AUSTRALIAN Pork™

Australian Pork Limited

PO Box 148
DEAKIN ACT 2600

P 02 6285 2200
F 02 6285 2288

www.australianpork.com.au

ABN 83 092 783 278

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

15 April 2011

Dear Committee Secretary,

R.E. *Carbon Credits (Carbon Farming Initiative) Bill 2011*

Australian Pork Limited (APL) would like to thank the Senate Standing Committees on Economics for the opportunity to provide this submission. As the peak national representative body for the pork industry, we believe there are significant opportunities for Australian pork producers to participate in the Carbon Farming Initiative (CFI). We would like to raise concerns regarding the CFI which may act as roadblocks to successful pork producer participation. Principally these relate to the mitigation of carbon emissions, through methane flaring technologies on farms and land application of fertiliser/manure, details of which are provided below.

1. CARBON FARMING INITIATIVE PRINCIPLES

INTENTION OF THE CARBON FARMING BILL

APL believes the Carbon Credits (Carbon Farming Initiative) Bill 2011 (the Bill) does not provide a clear enough picture of the initiative, its intent and how it will impact on producers and the agriculture sector generally. The majority of the Bill seems to focus to heavily on administrative issues such as the roles of administrators and compliance issues. The Bill continually refers back to the 'regulations' [Part 28, Section 307] but without the detail in these regulations and the ability to link this back to the Bill it is very difficult to gain a clear picture of the CFI and its impact.

Without more detail in the Bill and without the accompanying regulations to review, APL is concerned that those issues will be omitted or interpreted differently, despite its intent. It is therefore important that the regulations are developed in consultation with all stakeholders. To support the Bill APL needs assurance that the intent of the Bill, as per the Explanatory Memorandum, will be transferred and reflected in these regulations.

DEFINITIONS

While the Bill mention emissions from the decomposition of manure and urine and emissions from soil, it fails to recognise in the Section 5 definitions, *agricultural emissions avoidance projects* in relation to the application of fertiliser/manure to land. Yet, the Explanatory Memorandum on page 13 mentions that the primary source of agricultural emissions is from livestock production and fertiliser use. On page 11 it also states, 'that any land management practises or activities that enhance biosequestration or reduce agricultural emissions could be eligible for Australian Carbon Credit Units.' Without its inclusion in the Bill it may be omitted from the CFI.

Page 13 (1.22) states 'the CFI does not cover reductions in emissions from electricity or transport, even if these emissions are the result of agricultural production or directly associated with an abatement project'. APL would like to know why reductions in emissions

AUSTRALIAN Pork™

Australian Pork Limited
PO Box 148
DEAKIN ACT 2600
P 02 6285 2200
F 02 6285 2288
www.australianpork.com.au
ABN 83 092 783 278

from these sources are not recognised as eligible for offset credits as they still contribute to an overall reduction in greenhouse gas emissions.

ADDITIONALITY

Open-endedness and the lack of definition of "additionality" in the Bill are also of concern to APL. The definition and intent of "additionality" in the Explanatory Memorandum is very different from that included in the Bill. We are concerned about the potential for this definition to change after the Bill has been passed as legislation.

2. COMMERCIAL RISKS

PRIVACY PROVISIONS

APL welcomes the ability for a producer to request the removal of information regarding their carbon offset project from the public register on the basis of commercial risk. However we also believe there should be another mechanism where potential buyers can contact the Department of Climate Change and Energy Efficiency to request a data base search for information specific to their requirements; otherwise producers who withhold information on the public register regarding their carbon offset project for commercial reasons could be penalised by not having potential carbon credit buyers see their information.

Producers should have the right to protect their commercial information in relation to carbon offset projects. Currently the Bill states that protected information related to particular offset projects can be disclosed after seven years to facilitate continued methodology development and improve carbon accounting techniques. APL believes that Government should formally request access to producers' commercial information in relation to their carbon offset project methodology development. We believe producers' privacy in relation to this information should be protected and that commercial information should not be released by the CFI Administrator [Part 27, clause 274] without notification.

Part 27, clause 281 of the Bill states that disclosure of summaries of protected information will occur if individuals are not likely to be identified. As a matter of privacy, producers need to be made aware in advance of any potential disclosure and use of their commercial information before any decision to release this information.

POWERS OF ENTRY

APL is concerned about the monitoring powers of an inspector under a warrant. It is clear that there is notification to the occupier of the premises if consent is given. However where a warrant is issued it is not clear whether prior notice must be given to the occupant, or whether an inspector can arrive unannounced and enter a premises even when no one is present [Part 18, Division 4, clause 204, 209]. Unannounced or unsupervised entry to a pig production premises may compromise biosecurity (and occupational health and safety) and therefore put at risk the health status of livestock present. These same concerns apply for compliance audits by inspectors.

AUSTRALIAN Pork™

Australian Pork Limited

PO Box 148
DEAKIN ACT 2600

P 02 6285 2200
F 02 6285 2288

www.australianpork.com.au

ABN 83 092 783 278

The Commonwealth, the State governments, APL and other livestock industry associations are signatories to the Emergency Animal Disease Response Agreement (EADRA). In this Agreement they must work together to reduce the risk of emergency animal disease incursions and share the approved costs of an emergency animal disease response. This Agreement requires that the pork industry adhere to its biosecurity plan as approved by all parties to the Agreement. We believe that biosecurity on pig farms will be compromised in the operation of the Bill if powers of entry are not modified.

ADMINISTRATIVE BURDENS

Like the National Farmers' Federation, APL believes there will be many administrative burdens to participating in the CFI because of the lack of detail currently provided. It is therefore difficult to determine the administrative burdens and impact on producer participation.

Support needs to be provided to local councils in relation to carbon offset project approvals, particularly if local or state regulatory approvals need to be obtained by producers for the project. If councils make it difficult and costly for the carbon offset project to go ahead, the initiative will not meet its full potential. For example inappropriate requirements are currently being applied by some local councils for biogas projects.

CASE STUDIES

Like the National Farmers' Federation, we believe that administrative costs overall may outweigh the benefits of participating in the CFI. We believe that the carbon abatement benefits to producers will be affected by the ongoing costs of measuring, reporting and verification for eligible carbon offset projects. To address this, we support the National Farmers' Federation that detailed costings and producer case studies are undertaken to show the level of the capital investment that is involved in setting up an eligible carbon offset project.

APL broadly supports the principles of the CFI and believes that Bill's intent is to support the agriculture sector in its efforts to become more environmentally sustainable. Unfortunately, pork producers will be less able to participate in the CFI if issues concerning commercial risk, administrative burden and recognition of carbon offset activities are not sufficiently addressed.

Please contact APL if you would like further clarification or information on these views.

Yours sincerely,

Kathleen Plowman
General Manager
Policy Division
Australian Pork Limited
02 6285 2200