The State of Federal Climate Policy

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Carbon Farming Initiative

- Broad-based offset certification scheme
- Up until recently, CFI was being sold as a stand alone certification scheme – now openly acknowledged that it is to be integrated with carbon pricing mechanism
- Would certify both Kyoto and non-Kyoto offsets
  - Aim to provide demand for Kyoto offsets via domestic scheme + potential international compliance markets
  - Non-Kyoto units would be used in voluntary markets
Two types of offsets

- **Sequestration projects** – projects to store C in living biomass, dead organic matter (dead wood or leaf litter) or soil
- **Emissions avoidance projects** – reductions in emissions from savannah burning, agricultural production (livestock + fertiliser), feral animals, legacy waste in landfill
Sequestration project types

- **Article 3.3 projects**
  - Reforestation
  - Avoided deforestation
  - Regrowth on deforested land units (avoided reclearing)
  - Enhanced soil carbon

- **Article 3.4 projects**
  - Revegetation
  - Native forest protection
  - Improved management of forests (native and pre-1990 plantations)
  - Rangeland restoration (grazing land management)
  - Enhanced soil carbon
Native forest protection projects

New Bill clarifies:

- The scheme will cover projects to protect native forests from harvesting (public multi-use forests and private native forestry)
- Projects not to involve the clearing of native forests or using material obtained as a result of the clearing or harvesting of native forests
  - No clearing of low C forest to establish high C forest
  - No biochar projects from native forests
General assessment

- Framework is generally positive
- Division in project types sensible and clear
- Govt has included measures to deal with main risks – leakage, additionality and permanence (trying to strike balance between transaction costs + credibility)
- Placement of methodologies in separate body good governance
5 remaining issues

- Technical details to follow + implementation – risk of errors and under/over crediting
- Demand – CFI needs the domestic carbon price to work
- Interaction with national target – if Aust is able to get sign quantities of cheap LULUCF abatement, will it increase its target?
- Why give credits for reforestation, regrowth, revegetation, and avoided deforestation projects?
- Perverse impacts – biodiversity, water, fire, social
Why give credits for reforestation?

This is the albedo impact of temp + boreal deforestation.
Reforestation credits

- 1850 to 2005, deforestation in boreal and temperate zones = 66.7 GtC
- Associated warming = 0.20 to 0.25 W/m²
- Associated cooling (albedo change) = -0.20 W/m² (±0.2 W/m²)
- If this is correct, and our object is to deal with climate change (rather than just emissions and removals), why should these projects be included
- By extension, this also begs the question: why are deforestation emissions in temperate/boreal zones included
Perverse impacts

- Bill includes powers for minister to recommend regs to exclude certain types of sequestration or emissions avoidance projects (negative list)

- Minister must consider:
  - availability of water
  - biodiversity conservation
  - employment
  - local community

- Govt has indicated that cessation of harvest of plantation forests will go on negative list

- Is the ‘negative list’ enough??
An alternative solution

- New triggers under the EPBC Act
- Trigger sets threshold for bioregions (e.g. 5% reforestation in X bioregion)
- Once threshold crossed, all additional reforestation projects in bioregion must be assessed under EPBC Act EIA regime (i.e. project-based assessment and approval)
- To minimise transaction costs, seek:
  - Assessment + approval bilateral agreements with states
  - Strategic assessment + approval of bioregions
- Why is this better = Govt proposal is merely a power to make regulations – this provides concrete triggers for action + uses existing regulatory structure