

Submission on Carbon Farming Initiative Amendment Bill 2014

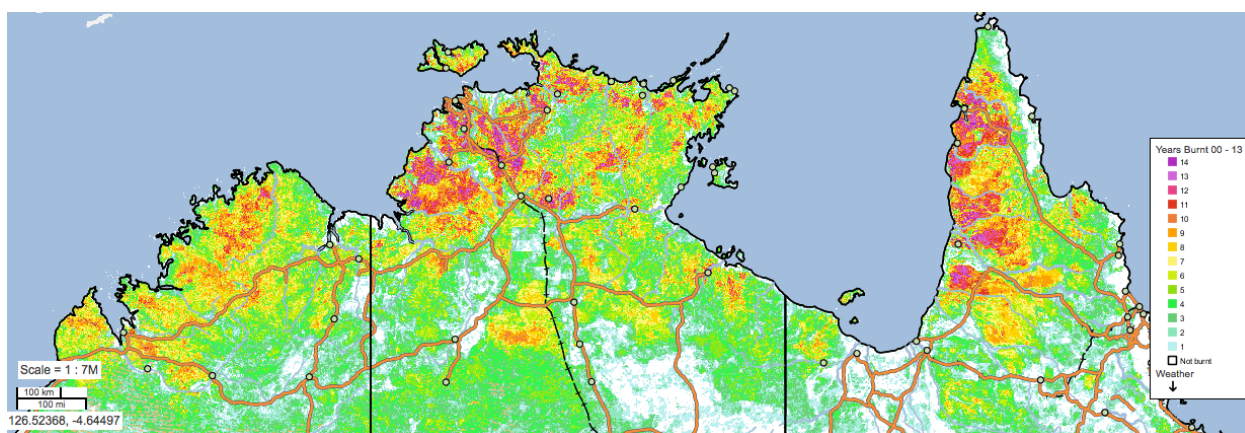
This submission is by the Aboriginal Carbon Fund. Aboriginal Carbon Fund is a national not-for-profit company helping to build wealth for traditional owners through the ethical trade of carbon credits. The Aboriginal Carbon Fund was established in 2010.

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Reducing savanna emissions in the north of Australia

Let's look through the lens of one activity to reduce Australia's emissions: savanna burning. Savanna emissions count for about 2-3% of Australia's national emissions so they are not insignificant.

To reduce these emissions we need undertake broadscale fire management on all the yellow and red areas of northern Australia on this map:



Source: North Australian Fire Information service

The yellow areas burn about every second year and the red areas almost every year. There is currently a massive amount of burning every year across the north. When this happens a huge amount of methane and nitrous oxide go into the air with the fires – both strong greenhouse gases.

The challenge is to reduce these emissions by building patchworks of fire breaks in the early dry season to stop hot wildfires taking hold in the late dry season. This reduces the intensity of fires and the area burnt and is the basis of the savanna burning methodology or ruleset approved under the Carbon Farming Initiative.

There are many ways these fires could be tackled but the CFI was the first time the fires have been taken on in a significant way. To date there are 11 approved savanna burning projects which have produced over 400,000 carbon credits of emissions savings – about the same as 70,000 cars off the road.

This is a good start but this Bill will make it harder for this work to flourish.

Eligibility

Currently, under the CFI, classes of projects are listed as eligible or “additional” – like savanna burning. Until an expert committee decides that savanna burning is “common practice” without the help of the CFI, savanna projects can continue to start and receive credits. Savanna burning is not about to be common practice without the help of the CFI because that level of fire management is simply not funded anywhere else.

The Bill proposes to introduce stricter project eligibility tests: the project must not have started and be unlikely to be carried out under another government program. This creates difficulties for savanna projects which are often the culmination of a number of steps in building up land management. For example, if the rangers are carrying out some burning has the ‘project’ started? Maybe not but a project is defined as a ‘set of activities’ and burning is an activity? Also, if burning is funded to an extent under Caring for our Country, would the ‘project’ happen anyway?

The Government has helpfully reassured that it’s not their intention to prevent projects obtaining funding from multiple sources, but, as proposed, the eligibility tests would be tightened. There is a risk the Bill will trip up potential projects when the Regulator is asked to make decisions on project applications.

Crediting periods

Currently, savanna projects receive a 7 year crediting period which may be renewed as long as the project type is listed as eligible or “additional”.

The Bill proposes that savanna projects only have one 7 year crediting period.

After this crediting period finishes, savanna projects will likely wind up because without credits you haven’t got anything to sell to anyone – the Government, voluntary buyers or anyone. Without a crediting period the Regulator cannot issue any credits according to the methodology. This will stop a voluntary market developing outside of the Government’s Emissions Reduction Fund.

The explanatory memorandum suggests one crediting period will ensure the ERF targets new projects. But what happens if a raft of savanna projects across northern Australia stop after 7 years? The environmental benefits of these projects will be reversed. They are not like energy efficiency projects where you make the change and there is a continuing benefit. Savanna projects require a continuing effort every year to manage the burning.

Projects do need to be subject to periodic additionality or eligibility testing – the scheme must be rigorous – but a blanket rule capping savanna projects at 7 years will stifle participation just as it is starting. This is a major issue.

Other issues

Currently, a number of **methodologies** have been proposed by private developers and approved by the Minister. The Bill proposes to remove the private developer pathway and allow the Minister to make developers. While private developers can still make suggestions, the Government will call the shots and decide which methodologies are developed and endorsed. This will stifle entrepreneurship from the land sector. For example, we have invested in developing a methodology for [savanna enrichment](#) – growing bush foods and carbon at the same time – but will it ever be put to the Minister under the new system? The Government may consider the carbon potential low and not a high priority, whereas in reality projects may be about bush foods and managing country with a carbon co-benefit that helps the project stack up. Carbon projects may have many broader objectives.

While not in the Bill, issues with the proposed arrangements for **contracting** under the ERF are significant and worth mentioning. The ‘auction’ process does not propose price discovery and is not transparent – this is not really an auction. Contracts are proposed to run for 5 years. The short period compounds the problem with the single crediting period. On the other hand, contracts for delivery will add risk to projects operating in a variable climate – one bad season and the project will have to dip into its own pocket to ‘make good’. As all projects have to compete together, there is a risk that large cheap industrial and energy efficiency projects could scoop the pool leaving little for savanna projects. Because complementary funding under the Biodiversity Fund and the Indigenous Carbon Farming Fund has been discontinued, it is difficult for more expensive land sector projects to make competitive proposals to the ERF. There is also the risk the Government may, in future, choose to purchase cheaper overseas abatement with the low level of funds it has allocated to meet its target.

The proposal to relax the need for any **consents** from interest holders before a sequestration project is approved is less than ideal. The proposal would allow conditional approval of sequestration projects with any consents to follow before the end of the first reporting period. If, for example, native title holders had not consented to a sequestration project, there is a question about whether the Regulator could validly apply a carbon maintenance obligation against native title holders. Questions might also arise for other kinds of land interests potentially affected without their consent. More broadly, native title holders, or others, might be surprised if a large project started and they had not been consulted – this is not the best way to build relationships toward successful projects and certainly does not meet a preferred standard of free, prior and informed consent.

Currently, any **non-Kyoto projects** are eligible as long as a method is approved. The Bill proposes removing non-Kyoto projects to simplify the scheme. This means the leftover ‘non-Kyoto’ orphans of feral animal management, wetlands management and blue carbon projects in the sea would not be able to be approved under the ERF. Groups have already invested in approaches to control camels, pigs and buffalo. Blue carbon teams have been conducting work in Australia. Overseas, the American Carbon Registry has already developed a wetlands restoration method. Seagrass and mangroves have some significant potential. It is disappointing for a group of projects be cut off because of Kyoto rules when the potential for these projects falls disproportionately on Aboriginal and Torres Strait Islander land.

Support for livelihoods on Indigenous land

Carbon farming provides an opportunity for Indigenous Australians to deliver an environmental benefit to the nation and an economic opportunity for themselves. But this opportunity will only be taken and benefits enjoyed if the settings are right.

There are improvements in the Bill, such as easier project aggregation by only requiring consent rather than the carbon right and a lighter touch on audits by using a risk based approach. But the bigger risks outlined suggest the Bill is leaning away a stable long term building block helping to rebalance our national land management and closer to a short term fix with benefits for big business.

Up to now, Indigenous participation in savanna projects has not happened by chance, but is the result of a decade of careful work by traditional owners and government together. The savanna burning methodology was nurtured with the support of successive governments. Continued successful savanna projects will deliver healthy country, biodiversity benefits, weed reduction, landscape linkages, jobs on country, business engagement and happy rangers. Much more than lowest cost abatement.

We would strongly encourage the Government to continue the story of support for Indigenous carbon farming which offers pathways into jobs rather than welfare in places where alternative development opportunities are few.

Suggested amendments to Bill

1. Remove additionality changes (keep current 'common practice' test)
2. Remove the limit on the number of crediting periods
3. Allow private development of methodologies
4. Prevent the Emissions Reduction Fund from buying internationally produced credits
5. Consider removing relaxation on consents for sequestration projects
6. Allow non-Kyoto projects to expand the range of possible land projects