

information sheet

SUSTAINABLE LAND USES

Carbon sink forests information sheet

Please note: While all care has been taken in the preparation of this information sheet, it is not a substitute for legal advice in individual cases. The content of this information sheet is current as of July 2011.

This information sheet is one of a series on sustainable land uses which have been developed for Local Aboriginal Land Councils (LALCs) by the NSW Aboriginal Land Council (NSWALC). Copies of the information sheet are available from www.alc.org.au or by calling the NSWALC Policy and Research Unit on (02) 9689 4444.

What is a carbon sink forest?

Carbon sink forests are usually small plantings incorporated into existing agricultural land in less productive areas. Carbon sink forests are grown for the purpose of absorbing and storing carbon dioxide from the atmosphere. The carbon is stored in the leaves, soil and roots of trees with forests absorbing more carbon than they release. These types of forests are important in counteracting Australia's carbon dioxide emissions. This process of absorbing carbon from the atmosphere and directing it into a carbon "sink" (such as a growing forest) is called "carbon sequestration".⁽¹⁾

Carbon sink forests may offer benefits such as income for landowners, improving biodiversity, stabilising soils, managing salinity and boosting farm productivity.

What are carbon offsets?

A carbon offset is a reduction in emissions of carbon dioxide made in order to offset a carbon emission made elsewhere. Carbon offsets are tradable and often used to offset all or part of another person or organisation's emissions.

First steps

The first step is to investigate whether your land will make a good carbon sink site. Tree plantings for carbon sequestration do not need to be of a particular species or to be done on any particular type of site.

NSW Department of Primary Industries has developed a simple-to-use Carbon Sequestration Predictor that helps landowners

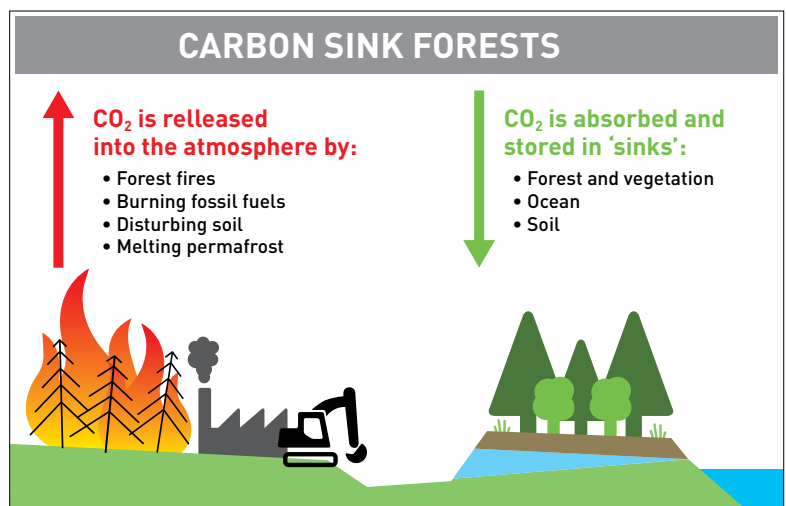
determine the amount of carbon that can be sequestered on their land. Go to: www.dpi.nsw.gov.au/forests/info/csp.

There are four programs which can help landowners to establish a carbon sink forest:

1. Carbon Neutral Program
2. BioBanking
3. Carbon Farming Initiative (CFI)
4. Emissions Trading under the Greenhouse Gas Reduction Scheme (GGAS)

Carbon Neutral Program

The Carbon Neutral Program is run by the Australian Government and allows businesses and organisations to be certified under the National Carbon Offset Standard (NCOS) as "carbon neutral". This means that the net carbon dioxide emissions from manufacturing a product, or an organisation's activities, are equal to zero. Landowners including LALCs can voluntarily join this program by planting trees to create carbon credits. In turn, businesses and organisations will buy these credits from the landowner to offset their carbon emissions and gain a carbon neutral certification. The key advantages to the landowner are the income from selling credits and the opportunity to improve land while protecting any significant Aboriginal culture and heritage sites which may be present on the land.



More information about the program can be found in the *Carbon Offset Guide Australia*:
www.carbonoffsetguide.com.au

BioBanking

BioBanking is a scheme established by the NSW State Government to protect NSW biodiversity. The BioBanking Scheme is a market-based program designed to give landowners an economic benefit from conserving the biodiversity on their land, while also providing potential for landowners to develop their land in an environmentally sustainable way.

The BioBanking Scheme works by assigning “credits” to a landowner which represent the value of biodiversity on their land. If a landowner then wants to develop and clear their land, they would have to buy the amount of credits that would be lost from their site from another landowner who wants to conserve their land as an offset to the development. For the developer there are benefits in terms of going through a slightly alternative development consent process, which could potentially be cheaper and easier than going through the normal development application channels. For more information about the BioBanking Scheme, see the BioBanking information sheet within this toolkit or contact NSWALC to receive a copy of the *NSWALC Guide to BioBanking for Aboriginal Landowners*.

Carbon Farming Initiative (CFI)

The CFI is an offset program to help landowners earn income from reducing emissions by changing their land management practices, such as planting carbon sink forests. LALCs need to identify methods that qualify for the CFI and create profitable projects that generate carbon offsets for sale. An ecologist/agriculturist can help LALCs identify if they are eligible for the CFI.

NSWALC has written a number of submissions regarding the CFI that outline key concerns relating to the initiative and its relationship to the *Aboriginal Land Rights Act 1983 (NSW) (ALRA)*. The latest submission summarising all relevant points is available from: www.aph.gov.au/house/committee/ccea/24March2011/subs.htm.

Greenhouse Gas Reduction Scheme (GGAS) and emissions trading

The GGAS is a scheme run by NSW Department of Primary Industries. Under the GGAS, electricity providers can offset their carbon emissions by buying “abatement certificates” (known as NGACs) from landowners of carbon sink forests.

A landowner of a carbon sink forest can become an *Accredited Abatement Certificate Provider* by applying to a Scheme Administrator. The Scheme Administrator will review the application and may make a visit to the site. Successful applicants will be listed on the GGAS Registry as an *Accredited Abatement Certificate Provider* and can begin selling Carbon Abatement Certificates.

As it can be costly and time-consuming to manage plantations for carbon offset trading, it is generally appropriate for smaller landowners to add their forests to a “pool” managed by a Certificate Provider called a “pool manager”. Landowners need to transfer control over carbon rights to the pool manager, noting that this is registered on the land titles until removed at the end of the pool’s life. The pool manager is effectively an “agent” through which the land owner can contribute to the creation of abatement certificates. Pool managers keep part of the revenue from the abatement certificate sales to cover their costs. Careful consideration of the benefits and risks associated with this should be undertaken.

Further information can be found online at:
www.greenhousegas.nsw.gov.au.

Planting trees for carbon sequestration

Careful attention to creating and growing carbon offset forests is important as there are requirements for carbon forests to remain viable and grow over a long timeframe. Plantings already established for wood production or salinity control may be permissible as a carbon sink on eligible land. Details of site preparation and aftercare requirements as well as further information on land eligibility can be obtained from the NSW Department of Primary Industries (www.dpi.nsw.gov.au).

Benefits and risks

The carbon economy setting is always changing and there is a risk that landowners may be lured into bad schemes by not being provided with enough information or being provided with misleading information. It is recommended that Aboriginal landowners research potential opportunities thoroughly, exercise caution in any financial dealings and seek economic, legal and environmental advice prior to engagement with any initiative.

In particular, landowners should seek advice to determine how development of carbon sink forests will interact with the ALRA and prevailing land rights. In particular, it is important to determine:

- Whether carbon sink forests are land dealings requiring NSWALC approval under Part 2 Division 4 of the ALRA
- Whether changing land use (to a residential or commercial purpose) will result in a change in any rates, levies or charges payable in relation to the land as described in Part 2 Division 5 of the ALRA or Clause 7 of the *Aboriginal Land Rights Regulation 2002*.

NSWALC can assist with answering these questions.

Carbon sink forests can provide an added income to landowners as they can sell their carbon credits to businesses and organisations who want to offset their carbon emissions. Additionally, carbon sink forests

provide an ecological benefit by maintaining and improving Australian native forests.

LALCs need to consider that carbon sequestration programs have a minimum time period for which the land must be used to offset carbon emissions. Most programs require 70-100 years of carbon offset obligation.

Accurately predicting carbon prices for 60 or more years into the future is not possible. Prices have fluctuated over the last five years from profit to loss.

Physical risks include fire, insects and drought. Apart from scattering the plantings over a wide area to reduce the risk of losing many to a fire, there is little one can do to completely avoid most risks of this type.

Contractual risks include collapse of the trading scheme itself, or of a pool manager. The first is unlikely since any national scheme would be regulated by legislation.

⁽¹⁾ Department of Climate Change and Energy Efficiency

Available Grants

Grant	Purpose	Contacts and Information
Grants under the Climate Change Fund	Established to help business, households, schools, communities and government save water, energy and greenhouse gas emissions.	Environmental Funding Programs section at the Office of Environment and Heritage. Web: www.environment.nsw.gov.au/grants/ccfund.htm Phone: (02) 8837 6093
Small Grants for Small Rural Communities Program	Open to not-for-profit organisations for projects that offer public benefit for small rural and remote locations in Australia, contributing to their development in social welfare, the environment or cultural areas.	Foundation for Rural & Regional Renewal (FRRR). Web: www.frrr.org.au/programsDetail.asp?ProgramID=4 Email: info@frrr.org.au Phone: 1800 170 020
Community Builders Funding Program	A community strengthening building program. It includes fixed term funding available each year for new projects. Only not-for-profit legal entities and local government authorities which have an ABN may apply.	Department of Family and Community Services. Web: www2.communitybuilders.nsw.gov.au/ Email: askcommunitybuilders@community.nsw.gov.au Phone: 1800 277 994
Various grants under the Environmental Trust	Environmental Trust is an independent statutory body that supports exceptional environmental projects that do not receive funds from the usual government sources.	For information on available grants. Web: www.environment.nsw.gov.au/grants/envtrust.htm Email: info@environmentaltrust.nsw.gov.au Phone: (02) 8837 6093
Indigenous Carbon Farming Fund	The Indigenous Carbon Farming Fund was set up by the Australian Government under the Clean Energy Future Package. The Fund is managed by the Australian Government Department of Energy Efficiency and Climate Change and includes a \$22 million pool of funding for Aboriginal landowners to assist with engagement in the Carbon Farming Initiative.	For information on the Fund. Web: www.cleanenergyfuture.gov.au/clean-energy-future/land-use/supporting-skills-in-land-management/ Phone: 1800 057 590
Remote Indigenous Energy Program	The Remote Indigenous Energy Program was set up by the Australian Government under the Clean Energy Future Package. The Program is managed by the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs and includes \$40 million funding over four years to provide financial support to install renewable energy generations systems in remote Indigenous communities.	For information on the Program Web: www.cleanenergyfuture.gov.au/clean-energy-future/securing-a-clean-energy-future/chapter-8-creating-opportunities-for-farmers-and-landholders/ Phone: 1800 057 590
Biodiversity Fund	The Biodiversity Fund was set up by the Australian Government under the Clean Energy Future Package. The Fund is managed by the Australian Government Department of Energy Efficiency and Climate Change and includes a \$946 million pool of funding over six years to support projects that establish, protect or manage biodiverse carbon stores.	For information available on the Fund. Web: www.cleanenergyfuture.gov.au/biodiversity-fund/ Phone: 1800 057 590

Call: Policy and Research Unit on (02) 9689 4444

Email: policy@alc.org.au | Web: www.alc.org.au



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