

ALFA welcomes the opportunity to provide comment on benefit sharing for the fixed delivery contract exit process. ALFA provides comment on the basis of its engagement with the Clean Energy Regulator as a project proponent, contract holder of four Carbon Abatement Contracts and on its status as a registered charity.

ALFA (NT) Limited is an Aboriginal-owned carbon business created by, and working in partnership with, Traditional Owners and Aboriginal ranger groups over more than 80,000 km² of Aboriginal freehold land (under the *Aboriginal Land Rights Act (NT) 1976*) in Arnhem Land in the Northern Territory of Australia. ALFA resources its Aboriginal partners to undertake sophisticated, landscape-scale fire management that utilises customary skills and knowledge in tandem with contemporary technology. This resource intensive work is financed exclusively through engagement with the Australian carbon market and the savanna burning methodology. The resulting fire management, employing hundreds of Traditional Owners in Arnhem Land, is considered to be one of the very best examples of savanna fire management in the world.

ALFA currently has four fixed delivery CACs with the Clean Energy Regulator supplying 230,000 ACCUs annually over ten years. ALFA entered into these contracts in 2015 and they have provided a secure, low risk contractual arrangement for the sale of a large number of ALFA ACCUs annually. This has been very important for ALFA during a period of significant carbon policy and carbon market volatility. However, the current strengthening and stability of the Australian carbon market, as supported by the Australian Government, necessitates that ALFA now seek to maximise the benefits for our members – the Traditional Owners of the fire project areas.

1. Do you support a benefit sharing arrangement?

ALFA supports the development of benefit sharing arrangements where service contracts exist that relate specifically to the distribution of income from the Carbon Abatement Contracts.

ALFA do not have service contracts that specifically relate to Carbon Abatement Contracts. Instead, ALFA hold Indigenous Land Use Agreements (as prescribed by the *Aboriginal Land Rights Act (NT) 1976*) that cover the distribution of all income generated through the sale of ALFAs ACCUs. The free, prior and informed consent from Traditional Owners, giving ALFA the legal right to undertake the project activities and generate and sell ACCUs, included consent to the business model of ALFA as a charity registered with the Australian Charities and Not-for-profits Commission (ACNC).

As a charity, ALFAs entire business is focussed on maximising and sharing the benefits for our members – the Traditional Owners of the fire project areas. As such, all income from the sale of ALFA carbon credits is reinvested to support ALFA's charitable objects. ALFA's objects seek to support our Aboriginal partner organisations, who are themselves charitable entities registered with the ACNC, to undertake land management activities that will protect, preserve and care for the environment and which are consistent with Aboriginal traditional rights and obligations. Additionally, 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.

A registered charity must be transparent and accountable, including information about finances. ALFA reports annually to the ACNC, its project partners, members and the Northern Land Council. ALFAs Annual Activity Statements are publicly available on the ACNC website and demonstrate ALFAs significant reinvestment in Arnhem Land in the 7-year period in which ALFA has been operating. In the 7-year period from June 2014 – June 2021, ALFA has directly reinvested more than \$41 million dollars to its project partners. This income has been used to resource and successfully undertake culturally responsive fire management at a vast landscape scale as well as funding to support community identified projects and

priorities. These include, the establishment of independent Aboriginal land management organisations, funding contributions to develop, register and run independent remote outstation schools, ecological monitoring research, reconnecting Traditional Owners with orphaned estates as well as infrastructure and capital items to increase the capacity of Aboriginal ranger groups to support Traditional Owners to manage the land and sea country of Arnhem Land.

2. If yes, what features would a fair and reasonable benefit sharing framework have to help ensure financial gains created for the contract holder by the exit arrangement can flow to other relevant parties to the contract, depending on the situation?

Not applicable in the context of ALFA operations.

3. Taking into consideration the many arrangements that may exist between carbon service providers and landholders or facility owners, how should the benefits flow?

Not applicable in the context of ALFA operations.

4. What matters may affect reaching a fair and reasonable benefit sharing agreement?

Not applicable in the context of ALFA operations.

5. Should landholders that are CAC holders be able to access the exit arrangement without the agreement of CSP agents on benefit sharing if reasonable efforts to reach such an agreement are unsuccessful? If there are legal, contractual or other barriers to doing so, please tell us what they are.

Not applicable in the context of ALFA operations.

6. What other considerations should be taken into account? Please provide details.

At current carbon market prices, ALFA can now generate almost three times the revenue it currently receives from the ERF CACs. Currently, this equates to at least an additional \$4 million annually (at the current price of \$30/ACCU) and thus has the potential to significantly increase the funding that ALFA can deliver to its project partners to undertake fire management and deliver on broader land management and community development aspirations for the people of Arnhem Land.

Given the size of ALFAs current Carbon Abatement Contracts, the proposed administrative exit fee required to be paid by ALFA annually is a substantial sum of money (over \$2.5 million annually). This is a significant sum of additional revenue which the Clean Energy Regulator will earn annually from a registered charity established to support Traditional Aboriginal Owners in Arnhem Land, arguably amongst the poorest and most disadvantaged people in Australia.

ALFA strongly recommends that the CER includes benefit sharing provisions to waive exit fees for contracts where all parties (the carbon abatement contract holder and project proponent) are registered charities with ACNC.

Such a provision would enable ALFA to further reinvest this vitally important ACCU revenue to maximise ALFAs charitable outcomes and continue to support Aboriginal engagement in this successful and growing industry. The revenue from which, directly contributes to the environmental management of the project areas whilst addressing disadvantage in education and alleviating poverty, sickness, suffering, distress, misfortune, destitution and helplessness.