
Conservation Land Trusts Alliance



NATIONAL TRUST

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

11 April 2011

Dear Committee Secretary,

Senate Standing Committee on Environment and Communications Inquiry into the Australian National Registry of Emissions Units Bill 2011 and the Carbon Credits (Carbon Farming Initiative) Bill 2011 and the Carbon Credits (Consequential Amendments) Bill 2011

The Australian Conservation Land Trust Alliance (the Alliance) requests arrangements be made for the Senate Standing Committee on Environment and Communications public hearing to include the Alliance . We wish to address the Committee on the matters raised in our submissions made to the Australian government on 21 January and 7 February 2011 addressing the proposed Carbon Farming Initiative. As an Alliance representing private landholders responsible for protecting up to 200,000 hectares across Australia, we do not believe the Carbon Farming Initiative scheme as embodied in the legislation takes into adequate consideration the matters previously raised by us and in particular needs to:

- A. Make adequate provision for a seamless interaction between carbon farming agreements relating to vegetation and the already established successful system of biodiversity covenants permanently protecting native vegetation and biodiversity on private land.
Our organisations have primary responsibility for the administration of biodiversity covenants on private land. We collectively assist private landowners to protect native vegetation on hundreds of thousands of hectares and wish to be in a better position to assist current and future landholders adjust to the new market conditions.

- B. Allow for existing covenanted land owners to effectively participate in the Carbon Farming Initiative
- C. Make provision for the establishment of an Ecosystem Protection Fund such as that proposed by the Australian Conservation Foundation to ensure carbon credit investment in land based abatement activity can deliver real benefits to Australia's degraded ecosystems and supports biodiversity abatement activities.

We note and welcome the change in the Objects of the Bill to include the object to increase carbon abatement in a manner that:

- (a) is consistent with the protection of Australia's natural environment; and
- (b) improves resilience to the effects of climate change.

However, we note that there are no direct instructions in '*Section 133 Offsets integrity standards*' for the Domestic Offsets Integrity Commission to take into account protection of Australia's natural environment.

Such standards have been enunciated in '*Section 56(2) Excluded offsets projects*':

- (2) In deciding whether to recommend to the Governor General that regulations should be made for the purposes of subsection (1) specifying a particular kind of project, the Minister must have regard to whether there is a significant risk that that kind of project will have a significant adverse impact on one or more of the following:
 - (a) the availability of water;
 - (b) the conservation of biodiversity;
 - (c) employment;
 - (d) the local community;in, or in the vicinity of, the project area, or any of the project areas, for that kind of project.

We recommend that the considerations outlined in s 56(2) also apply as guiding principles for the purposes of s 133.

The Alliance is a newly formed national alliance consisting of seven member organisations including The Nature Conservancy, National Trust of Australia (WA), Nature Foundation SA, Nature Conservation Trust of New South Wales, the Tasmanian Land Conservancy and Victorian Trust for Nature. These organisations work with private landowners across Australia to conserve and enhance landscapes, ecosystems and species. The Australian Government has recently approved funding for the Alliance to establish a Secretariat to assist our organisations to coordinate our private land conservation efforts as they relate to the National Reserve System (NRS).

Sincerely, members of the Alliance

Michael Looker
The Nature Conservancy

Victoria Marles
Trust for Nature

Nathan Males
Vic Tasmanian Land Conservancy

Tom Perrigo
National Trust WA

Tim Hughes
NSW Nature Conservation Trust

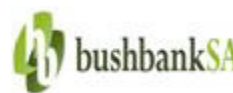
Andrew Reilly
Nature Foundation SA

Attachments:

1. ACLTA submission on the proposed Carbon Farming Initiative legislation: 21 January 2011
2. ACLTA submission on the proposed methodology guidelines : 7 February 2011



NATIONAL TRUST



Covering letter

The Australian Land Trusts Alliance (the Alliance) supports the Australian Government efforts to establish the CFI and wishes to assist government officials to plan an implementation strategy for ensuring effective integration of the CFI with other important private land conservation activities undertaken by the organisations it represents.

The Alliance is a newly formed national alliance consisting of seven member organisations including The Nature Conservancy, National Trust of Australia (WA), Nature Foundation SA, Queensland Trust for Nature, Nature Conservation Trust of New South Wales, the Tasmanian Land Conservancy and Victorian Trust for Nature. These organisations work with Private Landowners across Australia to conserve and enhance landscapes, ecosystems and species. The Australian Government has recently approved funding for the Alliance to establish a Secretariat to assist our organisations to coordinate our private land conservation efforts as they relate to the National Reserve System (NRS).

Our organisations have established relationships with regional natural resource and catchment management agencies as well as having our own capacities to work across all Australian States. Our natural resource management expertise in the area of private land conservation could be built upon to enhance the opportunities to optimise cobenefits of carbon storage and biodiversity protection resulting from the CFI scheme. Our core business of private land conservation involves engaging with governments, farmers and private landowners about regional natural resource management conservation issues. We are involved in the identification and securing of suitable landscapes and properties for biodiversity conservation and offset purposes. The permanent protection aspect of covenants means that we have organisational structures geared to long term monitoring and stewardship of properties. We currently undertake brokerage roles which include handling legal and contractual matters. A number of our organisations also operate Revolving Funds which also have the potential to facilitate biodiverse carbon projects.

We are continuing to work on and would like to meet with the CFI Implementation Team as soon as possible to discuss:

- (a) how our existing infrastructure arrangements relating to private land conservation could be built upon to incorporate the Climate, Community and Biodiversity Project Design Standards (CCB Standards) and high-value biodiversity outcomes within the Australian context; and

- (b) how the development of methodologies relating to biodiverse native vegetation can be fast tracked before that CFI scheme commences.

Sincerely

Michael Looker
The Nature Conservancy

Victoria Marles
Trust for Nature Vic

Nathan Males
Tasmanian Land Conservancy

Tom Perrigo
National Trust WA

Stephen Potts
Trust for Nature Qld

Tim Hughes
NSW Nature Conservation Trust

David Moyle
Nature Foundation SA

Australian Government's Carbon Farming Initiative Consultation and Draft Exposure Legislation: The Australian Land Trusts Alliance (the Alliance) Submission

Introduction

The Australian Land Trusts Alliance (the Alliance) welcomes the Carbon Farming Initiative (CFI) as having the potential to help reduce carbon emissions resulting from further degradation of Australia's biophysical systems.

The Alliance draws attention to potential opportunities for the CFI scheme to assist with protecting, enhancing and restoring native vegetation and ecosystems in Australia and further progress towards meeting Australia's international commitments to conservation of biodiversity. The Alliance also draws attention to the potential for the CFI to weaken existing biodiversity protection strategies such as building the National Reserve System, particularly through perpetual conservation covenants on private land where it is often most needed.

In particular, perverse outcomes could be:

- A reluctance of private landowners to consider establishing conservation covenants as part of the National Reserve System due to uncertainty and confusion about whether their opportunities to enter carbon markets will be affected (a 'chilling effect').
- A disenfranchising of a subset of existing covenant landowners who have already entered conservation covenants without financial incentive often at the encouragement of Commonwealth and State governments. These landowners now bear ongoing ownership and management costs for a public good and face the possibility of finding their opportunities to enter carbon markets have been lost.
- A move by landowners towards decisions made solely on the basis of carbon considerations to the exclusion of decisions based on biodiversity considerations or both.

The Alliance has identified a number of ways in which the CFI scheme and proposed Carbon Credits (Carbon Farming Initiative) Act 2011 (the Act), could be strengthened to enhance biodiversity benefits and avoid perverse policy outcomes.

Our submissions are aimed at achieving this.

Our organisations are collectively engaged with thousands of private landowners across Australia (Table 1). We share a focus on identifying and brokering protection of the natural values on private land, as well as monitoring and providing stewardship guidance to land managers against agreed plans and project activities. Increasingly our organisations are also involved in offsetting/mitigation brokerage and management.

By way of example, as a representative subgroup, the extent of our respective organisations involvement in private land management in New South Wales, Tasmania and Victoria is substantial. In summary, 163,844 ha Refer to Table 1.

Private Land Protected Areas: 30 June 2010-2011

Nature Conservation Trust of NSW, Tasmania (Tasmanian Land Conservancy and DPIPWE) & Victorian Trust for Nature

	New South Wales	Tasmania	Victoria	Totals
Total protected hectares: 30 June 2010	6,112	78,295	79,437	163,844
Estimated additional covenanted hectares including revolving funds 2010-2011	20,487	28,000	5,383	53,870

There are many thousands of hectares within conservation covenants across Australia. The areas include both intact, mature native vegetation and areas that are partially modified land that would be suitable for either (a) biodiverse regrowth and/or (b) revegetation/reforestation, carbon sequestration projects. Discreet subsets of these covenants exist including those:

- Having been entered altruistically for the public good without financial reward or incentive.
- Having been entered with minor incentives that would not be considered fair market value.
- Having been entered through market based schemes where market value can assume to have been paid.

Submissions

1. Reference in the Objects to protection of biodiversity:

At present the proposed Act, in its Objects and Simplified Outline (Division 1, Clauses 3 and 4) refers only to the Australian Government's obligations under the Climate Change Convention and the Kyoto Protocol.

The operation of the CFI scheme will be heavily reliant upon delegated administrative decision making and subordinate regulations.

The Alliance submits that the Act's Objects; Methodological Integrity Standards for Project Approvals; and Regulation making powers need to all be informed and guided by reference to the Australian Government's international obligations in relation to biodiversity and ecological sustainable development; specifically to the UN Convention on Biological Diversity which addresses the relationship between it and other international conventions¹

¹ Article 22 of the UN Convention on Biological Diversity addresses the relationship between it and other International Conventions and provides as follows:

Adoption of statutory objects relating to biodiversity will help ensure that Australian governments and people can have confidence that Australia can continue to meet its international obligations for biodiversity within the context of carbon pollution reduction. It will do this by assisting in facilitating the development of a co-benefits approach and by preventing the development of perverse unintended outcomes which may either harm the environment or greatly reduce the effectiveness of existing biodiversity conservation strategies.

2. Developing legislative principles:

To avoid perverse policy outcomes from the CFI scheme in relation to the protection of biodiversity, the Act needs to articulate Principles to guide the interpretation of the Act, administrative and regulatory decision-making and thus to build public confidence in the CFI.

A number of principles suggested in the Consultation Paper are not included in the exposure draft legislation. These principles need to include:

- a) protection of existing biodiversity and natural ecosystems within each bioregion;
- b) allowing for the full integration of the CFI scheme with any carbon trading or pricing mechanism; and
- c) carbon being treated as a discrete land right able to be separately traded by a landowner or manager without prejudicing participating in or receiving payments in relation to other land rights such as biodiversity/ecosystem services.

As the CFI is new for Australia, it is important that the Act does not foreclose future opportunities and developments. In this context, a principles based approach will be critical in guiding future developments.

3. Recognition of carbon rights in existing voluntarily covenanted private land

It is estimated that globally about 15% of land based carbon stock is currently within protected areas (UN Convention on Biological Diversity Secretariat 2009).

These permanently protected areas concurrently help Australia mitigate against climate change, protect carbon stores and Australia's biodiversity. We want to ensure that the CFI design supports and does not undermine the existing system of creating protected areas on private land using covenants.

"The provisions of this Convention shall not affect the rights and obligations of any Contracting Party deriving from any existing international agreement, except where the exercise of those rights and obligations would cause a serious damage or threat to biological diversity."

In addition, the UN Convention on Biological Diversity following Articles are referenced: Articles 8 (In Situ Conservation), 10 (Sustainable Use of Components of Biological Diversity) and 14 (Impact Assessment and Minimizing Adverse Impacts)

The Alliance submits that the CFI needs to avoid precluding or excluding existing covenants on land having regard to:

- existing covenanted land which includes land tiers that would have significant re-growth and re-vegetation/reforestation capacity and would meet the additionality requirement; and
- those who have voluntarily covenanted their land, or volunteered to covenant land in response to government environmental programs or otherwise altruistically and have not been financially compensated as part of a clear and transparent process to arrive at a negotiated or fixed price for agreeing to permanently protect land.

Covenanted programs to permanently protect biodiversity on private land have been in place across Australia for many years. At the time that these owners voluntarily agreed to permanently protect their land, carbon rights did not exist. In covenanting for the public good, these landowners have extinguished rights over their properties.

Accordingly, we submit that there should be a special case for inclusion on the 'positive list' of permanently protected land that has been voluntarily covenanted without fair financial compensation (see above) prior to the commencement (but preferably for a transitional period of up to 24 months after its commencement) of the CFI scheme.

There are a number of public policy reasons for this, including

- a) meeting our international obligations in relation to biodiversity;
- b) maintaining public confidence and demonstrating ongoing commitment to protected private areas in the NRS;
- c) capitalizing on the existing investment by the Australian Government, State and Territory governments and private philanthropists;
- d) concurrently achieving multiple outcomes, including carbon storage, biodiversity protection and climate change amelioration; and
- e) rewarding and not disenfranchising 'early adopters' of protecting private land.

We submit that creation of carbon rights for the existing carbon stores on this land is appropriate, just, equitable and consistent public policy. The rights able to be registered by this group of landowners could be sold on the voluntary domestic part of the market and prioritised for purchase in government emissions offset arrangements. We recognise that a specific methodology may be needed to accommodate them and point to effective precedents for this approach currently applying within the Victorian Native Vegetation Framework and the New South Wales Biobanking scheme. The number of hectares covered by this subset of covenants is discrete and we are of the view that its potential to influence the development (and price) of the market is likely to be marginal and should not be assumed.

The Alliance is confident that the above proposal is one of many options for this "voluntary covenantors group" to be accommodated and grandfathered within the CFI scheme.

Generally, we agree that land protected due to regulatory requirements (such as being used as a site for offsets) cannot be considered as providing additionality (to carbon sequestration and thus attract carbon credits).

4. Regrowth and avoided degradation of native vegetation /deforestation

The Positive List being developed for fast track project methodology approval should include

- a) avoided deforestation/degradation of native vegetation; and
- b) re-growth of native vegetation projects.

Re-growth projects are the cheapest form of ecologically sustainable carbon sequestration and have significant potential to assist in the protection of ecosystems in Queensland, New South Wales and to a smaller extent Victoria.

We are also concerned to ensure that native grasslands can attract soil sequestration carbon credits rather than be used as sites for reforestation. This is because avoided degradation and regrowth projects should be positively encouraged rather than relying primarily on the more emissions intensive reforestation projects.

Where vegetation could only be cleared following statutory permits being issued, it is important that it is nevertheless eligible to be regarded as "additional" for inclusion in the scheme

To avoid perverse consequences from the CFI scheme and assist with the preservation and enhancement of valuable naturally occurring carbon stores (avoided degradation/clearance/deforestation projects) the Alliance believes that including remnant native vegetation on private land (regardless of any statutory planning requirements) within the "Positive List" in time for the commencement of the CFI scheme, would greatly assist in enhancing opportunities for biodiversity co-benefits. In addition, significant inefficiencies would be avoided for both the public and private sector if attempts to establish an intent to clear native vegetation do not have to be dealt with.

Finally, to achieve biodiversity objectives within the CFI scheme, we submit that adequate resources need to be devoted to the development of an accessible carbon accounting tool and standards for avoided degradation of native vegetation/deforestation and biodiverse re growth and reforestation projects.

5. Developing an implementation plan

The development of an Implementation Plan needs to be prioritized to ensure (A) appropriate transitional arrangements are made with existing private land permanent protection schemes; (B) resourcing requirements are identified; and (C) legal and administrative potential conflicts arising from the CFI scheme are minimised.

We suggest an implementation reference group be established by the Australian government to ensure timely and appropriate consultation with Key state and non-government agencies including the Alliance.

6. Taxation fairness

To help mitigate the risks involved in the CFI scheme and ensure ecologically sustainable project proposals are actively encouraged, consequential amendments should be made into the Australian Government Income Tax Assessment Act . Specifically, amendments are required to ensure that landowners and managers that manage land for environmental service provision, including carbon farming, are seen as primary producers and treated equally to the forestry and agricultural sector industry participants

The Alliance also notes that reform of state-based land tax regimes to facilitate such an outcome would also greatly assist the CFI scheme in meeting objectives in relation to ecological sustainable development and biodiversity. State based reforms such as these would have the dual benefit of optimizing the opportunities for the CFI scheme to contribute to green corridors and the liveability in and around urban growth areas.

Emerging Policy Section, Land Division
Department of Climate Change and Energy Efficiency
GPO BOX 854
CANBERRA, ACT 2601

Monday, 7 February 2011

Dear Sir/Madam

The Australian Conservation Land Trusts Alliance (the Alliance) supports the Australian Government efforts to establish the Carbon Farming Initiative (CFI) and wishes to assist government officials to plan an implementation strategy for ensuring effective integration of the CFI with other important private land conservation activities undertaken by the organisations it represents.

The Alliance is a newly formed national alliance consisting of seven member organisations including The Nature Conservancy, National Trust of Australia (WA), Nature Foundation SA, Queensland Trust for Nature, Nature Conservation Trust of New South Wales, the Tasmanian Land Conservancy and Victorian Trust for Nature. These organisations work with private landowners across Australia to conserve and enhance landscapes, ecosystems and species. The Australian Government has recently approved funding for the Alliance to establish a Secretariat to assist our organisations to coordinate our private land conservation efforts as they relate to the National Reserve System (NRS).

Our organisations have established relationships with regional natural resource and catchment management agencies as well as having our own capacities to work across all Australian States. Our natural resource management expertise in the area of private land conservation could be built upon to enhance the opportunities to optimise co-benefits of carbon storage and biodiversity protection resulting from the CFI scheme. Our core business of private land conservation involves engaging with governments, farmers and private landowners about regional natural resource management conservation issues. We are involved in the identification and securing of suitable landscapes and properties for biodiversity conservation and offset purposes. The permanent protection aspect of covenants means that we have organisational structures geared to long term monitoring and stewardship of properties. We currently undertake brokerage roles which include handling legal and contractual matters. A number of our organisations also operate Revolving Funds which also have the potential to facilitate biodiverse carbon projects.

Australian Conservation Land Trusts Alliance



NATIONAL TRUST



Contacts:

Nathan Males:
Victoria Marles:

nmales@tasland.org.au
victoriam@tfn.org.au

0424 305 184
0419 343 550

We are continuing to work on and would like to meet with the CFI Implementation Team as soon as possible to discuss:

- (a) how our existing infrastructure arrangements relating to private land conservation could be built upon to incorporate the Climate, Community and Biodiversity Project Design Standards (CCB Standards) and high-value biodiversity outcomes within the Australian context; and
- (b) how the development of methodologies relating to biodiverse native vegetation can be fast tracked before that CFI scheme commences.

Sincerely, member of ACLTA

Michael Looker
The Nature Conservancy

Victoria Marles
Trust for Nature Vic

Nathan Males
Tasmanian Land Conservancy

Tom Perrigo
National Trust WA

Stephen Potts
Trust for Nature Qld

Tim Hughes
NSW Nature Conservation Trust

David Moyle
Nature Foundation SA

Australian Government's Carbon Credits (Carbon Farming Initiative) Bill 2011: draft guidelines for submitting methodologies

Australian Conservation Land Trusts Alliance - Submission

Introduction

The Australian Conservation Land Trusts Alliance (the Alliance) welcomes the Carbon Farming Initiative (CFI) and the draft guidelines for submitting methodologies (the Guidelines) as having the potential to help reduce carbon emissions resulting from further degradation of Australia's biophysical systems.

The Alliance has identified a number of ways in which the CFI scheme and proposed Carbon Credits (Carbon Farming Initiative) Act 2011 (the Act), could be strengthened to enhance biodiversity benefits and avoid perverse policy outcomes and has submitted that:

1. reference to protection of biodiversity should be made in the Act's Objects;
2. the Act needs to articulate Principles to guide the interpretation of the Act, administrative and regulatory decision-making;
3. there should be a special case for inclusion on the 'positive list' of permanently protected land that has been voluntarily covenanted without fair financial compensation;
4. fast track project methodological approval for the 'positive list' should include
 - a. avoided deforestation/degradation of native vegetation; and
 - b. re-growth of native vegetation;
5. development of an Implementation Plan needs to be prioritized; and
6. amendments are required to the Income Taxation Assessment Act (1997) to ensure that landowners and managers that manage land for environmental service provision, including carbon farming, are seen as primary producers.

The Alliance has drawn attention to potential opportunities for the CFI scheme to assist with protecting, enhancing and restoring native vegetation and ecosystems in Australia and further progress towards meeting Australia's international commitments to conservation of biodiversity.

The Alliance has also drawn attention to the potential for the CFI to weaken existing biodiversity protection strategies such as building the National Reserve System (NRS), particularly through perpetual conservation covenants on private land.

In particular, perverse outcomes could be:

- A reluctance of private landowners to consider establishing conservation covenants as part of the NRS due to uncertainty and confusion about whether their opportunities to enter carbon markets will be affected (a 'chilling effect').
- A disenfranchising of a subset of existing covenant landowners who have already entered conservation covenants without financial incentive. These landowners bear ongoing ownership and management costs for a public good and face the possibility of finding their opportunities to enter carbon markets have been lost.

- A move by landowners towards decisions made solely on the basis of carbon considerations to the exclusion of decisions based on biodiversity considerations or both.

The Alliance makes further submissions that seek to strengthen the proposed Act's ability to provide integrated outcomes for land, biodiversity and carbon management in Australia.

Submissions

1. Application of the Guidelines to recognise carbon rights in existing voluntarily covenanted private land

The Alliance has previously submitted that a special case for inclusion on the 'positive list' be made for calculation and allocation of carbon rights to a subset of covenant owners who voluntarily and without fair compensation, surrendered development rights to achieve NRS and biodiversity outcomes.

These permanently protected areas concurrently help Australia mitigate against climate change, protect carbon stores and Australia's biodiversity.

We welcome Section 4 of the Guidelines and submit that in all but the additionality test, the proposed special case meets the required supporting information. Our assessment of this is presented in Appendix 1.

The Alliance is presently gathering data to quantify this group of people and the area involved, plus definition what may be considered a fair and transparent process in ascribing market value to the covenant fee.

We submit that creation of carbon rights for the existing carbon stores on this land is appropriate, just, equitable and consistent public policy. The rights capable of registration by this group of landowners could be sold on the voluntary domestic part of the market and prioritised for purchase in government emissions offset arrangements.

We recognise that a specific methodology may be needed to accommodate this group and point to effective precedents for this approach currently applying within the Victorian Native Vegetation Framework and the New South Wales Biobanking scheme.

We also submit that another small group of covenanters have previously cleared that is now land available for reforestation and carbon sequestration. In these cases, additionality is clear. Appendix 2 outlines this case in more detail.

2. Rapid development of methodologies to account for native vegetation regrowth and avoided clearing of native vegetation /deforestation

We submit that rapid development of methodologies to account for native vegetation regrowth and avoided deforestation should be quite possible, and further submit that the Alliance would be well placed to work with the CFI Implementation Team to develop these methodologies.

Re-growth projects are the cheapest form of ecologically sustainable carbon sequestration and have significant potential to assist in the protection of ecosystems in Queensland, New South Wales and to a smaller extent Victoria.

Where vegetation could only be cleared following statutory permits being issued, it is important that it is nevertheless eligible to be regarded as "additional" for inclusion in the scheme

To avoid perverse consequences from the CFI scheme and assist with the preservation and enhancement of valuable naturally occurring carbon stores (avoided degradation/clearance/deforestation projects) the Alliance believes that including remnant native vegetation (regardless of any statutory planning requirements) within the "Positive List" in time for the commencement of the CFI scheme, would greatly assist in enhancing opportunities for biodiversity co-benefits. In addition, significant inefficiencies would be avoided for both the public and private sector if attempts to establish an intent to clear native vegetation do not have to be dealt with.

3. Cost and complexity of developing native vegetation sequestration models

To achieve biodiversity objectives within the CFI scheme, we reiterate our submission that adequate resources need to be devoted to the development of an accessible carbon accounting tool and standards for avoided degradation of native vegetation/deforestation and biodiverse re growth and reforestation projects.

We note the existing National Carbon Accounting Tool is well developed and complex, that considerable resources were devoted to it's development, and that the models developed cover much simpler systems (plantations) than the highly variable, biodiverse forests that comprise native vegetation.

4. Difficulty in demonstrating lack of leakage in avoided deforestation

We note that the Guidelines point out the potential for leakage in a variety of projects and specifically mention avoided deforestation as having the potential to generate leakage.

Whilst we agree that there is potential for this to happen, we submit that it is a difficult task to demonstrate the nature and quantum of any such leakage and seek further clarification of how this may be dealt with.

Appendix 1

Application of Section 4 of the Guidelines to recognise carbon rights in existing voluntarily covenanted private land without fair compensation

1. The activity (voluntarily covenanting private land without fair compensation) is not commonly undertaken:

- Only a subset of native vegetation is considered eligible for inclusion in a covenanting program (see, for instance guidelines for vegetation types targeted under the Forest Conservation Fund <http://www.environment.gov.au/land/publications/forestpolicy/pubs/fcf-sheet8-communities.pdf>)
- There is a high drop-out rate of potential covenantees, even with tight targeting of owners and areas for inclusion in the NRS (Figure 1)

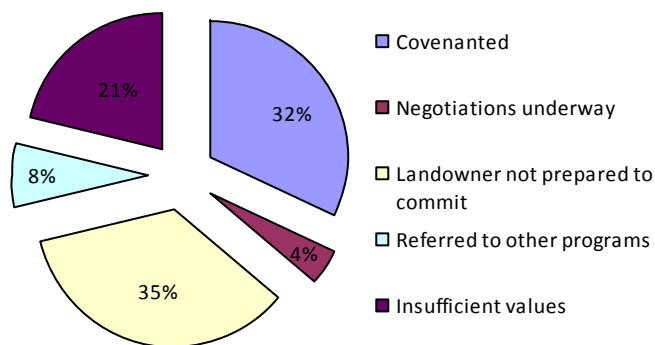


Figure 1 Overall outcome of landowner engagement by the Tasmanian PAPL program since 1999

2. The activity is unlikely to be economically viable without income generated by CFI credits:

- There are substantial ongoing costs involved in conservation management of land. These costs can vary enormously, depending on the size of the subject land and its initial condition. Various estimates have been made for this, including a range of \$8.53 (in Tasmania) to \$28.14 (in NSW) per hectare per year¹, \$14.70/ha/yr², and an average price of \$35.00/ha/yr from a stewardship tender³;
- Ongoing costs for covenanted land also include local government rates, (which in some municipalities may be partially discounted) and land tax in some jurisdictions;

¹ Wilkinson, G.R. (2006). Managing private forests for public benefit – the challenge for forest conservation in Australia. *Sustainable Forestry – Everyone Benefits*. Conference papers of the Australian Forest Growers International Biennial Conference, Launceston, 22nd – 25th October 2006, pp. 81-92.

² Gross reserve management costs 2009, TLC

³ Average stewardship price, MABH Biodiversity Hotspot Tender, Tasmania

- Income generation from covenanted land is severely restricted as development such as subdivision, forestry, agriculture, mining and other income generating opportunities is prohibited.

3. The activity experiences additional barriers to adoption. Many landowners cite a range of uncertainties as barriers to covenanting:

- Sovereign risk, especially in relation to future land management requirements;
- The needs of the family in the future;
- Potential weed/disease/feral animal outbreaks incurring additional management imposts; and
- Inability to change land use in a changed world.

Appendix 2

Additionality within already covenanted land.

Some covenanting programs and covenanters have a Modified zoning within the covenanted land.

This is land that has been previously cleared and has been included within a covenant to protect and buffer adjoining high conservation value land (see examples Figure 1 and Figure 2). The Modified zone of land is used as a buffer for remnant patches particularly when they may be surrounded by other significant agricultural or urban land-use. Sometimes covenanters like this approach because it prevents inappropriate development in a landscape that otherwise has high land values.

For example, in Victoria, this land comprises about 7% of land covenanted.

Table 1 Breakdown of zoning within Victorian covenanted land

	Area (ha)	Area (%)
Domestic	311	0.8
Modified	2,812	6.9
Protected	37,355	92.3
TOTAL	40,479	100.0

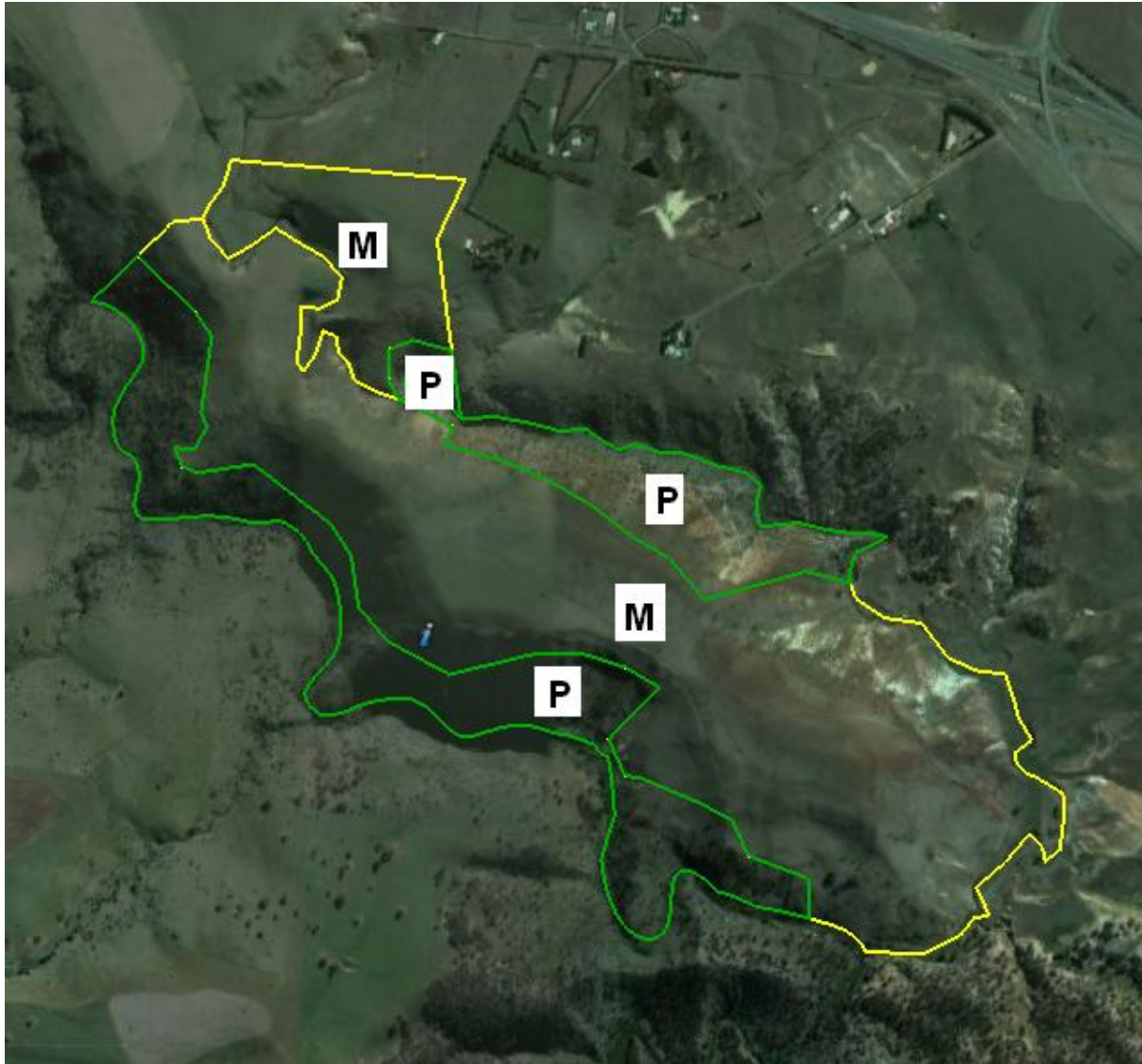


Figure 1: Covenant with 150ha Modified and 62 ha Protected, Myrniong, Victoria

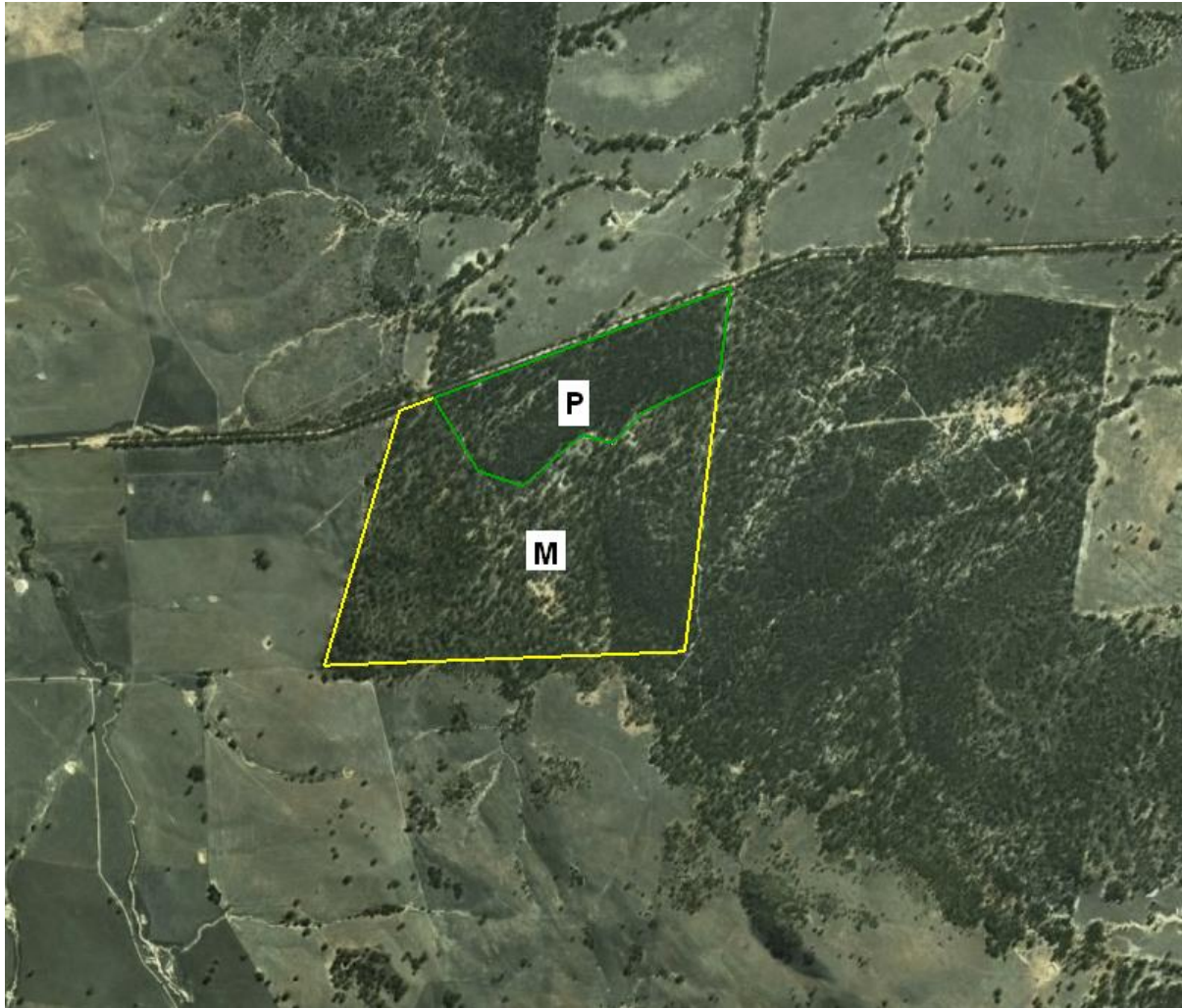


Figure 2: Covenant with 95 ha Modified and 33 ha Protected, Stuart Mill, Victoria