



Speech by

Hon. KEN HAYWARD

MEMBER FOR KALLANGUR

Hansard 8 August 2001

FORESTRY AND LAND TITLE AMENDMENT BILL

Hon. K. W. HAYWARD (Kallangur—ALP) (3.55 p.m.): It is a pleasure to rise to speak to the Forestry and Land Title Amendment Bill 2001. Under this bill there will be a capacity for landowners and plantation managers to sell their sequestered carbon. This bill takes the first step towards trading in carbon credits by legally recognising the commodity sequestered carbon, thus allowing contracts to be negotiated. However, the nature of such contracts will determine the nature and the flexibility of the sale arrangements.

Under the Kyoto Protocol, measurement of net emissions is based on the counting of all changes in carbon pools. Thus for any area the level of available sequestered carbon for trading is one based on the net change in stocks, accounting for both tree growth and harvesting activities.

Trading against such stocks is likely to be linked to future commitment periods currently understood to be the five-year periods. The main purchasers of sequestered carbon are likely to come from the energy sector, both nationally and internationally, using such a product to offset the emissions from electricity generation. While they may need to offset their emissions, such actions may be temporary—for example, while new technology is developed to reduce overall emission levels.

The level to which they are prepared to continue to purchase offsets will be an economic one. They will simply determine how much they are prepared to purchase. That, of course, will be based on the most cost-effective way to satisfy imposed emission caps under an emissions trading scheme.

An owner of sequestered carbon will be able to enter into a contract, firstly, to sell the rights to this carbon, and then a further contract to a different party giving rights to harvest this timber, therefore registering both interests through a profit a prendre agreement—and I have spoken to the minister about this—on his land title, thus constraining actions to harvest the timber without consideration of the interest in carbon. The term profit a prendre means to basically take a profit and it allows a right to an interest in a commodity or a product which is separate to the ownership of the land.

As in futures contracts, the interest in the sequestered carbon or timber is not linked to specific trees, just to the delivery of products of defined quality as specified in the contract. This then allows for considerable flexibility in land management arrangements. For example, an energy company could in 2001 contract a plantation group for one metric tonne of sequestered carbon available in 2013 to 2017. The plantation area is likely to be based on a number of areas at different growth stages.

To satisfy that contract, a plantation manager needs to be sure that his activities can provide the level of carbon from his overall cycle of rotations. So a further contract for one metric tonne available in 2023 to 2027 could be delivered from the same plantation but from different trees, while the later contracts could come from the same area but from trees grown after the harvest of the initial rotation.

Another possible seller of sequestered carbon is the land-holder undertaking some farm-forestry activities. Due to the level of carbon sequestered, it is likely that any viable trading will come through groups of farms pooling the carbon from their overall activities. So, again, it is possible that such a group could enter into a contract to deliver a given level of carbon during a specified commitment period in the future. Such a contract would not mean that any specified area of land was quarantined off from tree management activities but, rather, it would mean that the group of land-holders would have to ensure that at any future period they could demonstrate that there was the specified level of sequestered carbon present.

This bill sets out to give land-holders and plantation managers the capacity—and that is the important thing about the bill—to sell their sequestered carbon. It is about providing some flexibility and economic viability but, importantly, long-term sustainability to Queensland's natural resources. I commend the bill to the House.
