

Senator Linda Reynolds CSC  
Chair  
Senate Environment and Communications Legislation  
Committee  
Parliament House  
CANBERRA ACT 2600

31 March 2016

Dear Senator Reynolds

On 8 February 2016 I appeared as a witness before the Senate Environment and Communications Legislation Committee Estimates Hearing.

During the hearing the following exchange occurred under questioning from Senator Whish-Wilson in relation to native forest being used in biomass projects:

*Senator WHISH-WILSON: You have not been approached by any government south of the border about a native forest wood chip generated biomass—*

*Mr Yates : I do not think a native forest wood chip scenario would necessarily fit within our sustainable criteria. I am not aware of one. We do run a sustainability filter over our investments. It is unlikely that a native forest project would necessarily meet our criteria. In fact it is highly unlikely to meet our criteria. Plantation—particularly old MIS plantation—have potential, but I do not think I have seen that.*

*Senator WHISH-WILSON: Even if it were residue from other harvesting activity?*

*Mr Yates : I hear you and I think you have to be very careful. There are a significant number of overseas projects which have run into difficulty because of the definition of wood waste. There are some terrible cases in the US where last vestiges of landscape, which were not considered to be commercial, because they were in a wonderful swamp and provided great biodiversity, through circumstances were classified as waste and therefore were cleared for the purposes of using biomass.*

*Senator WHISH-WILSON: Sounds like Tasmania.*

*Mr Yates: I am not sure about what is in Tasmania, but we are aware of international experiences.*

In the above answer the use of the terms “unlikely” and “highly unlikely” could incorrectly leave the impression that the CEFC had pre-emptively ruled out even sustainably sourced non-plantation wood waste from investment consideration.

This is not the case – while the Corporation will not fund a bioenergy project fuelled by waste from native old growth forest, it is certainly possible that waste from responsibly and sustainably sourced timber from non-old growth native forest could be carefully considered.

I trust this further information will be of assistance to the Committee.

Yours sincerely

**Oliver Yates**

Chief Executive Officer

Clean Energy Finance Corporation