COUNTRY CARBON
CARBON CREDIT STOCK AGENTS

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

ec.sen@aph.gov.au

Country Carbon welcomes the opportunity to make a formal submission regarding the *Carbon Credits (Carbon Farming Initiative) Amendment Bill* 2017 (**2017 Amendment Bill**) that is currently before Parliament.

Country Carbon is a project developer operating within the Emissions Reduction Fund. We assist landowners to undertake emissions avoidance offsets projects pursuant to the *Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management) Methodology Determination 2015* (**savanna burning projects**). We currently have 30 savanna burning projects within Cape York and the Northern Territory. These projects have already resulted in the abatement of 488,773 tonnes of Carbon (ie Australian Carbon Credit Units (**ACCUs**)). This abatement equates to a total of approximately $5,376,650, the majority of which has been paid to the lessees and owners of the properties upon which the projects are undertaken. This money is then re-invested in the local communities through the purchase of new equipment and the hiring of additional staff to assist with the fire management activities.

The income that has been generated from the sale of these ACCUs has directly prevented the repossession of 3 properties by mortgagees, and has had an overwhelmingly positive emotional and physical outcome for our clients, who previously had no guarantee of income, given fluctuating cattle prices.

As a significant developer of savanna burning projects, we strongly support the proposed amendments to section 28A (**Section 28A Amendments**) of the *Carbon Credits (Carbon Farming Initiative) Act 2011 (***CFI Act**). We believe the proposed amendments support the Government's objectives of reducing red tape, streamlining administrative processes and encouraging the reduction of greenhouse gas emissions.

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Our analysis of the introduction of section 28A into the CFI Act through the *Carbon Farming Initiative Amendment Act 2014* (**2014 Amendments**), and the introduction of the concept known as "area-based emissions avoidance projects" via section 53A, has confirmed that there was no intent on the part of the Government to introduce the requirement to obtain eligible interest holder consents for emissions avoidance projects. The clear intent, at all times, both when the CFI Act was originally passed, and when the 2014 Amendments were made to transition the CFI to the ERF, was that eligible interest holder consents were only relevant to sequestration projects. The reason for this was the fact that land covered by a sequestration offsets project could become the subject of a carbon maintenance obligation if permanence requirements were not complied with, and this obligation could affect other entities that had an interest in the land (such as the landowner, bank, etc).

Having regard to this intention, we do not agree with the interpretation of section 28A that has been adopted by the Clean Energy Regulator, namely that section 28A applies to offsets projects which are not sequestration projects, in particular, savanna burning projects. We do not consider this was the intention behind the 2014 Amendments which were directly aimed at streamlining and facilitating project registration to enable greater participation in the scheme. To impose an additional, unnecessary administrative hurdle for savanna burning projects of obtaining eligible interest holder consents (in circumstances where a savannah burning emissions avoidance project can never result in the imposition of a carbon maintenance obligation because there are no permanence requirements) flies in the face of this intention and appears to be an unintended consequence of introducing the concept of "area-based emissions avoidance projects" through section 53A of the CFI Act.

In our view, the introduction of section 53A of the CFI Act was clearly intended to clarify that some, but not all, emissions avoidance projects needed to supply details of the project area for the project when applying for project registration. It does not follow that this clarification was intended to be interpreted more broadly to other administrative steps within the CFI Act (such as the obtaining of eligible interest holder consents). Indeed, the Government's Explanatory Memorandum for the 2017 Amendment Bill confirms our own analysis by stating that the need to obtain eligible interest holder consents was only intended to apply to sequestration offsets projects "*as originally intended and previously provided for by the Act*".

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In relation to savanna burning projects, one of the key aspects is the need for the project proponent to have the 'legal right' to undertake the project. This requirement will remain in place, following the Section 28A Amendments, and in our view, gives sufficient protection to indigenous communities who have registered native title determinations or ILUAs in place over the relevant project area.

In relation to the Section 28A Amendments as currently set out in the 2017 Amendment Bill, we are concerned to ensure that they fully address and regularise all matters relating to declarations for savanna burning projects issued between 17 February 2015 and the date that the amendments take effect. Accordingly, and in light of Country Carbon's experience in its dealings with the Clean Energy Regulator, we suggest that some additional changes should be made to the Section 28A amendments as follows (the changes are in bold and underlined):

Schedule 1—Amendments

Part 1—Consent requirements

Carbon Credits (Carbon Farming Initiative) Act 2011

1 Paragraph 28A(1)(a)

Omit "an offsets project", substitute "a sequestration offsets project".

2 Transitional provision

(1) This item applies if:

(a) a project has been declared under section 27 of the *Carbon Credits (Carbon Farming Initiative) Act 2011*; and

(b) the project is **or was** not a sequestration offsets project; and

(c) the declaration is **or was** subject to a condition imposed under section 28A of that Act.

(2) The condition has no effect and, as soon as practicable after the commencement of this Part:

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(a) the Regulator must remove the condition from the declaration; and

(b) the Emissions Reduction Fund Register must be altered to show that the declaration is not subject to the condition.

(3) **If a declaration for an emissions avoidance offsets project has been withdrawn, cancelled or revoked as a consequence of the application of section 28A to the project or the purported non-compliance with section 15(2)(ea), that declaration must be reinstated.**

These further suggested changes are necessary because some of Country Carbon's projects have been the subject of numerous declarations and other action by the Clean Energy Regulator as a direct result of the interpretation of the s.28A taken by the Clean Energy Regulator.

If necessary, Country Carbon would be happy to provide further details of the difficulties it has encountered in relation to the interpretation taken by the Clean Energy Regulator to section 28A for its savanna burning projects.

In support of this submission, we enclose letters from the following Pastoral properties who currently have savanna projects registered;

- Artemis Station
- Astrea Station
- Balurga Station
- Bramwell Station
- Fairlight Station
- Harkness Station
- Merluna Station
- Watson Rive Station and
- York Downs Station

We again thank you for the opportunity to provide this submission in relation to the proposed amendments.

Yours faithfully

Stephanie Wright
Project & Compliance Manager
Country Carbon Pty Ltd

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J M & P L Gordon

Astrea Station

11 April 2017

The House of Representatives
Parliament House
Canberra
ACT 2600
Australia

Dear Sirs

Re: AMENDMENT TO CARBON CREDITS (CARBON FARMING INITIATIVE) AMENDMENT BILL 2017

I agree with the statements made by Stephanie Wight of Country Carbon with regards to the Amendments to the CFI Act, and the implication of the consent of Eligible Interest Holders.

If we were required to obtain consents for this type of project we would question the financial viability of the project due to the current administrative and financial constraints of running this type of project involves.

Patricia Gordon

Balurga Station

Balurga Station

Email:

11 April 2017

The House of Representatives
Parliament House
Canberra
ACT 2600
Australia

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I agree with the statements made by Stephanie Wight of Country Carbon with regards to the Amendments to the CFI Act, and the implication of the consent of Eligible Interest Holders.

If we were required to obtain consents for this type of project we would question the financial viability of the project due to the current administrative and financial constraints of running this type of project involves.

Running this type of project is detrimental to the environmental management of the property as this type of financial gain ensures that the extra can and will be spent on better management practices that will help with feral animal control, vegetation thickening, the blanket start/end dates of the early dry season etc and better management overall including herd management to lessen the impact on key areas. Having to ask for

consent for this will mean consent will have to be asked for that and the list goes on, making it time consuming and in most cases not worth the headache, endangering longterm viability of maintaining best environmental practices which at best impact the business.

Yours Sincerely
Mrs C. Mariette Price

C. M PRICE

Bramwell Station
Earthmoving Contractors

BRAMWELL CAPE YORK STATION

11 April 2017

The House of Representatives

Parliament House

Canberra

ACT 2600

Australia

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If we were required to obtain consents for this type of project we would question the financial viability of the project due to the current administrative and financial constraints of running this type of project involves.

As Far Northern Cape York vegetation managers and residents, I would also ask that consideration be given to allowing a Carbon Credit Window for storm burning. Some of our vegetation requires some fire for its best natural state, and to survive, and as an example, a well-timed storm burn is essential to prevent vegetation thickening, and enhance natural grasslands. Currently the narrow Carbon Credit timeframe of August 1 to December 31 discourages our optimal vegetation management. This far north, for example, on the eastern side of the Cape, it is sometimes too wet/green still to effectively put in mosaic burns as well, but generally, we try to work within the emission agenda.

Bramwell and Richardson Stations

9th April 2017

CALLAGHAN PASTORAL HOLDINGS

11 April 2017

The House of Representatives
Parliament House
Canberra
ACT 2600
Australia

Dear Sirs

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I agree with the statements made by Stephanie Wight of Country Carbon with regards to the Amendments to the CFI Act, and the implication of the consent of Eligible Interest Holders.

If we were required to obtain consents for this type of project we would question the financial viability of the project due to the current administrative and financial constraints of running this type of project involves.

In fact, one would question the effect this would have as precedence on any and every business across Australia.

This Amendment must be accepted as an extreme matter of urgency.

CRAIG & CHEREE CALLAGHAN

11 April 2017

DATE

Single Cost Land Company

11 April 2017

The House of Representatives
Parliament House
Canberra ACT 2600

Dear Sirs

Re: AMENDMENT TO CARBON CREDITS (CARBON FARMING INITIATIVE) AMENDMENT BILL 2017

I agree with the statements made by Stephanie Wight of Country Carbon with regards to the Amendments to the CFI Act, and the implication of the consent of Eligible Interest Holders.

We are one of the many properties that have been directly impacted as a result of this error in the CFI Act.

The major difficulty and impact of the EIHC requirement for savanna burning projects relates to the requirement imposed on pastoral leaseholders to secure native title consent.

The requirement to secure consent for a savanna burning project, for many pastoral leaseholders, fundamentally changes the bargain that was struck when they originally signed ILUAs with native title corporations. Many landholders who have signed ILUAs establishing native title, did so because they were promised certainty and finality in the written agreement.

Given there are no ongoing liabilities left behind after a savanna burning project, in the circumstances where leaseholders have rights to perform fire management under the ILUA, and the ILUA does not give native title holders the right to a share in carbon revenue, the requirement to secure consent for such an activity feels like a major infringement on their rights.

Prema Paramasivam, acting as Authorised Agent for Single Cost Land Company

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11 April 2017

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DATE

MERLUNA STATION
CAPE YORK

11 April 2017

The House of Representatives
Parliament House
Canberra
ACT 2600
Australia

Dear Sirs

Re: AMENDMENT TO CARBON CREDITS (CARBON FARMING INITIATIVE) AMENDMENT BILL 2017

I agree with the statements made by Stephanie Wight of Country Carbon with regards to the Amendments to the CFI Act, and the implication of the consent of Eligible Interest Holders.

If we were required to obtain consents for this type of project we would question the financial viability of the project due to the current administrative and financial constraints of running this type of project involves.

We have had to drastically change our management practices to comply with the project with changes being detrimental to our long term grazing practices, such as tree thickening. Prior to this project, we managed our burns to counteract this problem, we had to strategically burn breaks to protect our infrastructure from arson. Our property is at high risk from this activity as it has some 80 kilometre of highway frontage, along the Peninsula Development & Aurukun Roads.

Our options to remain sustainable will be reduced immensely if this amendment is declined, and therefore will have to concentrate on the vegetation thickening issue

Yours Sincerely

Cameron & Michelle MacLean