



20th October 2021

To whom it may concern,

RE: Draft Greenhouse Gas Emissions Offsets Policy and Technical Guidelines

Thank you for the opportunity to provide feedback on this important policy. Warddeken Land Management Ltd is a direct beneficiary from the trade in ACCUs from the West Arnhem Land Fire Abatement program and has played a key role in the initial development of the Savanna Burning methodology where DLNG was required by their Exceptional Development Permit to offset a portion of their emissions. This visionary decision by the government of the day led to the creation of an industry (Savanna Burning) that now provides up to 10% of Australia's annual carbon offsets and is empowering land managers, indigenous and non-indigenous across northern Australia.

Greenhouse Gas Emission Offsets are a key component in the efforts to transition to a low carbon future but only work in the context of strong efforts to avoid and mitigate emissions. Offsets should not be used to enable an increase in emissions from new and unnecessary sources and have their use reserved for the offsetting of essential and existing emissions sources that cannot be avoided or further mitigated.

It is important that this policy be strong, rigorous and contribute meaningfully to the overall NT target of attaining net zero emissions by 2050. Whilst we are very pleased to see this policy being developed, we have some key concerns and wish to offer the following advice.

1. **Decision making process.** The policy as written delegates a significant amount of discretion to the Minister when requiring offsets as a condition of approval. This leaves the process open to political interference which may undermine the overall attempts to reach net zero emissions.

Recommendation: That the policy strictly require the offsetting of residual emissions once triggered.

2. **Determination of the scale of offsets required.** The policy is silent on the mechanism used to determine the scale or proportion of offset required. This is important if the policy is to drive the NT towards net zero emissions.

Recommendation: That the policy require the full offsetting of all residual emissions in line with the recommendations of the 2018 Pepper Inquiry.

3. **Use of alternative emissions offset units.** Whilst we support the use of these units these should not undermine the value of already existing high integrity of ACCU offsets. The use of too high a



proportion of alternative offset units will impact negatively on the NT Carbon Industry and result in reputational damage to the Northern Territory if this enables the dumping of failed, high emissions industries into the Territory supported by cheap, low integrity offsets.

Recommendation: That strong integrity standards, equivalent to those applied to ACCUs be applied to the eligibility of alternative emissions offset units and that ACCUs be required to satisfy at least 75% of the required offsets.

4. **Indirect emission offsets.** The proposed use of indirect offsets is unconventional and risk undermining the integrity of the NT effort to reach net zero. Currently the allowance of up to 50% of emissions to be offset indirectly is too high and may result in perverse outcomes where emissions are allowed to increase without significant actual offsets occurring. Additionally, there needs to be very strong requirements to ensure that indirect offsets contribute materially to the achievement of net zero targets and that where used, these drive real innovation and action.

A great example of the potential of indirect offsets working positively was through the ongoing investment of funding from DLNG into the iterative development of the West Arnhem Land Fire Abatement program and the subsequent evolution of this program into the nationally recognised Savanna burning methodology. Whilst this funding did not create the method that underpinned the initial WALFA project the ability of government to direct industry to invest in an untested but highly innovative approach has been a boon for industry, land management and national efforts to offset carbon emissions. It is imperative that any use of indirect offsets is undertaken in such a manner that outcomes similar to those achieved through the WALFA project are realised. To achieve this R& D or actions underpinning indirect offsetting must be largely built from existing peer reviewed science, be additional, have a high likelihood of generating an abatement and be geared towards achieving formal recognition as a recognised method producing ACCUs under the federal carbon farming legislation.

Recommendation: That indirect offsets are not included as an option for offsetting emissions. In particular, these should not be used where offsets relate to previous commitments under the Pepper inquiry to offset 100% of emissions.

Recommendation: That if included in the final policy, indirect offsets are only able to be used to offset up to 25% of emissions.

Recommendation: That if included in the final policy, indirect offset R&D or actions underpinning indirect offsetting must be largely built from existing peer reviewed science, be additional, have a high likelihood of generating an abatement and be geared towards achieving formal recognition as a recognised method producing ACCUs under the federal carbon farming legislation.



- 5. Order of priority.** The proportion of emissions to be offset using anything other than ACCUs should be limited. The current ability to offset up to 50% using non-ACCUs is too high. ACCUs are one of the highest integrity carbon products anywhere in the world with strong assurance that the related abatements are real and additional. Any serious domestic offsetting arrangement needs to be primarily underpinned by the use of such units lest it undermine the integrity and reputation of the relating offsets policy.

We are supportive of the requirement for proponents to use NT generated ACCUs to deliver as much of the required emissions offsets as possible.

Recommendation: That at least 75% of offsets are required to be ACCUs.

- 6. Emissions reduction Strategy.** We note that in the absence of a published emissions reduction strategy it is hard to determine to what extent the Emissions Offsets Policy will contribute to attaining the NT net zero target. This strategy must be developed as soon as possible as the decision making required relating to development approvals and the implementation of any offsets policies must be informed by an overarching strategy.

Recommendation: That an emissions reduction strategy, inclusive of a comprehensive carbon budget and clear science-based targets to monitor and manage the Northern Territory's emissions trajectory towards net zero by 2050 be developed as a priority.

- 7. Interaction with the New and Expanding Large emitters policy.** We note that consultation for this policy has closed. However, this existing policy will drive engagement by industry with the draft emissions offsets policy and has major implications for achieving net zero in the NT. As it stands the threshold values for both industrial and land use projects appear excessively high and unlikely to be triggered. This establishes today, an environment where overall emissions are encouraged to increase without any serious requirement to offset these emissions. In particular, the land use threshold appears highly arbitrary and is problematic given that land clearing will not only generate immediate emissions but will also destroy valuable carbon sinks with ongoing repercussions. It is also unclear whether the land use emissions used in determining the trigger point will also include losses in soil carbon and increases in emissions from the operation of the resulting land use when testing this threshold.

Altering land use (clearing) generates an initial massive, singular release of emissions that is not at all able to be avoided or reduced and it is counter intuitive that the threshold for these projects is set at 5 times the level of industrial projects where there are constantly evolving technological solutions to avoiding or reducing emissions through gains in efficiency and improvements in process.



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Recommendation: That land use projects require 100% of emissions from such activities to be offset and the threshold for triggering offsetting be reduced to 100,000 tonnes in line with the industrial projects.

Should you wish to discuss this further please contact me directly via phone or email.

Sincerely

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