

Joint Select Committee on Australia's Clean Energy Future Legislation

Inquiry into Australia's Clean Energy Future

21 September 2011

Question No: 3

Topic: Land Sector

Question:

Ms Thompson: At the time when the Clean Energy Future package was announced the government announced a set of measures for, as you say, the land sector. Indeed, I think they are a very coherent and coordinated approach to supporting emissions reductions in the land sector.

Basically, you can conceptualise them in one of two ways. They are either intended to support people participating in the Carbon Farming Initiative—the offset scheme we talked about earlier—or they are intended to help address some of the issues that the Carbon Farming Initiative itself was not necessarily going to deal with explicitly. In that regard we have the Biodiversity Fund, which is nearly \$1 billion over the first six years of the life of that measure. That is very much intended to support action that would build carbon on the land through things like preserving vegetation that is already there or planting new trees, recognising that the Carbon Farming Initiative was actually geared around building carbon sequestration, not necessarily ensuring that biodiversity values were also supported.

The thought is that it is actually the operation of the Biodiversity Fund and the Carbon Farming Initiative crediting scheme working together that will give you some very strong outcomes both on the carbon side and also on the biodiversity side. There is particular emphasis on action that would lead to building landscape resilience to ensure that landscapes and ecosystems are connected, and also to deal with pests. One of the problems is that when you start to build ecosystems that connect with each other they can also be superhighways, if you like, that pest species can travel along and make that problem worse. It is those things that the Biodiversity Fund is attempting to address.

On the other side of the equation, perhaps looking more to measures that are of particular interest to farmers, we also have the Carbon Farming Futures Program. That is in the order of \$420 million over six years. That basically breaks down into four or five components, depending on how you want to look at it. As part of that there is a very strong emphasis on research. There is around \$200 million intended for supporting research into technologies and practices that will help farmers take action on their land. There is going to be a particular focus on soil carbon because we have had quite differing views amongst experts as to what can be achieved from the soil. That will be one of the areas people will be having a look at. Other areas for research relate to things like reducing emissions from livestock, which is also a very promising area of endeavour.

The next element of Carbon Farming Futures is to take some of those research outcomes and translate them into ways we can generate carbon credits. Part of the Carbon Farming Futures program is looking at methodologies that people will be able to use to generate emissions reductions from that sort of activity.

The next component of Carbon Farming Futures is called Action on the Ground. That is, as the name suggests, giving support to farmers in the range of \$99 million to take some of the outcomes from the research and from the methodologies and take action on their own farms in terms of supporting activities. A subelement of that, if you like, is the refundable tax offset, which we estimate will be in the order of \$44 million of value. The idea there is that farmers will be able to get a refundable tax offset to purchase conservation tillage equipment again in an effort to build their soil carbon and increase the resilience of their properties to drought. I am not sure if our Treasury colleagues would want to say more, but the benefit of a refundable tax offset is that even farmers who are in a tax loss position will be able to benefit from the measure. Those are the two biggest ticket items in the land sector package. We also have support for Indigenous communities to participate in carbon farming. That has two broad elements to it. The first is, if you like, some support for capacity building, which will be really looking to help Indigenous communities set up projects and negotiate through the complexities of the native title arrangements. The other component of that is building on the research and the methodologies for things like reducing emissions from savanna fires, which will also be an important part of that component.

CHAIR: I am sorry, but I am going to have to stop you there. I have heard you do this before and I really appreciate your passion. We do have to finish at 11.15 am.

Senator URQUHART: If we could get that information on notice, it would be really useful.

Answer:

The other land sector measures which compliment the Carbon Farming Initiative (CFI) are:

- The CFI non-Kyoto Carbon Fund (\$250 million over six years from 2012-13).
 - The Government will purchase non-Kyoto compliant CFI credits, which cannot be purchased by liable entities under the carbon pricing mechanism.
 - The ongoing CFI non-Kyoto Carbon Fund will increase incentives for activities that are not counted towards Australia's emissions target under current international carbon accounting rules. These include soil carbon, revegetation and cessation of logging in native forests.
- The Regional Natural Resources Management (NRM) Planning and Climate Change Fund (\$44 million over five years from 2011-12).
 - The Regional NRM Planning and Climate Change Fund will help regional communities plan for the impacts of climate change, and maximise the benefits from carbon farming projects. Funding will be provided for:
 - : regional NRM organisations to plan for climate change;
 - : production of NRM plans to a highly professional, nationally consistent standard; and
 - : development of scenarios on regional climate change impacts.

- Carbon Farming Skills (\$4 million over five years from 2011-12).
 - The ongoing Carbon Farming Skills initiative will ensure that landholders have access to credible, high quality advice and carbon services. This measure will fund:
 - : development of a new nationally accredited qualification for carbon service providers;
 - : accreditation of carbon brokers and aggregators operating in the CFI; and
 - : information workshops for farm extension officers, catchment authorities and rural service providers about carbon farming.
- Land Sector Carbon and Biodiversity Board (\$4 million over six years from 2011-12).
 - The independent Land Sector Carbon and Biodiversity Board will provide advice on the implementation of land sector measures. The Land Sector Carbon and Biodiversity Board will:
 - : report annually to the Parliament about progress of land sector and biodiversity measures;
 - : advise the relevant minister(s) on the implementation of the land sector measures;
 - : advise on the coordination of research to reduce duplication across the research community, target gaps and enhance the independence of research advice to government; and
 - : advise on key performance indicators for land sector measures.

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21 September 2011

Question No: 4

Topic: Royal Flying Doctor Service

Question:

Senator BIRMINGHAM: Will it be enough to offset aviation fuel for the Royal Flying Doctor Service?

Mr CHRISTENSEN: The \$17,000, \$20,000 fuel bill increase?

Mr Cheeseman interjecting—

CHAIR: No, this is actually very relevant to the bills. I think this is an extremely relevant question and so I am going to ask—because we do need some clarification around this and I think it is a very valid question—if you could take that on notice and get some clarification around it. It quite clearly says that it is a grant scheme and that the issues are not identified in the bills but the grant scheme is in the bills. This is something that we need to get some answers for and I do not think that is unreasonable.

Answer:

The Charities Maritime and Aviation Support Program (CMASP) will be administered as an entitlement program.

The CMASP will provide a rebate for the entire carbon price on aviation fuel or fuel used for maritime purposes paid directly by an organisation recognised in the tax law or by the Australian Taxation Office as a Deductible Gift Recipient.