



## NSW Legislative Assembly Hansard

### Crown Lands Legislation Amendment (Carbon Sequestration) Bill

Extract from NSW Legislative Assembly Hansard and Papers Wednesday 18 October 2006.

#### Second Reading

**Mr GRANT McBRIDE** (The Entrance—Minister for Gaming and Racing, and Minister for the Central Coast) [10.31 p.m.], on behalf of Mr Bob Debus: I move:

That this bill be now read a second time.

The bill represents a critical improvement in the management of Crown lands across New South Wales, ensuring that eligible Crown lands can be used to create carbon sequestration rights under New South Wales' world-leading Greenhouse Gas Abatement Scheme [GGAS]. Rights will be granted by the Minister responsible for the land with the approval of any leaseholders. Holders of leases in perpetuity will be able to create rights directly with the consent of the relevant Minister. The New South Wales Government is committed to reducing greenhouse gas emissions. The New South Wales greenhouse plan was released in November 2005 following significant community consultation. The plan has been endorsed by the New South Wales Government and sets clear targets for reduction in greenhouse gases. The New South Wales Greenhouse Gas Abatement Scheme is a key tool for achieving those targets. The Western Division and other Crown land constitute roughly half of New South Wales. The bill has been prepared to remove legal impediments to using that land for the purposes of carbon sequestration under GGAS.

These amendments will also provide significant opportunities for those leasing Crown lands, particularly those in the Western Division who are doing it tough in these times of drought, to generate potentially significant streams of income from carbon sequestration and much-needed employment opportunities. Creation of these carbon sequestration rights is already possible on freehold land across New South Wales. The bill ensures that there is consistency across tenures, and that the whole New South Wales community has the opportunity to participate in this world-leading scheme. The bill also has environmental benefits beyond greenhouse gas abatement. Plantings for carbon sequestration can provide important vegetation coverage, reduce wind erosion, provide shelter belts for crops and stock and, in some cases, important corridors and shelter for wildlife. By facilitating plantings for carbon sequestration the bill will also bring welcome environmental benefits to the hard-pressed west.

Indigenous communities are a significant part of the broader community in the Western Division. Until now lessees of Crown land in the Western Division have been unable to participate in sequestration activities because of constraints on dealings with land under the Western Lands Act 1901. The amendments will provide new opportunities for indigenous communities in the west. To capitalise on these opportunities the Government has entered into a unique partnership with the New South Wales Aboriginal Land Council to attract international firms to plant carbon sinks on Aboriginal land. This opportunity could lead to investment worth millions of dollars and significant job opportunities for indigenous Australians in their local communities and on their land. Before I turn to the bill in detail I will briefly outline the process of carbon sequestration and the nature of the New South Wales Greenhouse Gas Abatement Scheme.

Carbon sequestration is that process whereby vegetation incorporates carbon through the process of photosynthesis, converting carbon dioxide and water to starch and oxygen, with the carbon effectively stored in the structure of the tree. The long-term storage of carbon through this process is the basis for carbon sequestration activities to ameliorate greenhouse gas emissions. The New South Wales Government is committed to reducing greenhouse gas emissions, and to do all it can to prepare the people of New South Wales for the potential impacts of climate change. The New South Wales Greenhouse Gas Abatement Scheme began on 1 January 2003. It is one of the first mandatory greenhouse gas emissions trading schemes in the world.

The scheme aims to reduce greenhouse gas emissions associated with the production and use of electricity. One way of achieving this is by using project-based activities that reduce emissions, such as low-emission power generators, or that offset the production of greenhouse gas emissions, notably through carbon sequestration. The scheme sets annual statewide greenhouse gas reduction targets, and then requires individual electricity retailers and certain other parties who buy or sell electricity in New South Wales to meet mandatory benchmarks based on the size of their share of the electricity market.

If these parties, known as benchmark participants, fail to meet their benchmarks, then a penalty is assigned. The Independent Pricing and Regulatory Tribunal [IPART] is responsible for monitoring the program participants and also assessing abatement projects, accrediting parties to undertake eligible projects and then creating certificates, and monitoring compliance with the scheme. IPART also manages the greenhouse registry, which

records the registration and transfer of certificates created from abatement projects. Under the carbon sequestration rule IPART, as scheme administrator, may accredit a person as an abatement certificate provider in respect of a carbon sequestration activity if a number of requirements are met.

These requirements include that the person owns or controls carbon sequestration rights with respect to eligible land and that the person can demonstrate that the greenhouse gas abatement secured by carbon sequestration activities can be maintained for 100 years. Eligible land is land that may be used for the purposes of growing planted forests under the terms of the Kyoto Protocol. This means that the land on which the forest is planted must have been predominantly non-forest at 31 December 1989.

I will now deal with the bill in detail. Schedules 1 and 2 to the bill contain substantially the same provisions to clearly authorise the Ministers responsible for the administration of the Crown Lands Act 1989 and the Western Lands Act 1901 respectively to grant carbon sequestration rights and associated forestry rights over Crown land. The amendments also make it clear that restrictions on the use of land subject to carbon sequestration rights may be imposed by IPART as a safeguard against the depletion of carbon on the land concerned. Forests New South Wales can already create carbon sequestration rights and other forestry rights over State forests and land it owns. Forests New South Wales is already an accredited abatement certificate provider under the New South Wales GGAS, and has created carbon credits.

Schedule 3 to the bill amends the Forestry Act 1916 to make it clear that the Forestry Commission, now known as Forests New South Wales, can also create carbon sequestration and other forestry rights with respect to timber reserves. Other amendments to the Forestry Act in schedule 3 will also clearly remove the statutory right of Forests New South Wales to take timber or products from plantations established for the purposes of carbon sequestration on Crown timber land and in respect of which carbon sequestration rights have been granted in accordance with the Crown Lands Act 1989 and the Western Lands Act 1901. The bill also will make it clear that timber licences to log timber cannot be granted under the Forestry Act over such land.

Schedule 3 to the bill amends the Aboriginal Land Rights Act to ensure that the Minister may treat Crown lands which are subject to carbon sequestration rights, forestry covenants and restriction on use as claimable Crown lands pursuant to the Aboriginal Land Rights Act. If such land is granted to an Aboriginal land council by the Minister, it is transferred to that Aboriginal land council, subject to such rights. Accordingly, any carbon sequestration, forestry covenant and restriction on use will not be affected by the transfer. In conclusion, this bill represents another important step towards a reduction in greenhouse gas emissions in New South Wales, and will provide an important opportunity for landholders in the Western Division and other areas of the State to diversify their farm business, improve drought resilience, receive payment for environmental improvements and improve the prosperity of their businesses and communities. I commend the bill to the House.