



COVER SHEET FOR SUBMISSIONS EMISSIONS REDUCTION FUND EXPOSURE DRAFT LEGISLATION

This completed form must be included with your submission.

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ABORIGINAL
CARBON FUND



Australian Government
Indigenous Land Corporation



Kimberley
Land Council



Latitude
FOREST SERVICES

Rowan Foley, General Manager, Aboriginal Carbon Fund, PO Box 2429 Alice Springs NT 0871,
rowan@abcfund.com.au, 0427 013 318

Nerissa Walton, Senior Policy and Environmental Advisor, Indigenous Land Corporation, GPO Box 652 Adelaide SA 5001, nerissa.walton@ilc.gov.au, 08 8100 7146

Ariadne Gorrington, Land and Sea Manager, Kimberley Land Council, PO Box 2145 Broome WA 6725,
ariadne.gorrington@klc.org.au, 0409 086 715

Dr Hilary Smith, Latitude Forest Services, hilary@latitudeforestservices.com.au, 02 4471 2444

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HOW TO SUBMIT COMMENTS

Please return the cover sheet and your submission by email (preferred option) or post to the address below.

Email: emissions-reduction-submissions@environment.gov.au

Post: Emissions Reduction Fund Submissions
Department of the Environment
GPO Box 787
CANBERRA, ACT 2601

*** If you wish for only parts of your submission to be treated as confidential, it would be appreciated if you could provide the confidential parts of your submission as a separate document.**

Note:

This submission represents the view of four organisations, Aboriginal Carbon Fund, Indigenous Land Corporation, Kimberley Land Council and Latitude Forest Services, who are all actively involved in carbon farming through savanna burning and other projects on Indigenous land and have a direct interest in the effective operation of the proposed ERF legislation.

Support for livelihoods on Indigenous land

Indigenous Australians provide significant environmental services for the nation, and have an important role to play in assisting Australia to reduce greenhouse gas emissions.

Indigenous participation in carbon projects has not happened by chance, but is the result of long term commitment of Traditional Owners and consistent work by government. The savanna burning methodology was nurtured over a decade with support by successive governments.

In addition to carbon abatement, projects on Indigenous land deliver environmental benefits such as biodiversity, weed reduction and landscape linkages, social benefits such as training, jobs and business engagement, and cultural benefits such as looking after cultural sites and strengthening connections with country.

The opportunity for Indigenous communities to develop sustainable carbon businesses and realise co-benefits is at risk from the short term and industry-focused framing of the ERF, the removal of complementary support through the Clean Energy Future package and specifically from proposed cuts in the current budget to satellite imagery which underpins the savanna methodology.

We strongly encourage the Government to continue the history of support for Indigenous carbon farming which offers pathways into jobs rather than welfare in places where alternative development opportunities are few.

Suggestions:

- Maintain effort towards the savanna burning methods currently under development.
- Continue to support the North Australian Fire Information (NAFI) service and maintain and develop the Savanna Burning Abatement Tool.
- Maintain funding for AUSCOVER to ensure that the satellite imagery which underpins NAFI, SavBAT and other carbon accounting tools and methodologies is current and available.
- Establish a land sector technical working group with Indigenous representation.
- Buy Australian credits before considering purchase of overseas credits.

Additionality

The new additionality test may exclude new Indigenous carbon projects because new ERF projects must not have started before the ERF commences and must be unlikely to be carried out under another government program (if not under the ERF).

For example, many savanna projects build on existing land management activities which receive co-funding from government programs – without clarification, they may not be considered additional. Yet these kind of remote land sector projects have high start-up costs and are unlikely to take place in the absence of the ERF. They are also less likely to be tripped by the current ‘common practice’ under the CFI.

Suggestions:

- Ensure land sector projects, by Indigenous ranger groups, which build on existing activities funded via government programs such as Working on Country, Caring for our Country, Indigenous Protected Area funding, Biodiversity Fund and the Indigenous Carbon Farming Fund, are eligible for the ERF.
- Insert declaratory statement in explanatory memorandum to this effect.

Contracts, crediting, and make good

The contract and crediting positions do not provide the certainty for higher cost and longer term land sector projects to participate in the ERF and the voluntary market.

The White Paper indicates that projects can only win one purchase contract for (preferably) 5 years. The stated reason is to encourage new projects. However, remote land sector projects with high start-up costs need a longer planning window. Conversely, if savanna projects stop, Australia’s emissions will rise. Five years is too restrictive to catalyse these kinds of projects.

The White Paper also indicates that contracts will contain ‘make good’ provisions, in the event that projects fail to deliver contracted abatement. Projects like savanna burning are highly susceptible to natural disturbances such as lightning strikes which can change the course of a fire season. To manage this significant risk, projects are likely to underbid potential abatement, reducing the value of the project and likely leaving leftover credits at the end of the contract.

New projects may only receive one crediting period of 7 years (except for sequestration). If projects continue to run, they will not receive any credits and will not be able to participate in the voluntary market. ERF accreditation is important for market access and limiting crediting to one period will undermine building a healthy voluntary market outside of government funded programs.

While existing projects may receive a second crediting period, it is not clear that auction bids could span 2 crediting periods (you can only apply for a second crediting period in the final 6 months of the current crediting period). Projects with only a few years to run will otherwise be limited in their auction bids.

Suggestions:

- Extend contracts to align with 7 year crediting periods.
- Ensure projects can bid their maximum by providing an option to sell additional credits to the Government at the end of the contract at the contract price or most recent average auction price (whichever is higher).
- Remove the limit on number of crediting periods (subject to additionality checking).
- Ensure projects can bid across crediting periods in any auction process.

Conclusion

Carbon farming is an industry that can provide for real employment outcomes on Indigenous lands, promote economic development, sustain land management activities and support communities. There are already 7 savanna projects with Indigenous control or involvement with more in the pipeline if the settings are right.

Continued and strengthened support for Indigenous participation in carbon abatement projects must be a key element of any commitment to improve livelihoods and economic development opportunities for Indigenous people.

The Australia government and Indigenous communities can work together to achieve shared outcomes of valued jobs, secure income and a healthy environment. These outcomes will also lead to improved social indicators in the areas of health, education and domestic harmony.

The ERF can have a positive impact on Indigenous livelihoods and country through ensuring the above suggestions are adopted. The outcomes will be of benefit to Indigenous people, the environment and the Australian government.