



## **Indigenous Land Corporation Submission**

### *Carbon Pollution Reduction Scheme: Green Paper*

#### **Management of Indigenous-held Land**

Indigenous-held land amounts to approximately 16% of the Australian land mass. Large tracts of Indigenous estates are in remote areas—these areas have great biological diversity and significance. Indigenous landholders must grapple with a vast range of land management and environmental issues, including weed infestation, the impact of feral animals and the damaging effects of uncontrolled fires.

The ILC understands that only post-1990 “forests” can be included as carbon sinks. Yet, this does not recognise that native vegetation has been continuously managed for thousands of years by Indigenous landholders. The ILC argues that this significant and unique contribution should be recognised in the carbon market. This would be consistent with the UN Declaration on the Rights of Indigenous Peoples that recommends the acknowledgement of the culture, knowledge and practices of Indigenous people, and their contribution to sustainable development and land management.

It is unclear how Indigenous land management practices will be impacted upon by the CPRS. The *Green Paper* identifies complexities in property rights, stating “[i]t would also be difficult to cover emissions from savanna[h] burning because the complexity of property rights for Indigenous lands would make it difficult to identify single commercial entities that could take on scheme obligations for those emissions” (48:Chapter 2). The West Arnhem Land Fire Abatement Project has demonstrated the dramatic effects that Indigenous management of fire can have on carbon emissions, and that this carbon offset project can contribute to employment of Indigenous people on their lands. Indigenous landholders should not be excluded from carbon market partnerships with the public and private sector.

The following should be examined in development of the CPRS:

- How management of Indigenous-held pre-1990 “forest” can be recognised as legitimate carbon sinks
- Whether burning of Indigenous-held land will be exempt from the CPRS
- Provision of Government assistance to support Indigenous landholders to carry the greater costs of land management on the extensive, remote tracts of Indigenous-held land that may ensue from greater prices of goods and climate-change costs

## **Indigenous Employment Prospects**

In rural and remote regions, such as Commonwealth Hill, Roxby Downs in South Australia and in the Kimberley and Pilbara in Western Australia, the mining sector provides important opportunities in training and employment to Indigenous people, and benefits to communities through local on-spending. Reduction in unemployment also brings additional far-reaching effects, including improvements in health, income, better access and use of services, and increased disposable income. Given the positive influence these employment opportunities have brought to communities, the following should be considered:

- The likely impacts on sectors in which Indigenous employment is concentrated (unskilled labour)
- Whether counterbalances will be put in place for emission intensive industries, such as mining, where local Indigenous people are employed in remote and rural regions

## **Small Business and Capacity**

Identifying sustainable land uses for much of the Indigenous-held land in Australia presents a considerable and ongoing challenge. Climate change is adding to the complexity of this task. It is important that the viability of Indigenous small businesses is not negatively impacted upon by the CPRS, and that new business and economic opportunities are created for Indigenous people.

The *Green Paper* makes mention of tax offsets to individuals who have a low or medium income. There is little mention about whether offsets will be made to low- and medium-income businesses, and the following require consideration:

- Whether any Indigenous landholders and organisations will have to fulfil reporting requirements to comply with the *National Greenhouse and Energy Reporting (NGER) Act 2007* by 2012, and if so, how they will be supported in understanding the reporting requirements and calculations
- Whether carbon emission costs for small-businesses will be means-tested
- Whether Indigenous businesses that have already received government funding or grants will be eligible to receive additional small business assistance to counteract the CPRS adjustment period and to better understand business opportunities as a result of the CPRS

## **Agricultural and Tourism Industries**

The ILC is working in collaboration with other agencies in many parts of Australia to bring Indigenous-held land back into production. The CPRS could greatly impact on the pastoral and agricultural sector. The ILC notes the Government's intention that agriculture will not be brought into the scheme until 2015 at the earliest, and looks forward to being part of the consultation

process with that industry. In considering agriculture in the CPRS, the following should be considered:

- How the scheme will be applied to the agricultural sector in a manner that will not require reduction in production and output in order to be able to comply with the scheme—or, if a reduction is ultimately required, how offsets or incentives will be applied in order to maintain economic sustainability
- Whether, given existing relative socio-economic disadvantage, Indigenous agricultural/pastoral businesses will be exempt from offsetting emissions on their properties
- How liabilities will be devolved to landholders
- How the industry will be transitioned into the scheme

The ILC is working with Indigenous landholders to support development of viable tourism enterprises on Indigenous-held land. It is important that likely impacts of the scheme and carbon prices on domestic tourism in regional and remote areas are understood.

### **Opportunities on Indigenous-held Land**

Carbon trading may offer Indigenous landholders the opportunity to gain an alternative income stream from the use of their land, while at the same time protecting the land for future generations. The ILC has been working with the CSIRO on pilot studies investigating carbon trading options and opportunities on some Indigenous-held properties. However, the ILC is concerned that Indigenous landholders of pre-1990 “forest” will have limited potential for engaging in the carbon sink opportunity. There remains uncertainty and a lack of information around the carbon credit market, including:

- The risks of the emerging carbon sink industry, such as water availability and tenure issues
- The best timing for Indigenous landholders to engage with the carbon market
- How Indigenous people could be assisted in planning and understanding opportunities for future land uses, such as relative costs of having a carbon sink compared to agricultural production
- How the Government’s Climate Change Budget allocation of \$10 million over five years will be used to facilitate Indigenous land management participation and entry into carbon markets

### **Households**

The majority of the Indigenous population (69%) live outside major urban centres, in rural and remote areas of Australia and therefore already pay a higher cost for basic necessities and services (ABS, 2008). The ABS reports that Indigenous people have low household incomes (62% of the average for non-Indigenous persons) and approximately only one third of those eligible to be in

the labour force are in mainstream employment, much of the remainder of the Indigenous population being on Government pensions, allowances and Community Development Employment Programs (ABS, 2002).

The Brotherhood of St Laurence (Stanley, 2007) identifies "analysis shows that the four household categories most adversely impacted by carbon pricing are poor households, unemployed households, retired aged pensioner households and households with children where government benefits exceed 30% of income". *The Garnaut Report* (2008) also states that "[l]ow-income households spend much higher proportions of their incomes than other households on emissions-intensive products". Low rates of home ownership among Indigenous people also exacerbate these costs due to no incentive to landlords to reduce the carbon footprint that their properties leave. The low rate of home ownership combined with a low income will mean Indigenous people will be less able to take advantage of support measures to improve home energy efficiency.

Given that carbon prices will be factored into business production costs and ultimately the price of goods and services, the CPRS has potential to further marginalise an already economically disadvantaged section of the community. This will have flow-on effects, through placing extra strain on government and non-government social welfare programs and sectors.

In light of this, the following issues should be considered:

- The costs being passed on to consumers and households by business, and the percentage of this that will be covered by tax offset for low and medium income-earning individuals
- How the effectiveness of the tax offsets will be monitored
- The contingency that should be in place should this tax package be ineffective in remote and rural areas

## **References**

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