



HUMANE SOCIETY INTERNATIONAL

HSI PROPOSALS FOR GREEN CARBON CLIMATE CHANGE INITIATIVES COMPRISING - TRANSITIONAL CLIMATE CHANGE AND FORESTS PROTECTION LEGISLATION AND ASSOCIATED BUDGET FUNDED MEASURES

Introduction: An Australian *Climate Change and Forest Protection Act*

Humane Society International (HSI) notes that it may be some time before a national consensus on the best means to tackle dangerous climate change is reached, particularly on the issue of a price on carbon, and before the necessary regulatory mechanisms are put in place. HSI also notes that pending the introduction of a comprehensive approach, the Government is committed to various direct actions primarily relating to emissions reduction and energy efficiency.

However, there is no existing regulatory regime in Australia to provide financial incentives for the protection of terrestrial carbon stores, such as forests (hereafter referred to as 'green carbon'), given the gap left by the absence of the Carbon Pollution Reduction Scheme (CPRS) legislation.

.HSI is therefore proposing an interim non-controversial measure for addressing this climate change policy gap.

Addressing this gap is critical as natural forests and other ecosystems, especially wetlands are an important store of carbon and biodiversity. Loss and degradation of forests alone contributes about 20% of global carbon emissions and 13 % domestically. Unless this degradation is stopped, the international goal of avoiding dangerous climate change by not allowing global temperatures to exceed an increase in 2 °C will not be achieved.

HSI also notes that recent research by CSIRO suggests that green carbon offsets provided for in CPRS Sections 10 and 11 and those that can be generated under the National Carbon Offset Standard (NCOS) in the domestic voluntary market, could abate much of Australia's emissions

HSI therefore recommends the introduction of national legislation to provide a legal framework to govern Australia's contribution, through green carbon offsetting, to protect both international and domestic natural forests and other ecosystems for carbon conservation, biodiversity conservation and other environmental, economic and social benefits and services.

HSI proposes that the Federal Government introduce a '*Climate Change and Forest Protection Act*' as an interim step pending the adoption of comprehensive national climate change legislation.

The objects of this legislation would be to:

1. Provide a regulatory regime for the protection of carbon stores contained in natural forests and other ecosystems through a domestic, voluntary 'green carbon' offsetting program;
2. Provide a regulatory regime governing the participation by Australian entities in voluntary 'green carbon' offsetting at the international level (with scope for this to be extended to any future compliance market, such as a UNFCCC REDD+ mechanism); and
3. Ensure that Australian entities, including Government, adheres to internationally agreed safeguards when participating in activities for reducing emissions from deforestation and forest degradation in developing countries and the role of conservation, sustainable management of forest and enhancement of forest carbon stocks in developing countries (REDD+).

This Act would make a significant contribution to Australian action to reduce greenhouse gas emissions and to protect biodiversity as well as providing other economic and social benefits to countries in our Region as well as rural Australia, at no net cost to the Australian community.

Once both domestic and international agreement has been achieved with respect to a price on carbon and domestic mitigation commitments, the provisions of the *Climate Change and Forest Protection Act* could be incorporated in a new comprehensive national climate change legislative regime.

1. Domestic Green Carbon Offsets Program

The Government's National Carbon Offset Standard (NCOS) (1), which commenced on 1 July 2010, does not clearly include all domestic 'green carbon' offsetting for the retirement of voluntary emissions reductions from activities such as avoided deforestation. These activities were intended to be eligible for NCOS via the retirement of 'Australian Emissions Units' created by the Government's CPRS Bill 2010 which could be established by reforestation and other domestic offsets under Parts 10 and 11A of the CPRS., but which currently do not exist given that consideration of the CPRS has now been postponed until at least 2012

However, these types of activities in Australia could potentially be accepted under the Standard if they are certified under the Gold Standard or the Voluntary Carbon Standard (NCOS paragraph 3.1), or meet paragraph 3.2 of NCOS.

As an interim measure to provide greater clarity and scope for carbon offsetting and improved natural resource management including protection of native vegetation in

Australia, it is proposed that interim legislation be established to provide for a domestic ‘green carbon’ offset program, which will ensure that green carbon activities such as avoided deforestation be promoted for the voluntary carbon market in Australia.

This program could be adapted from Parts 10 and 11A of the CPRS Bill and the NCOS, thereby creating a scheme to establish and govern domestic green carbon offsetting activities in Australia. The inclusion of provisions in legislation would ensure a robust regulatory framework is created, that will provide clear and secure financial incentives for landowners in Australia to protect green carbon stores, as well as having biodiversity and other benefits.

While offsets created under such a scheme would only be for voluntary projects initially, in the future the provisions could be easily incorporated into future climate legislation, whether the CPRS or otherwise, and the offsets created could be converted as eligible for domestic or international trading in the compliance market, as they are developed and agreed upon in the future.

2. International Green Carbon Offsets Program

The NCOS recognises that overseas REDD+ activities are potential credits for offsetting in Australia, through Voluntary Carbon Units issued by the Voluntary Carbon Standard and Voluntary Emission Reductions issued by the Gold Standard.

However, in addition in order to further encourage voluntary carbon offsetting to protect native forests and other ecosystems in developing countries, and to provide added incentives and protection to investors in Australia, it is proposed that the *Climate Change and Forest Protection Act* would create an international green carbon offsets program. This program would guide and regulate the participation of Australian entities in international green carbon projects, in respect of both the proposed UNFCCC REDD+ mechanism and the burgeoning voluntary market in this area. It would create a formal program for the use and retirement in Australia of REDD+ credits created in developing countries.

This international green carbon offsets program would also include the mandatory application of internationally agreed safeguards, discussed below.

3. Incorporation of REDD+ safeguards

By providing a clear legal framework consistent with international agreements and current practice in voluntary offset markets, transitional legislation would encourage Australian entities to undertake REDD+ investments in developing countries. However it is important that the *Climate Change and Forest Protection Act* contain provisions to ensure that biodiversity and social safeguards are adhered to in relation to any REDD+ investments and activities conducted both in Australia and in developing countries. This will ensure that Australia contributes to the environmental, economic and social objectives of REDD+, including the reduction of carbon emissions.

In particular, HSI proposes that for the purposes of Australian legislation, existing international safeguards are interpreted to prioritise activities aimed at protecting natural forest or restoring degraded forest and that any form of new logging in intact natural forests is not eligible for Australian offsetting approval.

In support of the inclusion of safeguards, we note that under the UNFCCC negotiations, considerable progress has been made on principles and policies for REDD+ (See text in relation to safeguards as contained in the UNFCCC Ad Hoc Working Group on Long Term Cooperative Action document FCCC/CP/2010/2, also referred to as Annex G to document FCCC/AWGLCA/2009/17 ('Draft Text') - copy of text is at Attachment 1). Australia is also party to the international REDD+ Partnership agreement (2) agreed to at the Oslo Climate and Forest Conference under which "partners may develop collaborative REDD+ efforts". This could include voluntary investment by Australian public and private entities in REDD+ projects. We also note that the Australian Government has already committed \$273m for REDD and REDD+ investments under its International Forest Carbon Partnership.

Under the Partnership agreement, Australia will need to ensure that its REDD+ investments are consistent with current and future international agreements. These agreements which are set out in the draft safeguards text of the AWG-LCA (3) and in Attachment 1, are intended to ensure that REDD+ investments will ensure permanent storage of carbon, ensure additionality, protect biodiversity and the associated natural forests and other ecosystems and will respect and protect the rights of indigenous peoples.

Moreover, voluntary standards are being developed to guide social and environmental standards for REDD+ activities that are already being undertaken in the voluntary carbon market around the world. Standards that come to be accepted as commonly used in this international market include the Voluntary Carbon Standard (VCS) and the Climate, Community and Biodiversity Standards (CCBS). REDD+ activities are eligible to receive certification under both these standards. Our understanding is that many REDD+ pilot projects in particular are applying for CCBS certification, such as the Juma Reserve project in Brazil and the Ulu Masen project in Aceh, Indonesia, given growing awareness of the potential negative social and environmental consequences of REDD+ activities.

Therefore, the inclusion of biodiversity and social safeguards within the *Climate Change and Forest Protection Act* would be consistent with current international negotiations and agreements, as well as existing practice in the voluntary carbon market for REDD+.

We also understand that the Department of Climate Change and Energy Efficiency ('DCCEE') is in the process of establishing an Integrity Committee to oversee applications for carbon offsets involving forestry schemes. Depending on the regulatory regime that is established to govern this Integrity Committee, the safeguards and proposed green carbon offset programs could be incorporated within its mandate and guidelines.

Budget funded measures

The above proposals for a legislative mechanism for promoting effective green carbon offset use will be insufficient on their own as a measure to enhance green carbon storage. For example, the nation's National Reserve System has an important role to play in maintaining secure green carbon stores for climate change mitigation. Significant additional green carbon store protection could be gained through other measures to maintain native vegetation on private land and to manage tropical savannah burning, which in itself is a major source of carbon emissions.

HSI therefore also proposes that the Government also consider a range of Budget funded measures to protect and enhance Australia's carbon stores through increased funding for the Caring for our Country Program. These measures could include for example: enhancement of the National Reserve system; additional funding for the Environmental Stewardship program and, additional funding to expand traditional fire management regimes across Northern Australia.

Contacts

Rod Holesgrove
Biodiversity/Climate Change Advisor
Humane Society International
Email: rodholesgrove@hotmail.com
Mobile: (61) 405 818 317

Michael Kennedy
Director
Humane Society International
Email: Michael@hsi.org.au
Telephone: (612) 9973 1728

References

1. Nat carbon offset standard
<http://www.climatechange.gov.au/en/government/initiatives/carbon-offset/for-business.aspx>
2. REDD+ Partnership- see:
<http://www.oslocfc2010.no/pop.cfm?FuseAction=Doc&pAction=view&pDocumentId=25017>
3. See the Copenhagen Accord; UN Framework Convention on Climate Change Decision 4/CP.15 on methodologies for REDD+; and, the work of AD Hoc Working Group on Long-term Cooperative Action (AWG-LCA) on REDD+



**HUMANE SOCIETY
INTERNATIONAL**

*PO Box 439
Avalon, NSW 2107
Australia*

*www.hsi.org.au
Telephone: (612) 9973 1728
Facsimile: (612) 9973 1729*