

15 April 2011

Committee Secretary
Senate Standing Committee on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/Madam,

The Natural Resource Management Regional Leaders Group (NRM RLG), comprising the Chairs of the six NRM regional organisations in Western Australia, are pleased to provide this submission to the Carbon Credits (Carbon Farming Initiative) Bill 2011 Inquiry. These comments specifically relate to the CFI rollout in Western Australia but could be applicable across Australia.

Methodologies in development

While there is a lot of potential to retire unproductive land to bio sequestration projects such as revegetation, there is concern that methodologies using the National Carbon Accounting Toolbox (NCAT) as a means of measuring carbon sequestration will have lower results than what is actually possible, as the amount of data that the DoCCEE have in relation to managed biodiversity plantations is relatively small.

The RLG therefore considers that that there should be allowances in the CFI methodology for proponents who can credibly demonstrate increased carbon sequestration above NCAT results in their own projects. For example, CSIRO is conducting research to confirm NCAT data by physical measurement of established biodiversity plantations in the Northern Agricultural Region of WA.

Use of remote sensing technology.

The use of satellite remote sensing technology will often not provide a valid assessment of the amount of vegetative material in the landscape because on some land types the grass and herbaceous biomass can be under tree/shrub canopy and the satellite can't 'see' this material. So values could be distorted and the amount of material could be underestimated.

For example, in the WA Rangelands there could be a major risk in using satellite imagery without a lot of ground truthing as actual plant density (grasses and herbs) is often low relative to higher rainfall areas and there will be a lot of bare ground visible, which can be distorting. The grasses are upright in growth which can't be seen by the satellites and the only way to assess the total on-ground biomass with any confidence is to do a lot of ground truthing.

This doesn't mean that satellites shouldn't be used, just that there needs to be some work done to make sure the method applies, and that the relationships between plant density, plant height and over-storey and total less than 2 m biomass is understood and can be calculated accurately.

Projects with ancillary benefits on Positive List

Traditional farm management practices have generally led to undesirable outcomes for biodiversity, carbon storage and soil condition, most of which negatively impact on the productive values of the land. Improved grazing management (densification, moving stock onto selected areas of grazing country), improvement of hydrological condition (slowing of water movement to stop 'flooding and inundation' and subsequent loss of soil and soil carbon), management of feral and native animal grazing pressures (through direct removals, modification of water availability, fencing) and management of fire (fire breaks and fire management planning) should all allow improved carbon storage in vegetation, litter and soil. There may be a positive effect on production and improved biodiversity as a result, however, there are numerous and significant barriers to the development and implementation of such changed management practice.

The development of "carbon funded" projects that have ancillary benefits for biodiversity and, in the longer term, production, should be placed on the Positive List to assist in the removal of barriers to changed practice. The length of time such projects remain on the Positive List should be a function of a barrier analysis and common practice tests, which should be broadly defined so as to allow all potential participants to have a reasonable understanding of 'when they will/will not be eligible for' implementing changed management practice with a view to improving carbon storage on and in the land. Assessment of barriers and common practice should be set at the level of the individual project.

Additionality and potential for perverse outcomes

There is a need to ensure that we limit the risk of creating perverse outcomes to regional Australia due to the roll out of the CFI. Land managers need to be somehow encouraged to maintain their current plantings and see how these could be included into a carbon offset. The development of monoculture plantations, such as mallees currently being undertaken by private companies, may be of interest to some land managers in WA and if not strategically planted, could effect perverse outcomes unintended by the CFI. There is a need to protect quality agricultural land from whole scale carbon plantings and to look at an integrated approach to protect agricultural land, water and biodiversity.

The RLG also considers that by only crediting new activities (i.e. those that are not common practice), Australia could be missing out on some of the best methods of sequestering carbon. Surely capturing the greatest amount of carbon should be the ultimate goal rather than simply encouraging changed practices, although that is good too.

Sustainable farming programs conducted through regional NRM organisations throughout Western Australia (funded by the Australian Government's Caring for Our Country program) offer land managers the opportunity to co-invest in changed practices to address soil condition. As a direct result of these programs, many farmers throughout WA have planted trees and/or introduced perennial grasses into their farming practices. Unfortunately, under the CFI's integrity standards, these early adopters may be excluded from participating in CFI offset activities because a portion of the investment involved in introducing these new practices was public funding.

There is concern that the apparent disconnect between the two Australian Government Initiatives - Caring for Our Country and the Carbon Farming Initiative— may lead to remedial action (i.e. pushing out trees) or inhibit adoption in the immediate future. We therefore recommend that consideration

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be given to addressing this disconnect. Some options could include allowing land managers to pay back the portion of public funding or a stewardship payment for taking early action.

One overarching observation on the CFI is that while this important initiative has the potential to provide many opportunities for farming businesses and, at the same time, reduce carbon in the atmosphere for the benefit of all Australians, it is crucial that land managers and industry begin to take a whole of life cycle assessment (LCA) approach to their operations. A LCA approach incorporated in the implementation of offset-approved activities will ensure that environmental impacts of all stages of the production cycle are identified which will, in turn, provide insight as to where to apply effective emissions reduction practices.

Yours Sincerely,

Bill Mitchell AM JP
Chairperson, NRM RLG (WA)