

## THE LAW

# Harvest time for carbon farming

Carbon credits for farmers under new scheme.

**F**armers will be able to earn carbon credits for activities that reduce carbon emissions under legislation passed by the House of Representatives.

The Carbon Credits (Carbon Farming Initiative) Bill 2011 creates the Australian Carbon Credits Unit and sets out the rules around earning and trading these carbon credits.

Farmers and foresters will be able to earn credits through activities such as reforestation, fertiliser management and improved harvesting practices.

These activities reduce emissions by increasing the amount of carbon stored in the soil and vegetation, a process known as biosequestration.

Credits earned will be able to be traded on domestic and international carbon markets, providing the agricultural industry with access to the carbon economy.

Climate Change Minister Greg Combet said the Carbon Farming Initiative (CFI) would help significantly reduce Australia's carbon emissions while improving the sustainability of the farm sector.

"Around the country, innovative farmers have been developing ways to improve the health of agricultural soils, to improve herd efficiency and to farm more sustainably," Mr Combet said. "This scheme will drive and reward the deployment of this Australian innovation.

"The Carbon Farming Initiative will create incentives to protect our natural environment and adopt

more sustainable farming practices as well as mitigate climate change."

The House Environment Committee inquiry into the CFI bills produced a bipartisan report recommending they be passed, noting strong support for the scheme in the community.

However while the principle behind the CFI bills had support from both sides of the House, a number of issues were raised during parliamentary debate about the detail of the scheme.

Shadow Environment Minister Greg Hunt said while the opposition supported direct action to reduce carbon emissions, the bills provided inadequate detail on how the CFI would operate.

"We approach these bills with a constructive heart, attitude and intent," Mr Hunt said. "But it is absolutely clear that at this stage there are real risks of inadvertent consequences and there are very clearly areas of great inadequacy and incompleteness.

"We will not be providing a blank cheque for this legislation."

Coalition MP Michael McCormack (Riverina, NSW) said there are also serious issues with the design of the scheme in areas such as additionality and permanence.

The CFI requires that for an activity to be eligible for carbon credits, it must be in addition to 'normal' practices in the sector and sequester carbon in the soil or vegetation for 100 years.

"This government wants to sign farmers up for a hundred years, which is about three or four generations," Mr McCormack said. "Farmers will be locked into a scheme which a century from now could and most likely will be outdated, and other varieties and techniques will have been implemented."

Mr McCormack is also concerned the CFI will favour forestry activities over agriculture, threatening food production and biodiversity.

"This government also wants to take up vast tracts of good farmland by planting pine trees. Once they are planted they will be taking up good agricultural ground which in turn will be unusable for later generations. Pine trees will lock up the ground and very few people will be able to benefit."

The bills seek to allay these concerns by setting up a positive and negative list of biosequestration activities. Negative activities will not be eligible for carbon credits, and positive activities will also need to conform to any relevant Natural Resource Management plans to be eligible.

## "Pine trees will lock up the ground."

The CFI as it stands has the support of the National Farmers' Federation, which said the final CFI bills address their key concerns surrounding additionality, food production, water, local communities, employment and biodiversity.

"The government deserves credit for listening to the farm sector and modifying its proposal to ensure that genuine abatement opportunities under the CFI are not unnecessarily overlooked," the NFF said in its submission to the CFI inquiry.

The Greens also support moves to reduce emissions through improved farming practices, but are concerned the CFI could lead to a large surplus of carbon credits overwhelming Australia's fledgling carbon market.

"I am also not satisfied that the government understands the huge amount of offsets to the pollution pricing scheme that the carbon farming initiative could create," Senator Christine Milne (Tas) said.

**"The Carbon Farming Initiative will create incentives to protect our natural environment."**

## THE LAW

**MONEY TREES:** Landholders could get credit for capturing carbon in vegetation

THINKSTOCK



“Flooding the market with offsets could undermine the purpose of the pollution price – to build a cleaner, healthier, jobs-rich economy by driving investment into clean energy.”

The interaction between the CFI and carbon pricing was also on the government’s agenda, with Mr Combet saying the CFI would only be viable with a set domestic price on carbon.

“On 24 February this year we announced the framework for a carbon price to take effect from 1 July 2012. That framework would not place any liability on agricultural, forestry or legacy waste emissions,” Mr Combet said.

“However, the government has also committed to create opportunities in these sectors for the creation of revenue through the reduction or storage of carbon pollution.

“The Carbon Credits (Carbon Farming Initiative) Bill 2011 fulfils an election commitment to give farmers, forest growers and landholders access to carbon markets.”

**“The government deserves credit for listening to the farm sector and modifying its proposal.”**

However Mr Hunt said the amount of emissions that could be reduced by a properly designed CFI shows the benefits of a direct action climate policy as opposed to a carbon tax.

“On the opposition side, we have a clear alternative,” Mr Hunt said.

“That alternative involves incentives rather than taxes; incentives for people to do real things, such as to clean up waste coal mine gas, to clean up landfill gas, to clean up – potentially, if these are the lowest cost changes – some of the oldest and dirtiest power stations, which otherwise will run, according to the words of their owners, until well into the 2030s under the government’s scheme.”

Despite the opposition’s reservations, the CFI bills passed the House on 16 June, with the launch of the initiative to follow within six months of the bills receiving Royal Assent.

The total cost of the CFI is capped at \$45.6 million, mainly earmarked for the establishment of the scheme and the market mechanisms supporting it over the next three years. •

## THE LAW

## COMPENSATION

## Firefighter risks recognised

### MPs propose compensation changes.

**F**irefighters who develop cancer as a result of their work would have easier access to compensation under a private member's bill introduced in the House of Representatives.

Greens MP Adam Bandt (Melbourne, Vic) introduced the Safety, Rehabilitation and Compensation Amendment (Fair Protection for Firefighters) Bill 2011 into the House, supported by Liberal Russell Broadbent (McMillan, Vic) and Labor's Maria Vamvakinou (Calwell, Vic).

All three MPs agreed that firefighters face long-term health risks that are often overlooked.

"There is no longer any debate about whether firefighting increases the risk of cancer," Mr Bandt said. "Firefighters start out being 20 per cent healthier than the average member of the public, but after five years the average firefighter will have twice the risk of contracting leukaemia, and after several years in the job male firefighters can find themselves up to 10 times more likely to contract testicular cancer."

If a person has worked as a firefighter for a certain period of time before diagnosis with one of seven types of cancer, their job will be seen as the dominant cause of the illness.

"The bill identifies the main cancer related illnesses which have disproportionate rates of incidence amongst firefighters when compared with the general population," Ms Vamvakinou explained.

"This particular matter is about firefighters, their future and what they do for us," Mr Broadbent told the House. "This parliament, rising above all other concerns, has to address the issues faced by a very specialised group in our community." •

## EMPLOYMENT

## On cue for job seekers

### Tougher rules for keeping appointments.

**P**enalties for job seekers who fail to attend appointments or job-related activities will be toughened under new rules that have recently come into force.

The Social Security Legislation Amendment (Job Seeker Compliance) Act, which passed both houses of parliament, requires Centrelink to suspend payment of income support if a job seeker fails to attend an appointment.

Payments resume (with back-pay) when the person agrees to attend a rescheduled appointment.

If they fail to attend that rescheduled appointment without reasonable excuse, payments would be suspended until they do attend an appointment, and there will be no back-pay for the period since the second attendance failure.

Minister for Employment Participation Kate Ellis said the changes are required to lift the rate of attendance at appointments with employment service providers, which stands at 55 per cent.

"I believe that attendance at appointments – appointments designed to help job seekers get into work – can and must improve," Ms Ellis said.

"These changes will give the job seeker no choice but to agree to

re-engage with employment services and be serious about finding work – if they want to receive income support."

The House of Representatives Employment Committee supported the legislation, making a number of recommendations including providing plain-English explanations of the changes to affected people and additional training and guidance for staff.

The government accepted amendments to the legislation recommended by the committee, including the proposal to increase Centrelink's flexibility in deciding whether the job seeker could have given prior notification of their non-attendance.

While the opposition supported the legislation, the Greens opposed it, arguing there was insufficient evidence to justify and explain the measures and that disadvantaged groups will be the hardest hit.

"What we do know from the figures is that 20 per cent of people who miss appointments are Indigenous Australians and that 47 per cent of the people who miss appointments are young people," Adam Bandt (Melbourne, Vic) said. •



**TIMELY:** Reforms target job seeker no shows

## THE LAW



CREDIT WHERE IT'S DUE: Parliament tackles the debt treadmill

## CONSUMER PROTECTION

## Credit check

## Responsible credit card use encouraged.

“Congratulations! You’ve been pre-approved for an increased limit on your credit card.”

These kinds of offers will be a thing of the past under a new law passed by federal parliament.

The National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011 prohibits lenders from sending customers unsolicited offers to increase their credit limit, prevents lenders charging fees for exceeding credit limits unless agreed to by the card holder, and requires lenders to prepare standardised fact-sheets of loan information.

“There are some 15 million credit card accounts in Australia – many families have 2 or 3 different cards – and these reforms will stamp out lender practices that see consumers pay more interest than they should,” Treasurer Wayne Swan said.

The House Economics Committee reviewed and unanimously supported the changes.

Committee chair Craig Thomson (Dobell, NSW) said the bill aims to encourage the responsible use of credit cards by informed consumers.

“While the ‘debt treadmill’ may be good for bank profits, it has significant social costs and this is why the committee supports the bill,” he said.

Industry groups told the inquiry the problem is overstated, with the

majority of credit card customers managing their credit well.

“We are not seeing an outbreak in credit card numbers or credit card debt,” Australian Bankers Association CEO Steven Munchenberg told the committee.

“Nor are we seeing a surge in people unable to manage their credit card debt.”

But consumer advocates argued the gradual nature of the limit increases can lead to people getting into overwhelming levels of debt.

David Coorey from Legal Aid told the committee it is not uncommon to see people with credit card debts of up to \$20,000.

“You ask the person, ‘How did you get to this figure?’ And what it will always come down to is these letters that get sent out in the post and signatures being put on these things where they just say, ‘Sign this document,’ and then the increase comes along,” he said.

While the opposition did not oppose the bill, Tony Smith (Casey, Vic) said they did not believe it was particularly good legislation or that it was the best way to advance the interests of consumers of financial services.

“Consultation with industry has been poor, to the point where extensive last-minute amendments have been made to address industry concerns,” Mr Smith said. •

## HEALTH

## Brown and out for smokes

## Health warnings to be larger.

Health Minister Nicola Roxon has introduced world-first legislation into the House that would force tobacco companies to sell cigarettes in “plain, drab dark brown packets” with larger health warnings.

Introducing the Tobacco Plain Packaging Bill 2011, Ms Roxon drew attention to the human cost of smoking.

“Despite Australia’s success in reducing smoking rates over recent decades, tobacco remains one of the leading causes of preventable death and disease among Australians, killing over 15,000 Australians each and every year,” she said.

The tobacco industry has vocally opposed the changes, but Ms Roxon argues this proves the changes will lower smoking rates by reducing the appeal of the habit.

“Tobacco companies are fighting to protect their profits; but we are fighting to protect lives,” she said.

The opposition has signalled it will not oppose the changes, but Coalition MPs have questioned the evidence that the reform will work. •



UNATTRACTIVE: Plain packaging to reduce smoking's appeal