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Climate Change Authority
*Submitted online*

**Reponses to Action on the Land Issues Paper**

Thank you for your invitation to provide a submission on the Issues Paper released on 9 March 2017, *Action on the Land*: *reducing emissions, conserving natural capital and improving farm profitability*.

Founded in 2003, Climate Friendly Pty Ltd is one of Australia's largest, most experienced carbon farming project developers. We have a proven track record, with established partnerships with more than 80 landholders across Australia and over half a billion dollars in Emissions Reduction Fund projects under our portfolio management. Climate Friendly's *Carbon Farming Team* has more than 20 expert staff, with significant experience in agriculture, forestry, broad scale land management, training, Aboriginal consultation, and working with all levels of government.

Additionally, Climate Friendly is a shareholder in Natural Carbon, which is a joint venture of EcoFutures, McCullough Robertson, Object Consulting and South Pole Carbon. Phillip Toyne - *Indigenous advocate, co-founder of the national Landcare program and founding Director of EcoFutures* - was instrumental in the formation of this joint venture. It was established in 2014 with a focus on developing savanna burning projects with Aboriginal communities in northern Australia. Since 2014, Natural Carbon has established itself as a leading organisation supporting savanna burning and Aboriginal carbon farming. This includes supporting the establishment of 10 savanna burning projects, including with the Pormpuraaw Aboriginal Shire Council, Olkola Aboriginal Corporation and Batavia Aboriginal Corporation.

Within the issues paper many key comments and questions have been raised which highlight the opportunity to leverage climate change mitigation, conservation and agricultural sustainability. Our responses focus on four key areas where we believe we can contribute insights gained through long-term experience developing one of Australia's largest carbon project portfolios.

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## Land Sector Abatement Activities

The paper touches on the success of certain ERF methods, and questions where efforts could be applied to understand land sector opportunities better. Previously (and to a certain degree currently) the focus of revegetation-type abatement has been tree planting, which is not as economically feasible or as ecologically beneficial as management of regrowth / regeneration within damaged native vegetation. A general paradigm shift to more closely examine this type of restoration / abatement would be preferable to focusing on tree planting. Due to their success, Human Induced Regeneration, Avoided Deforestation and Savannah Burning methods should be further developed and extended in scope to facilitate further uptake, either through allowing additional carbon pools to be credited, or removing eligibility constraints while maintaining integrity and additionality requirements. This could include concepts being explored by the Department of Environment under the proposed Woodlands method, Savannah Burning-based sequestration activities and expansion of the Avoided Clearing Method to allow a broader range of vegetation at risk to be protected (such as Category X vegetation in QLD, which has Australia's highest clearing rates).

Additionally, several land-sector abatement activities exist that are currently not accounted for in Australia's national accounting (pasture carbon pools, sub-optimal carbon levels within "forest cover" vegetation). These should be further considered for inclusion in Australia's national accounting, and subsequent method development to enable their inclusion in existing methods or new methods to be developed that enable these land-sector abatement activities to be realised and credited towards Australia's emissions reduction efforts and targets.

## Method Uptake

The paper asks several questions relating to method uptake opportunities and limitations. Working more closely with project developers on method development (especially initial scoping) and expansion will save time and resources as well as increase the chance of uptake as developers have inherit concerns regarding practicality as well as integrity.

In the case of ERF projects, the price of carbon is also a key factor limiting uptake. A higher price for carbon through an ETS-type system and additional sources of funding where multiple benefits are achieved (see below) could further increase abatement opportunities, as well as natural resource outcomes. Other limitations include overly-prescriptive methods (such as the Avoided Clearing method), which unnecessarily excludes areas of at-risk forest from being eligible which could deliver large amounts of real and additional abatement, or methods that place high amounts of risk that proponents where technical specifications create too much uncertainty (such as the Direct Measurement Soil Carbon method).

Currently, landholders with a small amount of eligible abatement are restricted in participating in the ERF due to extensive administrative accounting (eg. intense registration, reporting and audit processes). Models which significantly reduce these expenses could be investigated to facilitate broader uptake of emissions-reduction activities within small-medium scale landholders. For example, the draft Combined

Forest Sequestration Method could be one potential method to increase the amount of eligible land available, and its release for public comment is encouraged.

**Stakeholder Roles**

The ERF has demonstrated how financial incentives, coupled with the right information tools, can lead to the wide-scale uptake of centralised government programs, with support from specialised project developers. As mentioned previously the private sector as implementer needs to be involved in method development to ensure any new methods or amendments are commercially viable. This cooperation needs to happen in the earliest stages of method development to avoid government resources from being spent on methods that see no uptake when they are released.

Allowing developers a more active role in method development needs to also be governed by clear targets around overall abatement scale at the nation-level, but also at the project level (i.e. a rapid analysis of an average project within the proposed project - plus number of projects – should yield results attractive to developers, otherwise such methods will never be utilised). Working groups which include project developers, as well as other stakeholders, aimed at reviewing methods in their infancy stage will increase the chance of legislated methods leading to large-scale abatement and positive land use change.

**Multiple Benefits**

Opportunities are discussed in the paper regarding the multiple benefits leveraged by land-sector abatement projects, including the reduction of emissions, agricultural productivity, climate change mitigation and the conservation of natural capital. From our portfolio of over 80 landholders, we know that in terms of agricultural management, such projects provide alternative, stable cash flows, allow farmers to invest in and undertake more sustainable practices and place further value on the environment, particularly vegetation. Native vegetation, once seen as a woody weed, is a now a commodity.

To further leverage this dynamic, new green commodities managed through multi-benefit crediting systems (as well as direct grants) could be introduced which would not only place further value on natural capital, but may also allow some properties which were otherwise too small to become viable carbon projects.

There is opportunity and interest from a variety of levels of government, NGOs and industry to create green commodity crediting systems. The uptake of the ERF now provides a platform for these systems to top-up or “piggy-back” on. Such systems could quantify the added non-abatement benefits of land-based offsetting and add additional monetary rewards based on the extent / values preserved and length of permanency periods.

The federal government could tailor an existing general framework (such as the SEQ Ecosystem Services Framework or the Millennium Ecosystem Assessment) that entities could utilise to value additional benefits of projects and compensate accordingly. A framework should be developed from easily quantifiable aspects and existing offsets systems first, adding other benefits at later times in the interest of achieving an operational system quickly. Examples of easily quantified variables

include threatened ecosystem extent and threatened taxa habitat extent (both of which have extensive pre-existing mapping and condition metrics in many states).

Government-funded R&D could be focused on the establishment of such a system, which when established should have the same-broad scale effect of the ERF, but concentrate projects in areas with water quality issues and/or habitat for threatened taxa and ecological communities.

Climate Friendly welcomes further research and inquiry into the benefits that can be gained through integration of natural resource management and climate change mitigation. We are always available and look forward to the final reports from the Climate Change Authority in follow up to this Issues Paper.

Yours sincerely,

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