Australian Government

Submission Template

Design of the Carbon Farming Initiative

Overview

This submission template should be used to provide comments on the consultation paper outlining the proposed design of the Carbon Farming Initiative.

Contact Details

Name of Organisation:	The Wilderness Society

Scheme design principles

Prioritise Emissions Reduction / maintenance of carbon carrying capacity of natural ecosystems

Priority emphasis in designing the scheme should be given to emissions reduction, achieved by maintaining existing terrestrial carbon stores instead of degrading them. In particular, The Wilderness Society urges that maintaining the carbon carrying capacity of existing natural landscapes is of paramount importance in achieving a goal of reducing anthropogenic impacts on the atmosphere from terrestrial sources. This is where the largest carbon gains are to be made.

Prioritisation of emissions reduction in natural ecosystems will enable co-benefits (biodiversity, water, etc) to be captured. In fact the science shows a strong relationship of biodiversity and ecosystem productivity with carbon storage, so it can be asserted that these are core benefits more than they are simply co-benefits. Maximising landscape conservation of natural ecosystems across Australia will capture the benefits of carbon conservation, biodiversity conservation and water conservation.

Resilience to climate change is also conferred by the retention of natural ecosystems across the landscape, such resilience being important to adaptation. An emphasis on maintaining and achieving connectivity of natural ecosystems should therefore also be incorporated into the design principles.

The above priorities should be made explicit as principles. Otherwise there is a likelihood (based on international and domestic experience) that public funds will not be utilised most effectively and that perverse initiatives will be taken up.

Establish sequestration to restore degraded land as a secondary priority

In a hierarchy of priorities framed with the goal of reducing anthropogenic impacts on the atmosphere, the restoration of natural landscapes to carbon carrying capacity should be a secondary principle. Carbon sequestration strategies would include restoring native vegetation in degraded landscapes. This is important but subsidiary to preventing further degradation of natural ecosystems in terms of effectiveness, efficiency and co-benefits.

Ensure that obligations under the CBD are integrated

Attention should also be paid to Australia's commitments flowing from decisions of the Conference of the Parties to the Convention on Biological Diversity in October 2010. In particular the decision on *Biodiversity and climate change* and a subsection of the decision on *Protected areas* that addresses *climate change*, outlining the need "*to integrate protected areas into wider landscapes and seascapes and sectors, including through the use of connectivity measures such as the development of ecological networks and ecological corridors, and the restoration of degraded habitats and landscapes in order to address climate-change impacts and increase resilience to climate change*".

This decision goes on to urge *"Identify areas that are important for both biodiversity conservation and for climate-change mitigation and/or adaptation, including carbon sequestration and maintenance of carbon stocks, and where appropriate protect, restore and effectively manage and/or include them in the protected areas systems with the aim to increase co-benefits for biodiversity, for addressing climate change and human well-being..."* and *"...link improved design and management approaches for comprehensive and integrated protected area systems (including buffer zones, corridors and restored landscapes) into national strategies and action plans for addressing climate change*".

Clarify Ecosystems approach to additionality

The CFI scheme should be developed within a broader ecosystem services policy approach that enables landholders to contribute to and benefit from the maintenance of a range of ecosystems services. It would be perverse to make a landholder ineligible for any benefit stream for other ecosystem services simply because they have benefitted from maintaining carbon. Indeed this would create a situation where

some could benefit from supplying several ecosystem services whereas others who provide a carbon service could not, and may in effect create a disincentive for provision of carbon services.

Establishing a broad ecosystems policy approach would enable systems for calculation of cumulative / concurrent / differentiated benefits to be developed.

Use Comprehensive Land-based Accounting

The current 'activities based' accounting system utilised under Kyoto LULUCF rules is noted for its inability to comprehensively account for terrestrial carbon, its gaps, and the way in which it is manipulated to understate emissions. It has advantaged the forest industry compared to other industry sectors. It is vital that Australia establish land-based accounting for the CFI, as such accounting can provide a fair and transparent foundation for a contribution by the land sector that can be compared to that made by other sectors.

All sectors should contribute to climate effort – limit and phase out offsets

The design focus of the scheme has a strong emphasis on the use of terrestrial systems to offset emissions from other sectors. In order to tackle dangerous climate change effectively it is imperative that all sectors contribute to emissions reductions, rather than land and forests being utilised to enable fossil fuel polluters to avoid taking action in that sector. We need the sum of actions in all sectors to add up to sufficient effort to make the deep early cuts required for effective mitigation action.

Emissions reduction targets for the land and forests sector should be set, and offsets from the sector limited to a percentage of this target, prospectively with a medium term phase out date. An earlier Wilderness Society submission to government regarding complementary measures to the CPRS to be applied in land and forests suggested a capped offset contribution from major industrial polluters of 10% of their annual emissions over a maximum of ten years.

Scheme coverage

Cover avoided forest degradation, not merely avoided deforestation

The CFI covers 'avoided deforestation' but not avoided 'forest degradation', which is a major and unacceptable omission. We expect action to be taken to meet the assurance given by officials during the public consultation in Canberra last November that this was an oversight, the intention being to include avoided degradation.. It would be unacceptable if only the most extreme end point of forest degradation, the complete removal of forest for the purpose of land use change, was covered, and massively degrading activity, including the clearfelling and replacement of native forest with plantation, was not.

Differentiate native forest (in its different states) from plantations

The definition of 'forest' must be formulated for the specific purpose of terrestrial carbon management, not borrowed from administrative land classification systems designed for preparation of resource inventories. Native forest should be distinguished from and defined differently to plantations. Conversion of native forest to plantations, with the large emissions impact and permanent loss of carbon stocks entailed (reducing carbon carrying capacity) may not be captured without such a definitional distinction as it does not constitute deforestation under the proposed definition. Similarly there is a need to identify and differentiate between intact native forest and modified native forest that has been substantially degraded by industrial logging or other such activity.

Cover degradation of natural ecosystems more broadly

The scheme should include avoided degradation more broadly, covering the avoided loss and avoided degradation of other vegetation types as well as native forests, such as woodlands, grasslands and wetlands. The degradation of soils in natural ecosystems should also be addressed. Such an expansion should be allied with land-based accounting and then would have the dual benefit of ensuring that changes in all relevant carbon pools are captured and responsibility for them is not evaded, whilst providing an incentive to emissions reduction through the adjustment of management in pastoral and

agricultural landscapes (including the rewetting of drained organic soils).

A particular issue in Australia is the need to ensure that the loss or degradation of regrowth on previously cleared land is avoided. Such natural regrowth now has carbon storage value and further sequestration potential, as well as important biodiversity and landscape values.

Capture the range of practices that cause degradation of carbon stores

There are a range of practices that can cause degradation of carbon stores, are therefore emissive, and result in sub-optimal carbon storage. Logging and clearing in forests and woodlands degrade carbon stores, but other important factors which should be addressed in the scheme are: inappropriate fire regimes, changed water regimes (especially intensive water extraction), feral species and other invasives, and some forms of intensive agriculture and grazing.

Biochar

Projects that involve the use of biochar sourced from the degradation or destruction of native vegetation should not be allowed under the CFI. Methodologies that can account for the carbon emitted (or sequestered) in all stages of the process of creating biochar must be employed.

Sale of units

Regional Communities, Water and Biodiversity

CFI projects should be aligned with environmental and resource management policies (and new iterations of such policies should also be aligned with carbon management). In particular it should be ensured that CFI projects are aligned with Australia's Biodiversity Conservation Strategy 2010-2030, EPBC Act listings, Caring for our Country, and Corridors of Green initiative. Such obligations should be readily amenable to updating in response to Australian government changes to policies, programs and initiatives.

The Act should require that projects will be ineligible if they involve the significant destruction or further degradation of native vegetation of any kind.

Integrity standards

The Act should require that projects will be ineligible if they involve the significant destruction or further degradation of native vegetation of any kind.

The REDD+ safeguards agreed at the UNFCCC meeting in Cancun should be applied – in particular those relating to indigenous rights and interests, biodiversity and ecosystem services, plantation conversion and governance.

Additionality

The assumption that ‘for economic reasons reforestation is more likely to occur on marginal than on productive agricultural land’ is not supported by experience. In Tasmania, Victoria and WA productive agricultural land has been converted to plantation because tax-benefits for plantation development meant that farmers could not compete with plantation developers on land price.

An important proviso is missing, which is that plantations should not be established by clearing native vegetation.

Permanence

The consultation paper seems to ignore the cost-effective benefits of avoided deforestation / degradation projects and be biased towards sequestration through environmental plantings as its preference. Exclusion of measures to reduce emissions though the protection of existing native vegetation is implied. Instead the CFI should establish a domestic equivalent of the REDD+ mechanism that is to be applied in developing countries, and be broad enough to include initiatives to reduce emissions by improved protection of carbon stores in all natural landscapes.

Leakage

Utilisation of land-based accounting will enable the government to determine additionality and leakage and how it will be dealt with at the national level, whilst property level accounts that report changes in carbon stores should be required to be prepared and reported to government. Individual landholders may take actions to reduce emissions or increase sequestration and ensure that there is no internal leakage on their holding, but cannot be responsible for consequent emissions increases that occur off site and out of their control.

Scheme processes

Becoming a recognised entity

Project approval

Register of offset projects

Crediting periods

Reporting

Crediting

Transfer or termination of projects

Methodology approval

The accounting and pursuant methodologies should cover both stocks and flows of carbon.

The legislation contains no provisions for measurement or verification, and the use of NCAS models for native forests is fraught as there is evidence from recent peer reviewed science that NCAS considerably underestimates carbon stocks in native forest ecosystems.

Taxation treatment of credits

Any additional comments