



NRM Regions Australia Submission to the Department of Industry, Science, Energy and Resources consultation paper – Human Induced Regeneration and Native Forests from Managed Regrowth Proposed Changes

Thank you for the opportunity to respond to the Emissions Reduction Fund's consultation paper: Proposed amendments to the Carbon Credits (Carbon Farming Initiative) Rule 2015 relating to Emissions Reduction Fund native vegetation regeneration projects.

NRM Regions Australia is the national representative body of Australia's 54 regional NRM organisations. Our members cover all of Australia and are major partners in the delivery of the Australian Government's National Landcare Program. NRM Regions Australia has provided submissions regularly with regards to how to improve integrity and supply in the carbon market, and raised concerns of potential perverse outcomes including for individuals and regions.

NRM Regions Australia supports establishing means to minimise potential perverse impacts of the carbon market and carbon projects, whether they are environmental, social or economic. It is positive to see a desire to achieve this and we would seek an appropriate and proportional evidence-based process.

Given the information currently available, the following sections provide our preliminary assessment of both the understanding of impacts of HIR and NFMR projects and the solution proposed by the government.

1. Assessment of the impacts of HIR and NFMR carbon farming projects

Based on the information provided in the consultation paper, the Government's proposed changes are aimed at addressing perceived issues with native vegetation regeneration projects, including:

- feral animal and weed management;
- possible increased fire risk;

- loss of access to agricultural land;
- community and/or regional impacts.

Some of our members have reported farmers' concerns that are consistent with these issues, particularly where whole-scale conversion of land to exclusive carbon farming has occurred, or where landowners/managers have left properties. Southern Queensland Landscapes in Queensland are currently undertaking research to assess the impact of these types of projects. However, both Southern Queensland Landscapes and Western Local Land Services in NSW, have also observed individual, community and regional benefits derived from diversified carbon farming income, including implementation of more sustainable land management practices, drought resilience, and the ability for farming families to stay on the land and plan for family succession.

The accounts from regional NRM organisations provide some insights into the benefits and negative impacts of some native vegetation regeneration carbon farming practices. They do not provide a comprehensive understanding of the aggregate impacts of carbon farming projects at a regional, state or national scale, or how these projects could be optimised. There is the potential for regional NRM planning, with greater resourcing, to provide a mechanism for understanding cumulative impacts of projects, and how to maximise benefits and minimise perverse outcomes – beyond the boundaries of the project. This is why the NRM plans were originally written into the CFI legislation (see more below). These issues will become more important as we reach climate tipping points that increase risk and vulnerability, and as demand for offsets increases and creates more opportunity.

A comprehensive investigation and assessment of all the effects of native regeneration carbon farming projects could be undertaken to inform a solution to optimise social, economic and environmental outcomes at a regional scale.

2. Assessment of the ministerial veto solution

NRM Regions Australia has recommended a comprehensive assessment of the impact of native regeneration projects. The varied regional and individual experiences that we have learned about indicate that unrestricted and unconsidered proliferation of carbon farming projects has the potential to cause undesirable and prolonged outcomes. Regional impacts could include landscape scale consequences of changes to vegetation management, or impacts on agricultural production. These changes are not currently regulated by legislation or addressed through the proposed changes. A considered approach to managing development of carbon farming projects is required to ensure both the integrity and supply of carbon farming projects, and that the individual and regional benefits of these projects can be maintained and enhanced.

NRM Regions Australia supports addressing issues with carbon farming projects through a robust, proportional and appropriate evidence-based process. Unless they are well-designed, additional rules to manage perverse impacts may themselves create unintended and unwelcome outcomes such as additional barriers to participation, and therefore to the potential benefits of the carbon industry as articulated above; additional administrative burden and legal risks to the department and Minister; and increased uncertainty in the sector.

With respect to the specific questions posed by the government, NRM Regions Australia suggests the following in response to question 2 and 4:

2. What types of information would be useful to support the Agriculture Minister's assessment of whether native forest regeneration projects would have adverse impacts on agriculture and the local community?

Making changes to the conditions for approval requires sufficient evidence and consideration to avoid impacts on the supply of carbon farming projects and market confidence for both suppliers and purchasers.

Based on the information provided in the consultation paper, we have some questions about how the proposed mechanism could operate. These include:

- What constitutes a material adverse impact, and what criteria will be used to make this decision?
- Will other factors driving change in rural communities be considered when assessing whether projects should be allowed?
- Are the likely individual, community or landscape scale benefits of the project considered in the assessment?
- How will assessments consider the aggregate or cumulative effects of such projects, given the cumulative effects are likely to have more impact than individual project approvals?
- What has informed the threshold of 15 hectares? Is it too small, given the scale of pastoral operations/the scale at which carbon farming projects become viable?
- Is there sufficient data and information regarding current and potential impacts?

NRM Regions Australia also sees a role for regional NRM organisations in informing carbon farming project proposals. Regional NRM organisations all have regional plans, and under the Act (*Carbon Credits (Carbon Farming Initiative) Act 2011 Part 3, Division 2, Section 23 (1)(ga)(iii)*) carbon project proponents are required to state whether or not their project

proposal is consistent with the relevant regional plan. One of the reasons for the provision is that decisions on a project-by-project basis do not take account of cumulative effects that may impact regional communities and landscapes. This provision can also be taken when not supported or assessed: Southern Queensland Landscapes NRM noted that they have not been contacted by any carbon project developers about their NRM plan, despite the presence of over 130 carbon farming projects in their region. It is recommended that resources be provided to relevant regional NRM organisations to:

- Provide an independent extension service to provide informed, tailored advice that takes into account the local and regional context of carbon farming projects, and the needs of farming businesses.
- Undertake mapping (where not already available) or develop GIS resources to identify optimal areas for native vegetation regeneration and revegetation projects to occur/ identify possible areas of concern.
- Provide an assessment to support a decision-maker on the consistency of the project with goals of the regional plan, and to recommend how to achieve consistency.
- Apply the latest climate change modelling to understand the potential medium-and-longer term impacts on risks of drought, fire, ferals, plant disease, and risk of reversal of carbon farming projects.

Regional NRM organisation planning has national coverage, and reflects the social, economic and environmental priorities for each region. Ensuring each region has the most up to date and relevant spatial data to inform carbon farming project planning, and empowering regions to influence carbon farming projects, will lead to improved outcomes.

4. Are there any alternatives to manage unintended adverse impacts of ERF projects on agricultural production and regional communities?

As noted above, there are alternatives to address the identified impacts and other possible landscape scale impacts. There is an opportunity to:

- make better use of existing legislative requirements i.e. the requirement for carbon farming project proponents to state whether they are consistent with regional NRM plans); and
- empower local, independent, experienced regional NRM experts to support decision-making on these projects.

An alternative mechanism to manage unintended adverse impacts of ERF projects on agricultural production and regional communities is to have regional NRM organisations part

of the planning, design, implementation and monitoring of ERF projects. Appropriately resourcing regional NRM organisations that have the relevant catchment level information and community connections, as well as supporting landholders in carbon farming projects, will minimise perverse outcomes and support a considered and transparent process for determining the progression of native vegetation regeneration projects.

3. Proposed changes to the requirements for monitoring of feral pests and weeds

NRM Regions Australia supports the proposed changes that would require additional monitoring regarding compliance with the relevant jurisdictional legislation on weed and feral animal control. However, compliance with government requirements for managing invasive species will require more than the project proponent self-assessing their compliance via a simple tick or sentence statement. Project proponents or developers should produce a comprehensive plan that indicates the threat of invasive weeds and animals and the actions they will take to address these threats, including specific management actions, resourcing, and how any ongoing incursions will be monitored. We urge the government to have appropriate resources available to advise of requirements, to assist with meeting them (if appropriate), and to assess compliance.

A further requirement to maintain staffing at levels that would be consistent with management of pest plants and animals would further enhance this measure. Expanding this requirement to maintain staffing at levels consistent with other property management tasks such as fencing, checking of water infrastructure, and general property maintenance, would also minimise possible impacts of projects on adjacent landholders/ the local community.

We believe there is scope to harness the carbon market and investment to improve outcomes for our regions - for people, industries and the environment – including through initiatives such as the Carbon plus Biodiversity pilot. We look forward to working with DISER and other agencies to further enable this.

Thank you for the opportunity to provide a submission on the Emissions Reduction Fund audits – Human Induced Regeneration and Native Forests from Managed Regrowth Proposed Changes. If you have any questions about our submission or would like to discuss, please contact NRM Regions Australia CEO Dr Kate Andrews: 0403 604 823.