

22nd November 2024

Clean Energy Regulator
GPO Box 621
Canberra ACT 2601

Submission on Enabling deep, liquid, transparent and accessible carbon markets in Australia discussion paper

ALFA (NT) Limited is an Aboriginal-owned carbon business created by and working in partnership with Traditional Landowners and Aboriginal ranger groups over more than 85,000 km² of Aboriginal freehold land (under the *Aboriginal Land Rights Act (NT) 1976*) in Arnhem Land in the Northern Territory of Australia.

ALFA is the registered project proponent for six projects which generate Australian Carbon Credit Units (ACCUs) through the Savanna Fire Management – emissions avoidance method. Within these projects, eleven Aboriginal ranger groups coordinate the fire management activity with Traditional Owners and deliver the abatement using the innovative mix of customary fire management knowledge with contemporary technology. This resource-intensive work is financed exclusively through engagement with the Australian carbon market and the savanna fire management methods. The resulting fire management, employing hundreds of Traditional Owners in Arnhem Land, is considered one of the very best examples of savanna fire management in the world.

The engagement in savanna fire management through the ACCU Scheme provides a critically important source of income and employment and is integral to the environmental, social and cultural fabric of Arnhem Land in which ALFA operates. As in other remote areas of Australia, Aboriginal people in Arnhem Land live in deep poverty. Socio-economic data for the region is stark with only three in ten adults in paid employment, a high dependence on state income support and more than 50 per cent of the population living below the poverty line. Existing funding from government and non-government sources does not cover the high operational costs of programs in remote Australia nor provide access to opportunities that the wider Australian public would consider basic essential services.

It is in this socio-economic environment that ALFA operates as a charity registered with the Australian Charities and Not-for-profits Commission (ACNC). All income from the sale of carbon credits is reinvested to support ALFA's charitable objects, with a particular focus on reinvestment to fund culturally appropriate fire management. ALFA's Aboriginal partner organisations, who are themselves charitable entities registered with the ACNC, are the recipients of all funding and undertake land management activities that will protect, preserve and care for the environment and which are consistent with Aboriginal traditional rights and obligations. ALFA also supports broader charitable outcomes through funding community-identified projects that address disadvantage in aged care and education and alleviate poverty, sickness, suffering, distress, misfortune, destitution and helplessness. As a result, ALFA seeks to maximize returns to ALFA's partner organisations whilst upholding the objects for which the company was created.

ALFA has been generating and selling ACCUs from Arnhem Land fire projects for the last 10 years. ALFA welcomes the opportunity to comment on the “Enabling deep, liquid, transparent and accessible carbon markets in Australia” discussion paper. ALFA’s feedback below focuses on specific questions in the discussion paper that are relevant to ALFA’s experience selling ACCUs derived from Indigenous owned and operated projects utilising the Savanna Fire Management (SFM) method.

Consultation questions (registry)

3. Should information about the co-benefits associated with units and certificates, (for example First Nation community outcomes and environmental benefits) be made available in the registry? If so, should this include third-party verified and unverified information? a. What existing frameworks could be relied upon to verify co-benefits?

Whilst an unintended outcome of recent questioning into ACCU method integrity, the differentiation of method and project specific ACCU pricing in the market has been a welcome development for ALFA. There is now growing recognition that whilst one ACCU equals one tonne of carbon dioxide equivalents across all methods, not all ACCUs are created equally. Active, climate-change fighting methods such as savanna fire management that requires the annual application of resource intensive work to produce permanent, hard-won abatement outcomes as well as other positive environmental, cultural and social impacts are increasingly recognised and valued accordingly. Similarly, the market is increasingly recognising that such impacts are maximised on Aboriginal land when Aboriginal people own and operate their own eligible offsets projects.

In an open market with different ACCU products, it is important to note that carbon buyers are not purchasing these additional impacts or co-benefits, rather they are choosing to purchase their carbon from specific projects at a price that reflects the quality and demand for the product. Such impacts which are related to governance, the investment of revenue as well as the operation and performance of individual projects are highly variable and should not be included in the registry.

There may be scope for the inclusion of defined, factual information about projects (such as Indigenous provenance) however given the different project governance structures, such information might best be supported through existing industry representation bodies. For example, in the case of Indigenous carbon provenance through the Indigenous Carbon Industry Network (ICIN).

Exchange trading model

9. Please identify the specific carbon exchange user segment(s) applicable to you:

ALFA is the registered project proponent for six eligible offsets projects.

10. Does the market need a central carbon exchange to be established?

ALFA sees merit in the development of a central carbon exchange to improve transparency and liquidity in the market.

However, ALFA would not participate in the exchange as it is described in the discussion paper for the following reasons:

- The model would not facilitate the capture of the premium value of an ALFA Indigenous savanna fire management ACCU
- The identity of the buyer would not be known to ALFA
- The intended use (e.g. compliance, voluntary or future trading) of the ACCU would not be known to ALFA
- ALFA would lose control of the future allocation (trading) of an ALFA tagged ACCU once a beneficial interest in that ACCU had been created

The above points related to purchaser identity, intended use and future trading are critical to enable ALFA to manage its supply-side reputational risk. This is increasingly important considering current public sentiment around corporate climate action and perceived greenwashing.

It is also ALFAs experience that buyers of ALFA ACCUs place value on long-term, genuine engagement with the Traditional Owner groups who operate these projects. This engagement goes above and beyond the transactional nature of an ACCU purchase and may also include longer-term commercial deals with investment interests beyond ACCUs. The proposed carbon exchange model does not facilitate or encourage this positive engagement and may unintentionally stifle such opportunities by removing (rather than enhancing) the visibility of these opportunities to ACCU buyers.

ALFA see the development of this carbon exchange model as a missed opportunity to further support the real and direct engagement of Indigenous projects in the carbon market.

13. Would you use a carbon exchange that is developed using the prototype model outlined above and in Appendix A.

As described above, ALFA would not use a carbon exchange using the model outlined in the discussion paper.

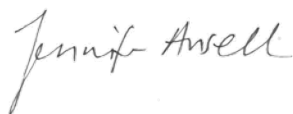
14. Do you prefer the quotation of ACCUs on the carbon exchange to be:

- a. as a single generic class (option 1); or*
- b. bifurcated into 2 classes – carbon sequestration and emissions avoidance (option 2)?*

The bifurcation of ACCUs seems overly complex given the intent of the proposed market model. ALFAs experience is that buyers are already confused by carbon sequestration and emissions avoidance terms as they apply to individual methods.

ALFA would welcome an opportunity to discuss this submission further.

Yours sincerely



Jennifer Ansell

CEO, ALFA (NT) Limited