Climate Change Authority, Review of ERF and Greening Australia's response to the consultation

In this review, the Authority is considering the overall performance of the ERF and has identified the following areas of focus, based on its previous ERF reviews and consultation undertaken for the *Prospering in a low emissions world* report:

- Maintaining integrity and optimising governance
- Managing risks to abatement
- Opportunities for enhancing outcomes

The Authority is open to considering other matters and welcomes all views on how the ERF is performing and/or how its operation could be improved.

Questions and responses from Greening Australia in *italics*

1. How is the ERF performing overall?

Performance needs to be improved to align to national carbon reduction targets and shift to a low carbon economy. The land sector has delivered the majority of ACCUs to date under the ERF and has the potential to continue to do so. Incentives for activities that provide multiple policy outcomes to the Australian Government such as co-benefits achieved through biodiverse carbon planting should be prioritised to enable both biodiversity and carbon outcomes. This approach has to potential to provide a significant new market for a premium ACCU.

2. What parts of the ERF could be improved and how?

The ERF could be enhanced by broader take up of methodologies that are available now as uptake is limited to a small proportion of the available methodologies for the land sector. There should be improved flexibility of their application, for example calibration of low density tree planting that meets requirements for canopy cover (which has significant potential tor integration with productive agricultural landscapes) and enhanced process for developing new methodologies, for example blue carbon.

The ERF could be enhanced if there was support for connecting technology to opportunities such as those that provide high visibility of land availability through remote data capture, industrial scale reseeding and native seed collection and production at a commercial scale through seed production areas provide efficiencies and the ability to biosequester at scale. For example, land-based carbon sequestration through native tree planting could be transformed through the use of drone technology which provides the opportunity to plant landscapes rapidly at scale and to access areas that cannot be farmed such as steep and inaccessible areas. This also provides the opportunity for Australia to demonstrate world leadership and expand markets.

Other changes such as compressed awarding of ACCUs (as recommended in the King Review) that will improve cash flow and therefore opportunities to undertake biodiverse planting carbon projects will also provide improvements to the ERF.

3. Do you have any views on the operation of the offsets integrity standards and the additionality provisions as key principles supporting the integrity of abatement under the ERF?

Additionality provisions such as newness and regulatory additionality have posed some limitations and challenges to developing projects but in general, their inclusion helps to support the integrity of the abatement generated. If these provisions were not there, then industry would have simply flooded the market with ACCUs.

4. Do you think the governance structures of the ERF remain fit for purpose?

5. What are your views on method prioritisation, method development and method review processes in the ERF? Please include any thoughts on how these processes could be improved, including how the expertise of industry could be better incorporated.

We strongly support the development of a formal framework that governs the prioritisation and development of ERF methods that includes provision for:

- *a multi-stage review, development and approval process*
- *the opportunity for third parties to propose and prepare ERF methods.*

At present, Methodology development is conducted by the Department who have limited resources and can only accommodate minimal opportunity for input from industry. As a consequence there are some gaps in possible land restoration opportunities, such as but not limited to:

- *environmental plantings that allows commercial seed collection or harvesting of native foods;*
- *method stacking for all of landscape restoration;*
- *low density tree planting, that may have the potential to become eligible offsets projects under the ERF.*

6. What are your views on the suitability of the permanence period discount?

To our knowledge, there has been no published explanation of the 20% permanence discount applied to the 25 year permanence period option, therefore it is difficult to assess its suitability.

7. What are your views on the suitability of the risk of reversal buffer?

It is a reasonable proportion. It would be helpful to see how this is used from a transparency point of view.

8. What are your views on the risks posed to land-based abatement and the adequacy of ERF and project-level risk mitigation measures?

The main risk observed to participants of the ERF that we have observed is the change in ERF model simulation results, for both FullCAM and SavBAT, as they have been updated as part of a requirement in response to improvements in science. Had there been no grandfathering provisions for the Methods using these models (noting that Methods using FullCAM did not have any provisions, these were provided after industry consultation and recommendation), the participants of the projects could have faced abatement volume reductions of up to 30%. The

balance in accuracy of science between participant and Department's published model is considerably imbalanced with participants producing project data with no more than a 5% material misstatement and the Department producing models that can vary as much as 30%. Including updates to best available science is a requirement under the CFI Act and cannot be avoided and it is encouraged, however, it would be helpful to see an uncertainty map of the data that goes into the model so that participants can be aware of and provision for changing science.

9. What are your views on the risks to contracted abatement resulting from ERF projects being concentrated geographically and by method type?

10. Should the ERF more explicitly address climate resilience and impacts? If so, how?

It makes sense that the ERF considers addressing climate change impacts and resilience more explicitly. Depending on how abatement measures go, it may have no option but to do so, due to the direct impacts of climate change.

Land based ERF projects are key in this area as the co-benefits generated by these projects can also provide climate change adaptation measures such as: soil stabilisation, reduction in gully erosion, shelter/shade provisions for livestock and crops, improved fire management, etc. Further, land based sequestration should be based on the latest thinking in relation to climate change including provenance of seeds, design and planting methodology, for example Greening Australia has undertaken a climate future plots project. Climate Future Plots are areas of revegetated and restored land which incorporate genetic and/or species diversity to enhance habitat resilience to the uncertain and unpredictable effects of climate change.

11. Is there a need for enhanced guidance on how to manage ERF projects for multiple benefits? If so, should this be part of the ERF or complementary programs and policies?

There is a lot of work currently being implemented via various state-based programs and policies outside of the ERF, e.g. the Accounting for Nature framework, state based offset programs, SARA standard. Approaches such as these provide the opportunity to integrate the delivery of multiple outcomes at scale through land-based carbon sequestration.

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