

Anonymous 11

Blue Carbon Ecosystem Restoration Research Pilot Project

Proponent: Blue Carbon S2C Pty Ltd

General – the proposal

Kangaroo Island in the Yanyuwa Indigenous Protected Area (IPA) (NT Portion 2433), is listed as a Nationally important wetland system, and is named the Port McArthur Tidal Wetlands System – NT008. Kangaroo Island has an area of 119,000 ha and is listed for having the following wetland types:

- A1 - Marine waters; permanent shallow waters less than 6 m deep at low tide; includes sea bays, straits
- A2 - Subtidal aquatic beds; includes kelp beds, seagrasses, tropical marine meadows.
- A6 - Estuarine waters; permanent waters of estuaries and estuarine systems of deltas.
- A7 - Tidal mud, sand, or salt flats; intertidal or supratidal.
- A8 - Tidal marshes; includes intertidal or supratidal saltmarshes, salt meadows, brackish and freshwater marshes.
- A9 - Tidal forested wetlands; includes intertidal or supratidal mangrove swamps, nipa/palm swamps, freshwater swamp forests
- B5 - Permanent freshwater lakes (> 8 ha); includes large oxbow lakes.

In its current state, this area has high biodiversity value and is an intact natural environment.

The project aims to develop a pilot study and modify 6 hectares of Kangaroo Island including the hydrology (via mechanical excavation) to remove the existing habitat and replace with mangroves to 'restore' the tidal flow and increase carbon sequestration. This pilot project is proposed as Phase 1 of 3.

Specifically, the proposal aims to:

- Identify mangrove, saltmarsh, and supratidal forest habitats (i.e., blue carbon ecosystems) that are degraded or, at risk of further decline from either human or natural causes.
- Implement restoration actions where specific restoration action or actions are carried out like hydrological rehabilitation that restores the hydrology by reconnecting water flows like de-silting natural canals and creating new canals through mechanical means.

Method

There is inconsistency in the blue carbon method proposed by the proponent. In some proposal sections the Australian government's ERF method is proposed which regards the removal or modification of a tidal restriction mechanism to allow the introduction of tidal flow to an area to support the establishment of coastal wetland ecosystems. No evidence is provided to suggest that there is any kind of barrier to the natural tidal flow other than what would develop overtime in a natural system. The proposed project is ineligible under the ERF tidal restoration method unless there are structural (non-natural) barriers in place that restrict flow. No existing barriers, such as barrages, on Kangaroo Island have been mentioned in the proposal. The proponent proposes the removal of silt or excavating areas that have naturally narrowed over time to increase flow and provide habitat for mangroves. It appears that the proponent is wanting to modify the existing saltmarsh/salt flat habitat to artificially increase mangrove growth. Conversion of one natural ecosystem into another for carbon credits is considered poor practice, e.g., see Blue Carbon standards https://www3.weforum.org/docs/WEF_HC_Blue_Carbon_2022.pdf and IUCN standards <https://portals.iucn.org/library/sites/library/files/documents/2020-020-En.pdf>. The proponent has misinterpreted the ERF's blue carbon method. The NTEPA should seek clarity on this proposal from the Commonwealth ERF.

In some sections of the proposal, it is suggested that instead of the ERF, the Verra International method (VM0033) which is applicable to the international voluntary market, will be used. The proponent specifically cites "Methodology for Tidal Wetland and Seagrass Restoration" (see the proposal abstract). These ERF and Verra methods are not interchangeable and cannot coexist. The methods are associated with different carbon markets with significantly different financial outcomes for the carbon unit developer.

If the proponent chooses to engage in the international market rather than the Australian market, there are likely greater risks to the project as it is less regulated and carbon credits are worth significantly less, e.g., ACCU value was approx. \$40/tonne in Q1 of 2023, the ACCU market is said to be trending upward with a cap at \$75/tonne (in line with international standards). The international carbon price is projected at \$6.50/tonne and reportedly has some "integrity issues".

With a naturally limited blue carbon market (<100M tonnes Australia-wide) under the current ERF method, there is an opportunity to develop a premium carbon price and co-benefits including on-country employment for Aboriginal people. This project neglects the opportunity to empower Aboriginal people by supporting them in the development of an area under their terms and with an activity that they would deem appropriate.

Principles of ESD

There is no clear breakdown of the benefits provided to the Aboriginal community and how this is likely to be governed over a 100-yr period in an international market setting. If the proponent is to own the ACCU as they suggest, what value of royalties will be provided to the community and how many jobs is this likely to generate? A full cost-benefit analysis that includes costing of the carbon market value over time should be shown and the breakdown of company profit, Aboriginal benefits, royalties, projected annual outgoings etc. The proposal does not demonstrate a sustainable approach for the environment or community.

We suggest the proponent includes information that has been provided to the community to date for transparency, as well as the "Letter of Support" signed by some Yanyuwa traditional owners (names redacted for privacy).

The proponent notes there is uncertainty as to the presence of acid sulphate soils (p 61, referral report). Given the high risk to the surrounding environment and the high likelihood of it being present given the low elevation of the Gulf, this information should have been provided. There is the potential for significant impacts locally and downstream if ASS establish. The proponent states the precautionary principle will be used with an Acid Sulphate Soil Management Plan appended to either the Verra or ERF method. The amount of excavation required for this project and future phases suggests this will be very difficult to manage. This proposal is not in accord with standard practice.

The biodiversity values of this proposed area have not been provided in enough detail to adequately assess the impacts from this project. A threatened species map is provided in Appendix D; however, the species are not identified. It is not possible to evaluate the risk to threatened species from this proposal as the information provided is inadequate.

Salt flats are recognised as having high ecological value. According to the Australian Bureau of Statistics (2022), "Saltmarsh stored over 275 million tonnes of carbon in 2021, with carbon stores mostly held in the tropical regions of Queensland and the Northern Territory." By removing this habitat and replacing it with mangroves, a higher number of ACCUs may be generated but at the cost of a naturally occurring and significant ecosystem. By excavating deeper channels, tidal flows will increase however this may also increase erosion and accelerate sea-level rise impacts in the immediate area which is low lying.

FPIC and Engagement

While there is a chapter on consultation and community engagement, serious concerns regarding the conduct of the proponent have been raised by community members and others who have been approached by this proponent in the NT. Comments about the proponent have suggested they have been unethical, aggressive, arrogant, bullish by isolating key individuals in the community and not fully informing people about the project. They have asked several individuals to sign.

a letter of support. Some of the same individuals who signed the letter of support have asked “who the company is and what they are doing on that country.” Not realising that this is the project they were supporting by signing. It appears there is no consensus for consent for this project in the local community.

The detailed information the proponent has about community members (TOs for Kangaroo Island) and the land is concerning and not readily available unless working within the government or NLC. To protect the rights and interests of community members, further consultation is needed with the NLC. Expert anthropologists who have experience in this region and close relationships with affected people have declined to engage with the proponent due to their disingenuous, unethical practice and divisive processes.

Australia is a signatory to the United Nations Declaration on the Rights of Indigenous People (UNDRIP). It states that Indigenous peoples have the right to give or deny their free prior and informed consent (FPIC) for projects that affect them, their land, and their natural resources. This includes projects in Australia’s carbon industry.

The principles of FPIC include:

- Free: from force, intimidation, manipulation, coercion, or pressure.
- Prior – Get consent before a project application is made and the project is registered. Give Indigenous people enough time to consider all the information before they decide on the project.
- Informed – Give Indigenous people all relevant information and the opportunity to seek independent advice about the project and its potential impacts and benefits, so their response is meaningful. Give information that is objective, accurate, accessible, and easy to understand.
- Consent – Indigenous people have a right to say ‘yes’ or ‘no’ to the project. This is a higher standard than the mere right to be consulted. It requires ongoing community participation in the design, development, and implementation of the project.

Refer to the ICIN guidelines:

https://assets.nationbuilder.com/icin/pages/34/attachments/original/1595809263/ICIN_Seeking_FPIC_from_Indigenous_communities_for_Carbon_Projects_Guide_FINAL_Feb_2020.pdf?1595809263

It is noted that some research institutions have been contacted but none of these institutions operate in the NT on blue carbon. CDU, the University of QLD, and Macquarie University all have existing blue carbon research in the NT. None have been contacted regarding this project by the proponent.

The current collaborative research on blue carbon in the NT is focussing on viable opportunities and new method development for approval under the ERF. The Commonwealth is focussed on a domestic blue carbon market to optimise value in a limited market. Under the National Environmental Science Program (NESP), three NT-QLD-WA research projects are seeking to develop outputs that contribute to the

blue carbon market, these include: an ungulate management method which is a carbon abatement method for coastal wetlands through the management of feral herbivores; a skills and operational inventory of coastal ranger groups and their capacity to develop blue carbon projects and National Indigenous Engagement Guidelines for the blue carbon and other environmental markets.

Summary and recommendations

Central to the assessment of this project is the proposed method which is ecologically flawed and not approved under the Commonwealth ERF. Kangaroo Island is a natural and highly intact ecosystem not requiring modification. This proposal should therefore be refused. We recommend the following:

1. The NTEPA should contact the ERF and query the eligibility of the proposed method under the current tidal restoration method which generally infers the removal of artificially engineered structures, e.g., barrages.
2. If the method outlined in the proposal is ineligible the proposal should be refused.
3. Is the activity defined in this proposal consistent or valid with the IUCN category of protection for the Yanyuwa IPA?
4. Is the project proposed for 25 years or 100 years and under what method, ERF or Verra? The financial implications are vastly different, and both are suggested in the proposal.
5. Time series evidence is needed of the tidally restricted area that requires "restoration".
6. Modelling should be provided to demonstrate the hydrological change from the proposed intervention to prove no unintended or significant environmental impact.
7. Identify what threatened species and vegetation communities occur on site, these are not stated.
8. The sacred site map is missing in Appendix F, please provide along with more detailed cultural information on the site.