



Australian Government



Regional Landcare Facilitator

Hosted by Northern Agriculture Catchments Council Incorporated
for the Northern Agricultural region



The CFI and CEFP

Stanley Yokwe, RLF



Outlines of the talk



- Australian Government's Clean Energy Future and explain about how it related to land sector
- The CFI – where is it now and how it works
- What NACC is doing to support the land managers in the NAR

Clean Energy Future Package

Creating a prosperous and sustainable Australia



Carbon Price Mechanism



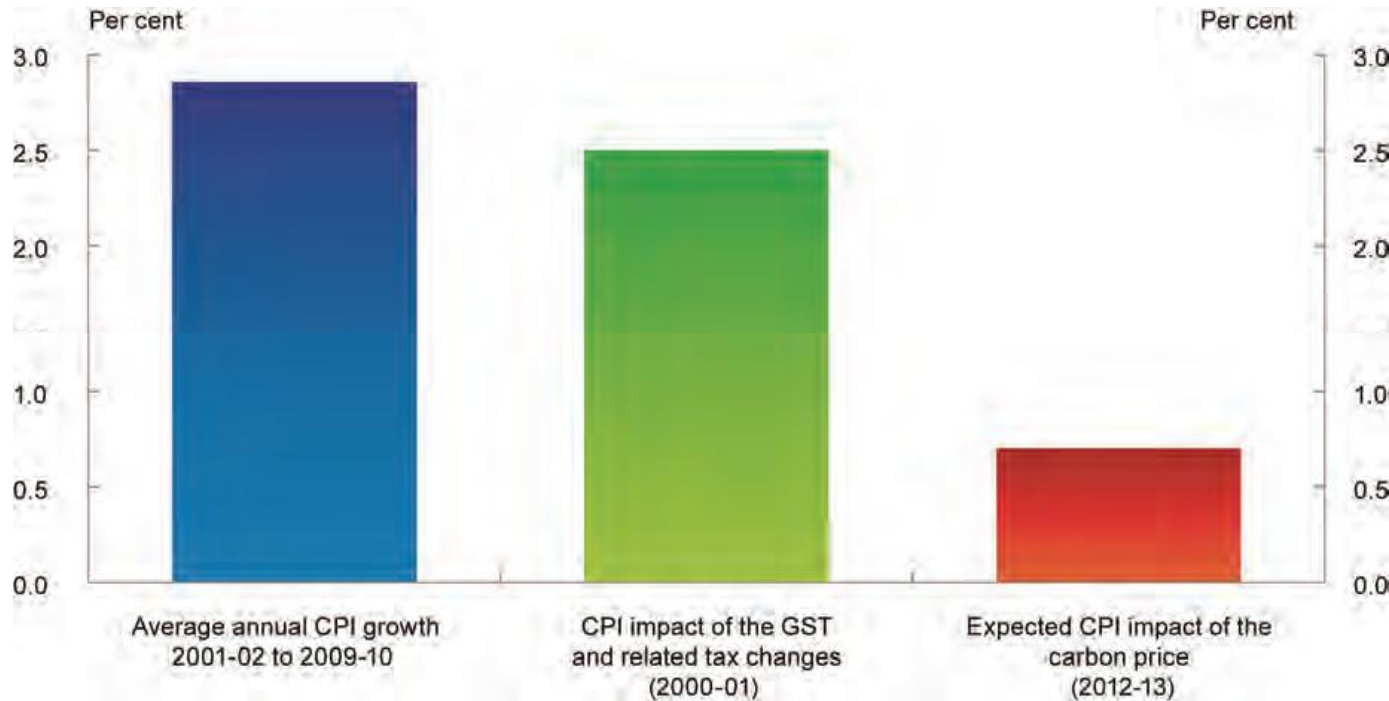
- The price of carbon units will remain fixed (1 July 2012 -1 July 2015).
- Agriculture is excluded.
- Households will not pay carbon price direct.
- Release of carbon pollution into the atmosphere is currently free, but as from 1 July 2012 , around 500 of the biggest polluters will pay the carbon price.
- This encourages businesses to:
 - Cut pollution
 - Invest in clean technology
 - Find more efficient ways of operating

The revenue from the carbon price



- Most of the revenue will go into climate change measures
- 50% will be used to assist households by cutting taxes and increasing payments
- Support jobs and competitiveness
- Invest in clean energy

The impact of carbon price to the cost of living



- On average, price increase for households will be \$9.90/week by 2012-13, and the average assistance will be \$10.10/week. Much smaller impact than GST

In regional Australia...



- Agriculture is excluded and households will not pay carbon price direct.
- Light commercial vehicles and households will not face a carbon price on transport fuel.
- The agriculture, forestry and fisheries industries will not pay a carbon price on their off-road fuel use.
- Polluters can buy CFI credits instead of paying the tax (up to 5% of their obligation)
- \$200 m special assistance to improve the energy efficiency of food processors and dairies
- Over \$1.7 billion of carbon revenue will be invested in the land sector. It's a new money not from CFOC bucket.

Land Sector measures



**Biodiversity
Fund**

**\$946m –
6 yrs**

**CFI Non-
Kyoto
Carbon
Fund**

**\$250m –
6 yrs**

**Carbon
Farming
Futures**

**\$429m –
6 yrs**

**Regional
NRM
Planning for
Climate
Change**

**\$44m –
5 yrs**

**Indigenous
Carbon
Farming
Fund**

**\$22m –
5 yrs**

**Carbon
Farming
Skills**

**\$4 m –
5 yrs**

Land Sector Carbon and Biodiversity Advisory Board

\$4.4m – 6 yrs

The break down of the \$1.7 billion fund for the land



The first one here is the Biodiversity Fund (\$946 million over six years). The biodiversity fund will be mainly to support projects that establish, restore, protect or manage biodiverse carbon stores. They would be also funding for establishing mixed species plantings in targeted areas, such as wildlife corridors, riparian zones and wetlands.

The next measure here is CFI non-Kyoto Carbon Fund (\$250 million over six years). The Kyoto units can be traded in the compliance market. They are the ones that the big polluters can buy to meet their offsets obligations. Because of the divide between Kyoto and non-Kyoto trading, the Government will try to event that out by purchasing non-Kyoto compatible CFI credits, which cannot be used by liable entities with obligations under the carbon price mechanism. The fund will provide incentives for activities that are not counted towards Australia's emissions target under current international carbon accounting rules. These activities include soil carbon, revegetation and cessation of logging in native forests.

Carbon Farming Futures (\$429 million over six years). This will provide support to four programs:

- Filling the Research Gap – funding for research into abatement technologies and practices;
- Developing estimation methodologies – funding to convert research from Filling the Research Gap into carbon estimation methodologies;
- Action on the ground – funding for on-farm abatement including support for farmers to adopt more sustainable, conservation tillage farm equipment; and
- Extension and outreach – new extension officers to help farmers benefit from carbon farming.

Regional NRM Planning for Climate Change Fund (\$44 million over five years) – some of you may have noticed in CFI there is a requirements that CFI project proponents must consider NRM plans in the developing their carbon offsets projects, thus the funding here will help regional NRM groups to plan for the impacts of climate change and maximise the benefits of CFI projects.

Indigenous Carbon Farming Fund (\$22 million over five years)

This fund will provide support for Indigenous Australians to implement CFI projects through specialists working with Indigenous communities to develop carbon farming projects. It will also fund for the development of CFI methodologies likely to have high Indigenous participation, for example, savannah fire management.

Carbon Farming Skills Initiative (\$4 million over five years) – training carbon brokers and aggregators to help farmers and landholders to undertake their C offsets projects. There would be a new nationally accredited qualification for carbon service providers .

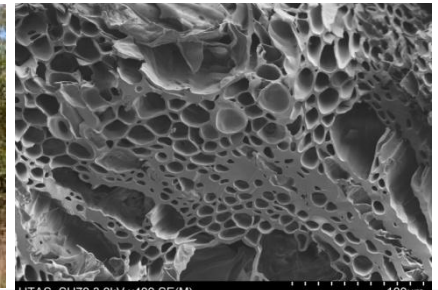
Land Sector Carbon and Biodiversity Advisory Board:

- o provides independent advice to the government on the implementation of the land sector measures.
- o advises on coordination of research, ensuring that research would not be duplicated.
- o ensures the Biodiversity Fund s are well targeted and maximises opportunities.

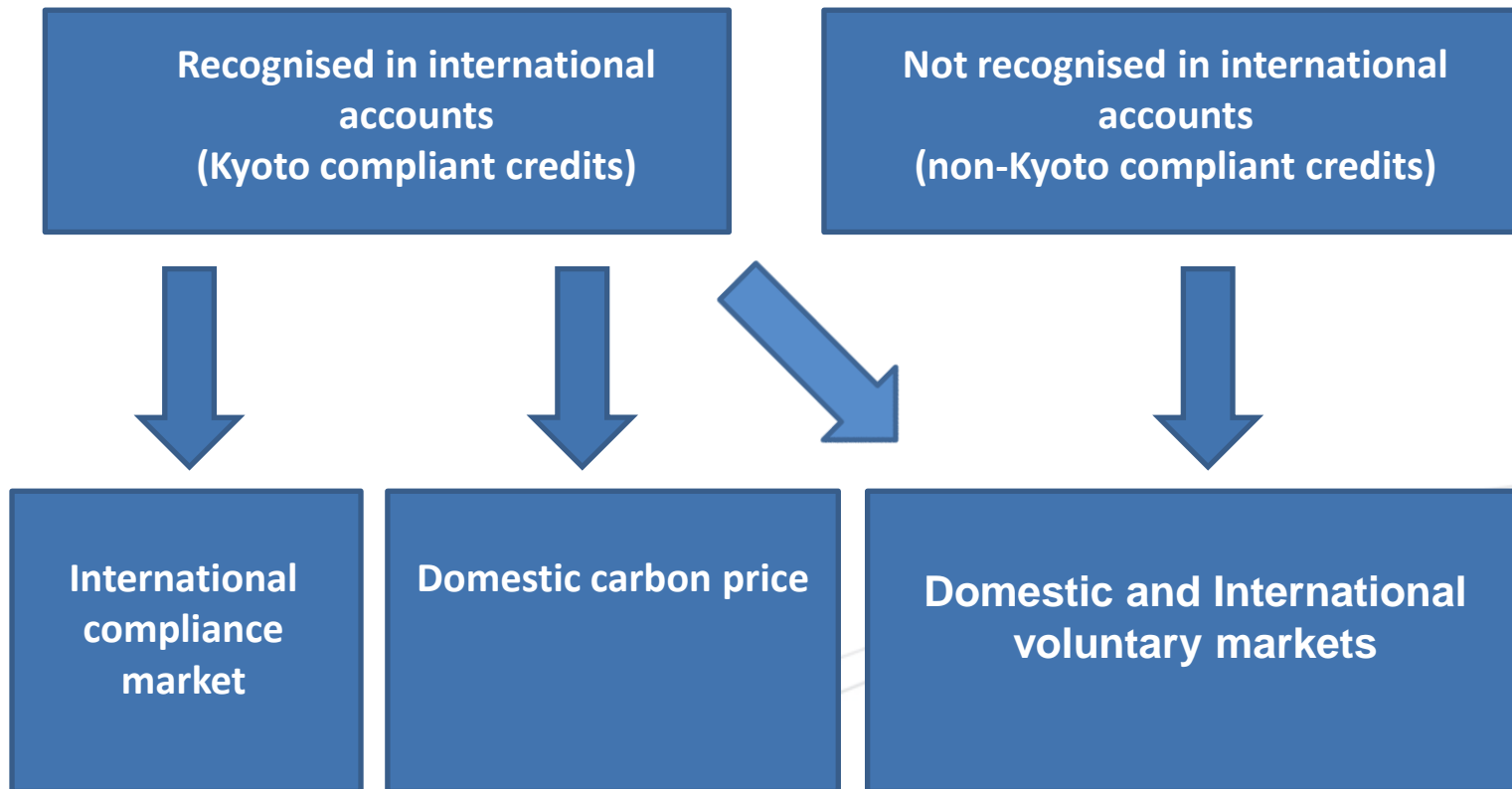
The Carbon Farming Initiative



- Legislation for the CFI passed on 23 of August and has now entered into law.
- Landholders can receive carbon credits for:
 - Reducing emissions; Increasing carbon stores and Kyoto and non-Kyoto compliant activities
- People and businesses can buy CFI credits from landholders to offset their own emissions



Scope of Carbon Farming Initiative



Eligible activities



SEQUESTRATION

- Reforestation
- Revegetation
- Managed regrowth forests
- Rangelands restoration
- Soil carbon
- Native forest protection

EMISSIONS REDUCTION

- Fertiliser management
- Manure management
- Reduced enteric fermentation
- Feral camel culling
- Landfill gas flaring
- Savanna fire management
- Native forest protection

Scheme mechanics – key processes



Methodology proponents:

- Government agencies
- Researchers Businesses
- Community groups
- Farmers / foresters / landholders

Approved by:

- DOIC
- Minister for CCEE

Project proponents:

- Farmers/foresters/landholders
- Indigenous and Community groups
- Businesses (e.g. Aggregators and agents)
- Government agencies

Approved and overseen by:

- AG's CFI administrator

CFI Integrity Principles



- **Measurable**

- you need a methodology to accurately measured or estimated the abatement

- **Conservative**

- CFI credit must be equivalent to at least one tonne of carbon dioxide abatement.

- **Based on peer-reviewed science**

- Methodologies will be underpinned by scientific evidence that relevant circumstances.

- **Internationally consistent**

- Estimation methods must be consistent with the National Greenhouse Accounts, where relevant.

CFI Integrity Principles



- **Additionality**
 - This approach encourages farmers, foresters and land holders to look beyond business as usual to identify new ways to store or reduce emissions.
- **Permanent**
 - Abatement must be permanent. This is particularly for biological carbon stores. It is considered permanent if the project can be maintained (on a net basis) for around 100 years.
- **Leakage Avoidance -**
 - Avoidance means that if you destock in your property and surely you are reducing your emission, but your neighbour still overstock in their property 'cos the demand is still high, then that creates leakage, thus you need to account for that. Otherwise there would be no real abatement if a project's emissions reductions or removals were replaced by a consequential increase in emissions elsewhere.

Positive list, Negative list and co-benefits

Additionality

- Go beyond 'common practice'.
- Project is not required by law.

Avoiding impacts

- Project has necessary water, planning and environmental approvals from all levels of government.
- Project takes account of regional NRM plans.

Co-benefits

- Provides extra benefits for biodiversity or Indigenous communities.

Permanence obligations - sequestration projects only

- Maintain carbon or hand back credits
- Re-establish carbon after a fire or drought
- Risk of reversal buffer
 - temporary losses whilst carbon is re-established
 - wrong doing that can't be remedied.
- Carbon maintenance obligation

What NACC is doing to support the land managers in the NAR

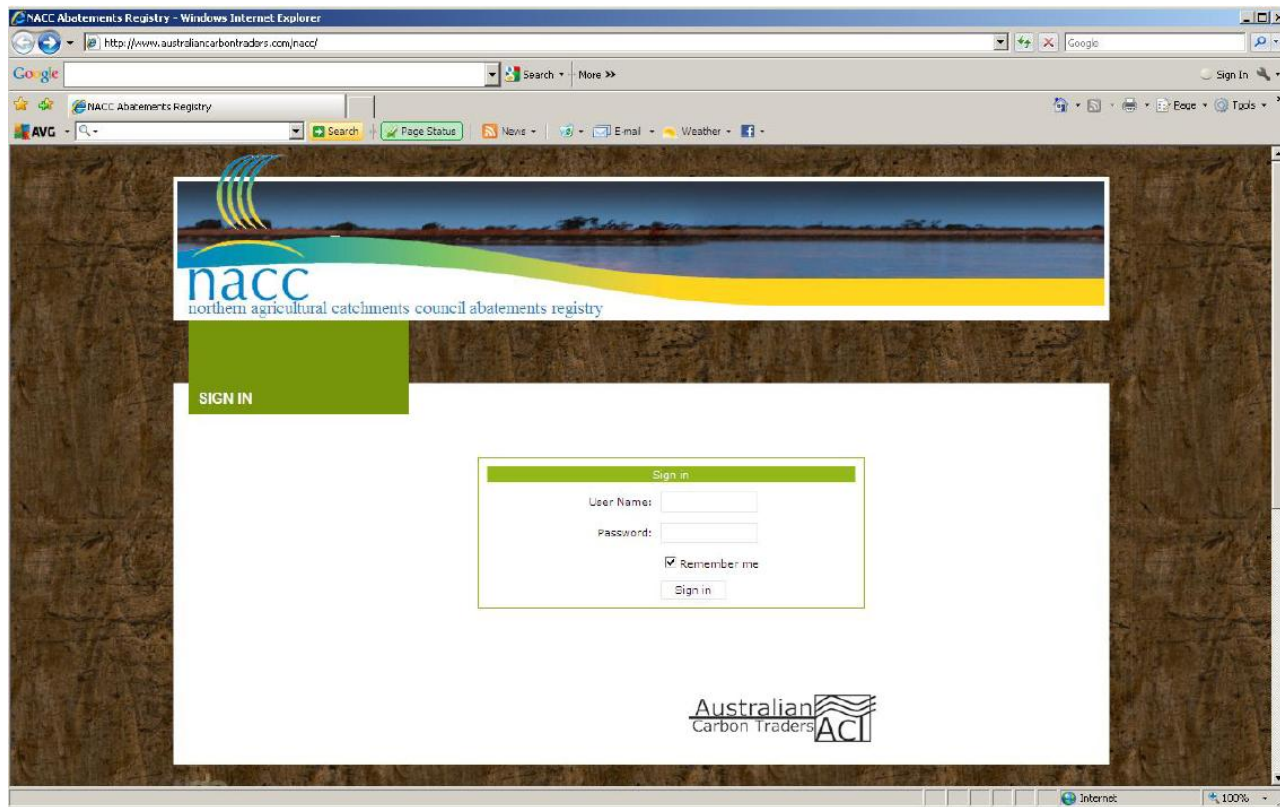


- Climate Change position to work with local governments in considering climate risk and adaptation in their planning. (Position partially funded by the CGG)
- Aggregated trading vehicle, CarbonQuest Australia
 - Pilot of 10 growers
 - Includes workbooks for participating farmers
 - Automated certificates and audit reports for participants
 - Modelling credits per activity over years
 - Training for six staff
 - Going live on 28 September at NACC AGM
 - Farmer launch/first educational work 29th Sept in Perenjori

CarbonQuest Australia



- Aggregated trading site for farmers in the NAR



- Questions?

Please feel free to give me a hoi if you would like more info: Stanley.Yokwe@nacc.com.au

Or

You can also contact Carbon Farming Initiative Team directly: CFI@climatechange.gov.au

Online: www.climatechange.gov.au