ERAC: Improved Native Forest Management in Multiple-use Public Native Forests method

submission

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Carbon Market Institute

ERAC: Improved Native Forest Management in Mixed-use Public Native Forests (INFM) method **submission**

The Carbon Market Institute (**CMI**) is an independent, member-based institute that promotes the use of market-based solutions and supports best practice in decarbonisation to limit warming to 1.5°C.

CMI's membership includes 140+ primary producers, carbon service providers, First Nations organisations, legal and financial institutions, technology firms and emissions-intensive companies in Australia and the Asia Pacific. The CMI Board updates CMI's Policy Positions annually, which draw on practical insights from—but are ultimately independent of—members.[1] CMI also administers the Australian Carbon Industry Code of Conduct (**ACI Code**), which was established in 2018 to steward consumer protection and market integrity.[2]

Strategic outlook

CMI welcomes this opportunity to provide input to the Emissions Reduction Assurance Committee's (**ERAC**) consultation on the Improved Native Forest Management in Mixed-use Public Native Forests (**INFM**) method, which opened on 2nd January 2026 following prioritisation for development by the government in October 2024. The INFM method is the first of four methods being developed under the interim proponent-led method development process to proceed to formal stakeholder consultation by ERAC. Whilst proponent-led design can support innovation and collaboration, CMI believes that consistent principles across ACCU Scheme methods are critical to developing robust, credible and implementable methods, coupled with transparency disclosure where there is a genuine need to diverge. CMI has engaged with DCCEEW on the need for guidance on method development for proponents, including consistent key legal definitions and agreed taxonomy, standardised requirements, calculation approaches and method inclusions (as opposed to elements and guardrails addressed at the Scheme level). Guidelines would apply to method development processes and expectations, alignment with OIS, consistency elements but also incorporation of broader environmental, economic and social (including Indigenous opportunities) considerations. We understand that guidelines are under development by DCCEEW and CMI would welcome an opportunity to provide input.

CMI recognises the valuable role that a method such as the INFM method can play in protecting and improving Australia's vast native forest estate, and enabling it to deliver climate and nature outcomes. Indeed, the 6th Intergovernmental Panel on Climate Change Assessment Report highlights the important role that halting deforestation has to play in reaching net zero and continuing to sequester carbon emissions.[3] However, we echo concerns previously raised by the CMI Integrated Farm and Land Management Taskforce and others,[4]

[1] CMI 2024, 'CMI Policy Advocacy Positions', https://carbonmarketinstitute.org/app/uploads/2024/10/CMI-Policy-Advocacy-Positions-October-2024.pdf.
[2] More information on the ACI Code webpage: CMI 2024, 'Australian Carbon Industry Code of Conduct', https://carbonmarketinstitute.org/code/.
[3] Intergovernmental Panel on Climate Change 2023, *AR6 Synthesis Report Summary for Policy Makers*, p. 21: https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf.
[4] See: IFLM Taskforce 2025, 'Feedback on the consultation draft Carbon Credits (Carbon Farming Initiative— Improved Forest Management in Multi-use Public Native Forest) Methodology Determination 2025' https://carbonmarketinstitute.org/app/uploads/2025/07/CMI-ILFM-Taskforce-INFM-Draft-Feedback_July25.pdf; Forestry Australia

that the current restricted scope in the draft INFM method means that only 8% of Australia's native forest estate is effectively eligible for protection under the method.[5] By contrast, native forest on private and leasehold land makes up roughly 68% of total native forest in Australia.[6] The restricted scope to public native forests and solely State government proponents limits the potential opportunity to enhance landscape scale native forest at scale. Increasing the scope would permit better alignment to the ERAC's triage criteria for Australian Carbon Credit Unit (**ACCU**) methods, which set a framework to prioritise methods that are likely to experience significant uptake and deliver abatement at scale.[7]Given that the INFM method stands to be the first of the prioritised method proposals under the interim proponent-led method development process to be made as an ACCU method, the engagement throughout this method's development will set a precedent for other methods developed via EOI. Here, we note that it is unclear how feedback submitted during the July 2025 consultation undertaken by the NSW Government has been responded to, and/or incorporated into the current Draft Method Determination. To improve transparency in method development, CMI recommends that a consultation report, or response to submissions document be mandatory for future methods, outlining feedback received from stakeholders and how it was addressed in the draft method revisions.

Moreover, we note that since this method was prioritised, reforms to the Environment Protection & Biodiversity Conservation (**EPBC**) Act 1999 have passed federal parliament, including removal of the exemption for Regional Forest Agreements (RFAs) and applying National Environmental Standards to forestry operations. Pending finalisation of the EPBC Act reforms a comprehensive interpretation of the method's alignment with the additionality criteria of the Offsets Integrity Standards (OIS) is challenging. Whilst a revised baseline harvest level calculation approach has been incorporated into the draft INFM method to try to accommodate EPBC Act reforms, this may not be sufficient without understanding requirements for processes such as assessment and approval of permits.

CMI is supportive of ACCU methods that are capable of delivering abatement to support Australia's emissions reduction targets at scale. To support the potential of the INFM method to fill a market gap and drive uptake, we have made several recommendations based on the **OIS**, outlined below. We note that several of these recommendations echo those made by CMI's IFLM Taskforce in relation to the July 2025 submission, as the same issues remain.

Whilst CMI's submission has been informed by members' perspectives, the views presented are reflective of CMI's own.

Additionality

We note that the in its consultation on the INFM method, ERAC has specifically requested feedback on whether or not the draft INFM method meets the additionality criterion of the OIS. As mentioned above, without clarity on the impact of reforms to the EPBC Act and related harvesting permit processes it is challenging to provide a comprehensive interpretation of the method's alignment with this criterion.

2025, 'Response to the NSW Government on the proposed Improved Native Forest Management in Multiple-use Public Native Forests Method (INFM Method)'.

[5] ABARES 2023, "1.1a.ii Forest are by tenure (2023)" in *Australia's State of the Forests Report,* Department of Agriculture, Fisheries and Forestry: https://www.agriculture.gov.au/abares/forestsaustralia/sofr/criterion-1/indicator-1.1a.ii-forest-area-by-tenure#key-points.

[6] Ibid.

[7] Emissions Reduction Assurance Committee 2024, 'Considerations for interpreting the ACCU Scheme triage criteria: ERAC information paper,' pp. 5-6, https://www.dcceew.gov.au/sites/default/files/documents/erac-interpretation-triage-criteria.pdf.

However, there are some amendments that could be made to the method draft in the interim to further ensure that the method will deliver additional abatement, compared to a BAU scenario.

Ensure section 11 – 'No previous law or decision to stop or reduce timber harvesting' meets newness and regulatory additionality requirements

Subsections 2 and 4 of Section 11 contain specific provisions, or flexibility measures related to the use of moratorium powers to halt native forest timber harvesting temporarily to undertake feasibility assessments for a potential eligible offsets project, or inclusion of land in a conservation reserve. Although a temporary pause may be a beneficial tool to enable feasibility assessments, it should be carefully balanced to ensure that it does not impede regulatory and newness requirements under the additionality criterion by becoming business-as-usual, or interpreted as a regulatory requirement.

To ensure that section 11 meets newness and regulatory additionality requirements, we suggest that consideration be given to introducing a timeframe for any pause on native timber harvesting in a potential project area. Alternatively, there could be a pursuant subsection outlining a list of allowable activities permitted to prepare a site for a potential project under the INFM method after the application is submitted, but before the project is declared. This approach would be aligned with the exceptions under the *Reforestation by Environmental or Mallee Plantings – FullCAM* and *Plantation Forestry* methodology determinations.[8]

Refine evidence requirements to demonstrate additionality

The requirement to develop a baseline estate model in FullCAM provides important evidence to demonstrate business-as-usual harvesting in a project area without the project. However, the model should be further supported by physical evidence such as a signed statement that native forest timber harvesting is planned to be undertaken in the proposed project area in the absence of the project an this is underpinned by an unambiguous right (permission under law). This would be similar to the requirements to submit management records demonstrating rotation cycles in Schedule 2 of the *Plantation Forestry* method, and would build on the required statement of why the land would be converted to non-forested land within 24 months, or not re-established, under Schedule 3 of the *Plantation Forestry* method.[9]

To further ensure INFM projects represent additional abatement, the method should also deploy a recency test, requiring proponents to submit evidence that demonstrates that harvesting has been undertaken in recent years. This could be 7-years: the maximum period used for non-forested tests in other ACCU methods, including the *Plantation Forestry* method (Schedule 1), *Reforestation by Environmental or Mallee Plantings* method, and the *Reforestation and Afforestation 2.0* method (closed).[10] Evidence could be supplied in the form of satellite imagery and harvest records.

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[8] *Carbon Credits (Carbon Farming Initiative) (Reforestation by Environmental or Mallee Plantings – FullCAM) Methodology Determination 2024,* Div. 11, S53(2)(3): https://www.legislation.gov.au/F2024L01473/asmade/text; *Carbon Credits (Carbon Farming Initiative – Plantation Forestry) Methodology Determination 2022*, Div. 3.6, S35(3)(4)(5)(6): https://www.legislation.gov.au/F2022L00047/asmade/text.

[9] *Carbon Credits (Carbon Farming Initiative – Plantation Forestry) Methodology Determination 2022*, Sched. 2, S4 and Sched. 3, S6: https://www.legislation.gov.au/F2022L00047/asmade/text.

[10] *Carbon Credits (Carbon Farming Initiative – Plantation Forestry) Methodology Determination 2022*, Sched 1. S2(1)(b): https://www.legislation.gov.au/F2022L00047/asmade/text; *Carbon Credits (Carbon Farming Initiative) (Reforestation by Environmental or Mallee Plantings – FullCAM) Methodology Determination 2024,* Div. 3, S10(3): https://www.legislation.gov.au/F2024L01473/asmade/text; *Carbon Credits (Carbon Farming Initiative – Reforestation and Afforestation 2.0) Methodology Determination 2015*, S10(2): https://www.legislation.gov.au/F2015L00682/latest/text.

Conservativeness

The ERAC has also specifically requested input on the draft INFM method's leakage provisions, the treatment of which we have determined to be relevant to the OIS criterion of "conservativeness". Including leakage provisions within the method is a new precedent for ACCU Scheme methods. The nature of the INFM method activities and its potential impact may however support this inclusion. However, any treatment of leakage should be agile rather than fixed as it currently is, and CMI's preference is that it be treated as a Scheme-level consideration.

By way of example, the proposed fixed 5% discount for indirect leakage deduction was raised as a point of concern in previous submissions by the CMI IFLM Taskforce and Forestry Australia.[11] This figure has not been changed in the draft method under consultation, nor rigorous evidence provided as to how this figure was calculated. Furthermore, emissions from substitution to products with higher embodied carbon (i.e. construction timber replaced with steel or concrete) may be much higher than the 5% indirect leakage discount in the draft method.[12]

If leakage is to be included in the INFM method determination, we suggest that any calculations are adjusted with reference to international frameworks such as the Article 6.4 Standard: *Addressing leakage in mechanism methodologies*, Gold Standard's *Requirements for addressing leakage in methodologies*; or the Clean Development Mechanism *Methodological tool: Project and leakage emissions from biomass*.[13] Broadly, the Government should consider the merit of developing a Scheme-level treatment for leakage, with reference to external standards, which would ensure that the Scheme continues to be aligned with international best practice as and when these standards are updated.

Measurable and Verifiable

We welcome the additional parameters included in this draft around developing a FullCAM forest estate model, including outlining specific activities to be input and a model start date. This shores up the integrity of the method. However, we reiterate broader concerns around FullCAM's accuracy for mixed age native forests, noting that the model has been calibrated on even-aged plots,[14] while the proposed INFM method will likely encompass projects with broader age distribution. Furthermore, the requirement that the project proponent develops the model assumptions and growth curves deviates from standard practice of external method guidelines for other ACCU Scheme methods that utilise FullCAM. The INFM method should follow this

[11] IFLM Taskforce 2025, 'Feedback on the consultation draft Carbon Credits (Carbon Farming Initiative— Improved Forest Management in Multi-use Public Native Forest) Methodology Determination 2025', p. 4, https://carbonmarketinstitute.org/app/uploads/2025/07/CMI-ILFM-Taskforce-INFM-Draft-Feedback_July25.pdf; Forestry Australia 2025, 'Response to the NSW Government on the proposed Improved Native Forest Management in Multiple-use Public Native Forests Method (INFM Method)', p. 8.

[12] Forest & Wood Products Australia and IndustryEdge 2025, *Leakage Modelling Review of the Proposed 'Multiple-use Public Native Forests' Method*: https://fwpa.com.au/report/leakage-modelling-review-of-the-proposed-multiple-use-public-native-forests-method/.

[13] See: Article 6.4 Mechanism 2025, *Standard: Addressing leakage in mechanism methodologies*, v.01.0: https://unfccc.int/sites/default/files/resource/A6.4-SBM016-A13.pdf; Gold Standard 2025, *Requirements for addressing leakage in methodologies*: https://globalgoals.goldstandard.org/456_paa_ms_400_05_requirements-for-addressing-leakage-in-methodologies/; and Clean Development Mechanism 2022, *Methodological tool: project and leakage emissions from biomass*: https://cdm.unfccc.int/methodologies/PAmethodologies/tools/am-tool-16-v5.0.pdf.

[14] Forrester et al. 2025, "Calibration of the FullCAM model for Australian native vegetation", *Ecological Modelling*, vol. 508: https://www.sciencedirect.com/science/article/pii/S0304380025001899?ref=pdf_download&fr=RR-2&rr=9c4b846cffe32665.

precedent and guidelines should be developed that include guidance on stratifying carbon estimation areas to different ages.

To further maximise accuracy, we suggest incorporating a pathway to true-up the model with field measurements – similar to the FullCAM-Measure hybrid approach currently being proposed in the Integrated Farm and Land Management method.

Finally, FullCAM Public Release 2024 is yet to be finalised, and thus grandfathering or transition arrangements should be given due consideration to reduce the need for legislative changes down the track.

Evidence-based

The 2021 State of the Environment Report highlighted that native vegetation throughout Australia has been extensively cleared, and continues to face pressure from expanding commercial interests, including commercial forestry.[15] There is a clear need for methods that protect stands of remnant vegetation across Australia for its climate and biodiversity benefits, however the merits of an expanded scope for the INFM method should be considered for how it could protect greater tracts of native forest.

The INFM method's original EOI highlighted the carbon sequestration opportunities in native forests, and correctly identified how an ACCU Scheme method could support this outcome.[16] The evidence in the method's EOI identified broad opportunities, it also relied upon the ABARES 2022 *Australian Forest and Wood Statistics* to demonstrate current rates of native forest hardwood log production. This report reflects the total native forest estate – both public and private. Given the broad evidence base of the original EOI, it is unclear why the scope of the method was restricted. Inclusion of the private native forest estate as eligible land should be considered, with the pre-existing regulatory infrastructure of the ACCU Scheme providing assurance that project outcomes in private native forests under the INFM method continue to meet the OIS. Inclusion of the private native forest estate could further alleviate the perceived leakage risk to this source, by providing an economic incentive to protect those forests.

The proposed INFM method details a Baseline Harvest Yield and Modified Sustainable Yield that do not appear to fully account for the downward trend in timber harvesting on Crown land and the decline in the harvesting industry as they are based on historical data. The Adjustment Factor embedded in the method to correct yield to actual harvest is still anchored to 10-year historical baseline data. The issuance of ACCUs to INFM projects is subject to a Hurdle Requirement (reducing harvesting by above 20%) in subsection 45(1) of the proposed method, however this is based on the baseline scenario. CMI recommends consideration of more conservative baselines that take into account the state of downward yield trends.

[15] Williams et al 2021, "Land" in *State of the Environment 2021*, Department of Climate Change, Energy, the Environment and Water: https://soe.dcceew.gov.au/land/introduction.

[16] NSW Department of Climate Change, Energy, Environment and Water 2024, *Improved Native Forest Management in Multiple-use Public Native Forests (INFM)*: https://www.environment.nsw.gov.au/sites/default/files/2025-03/expression-of-interest-improved-native-forest-management-in-multiple-use-public-native-forests_0.pdf.

Project Emissions

The carbon pools and emissions sources identified in the draft method (section 24) do not appear to completely reflect those in other vegetation methods.[17] It is unclear why combustion of fossil fuels in connection with forest management, as well as processing of wood products are excluded from the net abatement amount, as distinct to the combustion of fossil fuels for timber harvesting and operations. The three vegetation methods referenced above each include total fossil fuel use for management within the project area. Furthermore, other vegetation methods include both controlled and natural disturbance fire emissions, though we note that excluding fire emissions in this method for controlled burns may create opportunities for Indigenous Fire Management activities in project areas.

Finally, the purpose of the aggregate negative abatement account is unclear. Under the ACCU Scheme, ACCU issuance is managed by the Clean Energy Regulator (**CER**), which operates within an existing regulatory infrastructure. This infrastructure already includes safeguards to ensure that ACCUs issued represent additional abatement (after the reporting and audit process), with underperforming and reporting projects facing a number of different compliance tools including: pauses on ACCU issuances, clawback mechanisms, carbon maintenance obligations and fiscal penalties. We suggest removing section 44 of the draft INFM method to ensure that any projects' performance with regards to ACCUs remains solely regulated by the CER.

Other areas for consideration

In addition to the above considerations of the draft INFM method's alignment with the OIS, we reiterate the below two other areas of concern.

Indigenous Rights & Interests

The method's current drafting effectively excludes Indigenous Native Title groups and landholders from being project proponents. We suggest that, as mentioned above, including smaller parcels of native forest as eligible project land, along with removing the current restriction on project proponents being a state or territory government, that the method could better provide for Indigenous land management opportunities.

Other Social License Considerations

As previously highlighted in the IFLM Taskforce's July submission, we believe that the compressed crediting period of 15 years may present challenges to forest maintenance over the 100-year permanence period. We suggest that the crediting period be amended to 25-years in line with other vegetation sequestration methods, to provide a funding mechanism for the ongoing management of the forests. Given that the management plan is intended to be published publicly, this would provide further accountability for projects to undertake active management throughout the permanence period. To support this outcome, the management plan should be reframed as a long-term Land Management Strategy (in line with other methods), which outlines ongoing monitoring and management requirements to ensure that credited carbon is maintained throughout the permanence period.

[17] See: *Carbon Credits (Carbon Farming Initiative – Plantation Forestry) Methodology Determination 2022*, S37: https://www.legislation.gov.au/F2022L00047/asmade/text; *Carbon Credits (Carbon Farming Initiative) (Reforestation by Environmental or Mallee Plantings – FullCAM) Methodology Determination 2024,* S68: https://www.legislation.gov.au/F2024L01473/asmade/text; *Carbon Credits (Carbon Farming Initiative – Reforestation and Afforestation 2.0) Methodology Determination 2015*, S84; https://www.legislation.gov.au/F2015L00682/latest/text.

Finally, in making a decision regarding the finalisation of the INFM method, the ERAC should consider whether, by ceasing native forest harvesting, the method may inadvertently lead to more agricultural land being converted to plantation forestry to meet domestic timber demands. The conversion of agricultural land to plantation forestry for this purpose could become a significant social license issue for regional communities, but also place undue pressure on Australia's domestic food security.

Conclusion

CMI is supportive of the proposed INFM method as a key market gap filler for methods that protect and enhance Australia's native forest estate. The role of forest carbon sequestration is internationally recognised as key to achieving net zero emissions, but there are some refinements that we believe the INFM method needs to ensure that it is able to fully deliver on its potential as a tool in achieving Australia's climate and nature targets. We have outlined how the INFM method could be better aligned with the relevant OIS in our submission, and hope that this feedback will receive due consideration in making final revisions to the draft method ahead of the ERAC's advice to the Minister.

Should you wish to discuss CMI's submission please contact Emily Tammes (emily.tammes@carbonmarketinstitute.org).

Yours sincerely

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Engaging leaders, shaping policy and driving action, we're helping business to seize opportunities in the transition to a negative emission, nature positive economy.

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