



Australian Government



The Carbon Farming Initiative

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Outline of presentation

- Overview of the Carbon Farming Initiative
 - Context
 - Principles and design
 - Eligible and ineligible activities
 - Scheme processes
- Offset methodologies
- Opportunities in soil Carbon

Carbon Price and the Land Sector

- Exclusion of forestry and agricultural sectors from carbon price obligations
- In addition, forestry activities will not face a carbon price for
 - off-road use of fuel
 - or their on-road use of light vehicles
- Heavy on-road liquid fuel use will not be covered until 1 July 2014
- Land sector package - \$1.7 billion in sustainable agriculture, carbon and biodiversity.

The Carbon Farming Initiative

- Landholders can receive carbon credits for:
 - Reducing emissions from agriculture and land use.
 - Increasing the carbon stored in soils and vegetation.
 - Kyoto and non-Kyoto activities.
- People and businesses can buy CFI credits to offset their emissions.



Examples of eligible activities



SEQUESTRATION

- Reforestation
- Revegetation
- Rangelands restoration
- Soil carbon
- Native forest protection

EMISSIONS REDUCTION

- Fertiliser management
- Manure management
- Reduced livestock emissions
- Feral camel culling
- Landfill gas flaring
- Savanna fire management

CFI: principles and design

Accurate accounting

- Approved methodologies
- Internationally consistent

Permanence

- Obligations
- Discounting – risk of reversal buffer
- Hand back credits

Avoid Leakage

- Discounting – through methodologies

Additional Plus

Additional

- Not mandatory
- Positive List

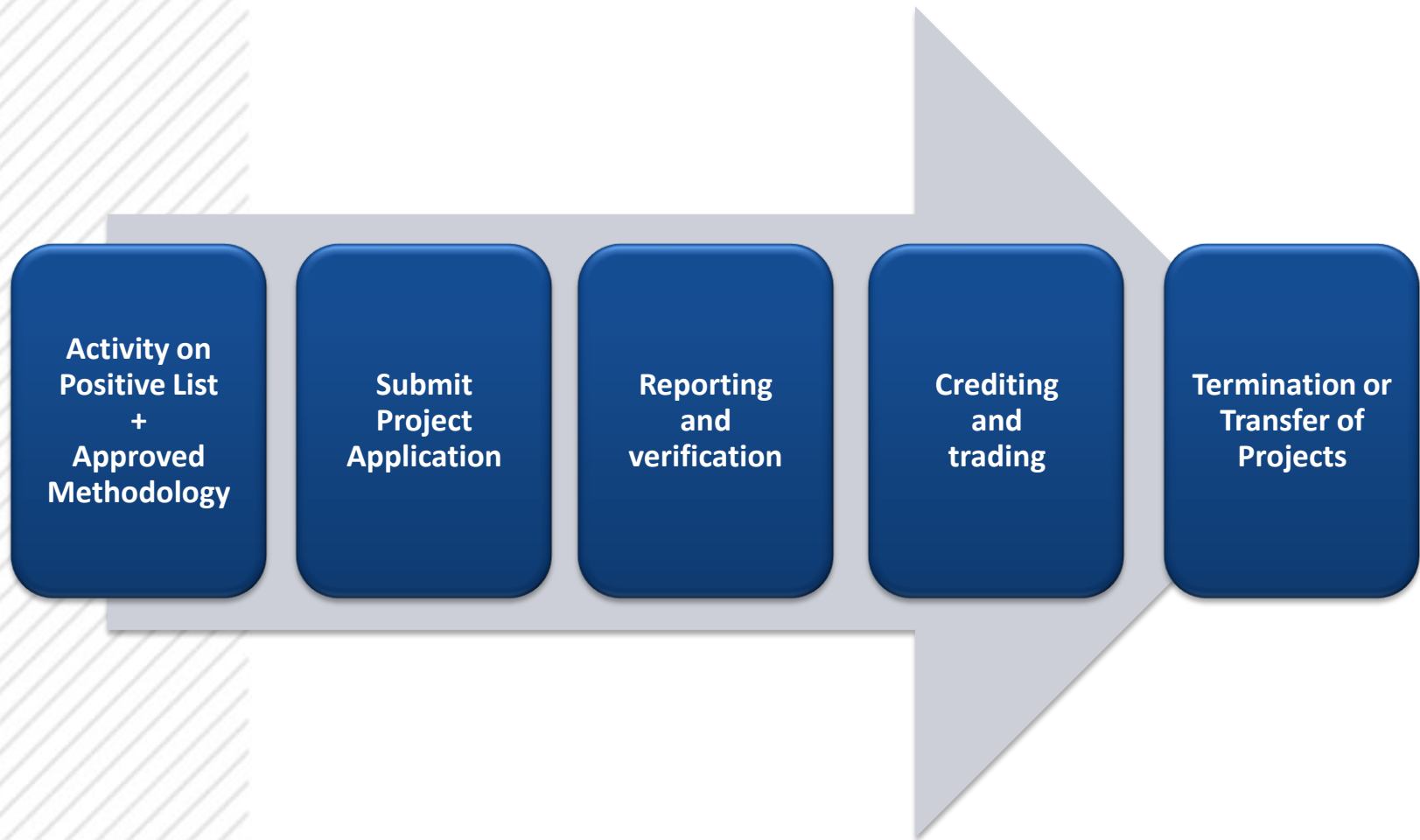
Avoiding impacts

- Not on the Negative List
- Regulatory approvals
- Regional NRM plans

Co-benefits

- Extra benefits for biodiversity or Indigenous communities.

Scheme mechanics – how to get involved



What is in a methodology

- Rules and procedures for:
 - Determining baseline emissions
 - Estimating abatement relative to the baseline, including any:
 - Rules for estimating ‘average’ increases in net emissions and removals
 - Project monitoring
 - Project-specific record keeping and reporting

Who can develop methodologies?

- Methodologies can be developed by anyone – for example
 - a member of the community,
 - a corporation,
 - the Government
- The Domestic Offsets Integrity Committee assesses methodologies and makes recommendations to the Minister
- The Minister approves each methodology for use under the CFI

Methodologies being assessed

Government sponsored methodologies being assessed as suitable for the CFI:

- Capture and combustion of methane in landfill gas
- Savanna burning
- Destruction of methane generated from manure in piggeries
- Environmental forest plantings (modelled approach)

- A range of Government sponsored methodologies are planned for 2012 and 2013
- There is considerable interest from private methodology developers
 - Will bring innovative ideas and expertise, more methodologies

Approach with Soil Carbon

- Activities which sequester soil carbon are potentially eligible under CFI
- Abatement estimation is a challenge for soil carbon
 - Natural variability in soil carbon levels
 - The need to measure real sequestration over and above the ‘noise’ created by natural variability
 - soil carbon sequestered must be maintained

Soil carbon methodologies

- Soil carbon methodologies can be developed by Government or by private proponents
- Government sponsored methodologies
 - Soils Technical Steering Group
 - Technical Working Groups
- Both direct measurement and modelled approaches to soil carbon methodologies
- Soils methodologies will be released in 2012



Challenges - Permanence obligations

- Maintain carbon or hand back credits
- Re-establish carbon after a fire or drought
- Risk of reversal buffer
- Carbon maintenance obligation
- Averaging within methodology



Trading – when?

- No one can trade yet
- Once the CFI commences early December 2011 trading can commence

Questions

More Information

- Online: www.cleanenergyfuture.gov.au
- Email: CFI@climatechange.gov.au