Hon Paul Harriss MLC
Chair
Legislative Council Select Committee on the Tasmanian Forests Agreement Bill 2012

By email: stuart.wright@parliament.tas.gov.au

Dear Mr Harriss,

In response to the questions taken on notice from the Legislative Council Select Committee on the Tasmanian Forests Agreement Bill 2012, as detailed in your letter dated 22 January 2013, I am pleased to provide the following responses:

Further to the maps tabled as part of the Government's response to questions on notice today titled 'Future Reserve Land' and the Future Reserve land and Existing Reserves on Public Land, it would be appreciated if possible if you would provide a larger scale reproduction of map broken down into regional maps by tranche.

I am advised by DPIWFE that the maps required have been prepared and will be delivered separately from this letter and its attachment. I also understand that DPIWFE will be providing poster copies of the TWWHA Map C overlaying the proposed reserve classifications.

A flow chart outlining the Carbon Farming Initiative (CFI) under the Carbon Credits (Carbon farming Initiative) Act 2011 including an outline of the steps in the process and the implications of each of those stages.

The requested flowchart is attached and shows that the application of the Carbon Farming Initiative to prospective carbon projects is a complex process. Work is currently underway to understand the resources and processes that will be required to complete work described in the flowchart and this will inform subsequent advice to relevant Ministers.

Yours sincerely,

Norm McIlfattrick
SECRETARY

30th January 2013
An Overview of CARBON FARMING INITIATIVE Steps Considered Material To a TASMANIAN FOREST AGREEMENT Based Project

Key Carbon Farming Initiatives (CFI) steps required for submitting a successful proposal

**PHASE 1**

1a. Check to see if the proposal is on the CFI Positive List
1b. Make application for project type to go on Positive List if required
1c. Pursue Legislative changes with Commonwealth to Carbon Credits (Carbon Farming Initiative) Act 2011

Implications and notes

A proposal cannot progress unless on this list. A native forest project of the type envisaged by TFA is not currently on the list
As above - cannot progress without getting positively listed
Includes regulations to implement additivity as per exchange of letters between Tasmanian & Australian Governments

**PHASE 2**

2. Prepare CFI methodology if Phase 1 achieved.

At this stage issues like the project area boundary are defined, and any management & policy implications for meeting retention requirements (permanence) for the carbon (such as roading, logging, mining, prescribed burning etc) would need to be addressed.

**PHASE 3**

3. Submit the draft methodology to Dept Climate Change & Energy Efficiency (DCCEE)

4. The DCCEE reviews and seeks public comment

5. DCCEE forwards to Domestic Offsets Integrity Committee (DOIC) for formal review.

6. DOIC reviews and gives the proponent chance to respond to issues. Note - key review items at stage 4 & 6 will be additivity, leakage and measurement.
   Leakage - increase in emissions outside of project boundary as a direct or indirect result of project activities
   Additivity - abatement must be additional to what would occur in the absence of the project. Additional activities must provide a net environmental benefit that can ‘cancel out’ emissions that occur elsewhere and have value in an offsets market.
   Measurement - methods proposed to establish a baseline prior to the project and then monitor change over time relative to the baseline.

7. If accepted, the methodology is published on Federal Register of Legislative Instruments

**PHASE 4**

8. Prior to commencing project an applicant must be recognised as an offsets entity (ROE). This requires a qualification process.

An applicant can be an individual, body corporate, a trustee, a corporation sole, a body politic or a local governing body, and must pass a ‘fit and proper’ person test.

8. Prior to commencing project an applicant must be recognised as an offsets entity (ROE). This requires a qualification process.

An applicant can be an individual, body corporate, a trustee, a corporation sole, a body politic or a local governing body, and must pass a ‘fit and proper’ person test.

**PHASE 5**

9. Once the regulatory approvals are met the approved methodology can be applied to project area.

The proponent has a saleable product in the form ACCUs (Australian Carbon Credit Units) which can be traded or sold typically under bilateral arrangements. Significant additional work may be required to maximise price and participate in the market place.

**PHASE 6**

Ongoing project management and maintenance

Once a project is established and sales of credits are made, the proponent will have ongoing permanence, measurement and management responsibilities for the forest.