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KEYNOTE ADDRESS

ASIA-PACIFIC RAINFOREST SUMMIT

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CHECK AGAINST DELIVERY

Your Excellencies, Ministers, distinguished guests, ladies and gentlemen.

Firstly, let me thank Her Excellency, Dr Siti Nurbaya for her Government's strong leadership in hosting the third Asia-Pacific Rainforest Summit. Your Government has done an outstanding job in bringing together the region to progress critical action on forests.

Also, thank you to the Sultan for his warm welcome to the beautiful city of Yogyakarta.

It is a great honour for me to be here today. When I spoke at the last Summit in 2016 in Brunei, it was my first international engagement as the Australian Minister for the Environment and Energy.

As I said then, conserving the great rainforests of the Asia-Pacific is critical to meeting the climate goals we have committed to under the Paris Climate Change Agreement and for meeting each country's sustainable economic development goals.

The facts on the importance of forests speak for themselves.

Tropical forests store 25 per cent of the world's carbon.

And in our region, we have some of the most significant tracts of rainforest in the world.

Asia and the Pacific are covered by 740 million hectares of forests.

This represents 26 per cent of the region's land area and 18 per cent of global forest cover.

But globally, deforestation accounts for an estimated 10 per cent of global greenhouse gas emissions; one of the largest sources of global emissions after electricity generation.

And for our region, a conservative estimate of emissions from forest and land use change is approximately 1 billion tonnes of CO₂ per year. This is nearly twice Australia's annual total emissions from all sectors.

While the importance of forests may be self-evident, finding sustainable and economic solutions to conserving rainforests and reversing these trends is more elusive and challenging.

Focusing on solutions to these issues, brings us to the theme of this year's Summit: Protecting Forests and People – Supporting Economic Growth.

Under this theme, I will examine three critical issues.

Firstly, recognising and celebrating progress.

Secondly, the importance of partnerships and collaboration.

And thirdly, the role of government policy in driving private sector investment and the operation of markets.

We are making progress

It is worth reflecting how far we've all come on our journey together on reducing emissions from forests. Since our last summit in Brunei, I am happy to see substantial progress on REDD+, both regionally and globally.

Since we came together in 2016, there have been a number of achievements:

In October 2017, the Green Climate Fund, to which Australia is a major supporter, reached agreement on a pilot program that will provide up to \$500 million of REDD+ results-based payments to forest countries.

More countries in our region are implementing their REDD+ national strategies.

Seven countries in the Partnership [Indonesia, Laos, Myanmar, Papua New Guinea, Cambodia, Malaysia and Vietnam] have now submitted their forest reference levels to the UNFCCC, compared with only two when we were in Brunei.

And at the beginning of this year, we had the first South East Asian country, Vietnam, have its proposal for reducing emissions from forests approved under the World Bank's Forest Carbon Partnership Facility. This project will reduce emissions by 26 million tonnes and these reductions, or units, will be eligible for purchase by the World Bank, with any remaining units available for Vietnam to use at its own discretion.

Laos, Indonesia and Fiji on similar on track for consideration through this initiative later this year.

As any minister here today knows, making change is hard. These achievements show that progress, while it takes times and is incremental, is happening.

We need to maintain this momentum, and step-up the pace of change if we are going to protect our forests and people, while securing economic growth.

Collaboration and partnerships to drive change

This takes me to the second issue I would like to discuss today, the importance of collaboration and partnerships in driving change. It is through meaningful collaboration that we can achieve our collective goals.

We need to build on our individual country successes and share lessons learned. Sharing knowledge and lessons-learned is what the Australian Government has done (and will continue to do) in sharing our forest monitoring expertise with countries in our region.

Australia will continue to play its part in an effective global response to climate change. Under the Paris Agreement, Australia is implementing an economy-wide target to reduce greenhouse gas emissions by 26 to 28 per cent below 2005 levels by 2030.

Consistent with the theme of this Summit, Australia has set its goals to not only meet our international commitments to reduce emissions, but to do so while ensuring Australia's international competitiveness, jobs growth and energy security and affordability are maintained.

The Australian Government's Emissions Reduction Fund is a central policy to help Australia meet its emissions reduction commitments. The Fund provides a broad range of opportunities to reduce emissions and store carbon across the economy. The majority of the abatement from the fund is being achieved via the land sector including revegetation and avoided deforestation.

Over 150 million tonnes – or 80 per cent of all emissions reductions – are from the land sector from more than 300 projects across Australia.

Australia has been able to harness the potential of the land sector to reduce emissions. This is a result of our expertise in measuring emissions from the land sector and through the governance systems that we have in place.

We have been actively sharing this expertise with countries through the Asia-Pacific Rainforest Partnership.

Starting with our good friends in Indonesia, we have spent a decade now, working with you to develop your national carbon accounting system and we continue to collaborate on a range of projects. This includes:

Improving the way emissions from peatlands are included in the national carbon accounting system.

Continuing to build the capacity of your people. For example, this included hosting 30 Indonesian officials at the University of Melbourne to undertake master's-accredited training last year.

Through the Australian Government's leadership role in the Global Forest Observations Initiative, we are continuing to support all countries across south-east Asia and the Pacific Islands to get the best guidance possible on technical forest monitoring and access to the satellite data and analytical tools.

This has included support for officials from Fiji, Vanuatu, Solomon Islands and Papua New Guinea to undertake REDDcompass training in Australia, to facilitate the development of a country-driven needs assessment on forest monitoring.

And building on our excellent scientific research on land management, the Australian Centre for International Agricultural Research – proudly represented by CEO Professor Andrew Campbell at the Summit today – is supporting improved community fire management and peatland restoration in Indonesia. This support is generating new knowledge to underpin peatland restoration and develop sustainable livelihoods in restored peatlands.

At the inaugural Sydney Summit in 2014, the Australian Government announced funding of \$6 million to support the Responsible Asia Forestry and Trade program across Laos, Papua New Guinea, Myanmar, Vietnam and Indonesia.

We are very pleased to have partnered with The Nature Conservancy, to support significant outcomes to improve community forest practices across these countries.

Examples of the success of this work in action are close to here – in the Klaten District and at Kebumen.

Local communities are gaining and retaining certification of their timber as being legally and sustainably logged. But it goes beyond that, with the sustainable forest management practices of selective logging helping to protect ecosystems and the biodiversity of their production forest areas.

These improved forest management practices have allowed these local communities to source alternative income streams through the sustainable harvesting of granulated coconut sugar.

Building on these successes, we are now starting new partnerships to further share Australia's experiences and expertise.

Australian and Papua New Guinea Ministers have recently committed to work together more closely on climate change, especially in relation to forests and access to climate change finance.

Blue carbon is also an important area of the environment with significant greenhouse gas emissions if not managed properly.

Six of the world's top-10 mangrove holding countries are in the Asia-Pacific (Indonesia, Malaysia, PNG, Australia, Myanmar and The Philippines). Indonesia has the largest extent, 23 per cent, of mangroves in the world – they cover around one quarter of the country's total land area. Australia holds about 10 per cent of the global share of these ecosystems.

There are over 40 mangrove species found within the Asia-Pacific, making it a significant hotspot for mangrove diversity.

Blue carbon has the potential to contribute substantially to the carbon stocks and sustainable livelihoods of many countries in this room.

Australia established the International Partnership for Blue Carbon in 2015 to raise the importance of this issue and to found new collaborations for practical action. The Partnership, if you are not already a member, is open to all countries, research and non-government organisations at this Summit.

Australia is working with countries on blue carbon projects to enable them to preserve, restore, develop and measure their blue carbon stocks.

A critical component of Australia's blue carbon work in the region is raising awareness and sharing knowledge. To assist this, I can today announce we will be funding the development by the Coral Triangle Centre of a learning module on blue carbon. The first workshop will be held in Indonesia in the middle of this year.

Australian government officials are also hard at work on the final design stages of the \$6 million Pacific Blue Carbon Initiative. This promises to be a very exciting initiative.

We are eager to work with our partners – governments, the private sector and communities – to identify a small selection of pilot sites in the Pacific to help protect and restore these

important ecosystems. This work will ensure the carbon in these ecosystems is maintained and enhanced and that fisheries are improved helping community livelihoods. In this way, we hope to identify innovative finance mechanisms to support this work on a long term basis and for these approaches to be replicable elsewhere. Critical to supporting this work will be the parallel investment in data and science, particularly measurement, reporting and verification – something Australia has successfully worked with our partner Indonesia on for many years now.

Investment and market opportunities

This brings me to my third and last issue, the importance of government policy in opening up private sector investment and market opportunities.

Big institutional investors (such as superannuation funds) are increasingly looking to invest in sustainable development activities, because they see a shift is taking place. We are on the verge of realising significant opportunities, but as a region we need to be better prepared by creating the right conditions for well-functioning markets to develop and better facilitate large scale private sector investment in activities that conserve forests.

While there are some promising initiatives under development for greater private sector investments in forests under the Green Climate Fund and through the World Bank – more action is necessary.

Private sector investment in forests is not flowing at the scale needed for conserving forests and reducing emissions. For example, while investment to support Green Bonds is growing rapidly, less than one per cent is flowing to forestry and agriculture activities.

To leverage private sector investment, countries across the region need to develop enabling environments that meet the requirements of the private sector. For example, to build business confidence for investment, accurate greenhouse gas accounting systems and transparent reporting are needed.

This needs to be matched by policies and regulations that create clear rights for local communities, as well as facilitating the potential return to the private sector on their investments.

One potential opportunity for the region is the operation of sustainable development markets and potential transfer of mitigation outcomes between countries under Article 6 of the Paris Agreement.

As part of a review of our domestic climate change policy in 2017, the Australian Government agreed to the in-principle use of high quality international units. There is

strong support for the use of international units by Australian businesses to meet potential greenhouse gas liabilities in the future.

A final decision on when and how international units can be used will be made by 2020. But a fundamental requirement will be the need for any international units to be genuine and represent additional emissions reductions, with no double accounting of these emissions. Transparency in the creation, transfer and use of these units will also be vital to creating the right investment environment.

If the necessary investments in systems and policies are made, these opportunities driven by the Paris Agreement represents a significant new source of financing for many countries in the Asia-Pacific region.

An opportunity that promises to help conserve our forests, benefit local communities and drive economic growth.

Closing remarks

With the collected and concerted efforts in our own countries and through our international partnerships, we are making progress. The hard work we have done together is starting to bear fruit.

One of the measures of success of any Summit is the extent to which the conversations continue outside the sessions and endure beyond the formal proceedings.

I urge you to make the most of this time, to discuss your work and ideas, to make necessary connections and to form new partnerships.

I am proud that Australia has been able to work closely with Indonesia to support the third Asia-Pacific Rainforest Summit. And I am sure that the Summit will be a great success.

Thank you.

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