9% of NSW' 1.9 million hectares of state forests.

A logging moratorium should urgently be placed over the 9% of NSW state forests that are being assessed for the Great Koala National Park.

A Greater Glider moratorium

In August 2023, Wilderness Australia sought a stop work order on logging operations in Tallaganda State Forest on the basis that greater glider den trees were being felled in one of the last remaining high population density 'refugia' for the species.

Since then, the community has undertaken extensive citizen science surveys to identify areas of core habitat for the species. This was in response to the consistent and overt failure of FCNSW to find greater gliders and their den trees, and for the Environmental Protection Authority of NSW (EPA) to create or enforce logging rules that adequately identify and protect greater gliders and their habitat.

Since then, these community surveys have found 875 greater gliders and 206 den trees in just a handful of logging compartments due for imminent logging within five state forests: Tallaganda, Badja, Tuggolo, Bulga and Styx River. During their own pre-logging surveys, carried out under the EPAs minimum requirements, FCNSW only managed to find 251 greater gliders and 16 den trees.

11,192 hectares within these state forests are being logged or are scheduled for logging soon.

A logging moratorium should urgently be placed over any state forest areas identified, through community surveys or other efforts, as high population density or core habitat for greater gliders.

[4] The carbon offsets market: putting foxes in charge of the hen house

Giving a carbon market any degree control over the management of our native forests would result in the commercialisation of forest biodiversity. Instead of the rules governing the fate of forests being driven primarily by environmental goals, they would be driven instead by investment goals. History demonstrates that these kinds of schemes always become corrupted.

As the Sydney Morning Herald's Ross Gittins recently said, "carbon-credit schemes are notorious around the world for being dodgy or downright fraudulent."

Yet a plan is being considered to reduce (not end) logging within NSW native forests, and then to trade the carbon from the less-logged forests on the open offsets market as Australian Carbon Credit Units (ACCUs).

There is a real chance that such a scheme will directly fund the continuation of native forest logging (which might otherwise end), while simultaneously allowing an increase in carbon emissions from the fossil fuel industry - the obvious purchasers of offsets sourced from forest carbon.

Forests and carbon

Forest policy can be used to achieve national greenhouse emissions targets. Or it can be used to make emissions worse.

Net zero targets cannot be achieved by the cessation of emissions alone. It is also necessary to remove carbon accumulated in the atmosphere. If Australia stops logging and land clearing it can meet its 2030 emissions targets. (For Australia to meet emissions reduction targets, we don't need nuclear energy).

Native forests are natural carbon capture and storage systems — the only ones proven to actually work! Older and less disturbed forests store by far the highest amounts of carbon.

Lobbyists for carbon companies are arguing that Carbon Credit Units (ACCU's) created under the Australian Government Carbon Credit Scheme and sold into the carbon market would help pay for ending or reducing native forest logging. At the same time forest industry lobbyists are arguing that ACCU's could help make the industry more sustainable.

These proposals are however fraught with danger in several ways.

(1) It is unlikely that the practical difficulties of establishing a method for creating native forest-based ACCUs with genuine integrity can be overcome. Schemes of this kind are notoriously susceptible to gaming and fraud.

Nevertheless, the NSW Government continues to place strong pressure on the Commonwealth Clean Energy Regulator to approve an assessment method.

(2) Proposals of this nature are generally designed to permit the continuation of greenhouse emissions.

For example, one proposed method relies upon so-called 'reduced impact logging' which would

not end forestry emissions but simply provide another avenue for garnering public subsidies. The various methods proposed would prolong native forest logging in some form while generating ACCUs. They, in turn, would be bought by manufacturing or mining companies to offset the emissions caused by their continuing operations.

The Real Value of Forest Carbon – The National Interest

Debate about the monetisation of carbon savings in ACCUs – the pursuit of windfall profits in an artificial, manipulated market – simply obscures the most important value of forest carbon for the national interest.

The main greenhouse mitigation value of our native forests is their ability to remove carbon from the atmosphere and to retain dense carbon stocks.

ACCUs can reflect only the proximate benefit from the changes to net emissions that arise from changes in the management of forests. They are irrelevant to State or Federal Greenhouse Gas (GHG) Accounts.

When logging is stopped, there are two kinds of carbon benefits: the significant annual gross emissions from logging operations cease, and additional sequestration occurs because existing forests are allowed to keep growing past the age at which they would normally be logged. Those changes are automatically reflected in State and Federal greenhouse Gas (GHG) accounts. The sooner the better for the State's 2030 GHG target!

The benefit to GHG accounts will be significantly more than the 1-1.2 million tonnes a year that optimistically might be generated by ACCU's in NSW. Consider Tasmania, where substantial reductions in logging resulted in the State actually achieving net negative emissions in the accounting period 2012-2018 (Net carbon accounting and reporting are a barrier to understanding the mitigation value of forest protection in developed countries).

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) was 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 was 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. (Green Carbon: the role of natural forests in carbon storage 2008).

The difficulty of establishing an ACCU baseline for assessing changes in Australian forest carbon emissions

A note by Virginia Young, an expert in the relationships between biodiversity and ecosystem integrity and their importance for carbon retention and climate mitigation. She is a Board Member of Wilderness Australia.

While there is no doubt that ending native forest (NF) logging will reduce emissions and increase sequestration, predicting the scale of net emissions reduction over even modest time periods in a dynamic system already undergoing significant change and subject to new catastrophic risks is difficult, if not impossible.

An ACCU cannot be created unless a proposed management change 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 native forest logging, independent verification 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.

Wood supply volumes are constantly overestimated by forestry agencies and always changing. Over the past 20 years the volume of loggable timber has constantly been revised downwards and new products sought for the logging of smaller trees in an effort to maintain wood production. This has reduced the forest carbon stock and limited the ongoing capacity of our native forests to sequester carbon, at the same time increasing fire severity and ecological damage.

The only certainty about future wood volumes is that they will continue to decline and that younger and smaller trees will increasingly make up the bulk of the trees logged. Any ACCU 'baseline' determined by an average of past loggable volumes of wood (as reflected in Australia's past GHG accounts) will include a significant amount of 'hot air'. It will necessarily be speculative and thus inherently open to question.

The unreliability of utilising past emissions from NF logging as a baseline has been increased by government failure to adequately scale back logging after the catastrophic 2019/20 fires and failure to urgently establish protection and recovery plans for endangered wildlife seeking refuge in unburned and lightly burned core areas of habitat.

ACCUs cannot have integrity unless proponents (or governments) are able to independently assess:

- the ecological condition of the native forests from which ACCU's would be generated;
- the accuracy of estimated wood supply from those areas, and;
- the impact of likely regulatory changes to protect biodiversity at State and Federal levels on the availability of wood from those areas.

Only then can it be ascertained whether logging would not have ended or been dramatically reduced without the benefit of ACCUs.

Moreover, the usual practice of 'smoothing' emissions from drought and fire by applying discount rates to the credits issued in an attempt to account for losses when severe drought and fire occurs will likely prove impossible and/or badly damage the economic viability of generating ACCU's. Crediting may well need to cease for the 8-10 years it would take, all going well, for forests to recover the flush of carbon lost to the atmosphere after severe fire. Predicting the

occurrence of severe and catastrophic droughts and fires is also difficult as we enter uncharted territory for forecasting weather as a result of already locked in climate change.

There is simply no way that existing, severely depleted populations of endangered species like koalas and greater gliders can be adequately protected (let alone restored to viable levels) without substantial reductions in native forest wood supply.

What we do know with great certainty is that retaining carbon currently stored in carbon dense ecosystems like native forests will be difficult unless we protect and restore their ecological integrity at the same time as we escalate our efforts to limit warming to as close as possible to 1.5 degrees. These imperatives are now matters of national urgency.

The flawed concept of ACCUs

A note by Richard Denniss, Executive Director, The Australia Institute.

The market for ACCUs is not a market in any traditional sense. Both the supply and demand for the product are overwhelmingly determined by government regulation, not the private preferences of individual agents. In addition, the characteristics of this synthetic market in no way resemble the characteristics of a market that is efficient.

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.

The market meets none of the essential criteria for an efficient market; the lack of complete information, the absence of low transaction costs and the absence of externalities are obvious and significant problems. This is especially the case in native forests where forest agencies regularly over-estimate wood supply and underestimate the impact and interaction of threats that are increasing with climate change (such as drought and fire) and how those threats are amplified by past logging.

Indeed, 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'.

Carbon credit markets 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. There is no theoretical or empirical reason to suspect that the design of the Australian ACCU market is superior to that of any of the other developed country markets that have failed repeatedly to deliver 'high integrity' credits.

In terms of the specific proposal to generate ACCUs from the cessation of native forest logging in NSW, the fact that it takes subsidies to cause the current emissions from native forests makes it absurd to suggest that it is 'efficient' or 'additional' to pay those causing that destruction to cease doing so.

As Western Australia and Victoria have shown, it is economically efficient and politically popular to end native forest logging without the complications created by attempting to generate ACCUs.

Legislating to end native forest logging and remove government subsidies will provide a simple, efficient and budget positive outcome.

As NSW has witnessed in relation to its state-based biodiversity credits it can take a lot of time and money before the abject failure of synthetic markets becomes apparent. As Ken Henry said in his review of the NSW Biodiversity Act:

'The diversity and quality of ecosystems are not being maintained, nor is their capacity to adapt to change and provide for the needs of future generations being enhanced'.

The Commonwealth ‘market’ for ACCUs will inevitably fail to deliver the promised amount of carbon sequestration which in turn will create a wide range of economic, environmental, legal and political risks, particularly in relation to who bears responsibility for the risk of ‘carbon reversal’ and fraud.

Significantly, it is not in the financial interests of any major participants in the ‘market’ to look for or expose fraud. Arguably, it is not even in the interests of governments who have committed to ambitious emission reduction targets without implementing policies to achieve those targets, to identify fraud by those selling carbon credits either.

In short, selling dodgy carbon credits is the ‘optimal strategy’ and those being defrauded have the least access to information even though the product exists solely for their benefit.

At a minimum the NSW Government should immediately halt all direct and indirect financial support to native forest logging to help identify the level of logging likely to occur without government support. The idea that a subsidised industry needs to be subsidised into ceasing production is ... novel.

[5] Recommendations

1. An immediate moratorium on logging should be placed over all identified areas of high population density and core habitat for koalas and greater gliders. This should remain in place until the NSW government makes a final determination on the future of the native forestry industry and state forests in NSW, or until native forestry is ended.

2. The Independent Forestry Panel should put forward an option for an immediate end to native forest logging. Allowing logging to continue for months or years while a transition occurs will allow the targeting of extensive areas of high conservation value forests for logging, including critical koala and greater glider habitat.

3. The NSW Government should end public native forest logging by the end of 2026.

4. Any transition (structural adjustment and compensation) scheme should not allow mills to simply switch from milling public native forest timber to milling private land forest timber or timber sourced from other states, while maintaining similar output volumes. This 'leakage' should be prevented as a condition of compensation and adjustment money.

5. ACCUs and similar carbon or biodiversity offset mechanisms should not be applied to the ending of native forest logging in NSW. Particularly, ACCUs should not be used to justify a continuation of logging of native forests. Instead, carbon that is retained within newly protected native forests should go on the state's and nation's greenhouse gas accounts.

6. No ongoing commercial logging of native forests should be allowed, including 'forest gardening' or similarly-named practices, within any public land tenure.

7. Forestry Corporation of NSW should be wound up as a company and an entity by the end of 2026. It should not be renamed, or converted to a government agency.

8. Public plantations in NSW shoud be managed by a newly created agency, Plantations NSW.

9. Logging of any kind should be permanently banned in NSW State Forests through legislation.

10. State Forests of high conservation value should be immediately converted to permanent conservation reserves, including National Park and State Conservation Area.

Wilderness Australia

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