



## **Emissions Reduction Fund Green Paper Submission**

The Aboriginal Carbon Fund (AbCF) welcomes the opportunity to make the following submission on the Australian Government's Emission Reduction Fund (ERF) Green Paper.

The AbCF is a national *not-for-profit* company limited by guarantee, building wealth for Traditional Owners through the ethical trade of carbon credits.

The carbon farming agribusiness is well suited to the economic and social realities of providing jobs for Aboriginal people, especially on Aboriginal owned lands. The employment outcomes attained will support and strengthen the Australian Government's Closing the Gap targets and enable Aboriginal people to participate in an economy that also meets their broader cultural obligations of looking after country.

The corporate sector has a strong and genuine interest in supporting Aboriginal Australia through building lasting relationships through potentially buying carbon credits produced by respective Traditional Owner groups. The ERF can play a positive role in this agribusiness through supporting the land sector, maintaining the CFI Indigenous provisions, reducing green tape and recognising that carbon farming supports Aboriginal Australia achieve positive outcomes.

## **Summary of Key Points**

- Carbon farming jobs are being created on Aboriginal lands through the current Indigenous land provisions in the CFI,
- A balanced portfolio of carbon credits that include the land sector is an asset to the Australian economy and reduces risk,
- Carbon co-benefits are just as valuable as the carbon produced,
- The on-going development of methodologies will support job creation and economic growth,
- A risk based audit program that reduces green tape and aggregating smaller carbon projects is economically prudent,
- An ongoing dialogue between the Aboriginal carbon farming sector and the Australian Government is a mature and positive approach to embrace.

## **Carbon Farming jobs**

The current Indigenous land provisions in the CFI need to be maintained to enable carbon projects and meaningful jobs that Aboriginal people can take up on Indigenous owned lands.

Indigenous landholders have often been restricted in developing projects on their land. The current legislative provisions make an effort to give Indigenous landholders' similar opportunities to other landholders, including on Crown land and in consenting to sequestration projects. These provisions are necessary to ensure fair pathways for all Indigenous interests, and also overcome any inferior treatment under state land law.

Any lessening of these provisions could harm the participation in CFI projects as project owners and partners and the development of jobs.

The Indigenous Carbon Farming Fund (ICFF), and the previous \$10 million for Indigenous participation in carbon markets funding, have been critical in enabling the development of the savanna burning methodology and projects which has led to the employment of many Traditional Owners on Aboriginal lands.

Indigenous Australians now own or have rights in 31% of Australia and provide significant environmental services for the nation at an effective price. In addition to the carbon abatement, projects on Indigenous land will deliver many other environmental benefits such as biodiversity, weed reduction and landscape linkages, and social benefits such as looking after country, maintaining connections with the land and improving ecological knowledge. Importantly, carbon farming provides a pathway into jobs rather than welfare, where opportunities are few.

Much of Indigenous held land is marginal, making carbon farming an attractive option, but without the current CFI provisions, the challenges of jobs opportunities, remoteness, governance, capacity building in addition to the existing challenges for land projects, are unlikely to be overcome.

## **Balanced portfolio approach to risk management**

A balanced portfolio of carbon credits that are sourced from both the energy and land sector provide the best return on investment. This balanced approach spreads the risks across a number of industries including carbon farming agribusinesses and allows for a long term supply chain. Sourcing all carbon credits from one single area, albeit at the cheapest possible rate, is a high risk exercise that may leave corporate customers in a vulnerable position.

Modeling available highlight the carbon cost curves for Australia showing in the land sector activities can in many cases be cost negative in the establishment phase and will not be the lowest priced carbon credits to produce. The land sector projects typically have long lead times with high upfront costs. Savanna burning projects may be able to be delivered for around \$15/tonne (perhaps higher if all support included); other land sector projects have been modeled to be significantly higher than this. At the same time, the land sector contributes around 18 per cent of Australia's emissions; savanna burning around 2-3 per cent.

If the ERF wants to enable abatement in this sector, it will need strong investment channels for doing so. Otherwise, it is possible that energy efficiency and industrial projects may drown out the land sector therefore reducing the volume of domestic carbon producers.

Land carbon projects also have added benefits for biodiversity, communities, promoting resilience in the land and generating long term jobs.

### **Methodology Support**

The AbCF is developing the Savanna Enrichment methodology. This has been undertaken without any financial assistance from the Australian Government, however it is a great example of social entrepreneurship in action.

The draft methodology is designed to operate across northern Australia through enrichment planting and activities to nurture native plantings that will increase biodiversity and reduce the effects of wildfire on vegetation, and will remove carbon dioxide from the atmosphere by sequestering carbon in, and avoiding emissions of greenhouses gases from, living biomass, dead organic matter and/or soil. It will also provide an additional income for Aboriginal people and jobs.

The Savanna Enrichment methodology workshop was sponsored by the Aboriginal Carbon Fund in collaboration with the Kimberley Training Institute in Broome 23<sup>rd</sup> April 2013. Representatives from the following organisations participated in the workshop: Kimberley Training Institute, Nyamba Buru Yawuru Ltd, Kimberley Land Council (KLC), Northern Land Council (NLC), Notre Dame University, Environs Kimberley, Charles Darwin University (CDU), University of Western Australia (UWA), Rangelands NRM, Environs Kimberley, Greening Australia, WA Department of Environment Conservation, Commonwealth Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (Dept of Climate Change) and Alloporus Environmental.

The development of the savanna burning methodology has been another great success. It has created a powerful opportunity for Aboriginal and Torres Strait Islander people to participate in carbon markets and develop jobs on their land. However, the final savanna methodology would not have been developed without consistent support by successive governments. In the end,

the funded research overcame earlier published work from Africa which suggested a methodology was not possible. Careful calibration of the work modified earlier science and showed the Australian context was different. The savanna methodology was one of the first passed in the Carbon Farming Initiative.

Other opportunities on marginal land may face similar hurdles to savanna burning a decade ago and they will not turn into projects unless methodologies are developed. At present, there is no support to develop these methodologies. Funding is currently supporting a second phase of savanna research to support methodologies in lower rainfall areas and also for sequestration through early season burning. However, other activities such as feral animal management, grazing management and woodland restoration on savanna and rangeland landscapes have significant potential for abatement and are not being supported (some earlier work on methodologies for rangelands and camel reduction is not being continued at present). Further, these methodologies and the research underpinning them will help develop genuine alternative land management for remote communities with significant environmental benefits.

It may be that other methodology types offer higher and quicker returns, but without support to methodology development across the economy and landscapes, a future pipeline of land abatement will not have the chance to develop on savanna and rangelands. This will lessen opportunities for Aboriginal people to seek jobs in remote locations.

Increasing the support for further methodology development, approval and adoption will improve remote and marginal land abatement in future.

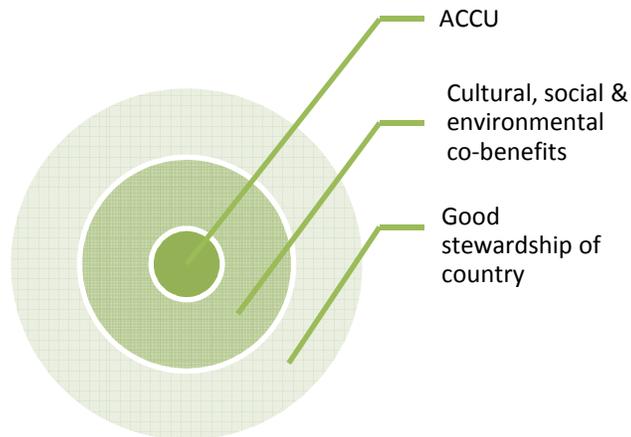
### **Environmental, Social and Cultural Co-Benefits**

The social, cultural and environmental co-benefits of a carbon project are just as significant as the actual carbon credits produced.

Carbon markets are an example of a payment for environmental services that can include the social and cultural dimensions of a project. This may address the decline in biodiversity, improving fire management practices, maintenance of Indigenous ecological knowledge, social requirements for local employment and community development aspirations.

In general ordinary carbon customers want to know they are making a positive contribution to the broader environment and local community through their financial decisions. Corporations want a positive image, their staff to be proud of the organisation and good stories in the media.

How customers are made aware and kept informed of these co-benefits, how they are verified and how they evolve will be critical to the overall integrity and financial success of the project.



Co-Benefits model

It is important to recognise that co-benefits form part of an overall carbon project, rather than a separate premium. There is no need for government regulation in this area as the market will determine what investments will be made based on appropriate standards and certification. Projects that contain co-benefits which are not trusted in the market will be of little or no value.

### **Streamlining Audit and Aggregation Costs**

A risk based audit program can significantly reduce the cost of audit and compliance for Indigenous carbon projects.

At present, a registered CFI compliance auditor must audit all project reports. The cost of the audits can be prohibitive – for the first savanna report, the audit costs were around 10 per cent of the value of the project. This is a very high proportion. Given land carbon projects are not lucrative, this is a high cost which actively shapes the decision whether or not to proceed with a project and is a brake on achieving abatement.

While the creation of property interests in carbon credits demands a high standard, moving to a risk based system could remove high costs for small projects with low risk to the CFI. The existing audit provisions in the CFI Act could be utilised, where the project proponent pays where the Regulator has reasonable grounds for suspecting a breach of the CFI, or the Regulator pays just to do a spot audit. If any significant discrepancies are found in a spot audit, the proponent could pay for the audit.

Aggregating smaller or regionally diverse carbon projects can assist with economies of scale to strengthen the viability of Aboriginal projects. The AbCF has a track record in working with Traditional Owners, Land Councils, the banking sector, CSIRO and research institutions throughout Australia. We have the legal expertise to provide advice, CFI experience as well as a philosophy that embraces social entrepreneurship to assist overcome poverty on Aboriginal lands. We have a positive role to play in this developing area of the carbon farming agribusiness.

### **Negotiation Roundtable Dialogue**

An ongoing dialogue through appropriate forums is a benefit to Indigenous Australia and the Australian Government.

The AbCF is trusted to play a national leadership role, an example of which was through facilitating the Negotiation Roundtables with the Australian Government to enable sensible dialogue and achieving consensus in a vibrant political environment.

In June 2012 the roundtable conducted in Townsville was attended by the Director Central Land Council, Director Northern Land Council, Director Goldfields Land and Sea Council, Chair Yamatji Marlpa Aboriginal Corporation, CEO National Native Title Council, Co-chair National Congress of Australia's First People, CEO NAILSMA, and senior representatives of the Kimberley Land Council, Carpentaria Land Council, NTSCORP (Native Title Services in NSW and ACT), Indigenous Land Corporation and the Native Title Research Unit AIATSIS. In addition presentations were provided by the Commonwealth Bank of Australia (CBA), McCullough Robertson lawyers and the United Nations University.

Having a mature relationship in place will allow for more informed communication, exchange of ideas and a healthier Indigenous carbon sector.

In conclusion, carbon farming provides the framework that enables jobs for Aboriginal people working on Aboriginal lands in areas that are often economically depressed with limited employment opportunities. The economic, social and cultural benefits stemming from investment in a carbon project can have a significant positive bearing on individuals and communities. Any weakening of the CFI provisions could harm Aboriginal participation in projects as project owners and partners, resulting in less investment in the region and fewer jobs.