



Inter-jurisdictional Working Group on Emissions Trading

A National Emissions Trading Scheme

Background Paper for Stakeholder Consultation

NAFI Comments on Paper

Issues for consideration – Questions for stakeholders (pg 4):

NAFI strongly recommends that there is recognition of the carbon stored in harvested wood products in developing an emissions trading model. It is inappropriate for a default system to be developed which assumes that there is no storage of carbon in forest products and that the carbon sequestered in trees is emitted at the time trees are harvested. In reality, carbon is stored in the wood that is processed and converted into wood products.

The model importantly recognises the carbon stored in sinks (such as tree plantations). This is a low cost greenhouse gas solution which can provide multiple ongoing social, economic and environmental benefits, including the long-term storage of carbon in wood products following harvesting.

Design propositions and other issues for further investigation - Questions for stakeholders (pg 7)

NAFI supports the use of a cap and trade scheme to support international trade in carbon credits. This will encourage more investment in carbon trading in Australia. NAFI also supports national consistency across all Australian States in relation to emissions trading.

Proposition 8:

That offsets be allowed (pg 21)

NAFI questions the value of the stated requirement that the offsets must generate emissions beyond 'business as usual'. Surely the aim is to encourage investment in sequestration and carbon stored in any plantation established since 1990 should be allowed to supply carbon credits.

Forest carbon sequestration (pg 21)

NAFI is opposed to the NSW Scheme requirement that sink owners must guarantee sequestration of carbon for 100 years in the plantations. This is an unrealistic requirement which does not give the industry any flexibility and creates a barrier for investment in carbon sinks. NAFI seriously questions the need for this requirement.

Verification of offsets (pg 22)

Offsets are rigorously verified in the Australian forestry industry. For example, the Australian Forestry Standard Chain of Custody can certify and track the origin of forest and wood products and the carbon accounting toolbox can be utilised to calculate carbon emissions and sequestration.

Questions for stakeholders (pg 22)

All new plantations should be eligible as offsets. There is no need to permanently tie the liability for carbon credits to a particular block of land. The suggested 100 year timeframe is well outside the investment horizon of nearly all businesses. There should be some flexibility to allow the sinks' liabilities to be transferred between plantations or between activities.



Approaches to limit the potential risks of tree planting (such as bushfire and disease) are standard forestry practice. These risks are addressed through standard industry practices employed during the establishment and management of plantations.

Requirements for safeguards to ensure the effective sequestration of carbon in sinks should not be too prescriptive. This will only increase costs and limit the incentive for investors.