

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for the Environment and Energy

Carbon Credits (Carbon Farming Initiative) Act 2011

Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management—Revocation) Instrument 2018

Purpose

The *Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management—Revocation) Instrument 2018* (the **Revocation Instrument**) revokes the *Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management) Methodology Determination 2015* (the **2015 savanna determination**) made under the *Carbon Credits (Carbon Farming Initiative) Act 2011* (the Act).

The determination being revoked has been superseded by the *Carbon Credits (Carbon Farming Initiative—Savanna Fire Management—Emissions Avoidance) Methodology Determination 2018*. This new determination credits the same kind of carbon abatement activities as the 2015 savanna determination and credits abatement consistently with the Australia's National Inventory.

Legislative provisions

The 2015 savanna determination to be revoked was made under subsection 106(1) of the Act. It is being revoked under subsection 123(1) of the Act, as set out in section 3 of the revocation instrument.

Background

The Act enables the crediting of greenhouse gas abatement from emissions reduction activities across the economy. Emissions reduction activities are activities that reduce or avoid emissions, or remove carbon from the atmosphere and store it in soil or trees.

Emissions reduction activities are undertaken as offsets projects. The process involved in establishing an offsets project is set out in Part 3 of the Act. An offsets project must be covered by, and undertaken in accordance with, a methodology determination.

The purpose of a methodology determination is to establish procedures for estimating abatement (emissions reduction and sequestration) from eligible projects and rules for monitoring, record keeping and reporting. The methodologies ensure that emissions reductions are genuine—that they are both real and additional to business as usual.

In 2014, the Australian Parliament passed the Amendment Act, which establishes the Emissions Reduction Fund (ERF) and makes a number of other changes, including amending the criteria for assessing which emissions reduction activities are eligible to receive credits under the Act.

In deciding to revoke a methodology determination the Minister has had regard to the advice of the Emissions Reduction Assurance Committee (ERAC), an independent expert panel

established to advise the Minister on proposals for making, varying or revoking methodology determinations.

The *Carbon Credits (Carbon Farming Initiative—Savanna Fire Management—Emissions Avoidance) Methodology Determination 2018*, like the 2015 savanna determination, provides an incentive for proponents to manage fire in savannas to reduce greenhouse gas emissions. These are known as savanna emissions avoidance projects. In addition, projects may generate other benefits, including social, cultural, employment and biodiversity benefits.

The basis of these projects is that during combustion, fires emit greenhouse gases, including methane and nitrous oxide. Methane has a global warming potential that is 25 times greater than that of carbon dioxide, and nitrous oxide has a global warming potential that is 298 times greater than that of carbon dioxide.

Emissions of greenhouse gases are greater for very hot, high intensity fires when compared with cooler, lower intensity fires. In northern Australian savannas, lower intensity fires predominate in the early dry season, when vegetation still contains some moisture from the wet season. Higher intensity fires predominate in the late dry season, when vegetation is very dry and unplanned fires are not uncommon. During late dry season fires, there is almost complete combustion of fine fuels, with the release of large quantities of greenhouse gases. With no or minimal fire management, fires occur predominantly in the late dry season.

Early dry season fire management was an integral component of traditional Indigenous fire management practices. Early dry season fire management reduces the number and size of late dry season fires. These traditional practices are therefore integral in reducing greenhouse gas emissions for this method as they form the basis of the principal way in which the project activity is implemented.

Impact on existing projects

Existing projects are not affected by the Revocation Instrument. Even after a determination has been revoked, an eligible offsets project already registered and whose crediting period has begun can continue to use the determination in the form it was at the time the project was registered under section 127 of the Act.

New offsets projects that apply to be registered after commencement, or projects whose crediting periods have not yet commenced, will not be able to register under the 2015 savanna determination. These projects can continue to register under the the *Carbon Credits (Carbon Farming Initiative—Savanna Fire Management—Emissions Avoidance) Methodology Determination 2018*. Projects also have the option of registering as a project that both avoids emissions and sequesters carbon under the new *Carbon Credits (Carbon Farming Initiative—Savanna Fire Management—Sequestration and Emissions Avoidance) Methodology Determination 2018*.

Public consultation

The proposal to replace the 2015 savanna determination with a new methodology determination and make a complementary sequestration methodology determination was developed by the Department of the Environment and Energy in collaboration with the Regulator and advice from expert scientists and savanna land managers.

The original consultation proposal for the 2 new determinations and to revoke the 2015 savanna determination was published on the Department's website for public consultation from Monday 21 November to Monday 19 December 2016.

Two stakeholder workshops were included, one as part of the formal stakeholder consultation period in November 2016, and another in March 2017. Submissions from the 2016 public consultation, and consultation during the workshops in November 2016 and in March 2017 led to revisions to the determinations and this second consultation period.

Updated new determinations were published on the Department's website for public consultation from Monday 13 November to Monday 27 November 2017. Details for how to make a submission were provided on the Department's website, www.environment.gov.au, at that time.

The new determination has now been made as the *Carbon Credits (Carbon Farming Initiative—Savanna Fire Management—Emissions Avoidance) Methodology Determination 2018*. A sequestration determination has also been made as the *Carbon Credits (Carbon Farming Initiative—Savanna Fire Management—Sequestration and Emissions Avoidance) Methodology Determination 2018*.

Determination details

The Revocation Instrument is a legislative instrument within the meaning of the *Legislation Act 2003*.

The Revocation Instrument commences 5 days after registration.

The Revocation Instrument will sunset according to the ordinary rules in the *Legislation Act 2003*.

Details of the Revocation Instrument are at [Attachment A](#). Numbered sections in this Explanatory Statement align with the relevant sections of the Revocation Instrument.

A Statement of Compatibility prepared in accordance with the *Human Rights (Parliamentary Scrutiny) Act 2011* is at [Attachment B](#).

Details of Instrument

1 Name

Section 1 sets out the full name of this instrument, which is the *Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management—Revocation) Instrument 2018*.

2 Commencement

Section 2 provides that this instrument would commence 5 days after it is registered on the Federal Register of Legislation.

3 Authority

Section 3 provides that the instrument is made under subsection 123(1) of the *Carbon Credits (Carbon Farming Initiative) Act 2011*.

4 Interpretation

Section 4 defines the term ‘the Act’ as the *Carbon Credits (Carbon Farming Initiative) Act 2011*.

5 Revocation of methodology determination

Section 5 revokes the *Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management) Methodology Determination 2015* made under subsection 106(1) of the Act.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management—Revocation) Instrument 2018.

This legislative instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the legislative instrument

The *Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management—Revocation) Instrument 2018* revokes the *Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management) Methodology Determination 2015* made under the *Carbon Credits (Carbon Farming Initiative) Act 2011*.

The determination being revoked has been superseded by the *Carbon Credits (Carbon Farming Initiative—Savanna Fire Management—Emissions Avoidance) Methodology Determination 2018*. That determination credits the same activities as the determination being revoked.

Human rights implications

This legislative instrument does not engage any of the applicable rights or freedoms.

Conclusion

This legislative instrument is compatible with human rights as it does not raise any human rights issues.

Josh Frydenberg, Minister for the Environment and Energy