Submission 051
Date received: 15/04/2011

From: Karen Alexander
Sent: Thursday, 14 April 2011 3:39 PM
To: Committee, CCEA (REPS)
Subject: Sub 51 FW: Submission to House Standing Committee on Climate Change, Environment and the Arts on the Carbon Farming Initiative Bills

Committee Secretary
House Standing Committee on Climate Change, Environment and the Arts
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

April 13, 2011

Dear madam/sir,

Re: Submission to Carbon Credits (Carbon Farming Initiative) Bill 2011; Carbon Credits (Consequential Amendments) Bill 2011 and Australian National Registry of Emissions Units Bill 2011

Please find attached our submission on the Carbon Farming Initiative that the Victoria NAturally Alliance submitted to the Department in response to their CFI Discussion Paper. The addition we would like to make to that submission is strong support for a specific Biodiversity Fund along the lines of the proposal from the Australian Conservation Foundation.

We also attach both the report and the summary of a case study of private land in western Victoria that we commissioned that assessed the investment needed to increased biodiversity on 10% of the private land over 30years, the potential revenue from carbon with the biodiversity investment, and the net regional economic activity that would result (including loss of crop and grazing land).

Suffice to say that the returns on the carbon over 30 years are extremely likely to pay for the biodiversity outcomes, and there are no jobs lost in the region, in fact jobs are diversified.

This is a potentially a good news story if our policies to reduce emissions are aligned with our policies to increase ecological resilience.

Yours sincerely,

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Date received: 15/04/2011

Victoria Naturally Alliance
Connecting people and nature

SUBMISSION

On: Consultation paper: Design of the Carbon Farming Initiative

Email: CFI@climatechange.gov.au

From: Victoria Naturally Alliance

Contact: Karen Alexander
Email: info@victorianaturally.org.au
Mobile:

Date: January 21, 2011

Introduction

The Victoria Naturally Alliance welcomes the opportunity provided by the Commonwealth Government to provide input to the design of the Carbon Farming Initiative. The focus of the submission is on the key principles, the questions and some answers as to how it could be designed to maximise the ecological co-benefits of investment in carbon storage and sequestration.

The alliance is Victorian focused so other issues will arise when dealing with rangeland and tropical and sub tropical systems that are not considered here.

About the Victoria Naturally Alliance

The Victoria Naturally Alliance was formed in 2006 to address the biodiversity crisis in Victoria. It is led by the Victorian National Parks Association and includes the Australian Conservation Foundation, The Wilderness Society, Bush Heritage Australia, Trust for Nature, Greening Australia Victoria, Invasive Species Council, Environment Victoria and Bird Observation and Conservation Australia.

The alliance's strength comes from the unique partnership between policy and on-ground environment groups. It is promoting solutions which include protection and improved management of existing wildlife habitat and significant restoration of vegetation in order to deliver healthy, functional natural systems in the face of climate change.

The alliance played a major role in urging the then Bracks' Victorian Government to undertake the White Paper on Land and Biodiversity at a time of climate change, and its development through the Green and White Papers.

Study commissioned by the alliance of carbon revenue contribution to biodiversity outcomes and impact on regional development

The alliance's recent work includes commissioning a report on the net regional economic development, including jobs,that would result if there was a change of land use on 10% of private land from cropping and grazing to biodiversity and carbon. Using a case study approach in the Victorian section of the landscape project Habitat 141, the analysis, done by URS consultants, showed that the net regional economic impact of this change of land use over 30 years is virtually zero, and while total job numbers stay the same – the loss of jobs with reduced grazing and cropping are made up by those in the carbon and biodiversity plantings - a significant benefit is that the types of jobs in regional areas diversify.

Most significantly, the carbon revenue over just 20 years, at $60/tonne (Treasury figure for 2030), pays for the whole 30 year investment including purchase of the land in question in order to ensure security and permanence. This report is attached.

Biodiversity as a solution to, rather than a casualty of, climate change

The scientific evidence shows that Victoria's natural environment is in serious trouble as confirmed by the State of the Environment Report released in 2009, as well as two previous VCMC Health of the Catchments Reports.

- Around 70% of the State has been cleared, making Victoria the most cleared State in Australia[1],
- Victoria's landscapes are the most stressed in the country[2],

[1] CSIRO, 2004, *Environmental Sustainability Issues Analysis for Victoria*
[2] National Land and Water Resources Audit, 2002. *Australian Terrestrial Biodiversity Assessment* 2002.

- 44% of plants and 30% of Victoria's native animals are either extinct or threatened[1],
- 78% of Victoria's bushland types (Ecological Vegetation Classes) are threatened[3],
- 75% of Victoria's waterways are degraded and 35% of our wetlands have been totally lost[4].

However challenging this message is, it can translate into a win for much greater protection and restoration of the world's biodiversity: biodiversity as a key solution to climate change, not simply a casualty.

Comments on the Consultation Paper

1. OVER-ARCHING POINTS

- **Australia's biodiversity is "under immediate threat" and "business as usual is no longer an option"[5]; ** there is a vital need for protection, enhancement and restoration. The Carbon Farming Initiative s a major opportunity to address both the climate and the biodiversity crises.
- **The need for strong and ongoing action and leadership by the Australian Government** to reduce Australia's contribution to climate pollution is of very high priority.
- **There is an urgent need for reduction in Australia's industrial and terrestrial emissions** through establishing a carbon price as a matter of priority and taking strong and comprehensive regulatory action to complement to this.
- **The sequestration activities are effectively efforts to rebuild some of the carbon stocks that were previously stored in Australia's terrestrial environment** prior to clearance of native vegetation. These measures address historic greenhouse emissions not just measures to take pressure off industrial and other polluters.
- **There are multiple benefits to a well-managed Initiative:** Victoria Naturally Alliance commissioned a case study on the multiple benefits that can be achieved with a carbon farming program that is integrated with ecosystem outcomes (on private land). The results were that net regional economic activity would stay the same, jobs would diversify (none would be lost), and that over time, possibly as little as 20 years, the whole program would pay for itself when carbon reaches $60/tonne (Treasury figure for 2030). Report attached and also available from www.victorianaturally.org.au.
- **This is a major opportunity** to bring about effective strategic land management actions particularly over larger scales.
- **The Initiative must not replace or harm funding to current environmental initiatives** with the hope that they will be paid for by the carbon market.
- **Given the considerable public good benefits arising from a wide range of environmental activities currently undertaken without the carbon market** there should be careful consideration to ensure that the Initiative will not inhibit community and government efforts in the environmental area, nor create an incentive for governments to defund important management actions already in operation by simply directing proponents to some future 'market' solutions which may or may not be viable.

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[3] Traill, B. and Porter, C., 2001, *Nature Conservation Review Victoria* 2001, VNPA
[4] Victorian Catchment Management Council, 2002, *The Health of Our Catchments: A Victorian Report Card*.
[5] Natural Resource Management Ministerial Council 2010. *Australia's Biodiversity Conservation Strategy 2010-2030,* Australian Government, Dept of Sustainability, Environment, Water, Population and Communities, Canberra. P18, 21

For example, the Initiative must ensure that it does not undermine, and in fact should support, the existing system of creating protected areas on private land using covenants; and also, does not disadvantage early adopters who are doing the right thing by biodiversity and the community, who have already permanently protected their private land and its conservation values (usually at their own expense) eg by convenanting.

- **The regulation of the Initiative to prevent unintended negative environmental outcomes** needs clarification and strengthening and preferably, to provide a clear priority and price premium to carbon farming investments that demonstrate effective ecological benefits. For example, the Initiative must not send perverse messages or incentives to landholders encouraging potentially higher than business as usual clearing rates or creating incentives that cause money to be allocated to illusory abatement.

- **The opportunity to address key emission sources associated with the natural environment such as landclearing and land degradation must be addressed.**

- **Protection of existing native vegetation (and regrowth) from landclearing and ongoing degradation is extremely important.** Even in Victoria with some of the strongest vegetation clearing controls in the country 4,000 ha per year is still being lost[6]. Ongoing land degradation is contributing additional greenhouse gases. One of the best opportunities for the Initiative for relatively rapid, low cost abatement of emissions is by addressing these two issues.[7]

- **Extreme caution must be taken when considering any proposals for biofuel.**

- **The proposal to take action on sequestration and abatement not counted towards Australia's Kyoto target is welcome** given the magnitude of the task in reducing Australia's contribution to climate change

- **The Initiative needs high degrees of credibility** with diverse stakeholders if it is to succeed in the market place.

2. CO-BENEFITS with ONE INVESTMENT

Australia's biodiversity is "under immediate threat" and "business as usual is no longer an option"[8] and need for protection, restoration and plantings is high. The recently released national Biodiversity Conservation Strategy 2010-2030 sets national targets including, by 2015: (4) "increase of 600,000 km2 of native habitat managed primarily for biodiversity conservation across terrestrial, aquatic and marine environments" and (5) "1000 km2 of fragmented landscapes and aquatic systems are being restored to improve ecological connectivity" and (7) "reduce by at least 10% the impacts of invasive species on threatened species and ecological communities in terrestrial, aquatic and marine environments".

Biodiversity and ecological processes are the basis of our existence on the planet; they are a "community good" and so the public sector should, if necessary, top up investment in carbon plantings in order to deliver biodiversity outcomes as well as carbon.

RECOMMENDATIONS

- The intention that the CFI actively facilitates and prioritises environmental co-benefits should be raised to a very high priority.

- That potential biodiversity benefits **must** be considered when proposing a carbon planting including:

[6] DSE. 2008. Native Vegetation Net Gain Accounting. Fist Approximation Report

[7] Nous (2010) Outback Carbon. *An assessment of carbon storage, sequestration and greenhouse gas emissions in remote Australia. July 2010.* A report by The Nous Group to: The Pew Environment Group-Australia and The Nature Conservancy, 67

[8] Natural Resource Management Ministerial Council 2010. *Australia's Biodiversity Conservation Strategy 2010-2030,* Australian Government, Dept of Sustainability, Environment, Water, Population and Communities, Canberra. P18, 21

- Extra cost, if any;
- Difference in carbon tonnes over time;
- Location for ecological benefit;
- Security of plantings vis a vis fire, heat, dryness, management costs.

- Given that biodiversity and its services are a public good that the public sector should top up the carbon investment to achieve biodiversity outcomes if necessary.

- Actions which may have the potential to either detract from current biodiversity protection efforts or potentially have unintended negative impacts on biodiversity must be identified and ways determined for this to be avoided.

- Currently there is no apparent barrier under Kyoto to clearing vegetation that does not qualify as forest under structural definitions and then replanting with a sequestration crop, even though this will result in net emissions. This should be avoided.

3. BIODIVERSITY STANDARDS and SECURITY

Permanence

There will be a need for effective ongoing management and maintenance of any plantings or other actions intended to deliver biodiversity to provide security for both carbon outcomes and for biodiversity outcomes. This includes dealing with fire, feral animals, exotic weeds to prevent the degradation of native vegetation.

Biodiversity outcomes

There are many diverse claims as to biodiversity outcomes out there now with high degree of variability with respect to both actual biodiversity outcomes and the security of these outcomes.

RECOMMENDATIONS

To propose a standard/s and/or accreditation process for standards that gives us confidence that

- Plantings that claim biodiversity outcomes will actually deliver these biodiversity outcomes to an agreed range of standards.
- The Initiative must not provide incentives to plant out ecological systems for carbon that impact on the ecological system deemed to have been in place in 1750 eg trees, native or not, in native grasslands.
- Environmental weeds: the CFI must not allow for the planting of environmental weeds. There have been a number of proposals for usage of certain plants as either carbon sequestration initiatives or biofuels which have the potential to severely affect biodiversity through becoming exotic pests. For instance, the virulent weed Gamba Grass has been postulated in some circles as having potential benefits for carbon storage, yet the proponents have completely neglected its complete decimation of local biology and replacement of vegetation which stores much greater carbon as well as its propensity to promote regular catastrophic fire[9].
- That key questions on biodiversity standards include: how much detail is needed; what are the measures and who does the measurement, and independent accreditation or not.
- That key questions on levels of security include how this is to be assessed, over what time frame, by whom, and how monitored.

[9] Csurhes, S., and Hannan-Jones, M. (2008) Gamba grass *Andropogon gayanus*. In *Pest plant risk assessment*, Biosecurity Queensland Department of Primary Industries and Fisheries, Queensland

4. LOCATIONS of PLANTINGS

It will be critical for the Australian Government to ensure there is a framework that allows for any actions taken under the CFI to contribute to strategic national, regional and local biodiversity priorities. Given the complexity of state and regional planning and the varying capacity throughout the regions this will need careful negotiation. A related issue is how this relates to statutory planning as, at least in Victoria, links between NRM planning and statutory planning are poorly developed.

This Initiative can potentially contribute significantly to addressing both the carbon and the ecological priorities across the landscape. Achieving a strategic rather than a 'scattergun' approach to on-ground initiatives that delivers carbon outcomes and also 'joined-up' biodiversity outcomes would be a great achievement.

RECOMMENDATIONS

- Issues to be resolved associated with putting NRM bodies in charge of the location of plantings raises the following issues:
  - Varying standards of the NRM Plans;
  - conflict with other landscape plans that may have wider endorsement than NRM Plans;
  - quality of NRM plans for biodiversity outcomes including whether informed by ecological priorities.
  - Some regions have gone from facilitator of NRM activities to active operator. This creates competitors for ecocarbon money and potential conflicts of interest.
- The locations for high priority ecocarbon plantings should be based on one or more of the following:
  - Location is seen as high priority in an ecologically based landscape planning process;
  - Location is in a particular geographic area of high ecological significance;
  - Location will contribute to recovery plan of nationally threatened species/communities;
  - Location addresses a threatening process;
  - Location has high inherent regenerative capacity;
  - Location meets EPBC regional planning priorities; and
  - Location is an NRS priority.

5. ADDITIONALITY and the POSITIVE LIST

What is credited as *additionality* and *the positive list* are challenging issues and may not be easily workable. This is especially so for the following:

i) Jurisdictions where clearing controls are weak or non-existent. For instance, a large landowner in the Northern Territory may not have intended to clear until he/she realizes he/she can trade clearing permits for cash.

ii) Those who have voluntarily been restoring biodiversity on their land by, for example, stopping grazing, fencing off, undertaking weed management; these protected private land areas have helped Australia mitigate against climate change, protect carbon stores and Australia's biodiversity at a time when carbon rights did not exist.

These land owners should not be disadvantaged in favour of those who have <u>not</u> contributed to the common good in this way.

iii) Re-growth projects are the cheapest form of ecologically sustainable carbon sequestration and have significant potential to assist in the protection and enhancement of ecosystems. Avoided degradation and regrowth projects should be positively encouraged rather than relying primarily on the more costly reforestation projects.

RECOMMENDATIONS:

Include as eligible for carbon credits regardless of whether additionality and positive lists are agreed:

- Prioritisation of areas where the management action to address land degradation by stopping doing something eg grazing, leads to biodiversity outcomes as well as carbon sequestration.
- Recognition that management of natural regeneration is seen as a specific activity.

6. CARBON ACCOUNTING

Capacity of current tools to accurately predict carbon yields in naturally heterogeneous environmental plantings is poor based on Greening Australia's measurement of carbon yields in 410 sites in all states (pers comm. Greening Australia).

RECOMMENDATION

- Carbon accounting rules must be accurate, comprehensive and applicable at small scales (100s of hectares).
- The Australian Government, as a priority, should increase R and D in methodologies to quantify carbon sequestered in relatively complex environmental plantings using locally native tree and shrub species.

ENDS

For further information on this submission, please contact:
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