

Friday, October 22, 2021

Office of Climate Change, Environment Division
Department of Environment, Parks and Water Security
Northern Territory Government

ICIN Response to the Northern Territory Government

Re: Draft Greenhouse Gas Emissions Offset Policy

The Indigenous Carbon Industry Network (**ICIN**) is the peak industry body representing Indigenous owners and operators of carbon projects across Australia. Our members include 35 Indigenous organisations which collectively abate around 1 million tonnes of CO₂e emissions a year,¹ delivering Australian Carbon Credit Units (**ACCUs**) with an estimated value of around \$25 million per annum,² making a significant contribution towards Australia's Emission Reduction Target, while also delivering direct and indirect benefits to Indigenous communities.

Indigenous savanna carbon is a major emerging industry rapidly expanded from the successful West Arnhem Land Fire Abatement (WALFA) project (2006) to 32 Indigenous-owned savanna fire management projects across north Australia today.

The largest source of abatement to date has been achieved in the Northern Territory, where Indigenous groups have generated around 67% of the total Indigenous savanna fire management ACCUs and around 80% of the total ACCUs from any method generated in the Northern Territory.

In the early dry season, traditional landowners and Indigenous ranger groups undertake burning to limit the extent of destructive late dry season wildfire. Scientists worked together in partnership with Indigenous land managers to develop the methodology for measuring the savanna burning carbon abatement

Indigenous carbon credits attract a substantial premium on the voluntary market due to the multiple benefits they deliver to the environment and communities as part of their savanna carbon farming projects.

In addition, there are also several Indigenous-owned Human-Induced Revegetation (HIR) vegetation carbon projects in Queensland and Western Australia which enable recovery of landscapes predominantly from the significant impacts of pastoralism.

ICIN has identified several other potential methods currently in the research and development phase which are of interest to Indigenous land and sea managers across the Northern Territory. These include:

1. The methane benefit of removing feral ungulates from the landscape.
2. The blue carbon benefit to coastal floodplains vegetation and soil from removing or controlling feral animals or wandering stock.
3. Strong interest on corporate and government markets for purchasing carbon 'co-benefits' including 'natural capital', biodiversity credits and social and cultural benefits.

¹ Clean Energy Regulator Project Register, May 3 2021.

² Based on current production at current spot price \$18.50/tonne plus 30% premium



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The ICIN has a strong history of working with the Australian Government and Northern Territory Governments on climate change policy and programs. It receives funds from the Department of Industry Science and Resources with support from the Northern Territory and Queensland Governments to support its Understanding the Carbon Market project. The ICIN welcomes this opportunity to provide input on the proposed Draft Offsets Policy.

The Australian carbon industry provides an opportunity for Indigenous people to engage in business opportunities that deliver considerable benefits for Indigenous communities. Indigenous organisations reported to ICIN in its 2019-member survey a significant increase in their capacity to care for country, culture, and communities because of their engagement in the carbon industry, as well as a substantial increase in financial autonomy from carbon income.

Given these benefits, ICIN members would like to highlight the crucial importance of a robust Australian carbon market, supporting ambitious emission reduction targets, recognising the rights and interests of Aboriginal people and ensuring through its offset policies, the Northern Territory is prioritising high quality carbon offsets that generate social, cultural, economic and environmental benefits.

ICIN welcomes the development of the NT Governments Offsets policy. However, ICIN members were shocked to discover that a Large Emitters policy was already in force prior to consultation on the Draft Offsets policy. We understand that the Large Emitters policy was released for 'targeted consultation' earlier in the year which did not include ICIN, or the largest producer of carbon credits in the NT (ALFA NT). It is now in force with extremely high caps on greenhouse gas pollution, particularly for land clearing. We are very concerned that this is already generating perverse outcomes, such as encouraging a boom in land clearing applications and new large industrial proposals, several of which have already been granted by the Minister without requiring any offset of emissions. It appears that the large emitters policy essentially incentivises greenhouse gas pollution by unintentionally giving false licence to new developments below the caps (up to 100,000t) and especially land clearing (up to 500,000t) with little regard for cumulative impacts. These caps render the Draft Offsets Policy mostly meaningless and limit its application unless it is for a single, extremely large development application.

Both policies have been written and released prior to the Emissions Reduction Strategy, which we understand to be in progress and due for release as a draft in early 2022. This essentially means that neither the Large Emitters policy nor the Offsets Policy are tied to any actual emissions reduction targets. Current data available should enable the Northern Territory Government to estimate the degree of change required to reduce the NT's greenhouse gas emissions footprint (21 Mt in 2019 based on the State Greenhouse Gas Inventory) to zero emissions by 2050.

We also note that the policy is dependent on a determination by the Minister at every stage, given that under the Environment Protection Act the EPA only has powers to make recommendations rather than require an offset. Therefore, this policy is vulnerable to decisions based on the politics of the day rather than science. We urge the Northern Territory Government to strengthen the EPA's role and powers in assessing and determining whether or not an offset is required; and how.



Recommendations

The Northern Land Council has provided a detailed submission to the Draft Offsets policy. ICIN endorses the Northern Land Council's submission, as it is a key member of ICIN and represents the interests of Traditional Owners in its region. It also wishes to make the following key recommendations.

Key recommendations by ICIN

1. That the NT Government engage the ICIN in development of any policy relevant to climate change or Indigenous land and sea management so that we can support improved engagement by Indigenous organisations and provide advice.
2. In line with the NT Government commitment to a whole of NT-economy zero emissions target by 2050 and the Territory Economic Reconstruction Committee report which highlighted the need to support Decarbonisation, any Offsets Policy must be linked to interim emissions reduction targets to ensure these are properly informed and drive meaningful emissions reduction across the economy.
3. To support genuine emissions reduction across the economy (and mindful that ICIN has been engaged in conversations with government on this policy for the past three years), ICIN recommend that the NT Government do not approve and enforce the Draft Offsets Policy until the Emissions Reduction Draft Strategy can inform this policy early next year, at which time the Large Emitters Policy should also be reviewed.
4. The Large Emitters policy should be informed by the Emissions Reduction Strategy, containing thresholds which significantly drive down the NT's emissions, be consistent across all types of large emitters (industrial/land use) and linked to the Offsets Policy to avoid perverse outcomes.
5. That the roles of the responsible Minister, EPA and proponent in assessing, reporting, measuring and monitoring greenhouse gas emissions are more clearly outlined in the policy, including reference to the relevant legislation and policies.
6. That the role of the EPA in this process as a scientific body independent of the politics of the day is significantly strengthened, including that the Minister delegate powers to the EPA to assess and determine whether or not an offset is required, and if so how.
7. That it is clarified how the regulator and decision-maker will require an offset.
8. That the policy clearly states that an offset is a last resort for reducing greenhouse gas pollution, and also highlights that, under the EP Act, the Minister or EPA may decide that it is not appropriate for a development to go ahead if sufficient reduction and offset measures are not available or not appropriate.
9. That the term and category of 'indirect emissions offset' is removed from the Draft Offsets Policy. Although we support R and D towards methods that support Indigenous land and sea management, this does not equate to an offset. We are also concerned that this clause could be used to support Carbon Capture and Storage development given that CCS is now an ACCU method. See announcement by NTG, CSIRO and major gas companies here.³
10. Any R and D investment scheme supporting Indigenous carbon projects is welcome but it is additional to an offset and has a separate social, environmental, cultural and economic return on investment. Government should ensure that any R and D investment it facilitates

1. <https://www.csiro.au/en/news/news-releases/2021/csiro-and-partners-scope-nt-hub-to-lower-emissions-and-boost-investment>



genuinely supports Indigenous self-empowerment and does not automatically entitle the investor to own the carbon credits when they are generated as an outcome of their R and D investment.

11. Cancellation (requisition) of ACCUs must be required of the proponent by the government to demonstrate that a real offset has been achieved and to prevent large multinational corporations from either using the ACCUs for another purpose or stockpiling ACCUs. This should be clearly stated in the Offsets Policy.
12. That the term 'one-off emitting event' is removed in relation to land clearing. Land clearing removes the carbon not only in the vegetation and soil cleared, but also the capacity for vegetation and soil to sequester carbon in the future which will be felt for generations to come. We urge the government to gain a better understanding of how land clearing may negatively impact on the NT's ability to support savanna woodland as carbon sinks and to significantly reduce the emission trigger for land clearing given that the emissions from land clearing still occur whether they are acknowledged in policy or not.
13. Given the current rapid upward trajectory of the NT's emissions the policy should require a 100% offset of the proponent's liability using direct offsets if it is to be acceptable to the community and new developments do not scupper the NT's capacity to achieve a net zero emissions economy.
14. That the policy should refer explicitly and specifically to rules under the Clean Energy Regulator for generation, trade and cancellation of ACCUs.
15. That the policy should exclude Safeguard Mechanism Credits proposed by the Australian Government as a potential form of alternative emissions offsets given that they are not additional, and therefore not a real offset.
16. That the Territory-first hierarchy needs to be clarified to include reference to allow access to any Australian offset where a Territory-generated ACCU is not available.
17. That the rights and interests of Aboriginal people are fully recognised in this policy, including the right to Free, Prior and Informed Consent for any development on their country as well as any NT legislation protecting the rights and interests of Aboriginal landholders.
18. That the offset hierarchy should also prioritise, and favour offsets that generate additional social, environmental, cultural and economic co-benefits.
19. If a claim is made by the proponent about supporting Indigenous economic development through the offset, this should be demonstrated through the purchase of Indigenous-owned carbon credits.
20. That the mechanisms of compliance and enforcement of an Emissions Offset Approval are fully detailed in the Offsets Policy.
21. That any emissions reduction and offset policies take in the recommendations by scientists across the world articulated in the International Panel on Biodiversity and Ecosystem Services/ IPCC 2021 Global Assessment Report Summary for Policymakers⁴

⁴ https://ipbes.net/sites/default/files/2020-02/ipbes_global_assessment_report_summary_for_policymakers_en.pdf