

House of Representatives Standing Committee Climate Change, Environment and the Arts: Fitzroy Basin Association submission on Carbon Credits (Carbon Farming Initiative) Bill 2011. Prepared by [Michael Bent](#).

Fitzroy Basin Association (FBA) is the regional natural resource management group for central Queensland. Over the past 5 years FBA has contributed towards research and development supporting the development of carbon farming in our region. This has included research on soil and forest carbon, how landholders would respond to carbon market rules and prices, and being a member of the Degree Celsius Joint Venture. The following submission is based on our learning's to date.

FBA is very supportive of the Carbon Farming Initiative (CFI) as it aims to develop a credible framework for Australian land managers to sell carbon credits into both the domestic and international market and the Kyoto and non-Kyoto (voluntary) market. By setting a high standard the CFI will increase the value of Australian carbon credits; but the CFI also needs to ensure the compliance costs and rules is not so high that participation is effectively limited.

In 2008-09 FBA commissioned research (see Reference) to test how landholders would respond to the then proposed Carbon Pollution Reduction Scheme (CPRS). In addition to length of contracts (20 years and 50 years were tested) other barriers to uptake were price (much high prices needed on better grazing soils) and complexity (length of agreement, audits). The CFI 100-year permanence rule will significantly reduce participation unless flexibility mechanisms are built in.

While 'permanence' is an issue for carbon sequestration projects, the issue of 'additionality' is important for emissions avoidance offset projects. That is emissions reductions must be additional to what would be achieved through business as usual or common practices. The intent of this approach is fair enough, however, the impact could also reduce landholder participation. The involvement of an expert group in making determinations of 'common practice' is a good approach.

FBA would like to highlight the importance of emissions avoidance offset projects as having very significant opportunities. The Carbon Farming Initiative needs to ensure that it functions as an incentive for these practices to become 'common practice' when otherwise they might not. A good example would be BMP Fertilizer Management to reduce Nitrous Oxide Emissions. The Carbon Farming Initiative should ensure investment certainty by guaranteeing a minimum carbon credit period. This will allow farmers and industries to make the upfront investment required to get carbon farming practices developed and adopted with some certainty of their carbon credits being eligible.

Further to the above, FBA has reviewed the Degree Celsius submission and we urge the Committee to consider the recommendations put forth. We also attach the following reference.

Reference

Gowen, R. *Productivity tradeoffs and synergies for grazing lands in central Queensland to generate carbon offsets*, Department of Employment, Economic Development and Innovation, Brisbane, Queensland, 2009.