

**The Chairman
Senate Committee
Parliament House
CANBERRA ACT 2600**

Position on the Carbon Farming Initiative Legislation

Submission to the Senate - Wednesday 20 April 2011

The Bio-CCS (Biological Carbon Capture and Storage) Group OF Sustainable Business Australia is supportive of the Carbon Farming Initiative and would like to see it realise the full potential of carbon sequestration and abatement activities for land and sea use.

Issues

We believe that there are a number of unresolved impositions on the landholder, which will prevent the landholder from undertaking projects under the CFI. These issues are in regards to:

- 1) Relinquishment obligations;
- 2) 100 year obligations; and
- 3) Encumbrance on title.

These impositions will be included in the calculation of the net present value of risk faced by the farmer, which will negatively affect the farmer's total financing position. This coupled with the social aversion of Australian landholders to mortgage the rights of their children and grandchildren, is of serious concern.

Solutions

We propose the following amendment to the CFI Legislation, Sections 39, 89, 90 and 91 to overcome the above concerns:

- 1) A project may have a Risk of Reversal Buffer specific to its methodology, which is greater than 5%. An approved project may elect to exclude itself and associated Landholders from the effects of Sections 39, 89, 90 and 91 by adopting a Risk of Reversal Buffer greater than 15%.
- 2) In order to underpin permanence, when the carbon pool of projects of this kind increases – and a Landholder generates offset carbon units – the associated land shall be regarded as a resource that must be maintained under existing relevant legislation.

Companies in the Bio-CCS Group

Carbon Farmers of Australia
Ignite Energy
Object Consulting
Ocean Nourishment Corporation

Plantstone Technology
Prime Carbon
Soil Carbon

Yours sincerely

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