



**Cabinet Secretary**  
**Parliamentary Secretary for Climate Change and Energy Efficiency**  
**Parliamentary Secretary for Industry and Innovation**

B12/763

The Hon Bryan Green MP and the Hon Cassy O'Connor MP  
Minister for Energy and Resources and Minister for Climate Change  
House of Assembly, Parliament House  
HOBART TAS 7000

*Bryan Cassy*  
Dear Minister Green and Minister O'Connor

Thank you for your letter of 10 December 2012 regarding the interaction between the requirement for 'regulatory additionality' under 41 (1)(b) of the *Carbon Credits (Carbon Farming Initiative) Act 2011* (the CFI Act) and the Tasmanian Forests agreement Bill 2012.

Under the CFI Act, regulations can be made to allow CFI projects to meet the regulatory additionality test even though they are subject to certain legislative requirements. For example, the Government has made a regulation to allow CFI projects on land that is protected by a conservation covenant.

The Government anticipated that this provision would be used to ensure that additional forest protection as a result of the Tasmanian Forest Agreement could be credited under the CFI, notwithstanding that the forests would be subject to legislative protection. Now that the final form of the Tasmanian legislation is known, the Government will make a regulation to this effect early in 2013. This regulation will ensure that paragraph 41(1)(b) of the CFI Act does not exclude projects that involve conservation reserves established under the Tasmanian Forests Agreement Bill 2012.

As your letter observes, projects involving reserves covered by the Tasmanian Forest Agreement Bill will need to meet the requirements of the CFI legislation and be covered by an appropriate methodology that is still to be developed. The methodology will need to address baseline setting (this is what would have happened in the absence of the project and where the issue of Commonwealth funding for the Inter-Governmental Agreement would be explored) as well as other key requirements such as the project boundary and a discount for leakage. I understand that officials from my department and the Tasmanian Government will commence discussions on a methodology in early 2013.

I look forward to working with you to support the implementation of the Tasmanian Forests Agreement.

Yours sincerely

*Mark Dreyfus*  
MARK DREYFUS QC MP

20/12/12