

Mr Martijn Wilder AM
Chair
Interim Targets Independent Expert Panel
Department of Environment, Land, Water and Planning
East Melbourne VIC, 8002
By email: climate.change@delwp.vic.gov.au

22 May 2022

Dear Independent Expert Panel,

RE: Submission to consultation on Victoria's emissions reduction target for 2035

The Australian Land Conservation Alliance (ALCA) welcomes the opportunity to provide a submission to the Victorian Government's consultation on its emissions reduction target for 2035.

Please note that ALCA is happy for this submission to be published in full.

About the Australian Land Conservation Alliance

ALCA represents Australia's leading land restoration and conservation organisations working with landholders on privately owned and managed land across Australia. Together, ALCA's members represent a substantial and growing voice in Australia's land management sector. Our eleven members are (with those operating in Victoria in bold):

- Australian Wildlife Conservancy
- Biodiversity Conservation Trust NSW
- **Bush Heritage Australia**
- **Greening Australia**
- **Landcare Australia**
- Nature Foundation
- Queensland Trust for Nature
- South Endeavour Trust
- Tasmanian Land Conservancy
- **The Nature Conservancy Australia**
- **Trust for Nature (Victoria)**

ALCA land conservation efforts stretch across over 3 million square kilometres with more than 3,000 landholders. We have over 50,000 supporters and our combined annual turnover exceeds \$200 million. Together we work to support some of the most pressing conservation issues across the country – including restoring endangered ecosystems, mitigating the impacts of climate change, building the protected area estate, tackling invasive species, weeds and managing national environmental biosecurity threats.

Through their active land management, ALCA member organisations are deeply embedded in regional communities and economies, providing jobs, securing significant regional investment, and safeguarding remaining native habitat for the local community with its many positive spillover effects for agriculture.

Some ALCA members are statutory entities; the views expressed in this submission do not necessarily represent the views of the Government administering those statutory entities.

Summary

Whilst by no means the only threat, climate change presents one of the greatest threats to Australia's biodiversity – to the survival of its species, ecosystems, and the wellbeing of all Australians who unavoidably depend upon nature to sustain their food security, health, and livelihoods.

In setting its next round of emission reduction targets, the Victorian Government has a significant opportunity to address the inseparable threats posed by climate change and the escalating collapse of Australia's biodiversity, specifically, by leveraging opportunities for nature-based solutions that sequester and mitigate greenhouse gas emissions.

The world's leading economists at the World Economic Forum have joined leading environmental scientists in declaring that nature loss is a planetary emergency:

“Humanity has already wiped out 83% of wild mammals and half of all plants and severely altered three-quarters of ice-free land and two-thirds of marine environments. One million species are at risk of extinction in the coming decades – a rate tens to hundreds of times higher than the average over the past 10 million years.

The World Economic Forum's 2020 Global Risks Report ranks biodiversity loss and ecosystem collapse as one of the top five threats humanity will face in the next ten years. Human societies and economies rely on biodiversity in fundamental ways. ...over half the world's total GDP – is moderately or highly dependent on nature and its services.”¹

Further, the recent Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment report, *Climate Change 2022: Mitigation of Climate Change*², identifies the potential for scaling up land-based mitigation options in the Agriculture, Forestry and Other Land Uses (AFOLU) sector:

“Where carefully and appropriately implemented, AFOLU mitigation measures are uniquely positioned to deliver substantial co-benefits and help address many of the wider challenges associated with land management.”³

Further:

“The currently quantified efforts to reduce net emissions with forests and agricultural actions are helpful, but society will need to quickly ramp up investments to achieve carbon sequestration levels consistent with high levels of mitigation. Only 2.5% of climate mitigation funding goes to land-based mitigation options, an order of magnitude below the potential proportional contribution (Buchner et al. 2015).”⁴

Naturally, the Victorian Government should continue its critical efforts to reduce emissions in the largest sectors of concern, namely, energy and then transport. However, there is a significant opportunity for the Victorian Government to leverage the emissions mitigation opportunity within the land use, land use change, and forestry (LULUCF) category through the sequestering of carbon twinned with biodiversity conservation and restoration.

In 2017, research led by The Nature Conservancy and 15 other institutions⁵, demonstrated that nature-based solutions can provide up to one-third of the emission reductions needed by 2030 to keep global temperature increases under 2°C—30 percent more than previously estimated.

¹ See: World Economic Forum, *Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy*, January 2020; <https://www.weforum.org/reports/the-global-risks-report-2020>

² See: <https://www.ipcc.ch/report/ar6/wg3/>

³ See: 7-4, Chapter 7, Agriculture, Forestry, and Other Land Uses (AFOLU), https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_Chapter07.pdf

⁴ See: 7-108, Ibid.

⁵ See: <https://www.pnas.org/doi/10.1073/pnas.1710465114>

The value of investing in nature-based solutions for adaptation and mitigation to climate change are recognised by the Australian Government as providing multiple benefits, including:

- *protecting biodiversity and threatened species,*
- *contributing to climate mitigation through carbon sequestration,*
- *making communities more resilient to climate change,*
- *contributing to food security, and*
- *supporting businesses reliant on healthy ecosystems such as fishing, tourism and agriculture.”⁶*

Furthermore, biodiversity conservation and restoration have great potential to help drive business investment and philanthropic funding that also delivers significant emissions reduction outcomes.

The directions outlined above align squarely with the priorities of the Victorian Government’s *Protecting Victoria’s Environment – Biodiversity 2037* and its supporting technical supplement document⁷.

ALCA’s challenge to the Victorian Government is thus to **mainstream nature-based solutions at scale**, explicitly connecting the benefits that flow from both emissions reduction and biodiversity conservation/restoration.

Land tax exemptions: a critical policy reform for private land conservation to deliver on emissions reduction

Unlike its neighbouring jurisdictions of New South Wales, South Australia and Tasmania, Victoria does not currently provide a land tax exemption to landholders who have conservation covenants upon their properties; indeed, New South Wales further provides rebates for council rates across the state. **The lack of exemption to land tax in Victoria is a major disincentive to the wider uptake of permanent private land conservation** within the state and, thus **limiting private land conservation from gaining the scale needed to contribute significantly to Victorian emissions reduction targets.**

The recent *Inquiry into ecosystem decline in Victoria* report of the Environment and Planning Committee of the Victoria Legislative Council also recommended the consideration of land tax exemptions for landowners who manage their properties for conservation (Recommendation 19).

This recommendation was supported by the submission to the Inquiry from DEWLP:

*“Currently there are limited tax and other financial incentives available to landholders entering into covenants under the Victorian Conservation Trust Act 1972. Covenanted land is generally subject to municipal rates and land tax. **This poses a substantial disincentive to protect and conserve natural capital.** In contrast primary production land is exempt from land tax.”⁸*

Question on Notice No. 5433 to the Victorian Legislative Assembly⁹ established that, in 2020, the total land tax payable by landholders with existing conservation covenants was approximately \$700,000. Whilst a reasonably modest amount by Victorian Government standards, the disincentive to landholders at the individual level is – as noted by DEWLP – substantial.

⁶ See: <https://www.awe.gov.au/science-research/climate-change/nature-based-solutions-for-climate>

⁷ See: https://www.environment.vic.gov.au/_data/assets/pdf_file/0022/51259/Protecting-Victorias-Environment-Biodiversity-2037.pdf; and https://www.vgls.vic.gov.au/client/en_AU/search/asset/1296586/0

⁸ See: p342, *Inquiry into ecosystem decline in Victoria*, Vol. 1, Environment and Planning Committee, Legislative Council, Parliament of Victoria, December 2021; https://www.parliament.vic.gov.au/file_uploads/LCEPC_59-05_Ecosystem_decline_in_Vic_Y9rT7Z1v.pdf

⁹ See: <https://www.parliament.vic.gov.au/assembly/questions-on-notice/questions-database/details/53/163>

We also note that the same above Inquiry recommended supporting local government authorities to offer rate rebates and other incentives to landowners who include a conservation covenant on their property (Recommendation 39).

In order to assist Victoria to achieve its emissions reduction targets as well as recognising the clear public benefits of environmental conservation on private land, ALCA strongly urges the Victorian Government to reform the Land Tax Act by extending the exemption provided to agricultural landowners to landholders with conservation covenants, as well as working with local government to provide consistent rates rebates and other relevant incentives that encourage take-up of private land conservation.

Recommendations

1. In linear alignment with ALCA's formulated target of net zero emissions by 2040 and the 2030 target already set by the Victorian Government, ALCA's recommends an **at minimum target of 72.5% to 75% reduction in CO₂-equivalent emissions by 2035 below 2005 levels**. This target is based upon a pragmatic balance between the need for urgency demonstrated by the science, the devastating projected consequences upon biodiversity from global climate change at current rates of emissions reductions, and the strong ability of Victoria's civil society and its advanced economy to adjust.
2. **Land clearance of native vegetation should immediately cease**¹⁰. As confirmed in the Victorian Auditor-General's Office report of May 2022, *Offsetting Native Vegetation Loss on Private Land*¹¹, "Victoria is not achieving its objective of no net biodiversity loss from native vegetation clearing on private land." **Clearing remnant vegetation is a major driver of biodiversity loss and weighs heavily upon the potential contribution of the LULUCF category to Victoria's net emissions.**
3. **All recommendations of the Victorian Auditor-General's *Offsetting Native Vegetation Loss on Private Land* report should be urgently implemented**, but especially that the Department of Environment, Land, Water and Planning (DELWP):
 - a. "[reports] directly on the no-net-loss policy objective, specifically on net habitat units gained or lost as a result of native vegetation clearing on private land" (see: Recommendation 1)
 - b. "[conducts] a comprehensive inventory review of its offset sites' data, including but not limited to available offset credits at the time of site establishment, offset credit transactions and remaining offset credits available" (see: Recommendation 2)
 - c. "improves its oversight and monitoring of the extent of native vegetation clearing across the state..." (see: Recommendation 3)
4. **Upscaled nature-based solutions within the LULUCF category present a major opportunity for the Victorian Government to meet their 2035 and future targets, specifically, private land conservation and restoration at-scale that leverages carbon and – increasingly – biodiversity and 'carbon plus' markets, Government funding, and private philanthropy**, and in alignment with *Protecting Victoria's Environment – Biodiversity 2037*.

¹⁰ ALCA acknowledges that some clearing may be required for critical services, and where this is required, it should always be offset with high integrity offsets.

¹¹ See: <https://www.audit.vic.gov.au/sites/default/files/2022-05/20220511-Offsetting-Native-Vegetation-Loss-on-Private-Land.pdf>

5. **The Government should lead the development of a co-benefits framework or standard that allows Victorian landholders to identify, quantify, measure, value and ultimately integrate the work they are doing to protect or restore natural capital assets**, either as individual projects or as environmental co-benefits associated with carbon projects.

The ability to value-add to carbon will make projects more viable for those on smaller properties, or whose primary outcome may not be carbon sequestration but is instead biodiversity protection.

In parallel, the Victorian Government should work with the Australian Government and other states to develop a robust, high integrity market that would enable landholders to be rewarded for maintaining and improving natural capital on their properties.

6. **The Victorian Government should retain and expand its funding for the BushBank program and other conservation programs**, leveraging the potential of private land conservation in delivering Victorian emissions reduction targets.
7. In line with its neighbouring jurisdictions, **land used for conservation should receive the same exemption from Victorian land tax as currently enjoyed by primary production land**. This is a critical reform to incentivise landholders to help unlock the potential contribution of private land conservation to emissions reduction efforts.
8. Similarly, the Victorian Government should work with local government authorities to offer rate rebates consistently across the state, as well as other incentives to landowners who hold a conservation covenant upon their property to help unlock the potential contribution of private land conservation to emissions reduction efforts.
9. The Victorian Government should review whether existing Victorian policies, regulations and legislation is impeding the uptake of natural climate solutions, particularly native vegetation-based carbon methodologies under the Emissions Reduction Fund and including new emerging opportunities such as blue carbon. Where impediments are identified they should be removed.
10. The Victorian Government should seek to use the agenda of the Environment Ministers' Meeting as an opportunity to elevate the potential of private land conservation in delivering outcomes on emissions reduction and biodiversity for Victoria and Australia.
11. The Government's approach to setting an emissions reduction target should align with its biodiversity protection strategy, *Protecting Victoria's Environment – Biodiversity 2037*.

For example, the Government's LULUCF pledge to plant up to 30 million trees by 2030¹² does not align with its statewide target of "200,000 hectares of revegetation in priority areas for connectivity between habitats"¹³; at a very conservative 1,000 trees per hectare restored, achieving the 2037 target will require **at least 200 million trees**, making the planting of 30 million trees by 2030 a significant under-promise.

¹² See: p6, Issues Paper; <https://engage.vic.gov.au/download/document/26118>; and p11, Victoria's Climate Change Strategy; https://www.climatechange.vic.gov.au/data/assets/pdf_file/0026/521297/Victorian-Climate-Change-Strategy.pdf

¹³ See: p20, https://www.environment.vic.gov.au/data/assets/pdf_file/0022/51259/Protecting-Victorias-Environment-Biodiversity-2037.pdf



Thank you again for the opportunity to contribute to the Victorian Government’s consultation on its emissions reduction target for 2035.

ALCA looks forward to ongoing engagement with the Victorian Government to ensure that its carbon emission reduction targets and strategy delivers for our global climate as well as Australian biodiversity.

Australian Land Conservation Alliance