



Consolidated Pastoral Company Pty Ltd  
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**Submission to the Senate Environment and Communications Legislation  
Committee inquiry into the Carbon Credits (Carbon Farming Initiative)  
Amendment Bill 2017.**

**April 2017**

**Submission contact:**

Troy Setter

Chief Executive Officer, CPC



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Committee Secretary  
Senate Standing Committees on Environment and Communications  
PO Box 6100  
Parliament House  
Canberra ACT 2600

11 April 2017

Dear Secretary,

Consolidated Pastoral Company welcomes the opportunity to make a submission to this inquiry into the provisions of the Carbon Credits (Carbon Farming Initiative) Amendment Bill 2017.

CPC would welcome the opportunity to appear before the committee to expand on this submission.

Yours sincerely,

Troy Setter  
Chief Executive Officer  
Consolidated Pastoral Company



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## Summary

Consolidated Pastoral Company (CPC) is a foreign owned, Australian based and Australian managed Agrifood business with an enterprise value in excess of \$950 million.

CPC actively seeks to employ Indigenous Australians. The company seeks to recruit local Indigenous people directly as well as through the Real Jobs Program.

The Real Jobs Program is a progressive employment program that engages, trains and supports young Indigenous people for employment in the Northern Territory pastoral industry.

In January 2016, CPC commenced a savanna burning project for the purpose of controlling late dry season (LDS) wildfires, reducing greenhouse gas emissions and generating Australian Carbon Credits (ACCUs).

CPC wants to engage Indigenous communities to seek their cooperation with fire management to reduce the risk and frequency of LDS wildfires.

CPC's interest in this inquiry is the error in amendments made in 2014 to the Carbon Credits (Carbon Farming Initiative) Act 2011 which inadvertently applied consent requirements to savanna fire management projects.

It is CPC's experience that the current consent requirements are a significant impediment to advancing its savanna emissions avoidance project.

These projects should not be subject to permanence obligations because the emissions have already been saved.

CPC requests that the Committee recommend to the Senate that it supports the proposed amendments to remove consent requirements for savanna fire management projects that are not credited for storing carbon.

## Consolidated Pastoral Company (CPC)

Consolidated Pastoral Company (CPC) is a foreign owned, Australian based and Australian managed Agrifood business with an enterprise value in excess of \$950 million.

The UK based private equity fund, Terra Firma, is our majority shareholder.

The primary board and owner of CPC is an Australian company Lake Woods Holdings Pty Ltd. The seven-member Board is made up of a majority Australian citizens and is chaired by former Clayton Utz chairman of partners, Mark Bahen.

Consolidated Pastoral Company (CPC) operates a portfolio of 16 cattle stations across northern Australia comprising around 5.6 million hectares with a carrying capacity of around 367,500 cattle.



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CPC sells into a range of markets both domestically and internationally but our main focus is live cattle into Indonesia.

### **CPC and Indigenous engagement**

CPC actively seeks to employ Indigenous Australians. The company seeks to recruit local Indigenous people directly as well as through the Real Jobs Program.

#### The Real Jobs Program

The Real Jobs Program is a progressive employment program that engages, trains and supports young Indigenous people for employment in the Northern Territory pastoral industry.

The Northern Territory Cattlemen's Association (NTCA) operates the Real Jobs Program in partnership with the Indigenous Land Corporation (ILC). The program began in 2008 and CPC has been involved in the program since 2010, having supported 32 young Indigenous people to develop the skills they need to open up career opportunities.

Up to 30 young Indigenous people are recruited, trained and placed in jobs annually under the Real Jobs Program.

The NTCA employs two full time Indigenous employees in the role of Field Officers. These roles provide high quality leadership, management and administration for the project, along with development and collaboration with industry, government and other organisations, and statutory reporting.

#### Young offenders program

The Indigenous Affairs Minister has suggested Mataranka station in the Northern Territory be developed as an alternative place of detention for young Indigenous offenders.

CPC believes a number of its 16 stations, with appropriate support, could contribute to the rehabilitation of young Indigenous prisoners through meaningful work programs.

CPC has proposed to the Government that, in the first instance, a pilot program to be trialled on Newcastle Waters Station in the Northern Territory and Wrotham Park Station in North Queensland.

Based on the results from the pilot both the number of participating stations and the coverage of the program could be expanded.

#### CPC and Savannah burning

The Savannah burning program offers a further opportunity for CPC to work with local Indigenous people.



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In January 2016, CPC commenced a savanna burning project for the purpose of controlling late dry season wildfires, reducing greenhouse gas emissions and generating Australian Carbon Credits (ACCUs) on the Auvergne, Newry, Newcastle Waters and Dungowan pastoral leases.

CPC wants to engage Indigenous communities to seek their cooperation with fire management to reduce the risk and frequency of LDS wildfires.

CPC's objective is a collaborative approach with Indigenous rangers to early dry season (EDS) prescribed burns and LDS fire control to earn ACCUs to support fire management.

### **Terms of Reference**

On 30 March 2017, the Senate referred the Carbon Credits (Carbon Farming Initiative) Amendment Bill 2017 to the Senate Environment and Communications Legislation Committee.

The committee is due to report back to the Senate on 9 May 2017.

### **Background**

#### Emissions Reduction Fund (ERF)

The ERF seeks to help meet Australia's emissions reduction targets at a reasonable cost. To date the Government has contracted 178 million tonnes of emissions reductions at an average price of \$11.83 a tonne.

The ERF has 41 approved methodologies for measuring carbon deduction covering a range of sectors including agriculture, industry, mining, energy and transport.

#### Savannah Burning

According to the Government as at the beginning of March 2017, there are 76 projects registered under methods that credit the emissions avoided from undertaking early dry season savannah burns to cut the number of late dry season fires.

The Government advises that 53 of the 76 projects have signed contracts with a combined total of over 13.5 million tonnes of abatement; that is around 8 per cent of all emissions reductions contracted under the Fund.

In Northern Australia projects are operated by registered native title corporations, pastoralists, carbon service providers and Indigenous business enterprises. The Government states that for many indigenous project managers the ERF provides both job opportunities and income.

### **The Bill**

The Carbon Credits (Carbon Farming Initiative) Amendment Bill 2017 (the Bill) amends the *Carbon Credits (Carbon Farming Initiative) Act 2011* in relation to the operation of the crediting element of the Emissions Reduction Fund.



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These amendments address implementation issues, primarily for savanna fire management projects in Northern Australia. They correct earlier drafting errors, reduce administrative burden and clarify the original intent of the Act.

The Bill provides minor or technical amendments to various sections of the Act.

### **The key issue**

CPC's interest is the error in amendments made in 2014 to the Carbon Credits (Carbon Farming Initiative) Act 2011 which inadvertently applied consent requirements to savanna fire management projects.

These projects should not be subject to permanence obligations because the emissions have already been saved.

Items 1 and 2 of Schedule 1 to the Bill applies the obligation to obtain consent of eligible interest holders only to sequestration offsets projects and removes the obligation from existing area-based emissions-avoidance projects.

CPC notes the Explanatory Memorandum (EM) states that while not subject to consent requirements, these emissions avoidance projects must demonstrate that they have the legal right to carry out the project which will often necessitate consultation or agreement from other landholders.

Clearly, CPC will meet fully its obligations to properly engage with Registered Native Title Body Corporates (RNTBC) and all other stakeholders.

According to the EM as at the beginning of March 2017, over 20 savanna emissions-avoidance projects were subject to a requirement to obtain these consents and would benefit from the amendments.

It is CPC's experience that the current consent requirements are a significant impediment to advancing its savanna emissions avoidance project.

The impediments to advancing the CPC Savanna Project are the cost and time to obtain consent from Traditional Owner's.

The process will involve extensive engagement and communication with over a dozen clan groups associated with the Top End Registered Native Title Body Corporate managed by the Northern Land Council in the Northern Territory and the MG Corporation in WA.

The cost of this exercise is estimated at over \$100,000 and would likely span 12-18 months with no guarantee of consent.

While this process should be undertaken, it should not be an impediment to the CPC Savanna project being issued ACCUs from a project which has barely generated only enough ACCU's to break even from 2016.



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In summary, the consultation process would render the CPC project financially unviable with no guarantee of success.

### **Conclusion**

CPC sees a significant opportunity for all stakeholders in advancing its savanna emissions-avoidance projects in a timely fashion.

CPC is also committed to properly engaging with Indigenous and other interested parties as these projects are implemented.

CPC will seek, where possible, to employ Indigenous rangers to manage the project and allocate the benefits that will flow from the roll out of the project to all stakeholders.

### **Recommendation**

CPC requests that the Committee recommend to the Senate that it supports the proposed amendments to remove consent requirements for savanna fire management projects that are not credited for storing carbon.