Dear SSCEC

This short email is Lawyers for Forests, Inc's submission to the above inquiry.

LFF is an incorporated association of legal professionals advocating on behalf of forests and the natural environment in Victoria. We have members from all areas of the law - private practice (solicitors and barristers), government, industry and academia.

We are particularly concerned that this initiative never be highjacked by the native forest logging industry as a way of propping up that failing industry. We note there are currently safeguards in the proposed scheme that mandates no wood or timber produce from native forests gets used to create the "carbon", however it would not take much to amend the legislation to allow this to happen.

When export licences for woodchips were removed and the industry started moving more into clearfelling for woodchips and away from logging for high value products, the industry always (and still does) claimed only the "waste" would end up in the chippers. As you probably know, low-value woodchips now comprise at least 80% of what comes out of our native forests. Woodchipping completely dominates. Native forests in many other countries are being cut down to create wood pellets for electricity generation. The industry here wants that to happen as well, again to prop up these dying businesses.

So, LFF strongly urges that the safeguards to protect our native forests currently mooted are not stripped out from the scheme. Native forests are our greatest storehouses of carbon (see the ANU report on this http://epress.anu.edu.au/green_carbon_citation.html ) and it would be absolute hypocrisy to permit their destruction under the guise of helping the environment. (Much like allowing the burning of native forest produce to qualify as "renewable energy"...but that is another inquiry...).

In addition to the above, LFF **supports and endorses** the submission sent to you by the Australian Network of Environmental Defenders Offices (ANEDO). Its summary of recommendations are set out below again, for your information.

Kind regards

The Executive
LFF, Inc

**Summary of Recommendations**

**1. Choosing a carbon offset trading scheme for the land sector is problematic**

- Careful consideration be given to whether a carbon offsets trading scheme is the best way to encourage abatement in the land sector.

- Alternative mechanisms, like various types of carbon prices or funds, be considered instead of *or* as well as the CFI.

• The Government proceed carefully with the CFI, to minimise the inherent risks and weaknesses of carbon offset trading as much as possible.

**2. A strong carbon price is needed to make the CFI work**

• The carbon price should start high, to stimulate demand for Australian Carbon Credit Units (**ACCUs**).

• The Government should cap the number of offsets (including ACCUs) that can be used under the carbon price mechanism.

• To combat 'leakage', the Government should explore other ways of imposing a price on carbon pollution in the land sector.

**3. The additionality test must be strengthened**

• Replace the 'positive list' with case-by-case assessment of additionality, according to a simple test of 'would the abatement have occurred in the absence of the CFI'.

• If the 2014 review shows that this test is inhibiting participation in the scheme, introduce other, less time-intensive assessment methods.

• Positive incentives (for example, a fund) should be provided to 'early movers' to ensure fairness and remove perverse incentives to cease existing abatement projects.

**4. The scientific credibility of offset projects must be guaranteed**

• Amend cl 133(1)(d) to provide that the *type of activity* specified in a methodology determination (not just the method) must also be supported by relevant scientific results published in peer-reviewed literature.

• Amend cl 106 to make clear that the Minister's power to make methodology determinations is conditional on compliance with the conditions in cl 106(4). For example, provide that the Minister '…*is not empowered to* make a methodology determination unless…"

• Each subclause in cl 133(1) be amended to provide that methodology determinations *must* comply with the offsets integrity standards (rather than *should*). For example, amend cl 133(1)(a) to provide that projects specified in methodology determinations "…*must* be covered in the additionality test regulations."

• Methodologies should be prepared by the government, with input from the Domestic Offsets Integrity Committee (**DOIC**) and stakeholders from the agricultural sector. Project proponents should not be permitted to submit their own methodologies for approval.

**5. Eligible offset projects must not have adverse environmental impacts**

• Amend cl 27 to provide that a project must not be approved unless it is 'environmentally sustainable'.

• Consider introducing a biodiversity code similar to the Carbon Sequestration and Biodiversity Code previously proposed under the *Climate Change Act 2010* (Vic).