



Environmental  
Defenders Office

# Defending the Unburnt:

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**Carbon market opportunities for private  
landholders - a guide**

September 2022

# About EDO

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EDO is a community legal centre specialising in public interest environmental law. We help people who want to protect the environment through law.

Our reputation is built on:

**Successful environmental outcomes using the law.**

With over 30 years' experience in environmental law, EDO has a proven track record in achieving positive environmental outcomes for the community.

**Broad environmental expertise.** EDO is the acknowledged expert when it comes to the law and how it applies to the environment. We help the community to solve environmental issues by providing legal and scientific advice, community legal education and proposals for better laws.

**Independent and accessible services.** As a non-government and not-for-profit legal centre, our services are provided without fear or favour. Anyone can contact us to get free initial legal advice about an environmental problem, with many of our services targeted at rural and regional communities.

[www.edo.org.au](http://www.edo.org.au)

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This report is produced as part of our Defending the Unburnt collaboration with WWF-Australia.

Read more:

<https://www.edo.org.au/unburntsix-mainpage/>

This is a guide only, and is not a substitute for legal or financial advice. To request free initial legal advice on an environmental or planning law issue, please visit EDO's website: [www.edo.org.au](http://www.edo.org.au)

EDO does not provide financial advice.

## Glossary

**ACCU**

Australian Carbon Credit Unit

**ERF**

Emissions Reduction Fund

**Gold Standard**

A voluntary carbon market provider – see <https://www.goldstandard.org/>

**VCUs**

Verified Carbon Units (VCUs) issued by Verified Carbon Standard (Verra)

**Verra**

Verified Carbon Standard - A voluntary carbon market provider – see <https://verra.org/>

**VERs**

Verified Emissions Reductions (VERs) issued by Gold Standard

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# Quick Guide

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## Overview of carbon market opportunities for private landholders to 'Defend the Unburnt'

### Purpose of this Guide

**Defending the Unburnt: Carbon market opportunities for private landholders – a guide** looks at opportunities that may be available to landholders to protect priority unburnt areas using carbon market mechanisms (e.g. carbon farming). There may also be opportunities for landholders to have projects recognised for both the carbon and biodiversity benefits that they deliver.

Because this guide is specifically aimed at Defending the Unburnt (see text box opposite), it only considers opportunities to conserve or enhance existing vegetation in the landscape. It does not consider the broader range of carbon sequestration opportunities that may be available to landholders (for example, reforestation, managing regrowth, plantation forestry methods).

**Our analysis shows there are limited carbon market opportunities for private landholders wanting to protect existing trees and vegetation under current laws and policy settings.** This is because to meet integrity standards, relevant schemes primarily recognise new tree plantings and restoration, or avoided clearing for agriculture and grazing. Few schemes recognise carbon sequestered within pre-existing native forests, or avoided clearing from commercial logging (on either public or private land).

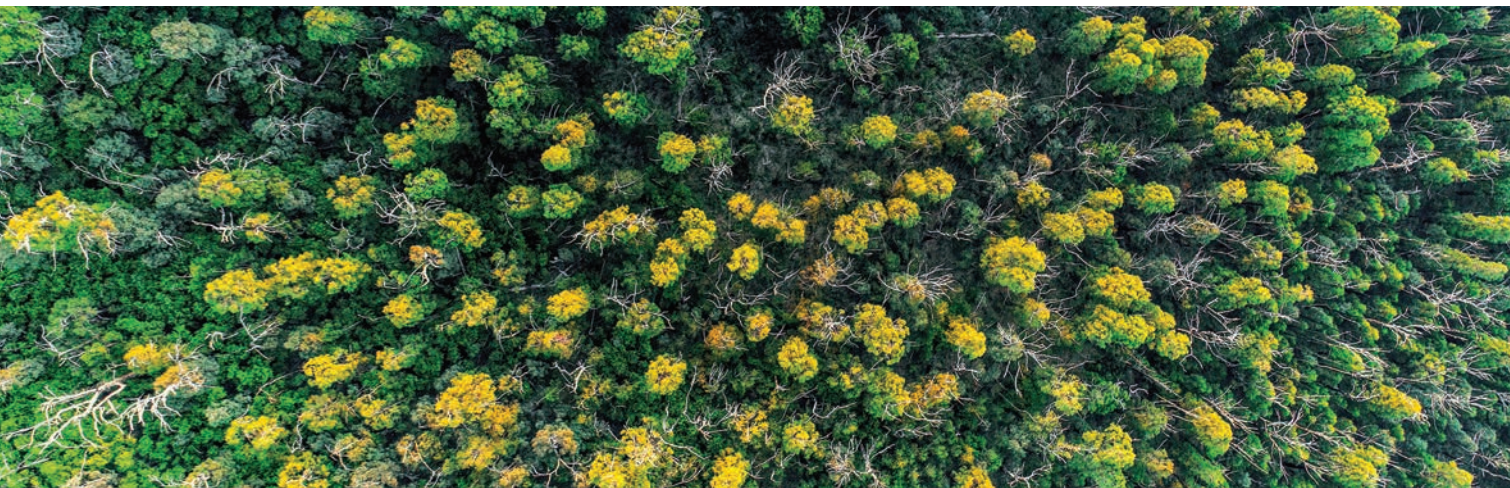
### Defending the Unburnt

In the wake of Australia's 2019-2020 bushfires, the protection of unburnt habitat has become an urgent priority.

Much of the land that survived the bushfires is now a vital refuge for biodiversity, particularly threatened species. Six priority landscapes have been identified by WWF-Australia in Queensland, New South Wales and Victoria as requiring immediate protection. Unburnt and lightly burnt areas will be key to securing the future of many threatened species and ensuring important ecosystem services are sustained while impacted landscapes recover.

In collaboration with WWF-Australia, the Environmental Defenders Office (**EDO**) is working to ensure that our laws are used to adequately protect these priority areas from further impacts, including impacts from inappropriate development, land clearing, and logging.





## Key points for landholders wanting to Defend the Unburnt using carbon market mechanisms

- **In the context of Defending the Unburnt, there are limited carbon market opportunities for protecting intact, existing vegetation,** particularly if the current management and use of the land would ordinarily retain those trees in the landscape. This is because to meet integrity standards, relevant schemes primarily recognise new tree plantings and restoration, or avoided clearing for agriculture and grazing. Few schemes recognise carbon sequestered within pre-existing native forests, or avoided clearing from commercial logging (on either public or private land).
- **In Australia, the carbon market can be accessed via several different pathways:**
  - Regulated national carbon market
  - Voluntary carbon market
  - Co-benefit opportunities
- **The Australian Government regulates a national carbon market through the Carbon Credits (Carbon Farming Initiative) Act 2011 and the Emissions Reduction Fund (ERF) (and its successor, the Climate Solution Fund).** The ERF facilitates the creation and trading of Australian Carbon Credit Units (ACCUs). To be eligible for ACCUs, a project must meet the eligibility criteria of an approved 'method'. Methods are categorised under the following themes: Agriculture, Energy Efficiency, Facilities, Mining, Oil and Gas, Transport, and Vegetation Management.
- **Carbon credits may also be established via the voluntary carbon market.** This essentially involves third party organisations developing their own set of standards to 'verify' projects as being eligible to generate carbon credits. There are a range of independent standards operating in the voluntary carbon market, including Verified Emissions Reductions (VERs) issued by Gold Standard and Verified Carbon Units (VCUs) issued by Verified Carbon Standard (Verra). However, in the same vein as ACCU methods, options will be limited for landholders wanting to protect existing unburnt forest, as this is unlikely to meet integrity and eligibility requirements, particularly if the current management and use of the land would ordinarily retain those trees in the landscape.
- **Some activities that qualify for carbon credits may also be eligible to receive payments for improving biodiversity outcomes.** These are generally known as co-benefits.
- **Significant concerns have been raised about the integrity of carbon offsets,** particularly those relying on land-sector carbon sequestration, and their ability to deliver genuine carbon and biodiversity outcomes.
- **Landholders wishing to learn more about whether projects on their land would be eligible** for carbon credits should seek advice from a registered service provider.

**Table 1 (below) provides a summary of options considered in the Full Guide. Please read our Full Guide for further information.**

**Table 1. Summary of key options considered in this guide**

OPTION	SUITABILITY FOR DEFENDING THE UNBURNT
<b>REGULATED NATIONAL CARBON MARKET</b>	
<b>Regulated national carbon market</b> - Australian carbon credit units (ACCUs) issued by the Clean Energy Regulator under the Emissions Reduction Fund (ERF).	Methods for storing carbon related to energy efficiency, mining, oil and gas, transport, facilities, waste, and agriculture are not relevant for the purpose of Defending the Unburnt. With respect to 'vegetation management' methods, there are limited options for landholders wanting to protect existing unburnt forest as this is unlikely to meet integrity and eligibility requirements. In general, landholders would need to demonstrate a change in management practices. Selected key methods that may be most suitable for defending unburnt landscapes are summarised below.
<ul style="list-style-type: none"> <li>• Avoided clearing of native regrowth method</li> </ul>	This method may provide protection for areas of unburnt native regrowth, where the landholder can demonstrate that they meet eligibility requirements. These requirements include that existing native forest has been cleared at least twice in the past for cropping or grazing; and the landholder has permission to clear the existing forest.
<ul style="list-style-type: none"> <li>• Human-induced regeneration of a permanent even-aged native forest</li> </ul>	Because this method is not available where there is pre-existing forest cover, it is less suitable for defending unburnt forests, but may provide an opportunity to protect and restore regrowth where eligibility requirements can be met.
<ul style="list-style-type: none"> <li>• Native Forest from Managed Regrowth Method</li> </ul>	Because this method is not available where there is pre-existing forest cover, it is less suitable for defending unburnt forests, but may provide an opportunity to protect regrowth where eligibility requirements can be met.
<ul style="list-style-type: none"> <li>• Avoided deforestation 1.1 method</li> </ul>	The vast majority of approved clearing that would meet the eligibility requirements for this method is located in Western New South Wales, outside of priority unburnt areas.
<b>VOLUNTARY CARBON MARKET</b>	
<b>Voluntary carbon market – projects in Australia</b>	There are a range of independent standards operating in the voluntary carbon market, and this guide does not endeavour to analyse them all. In general, best-practice integrity standards would limit options for landholders wanting to protect existing unburnt forest, particularly if the current management and use of the land would ordinarily retain those trees in the landscape. However, some 'avoided deforestation'-type methods may be suitable if landholders can meet eligibility requirements, which will vary between providers. Interested landholders should obtain their own, independent advice about available opportunities.
<b>Voluntary carbon market – projects outside Australia</b>	Carbon credits created outside of Australia will not help Defend the Unburnt.
<b>CO-BENEFIT OPPORTUNITIES</b>	
<b>Government-led co-benefit schemes</b>	Because existing government-run co-benefit schemes rely on the ERF to deliver the carbon component, opportunities to Defend the Unburnt are limited under current laws and policy settings. Additionally, in most jurisdictions, co-benefit schemes and other government initiatives are still under development.
<b>Voluntary market co-benefit schemes</b>	Opportunities in this area are still emerging. In general, for reasons outlined above, best-practice integrity standards would limit options for landholders wanting to protect existing unburnt forest. Interested landholders should obtain their own, independent advice about available opportunities.



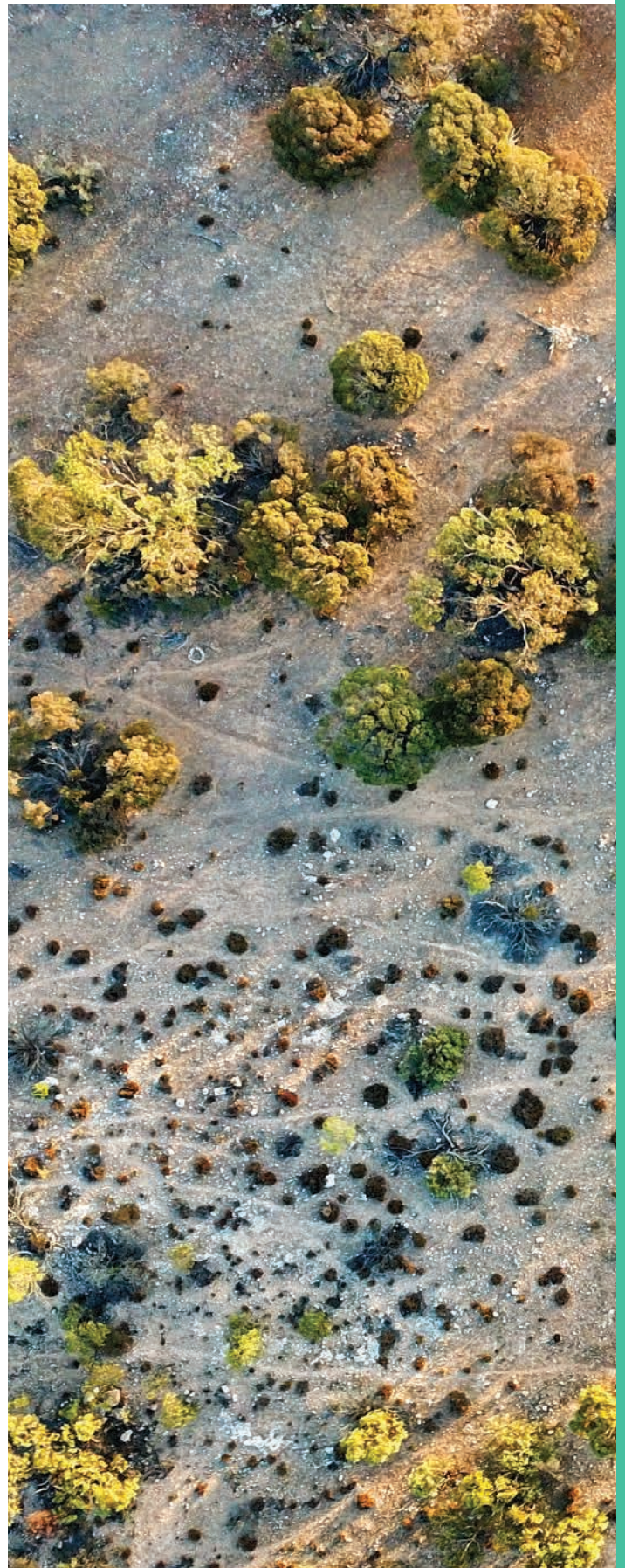
## Getting advice and further information

The information provided in this guide is not a substitute for legal or financial advice. While EDO may be able to provide free initial legal advice on an environmental or planning law issue (please visit EDO's website: <https://www.edo.org.au>), landholders interested in opportunities described in this guide should obtain their own, independent legal and financial advice. EDO does not provide financial advice.

As the Clean Energy Regulator advises, participating in the ERF is a business decision and the Clean Energy Regulator recommends those considering entering the scheme take appropriate steps to understand the obligations and risks of participation.

Various carbon service providers are set up to assist landholders to understand ERF eligibility requirements and can help design and implement individual projects. Service providers may also be able to provide advice on independent carbon credit schemes such as Verified Emissions Reductions issued by Gold Standard and Verified Carbon Units (issued by Verified Carbon Standard – Verra).

The Carbon Market Institute (the peak industry association) has a voluntary industry Code of Conduct and a Carbon Marketplace website where landholders can search for the type of service provider they are seeking.











# Full Guide

**Defending the Unburnt: Carbon market opportunities for private landholders – a guide**

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# One: Introduction

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# 1.1 Defending the Unburnt

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In the wake of Australia's 2019-2020 bushfires, the protection of unburnt habitat has become an urgent priority.

Much of the land that survived the bushfires is now a vital refuge for biodiversity, particularly threatened species. Six priority landscapes have been identified by WWF-Australia in Queensland, New South Wales and Victoria as requiring immediate protection.<sup>1</sup> Unburnt and lightly burnt<sup>2</sup> areas will be key to securing the future of many threatened species and ensuring important ecosystem services are sustained while impacted landscapes recover.

In collaboration with WWF-Australia, the Environmental Defenders Office (EDO) is working to ensure that our laws are used to adequately protect these priority areas from further impacts, including impacts from inappropriate development, land clearing, and logging.

Detailed mapping of the six priority landscapes reveals that a significant proportion of the land is privately owned. Landholders in these areas are in a unique position to contribute meaningfully to bushfire recovery and ensure these priority landscapes are protected and managed for their biodiversity values.

Our earlier guide ***Defending the Unburnt: A guide to private land conservation for landholders***<sup>3</sup> outlines various private land conservation mechanisms available to landholders wanting to enter into conservation agreements as a way of protecting unburnt landscapes with important conservation value.

This second report ***Defending the Unburnt: Carbon market opportunities for private landholders - a guide*** looks at opportunities that may be available to landholders to protect priority unburnt areas using carbon market mechanisms (e.g. carbon farming). There may also be opportunities for landholders to have projects recognised for both the carbon and biodiversity benefits that they deliver.

Because this guide is specifically aimed at Defending the Unburnt, it only considers opportunities to conserve or enhance existing vegetation in the landscape. It does not consider the broader range of carbon sequestration opportunities that may be available to landholders (for example, reforestation, managing regrowth, plantation forestry methods).

**In this context, there are limited carbon market opportunities for private landholders wanting to protect existing trees and vegetation under current laws and policy settings.** This is because to meet integrity standards, 'vegetation management'-type methods primarily recognise new plantings and restoration, or avoided clearing for agriculture and grazing. Few schemes recognise carbon sequestered within existing native forests, including those used for timber production.

This guide provides general information about opportunities for landholders interested in carbon market opportunities to Defend the Unburnt under current laws and policy settings. Landholders seeking more detailed information should seek advice from a relevant service provider (see Part 3).

## 1.2 How does the carbon market work?

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The carbon market can provide opportunities for landholders to receive monetary benefits for activities undertaken on their land, including carbon farming and restoration and regeneration activities.

In general, landholders register eligible projects to obtain carbon credits, which are then able to be sold on the market, primarily to 'offset' carbon emissions generated elsewhere. That is, while registration of a project is a necessary step to obtain credits, revenues from a project are only typically realised once the credits have been generated, reported, verified and sold to a buyer. Carbon credits can be generated through a broad range of activities ranging from farm management practices to energy efficiency activities and the capture of fugitive emissions by industry.

Additional payments may be available for certain activities that create additional biodiversity, social or cultural benefits (e.g. co-benefits). In addition to meeting eligibility requirements for carbon credits, projects would also need to meet the relevant criteria for existing co-benefit schemes (see section 2.4 below).

The carbon market operates as an 'offsets' system. Carbon credits are used to 'offset' emissions generated elsewhere (i.e. carbon emissions generated in one place are removed by abatement or sequestration activities carried out elsewhere).

In Australia, the carbon market can be accessed via several different pathways:

- **Regulated national carbon market:** The Australian Government regulates a national carbon market through the Carbon Credits (*Carbon Farming Initiative*) Act 2011 and Emissions Reduction Fund (ERF) (and its successor, the Climate Solution Fund). The national carbon market framework is administered by the Clean Energy Regulator who issues Australian carbon credit units (**ACCUs**) under the scheme (see section 2.2 for further information).
- **Voluntary carbon market:** A variety of other carbon credits are available through the domestic and international voluntary carbon market. The voluntary carbon market involves third party organisations developing their own carbon credits and standards to 'verify' projects as eligible to generate carbon credits; and purchasers buying those credits to voluntarily offset their carbon emissions (see section 2.3 for further information).
- **Co-benefit opportunities:** Some activities that qualify for carbon credits may also be eligible to receive additional payments for delivering other benefits, such as improved biodiversity, social and cultural outcomes (known as co-benefits). Co-benefit opportunities are available through existing government-led co-benefit schemes in some Australian jurisdictions and are also beginning to emerge in the voluntary carbon market (see section 2.4 for further information).

These options, and their suitability for Defending the Unburnt, are summarised in **Table 1. Summary of key options considered in this report.**



**Table 1. Summary of key options considered in this guide**

OPTION	SUITABILITY FOR DEFENDING THE UNBURNT
<b>REGULATED NATIONAL CARBON MARKET</b>	
<b>Regulated national carbon market</b> - Australian carbon credit units ( <b>ACCUs</b> ) issued by the Clean Energy Regulator under the Emissions Reduction Fund ( <b>ERF</b> ).	Methods for storing carbon related to energy efficiency, mining, oil and gas, transport, facilities, waste, and agriculture are not relevant for the purpose of Defending the Unburnt. With respect to 'vegetation management' methods, there are limited options for landholders wanting to protect existing unburnt forest as this is unlikely to meet integrity and eligibility requirements. In general, landholders would need to demonstrate a change in management practices. Selected key methods that may be most suitable for defending unburnt landscapes are summarised below.
<ul style="list-style-type: none"> <li>• Avoided clearing of native regrowth method</li> </ul>	This method may provide protection for areas of unburnt native regrowth, where the landholder can demonstrate that they meet eligibility requirements. These requirements include that existing native forest has been cleared at least twice in the past for cropping or grazing; and the landholder has permission to clear the existing forest.
<ul style="list-style-type: none"> <li>• Human-induced regeneration of a permanent even-aged native forest</li> </ul>	Because this method is not available where there is pre-existing forest cover, it is less suitable for defending unburnt forests, but may provide an opportunity to protect and restore regrowth where eligibility requirements can be met.
<ul style="list-style-type: none"> <li>• Native Forest from Managed Regrowth Method</li> </ul>	Because this method is not available where there is pre-existing forest cover, it is less suitable for defending unburnt forests, but may provide an opportunity to protect regrowth where eligibility requirements can be met.
<ul style="list-style-type: none"> <li>• Avoided deforestation 1.1 method</li> </ul>	The vast majority of approved clearing that would meet the eligibility requirements for this method is located in Western New South Wales, outside of priority unburnt areas.
<b>VOLUNTARY CARBON MARKET</b>	
<b>Voluntary carbon market – projects in Australia</b>	There are a range of independent standards operating in the voluntary carbon market, and this guide does not endeavour to analyse them all. In general, best-practice integrity standards would limit options for landholders wanting to protect existing unburnt forest, particularly if the current management and use of the land would ordinarily retain those trees in the landscape. However, some 'avoided deforestation'-type methods may be suitable if landholders can meet eligibility requirements, which will vary between providers. Interested landholders should obtain their own, independent advice about available opportunities.
<b>Voluntary carbon market – projects outside Australia</b>	Carbon credits created outside of Australia will not help Defend the Unburnt.
<b>CO-BENEFIT OPPORTUNITIES</b>	
<b>Government-led co-benefit schemes</b>	Because existing government-run co-benefit schemes rely on the ERF to deliver the carbon component, opportunities to Defend the Unburnt are limited under current laws and policy settings. Additionally, in most jurisdictions, co-benefit schemes and other government initiatives are still under development.
<b>Voluntary market co-benefit schemes</b>	Opportunities in this area are still emerging. In general, for reasons outlined above, best-practice integrity standards would limit options for landholders wanting to protect existing unburnt forest. Interested landholders should obtain their own, independent advice about available opportunities.

## 1.3 Concerns about integrity of carbon offsets and their ability to deliver genuine carbon and biodiversity outcomes

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Before explaining carbon market opportunities in further detail, it is important to note that significant concerns have been raised about the integrity of carbon offsets, and their ability to achieve actual carbon and biodiversity outcomes. These concerns include:

- **The use of land-sector carbon offsets (i.e., carbon farming, tree plantings etc) to offset emissions generated from the burning of fossil fuels.**<sup>3</sup>

The Earth stores carbon in the atmosphere, land, ocean, living organisms (called biogenic carbon) and their fossils (called geogenic carbon). The Earth's land mass and oceans have the capacity to absorb CO<sub>2</sub> entering the atmosphere through natural processes. This is known as the active global carbon cycle. In a stable climate with no human interference, this carbon cycle is in balance. Currently, the rate at which the Earth's system can absorb CO<sub>2</sub> is being outstripped by the pace at which geogenic carbon is being added to the atmosphere. As of 2016, the rate of geogenic carbon emissions was ten times greater than the annual amount of carbon that could be stored by sustainable land carbon mitigation methods<sup>5</sup>.

- **The failure to require carbon offsets to be maintained in perpetuity.** Current ERF projects are required to be maintained for either 25 years or 100 years. There are risks that offsets may be lost with no ability to be replaced over a meaningful timescale (e.g. to bushfire or other events).

- **The difficulties in robustly measuring the effectiveness of carbon offsets** and other 'nature-based solutions' in achieving climate and biodiversity outcomes.<sup>6</sup>
- **The risk of afforestation projects promoting monocultures** and leading to a loss in biodiversity.<sup>7</sup>
- **The danger of carbon offsets undermining real action on much needed emissions reductions by justifying continued use of fossil fuels and high emitting industries.**<sup>8</sup>

Additional, specific concerns have been raised about the integrity of the Australian Government's ERF and carbon credits issued under specific ERF methods, including Human Induced Regeneration and Avoided Deforestation.<sup>9</sup>

These concerns include:

- that credits are routinely issued for tree growth that would have happened anyway;
- that credits are being issued for growing trees despite, in many cases, the area already containing mature trees when the projects started; and
- that credits are being issued based on a flawed assumption that any landholder in western New South Wales with a land-clearing permit issued between 2005 and 2010 planned to use it within 15 years.<sup>10</sup>



This is despite 'offsets integrity standards' in legislation that are intended to provide integrity safeguards. Research published in 2022 shows that approved carbon crediting methods under the ERF do not meet offsets integrity standards.<sup>11</sup> In July 2022, the Australian government announced a review into the ERF.<sup>12</sup>

Any use of 'carbon offsetting' must be strictly regulated via a robust, science-based scheme. It must be developed with expert, scientific advice, that is transparent and verifiable and meets best practice, and incorporates consideration of differences between the geological (geogenic) and active carbon (biogenic) cycle. Inadequately regulated offset schemes could significantly undermine achievement of emissions reduction targets and therefore must be strictly limited.

EDO has produced this guide to assist landholders to understand current carbon market opportunities and those currently under development that may be available to support landholders to Defend the Unburnt. However, landholders should be aware of concerns raised about the integrity of carbon offsets and the ability of offsets to deliver genuine carbon and biodiversity outcomes more broadly.





# Two: Carbon market opportunities for Defending the Unburnt

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## 2.1 Overview

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As noted above, the carbon market can provide opportunities for landholders to receive monetary payments for activities undertaken on their land, including carbon farming and restoration and regeneration activities.

In general, landholders register eligible projects to obtain carbon credits, which are then able to be sold on the market, primarily to 'offset' carbon emissions generated elsewhere. That is, while registration of a project is a necessary step to obtain credits, revenues from a project are only typically realised once the credits have been generated, reported, verified and sold to a buyer.

Additional payments may be available for certain activities that create additional biodiversity, social or cultural benefits (co-benefits). In addition to meeting eligibility requirements for carbon credits, such projects would also need to meet the relevant criteria for existing co-benefit schemes (see below).

Carbon credits can be generated through a broad range of activities **however this guide specifically considers whether landholders would be eligible to register for carbon credits by protecting unburnt forests on their land.**

It looks at the following three key options:

- Regulated national carbon market (section 2.2)
- Voluntary carbon market (section 2.3)
- Co-benefit opportunities (section 2.4)





## 2.2 Regulated national carbon market

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### 2.2.1 ACCUs and the ERF

The Australian Government regulates a national carbon market through the *Carbon Credits (Carbon Farming Initiative) Act 2011* and ERF (and its successor the Climate Solutions Fund). The national carbon market framework is administered by the Clean Energy Regulator which issues ACCUs under the scheme.

ACCUs are the primary mechanism for generating carbon credits in Australia. ACCUs are issued by the Clean Energy Regulator for eligible greenhouse gas abatement and sequestration activities. The rules for eligible activities are set out in methodology determinations (**methods**), ranging from farm management practices (e.g., reducing greenhouse gas emissions in milking cows through feeding dietary additives method) to energy efficiency activities (e.g., commercial building energy efficiency method), and the capture of fugitive emissions by industry (e.g. facilities method). A full list of approved methods is included at **Appendix 1**. The Clean Energy Regulator is responsible for developing new methods.<sup>13</sup>

Methods for energy efficiency, mining, oil and gas, transport, facilities, and waste are not relevant for the purpose of Defending the Unburnt and are not considered further here. Similarly, methods categorised as ‘agriculture’, which generally relate to farm management practices, are not relevant.

In terms of the methods categorised as ‘vegetation’, many relate to reforestation, revegetation, plantation forestry and savanna fire management. While some of these methods may be suitable for landholders seeking to revegetate their land or change their land use, thereby providing additional intact, vegetated areas to compliment unburnt areas, they are less suited to areas already containing intact, unburnt vegetation (e.g. existing forest canopy).

Section 2.2.2 highlights some of the ERF methods that may be most relevant for the purpose of Defending the Unburnt. However, as each landholder’s circumstances will be different, landholders wishing to learn more about whether projects on their land would be eligible for carbon credits should seek advice from a registered service provider (see Part 3).



### 2.2.2 Possible ERF methods for Defending the Unburnt

- **Avoided clearing of native regrowth method**

This method is available to landholders who protect native forests that have repeatedly been cleared for cropping or grazing. Carbon credits are generated by carbon abated by not clearing the forest.

To be eligible, landholders must demonstrate that:

- existing native forest has been cleared at least twice in the past for cropping or grazing (the two most recent events are relevant for the purpose of the method); and
- the landholder has permission to clear the existing forest.

In this instance, the Carbon Credits (Carbon Farming Initiative—Avoided Clearing of Native Regrowth) Methodology Determination 2015<sup>14</sup> provides that ‘permission’ includes either,

- a valid clearing permit; or
- evidence that the land may be cleared ‘without restriction’. Clearing is not ‘without restriction’ if there is a requirement that a species cannot be removed from the land; or a requirement for an offset to mitigate any effect from the clearing of the land.

Further information, including the full methodology and instructions on how to apply to participate, is available here.<sup>15</sup>

**Could this method be used to Defend the Unburnt?** This method may provide protection for areas of unburnt native regrowth, where the landholder can demonstrate that they meet the eligibility requirements. These requirements include that existing native forest has been cleared at least twice in the past for cropping or grazing; and the landholder has permission to clear the existing forest.

- **Human-induced regeneration of a permanent even-aged native forest**

This method is available to support landholders to regenerate native forest, where native forest has been suppressed by human activity (such as farming practices or other management choices) for at least 10 years. Carbon credits are generated by changing land management practices to help native forests to regrow on land where human activity has previously prevented regrowth.

The types of activities that may be credited under this method include:

- the exclusion of livestock;
- the management of the timing, and the extent, of grazing;
- the management, in a humane manner, of feral animals;
- the management of plants that are not native to the project area; or
- the implementation of a decision to permanently cease the mechanical or chemical destruction, or suppression, of regrowth.

While this method is not available where there is pre-existing forest cover,<sup>16</sup> it may be used in areas where regrowth has begun but forest cover has not yet been reached.

Further information, including the full methodology and instructions on how to apply to participate, is available here.<sup>17</sup>

**Could this method be used to Defend the Unburnt?** Because this method is not available where there is pre-existing forest cover, it is less suitable for defending unburnt forests, but may provide some protection for protecting and restoring regrowth where eligibility requirements can be met.



- **Native forest from managed regrowth method**

This method is available to landholders who regenerate native forest on land that has been cleared of native forest for pastoral use. Landholders must cease clearing vegetation and may also undertake other management activities such as excluding livestock, changing the timing and extent of grazing, or managing non-native plant species or feral animals.

While this method is not available where there is pre-existing forest cover, it may be used in areas where regrowth has begun but forest cover has not yet been reached.

Further information, including the full methodology and instructions on how to apply, is available [here](#).<sup>18</sup>

**Could this method be used to Defend the Unburnt?** Because this method is not available where there is pre-existing forest cover, it is less suitable for defending unburnt forests, but may provide some protection for regrowth where eligibility requirements can be met.



- **Avoided deforestation 1.1 method**

This method is available to landholders who protect native forests rather than permanently converting them to cropland or grassland. Landholders must protect the native forests despite having government permission to clear and convert them. Credits are generated by not clearing native forest and managing it in a way that maintains or increases the carbon stored in trees.<sup>19</sup>

To be eligible, landholders need to meet the following requirements:

- The relevant forest must cover an area of at least 0.2 hectares and be dominated by trees that are at least two metres tall and provide crown cover of at least 20 per cent of the land area. Crown cover is the amount of land covered by the outer edges (diameter) of a tree or group of trees.
- Hold a valid clearing consent issued before 1 July 2010, that permits clearing for the purpose of permanently converting the forest to cropland or grassland, not to plantation or settlement.

Due to these requirements, the method essentially captures New South Wales landholders that hold an Invasive Native Scrub Property Vegetation Plan (**INS PVP**) issued under the former *Native Vegetation Act 2003* (NSW) between 2005 and 30 June 2010. The vast majority of the clearing approved under these 'eligible' INS PVPs relates to properties in the

Western Local Land Service (LLS) region of New South Wales.<sup>20</sup>

Further information, including the full methodology and instructions on how to apply to participate, is available here.<sup>21</sup>

**Could this method be used to Defend the Unburnt?** As noted above, the vast majority of approved clearing that would meet the eligibility requirements for this method is located in Western New South Wales, outside of priority unburnt areas.

#### **Future methods**

There is also the possibility that new methods developed may be relevant to landholders seeking to Defend the Unburnt.

The process for developing new methods is led by the Clean Energy Regulator, in consultation with the Minister for Energy and Emissions Reduction, the Emissions Reduction Assurance Committee, the Department of Industry, Science, Energy and Resources, industry, potential end-users, and experts.<sup>22</sup> There is also public consultation on proposed new methods.

In October 2021, the former Morrison Government announced it would be prioritising the development of five new methods in 2022 and progressing further research and technology development to support the development of future ERF methods.<sup>23</sup> None of the announced priorities are directly relevant to protecting unburnt forests.<sup>24</sup>







### 2.2.3 Other considerations for landholders interested in ACCUs

Landholders interested in developing a project under the ERF to earn ACCUs should also be aware of the following requirements and obligations:

- Each ERF project must have a **nominated project proponent** who is responsible for carrying out the project. This may be the landholder themselves, or a service provider who carries out the project on behalf of the landholder.<sup>25</sup>
- The project proponent must have the **legal right to carry out the project**. This may require consent from all eligible interest-holders (e.g., lessees and service providers are required to demonstrate consent from land owners). The existence of native title determinations and claims will also need to be considered.<sup>26</sup>
- Project participants must meet a **'fit and proper person' test**. This will generally consider a person's past compliance with the law, whether they are insolvent, and whether they have the necessary capabilities and competence to effectively fulfil their intended scheme role.<sup>27</sup>
- Project participants must meet certain **obligations** during the course of the project. For example: record keeping, reporting and audit requirements and notification requirements, including the need to notify the Clean Energy Regulator of any changes to the project.<sup>28</sup>
- ERF projects that involve sequestration (e.g. soil and vegetation projects) are subject to **permanence obligations** that require carbon stores to be maintained for either 25 years or 100 years. A project proponent nominates the relevant time period at the start of the project, and this cannot be changed. The framework also has a built-in 'risk of reversal' buffer to account for the risk that carbon sequestration projects may be impacted by events such as fires. This buffer reduces the carbon credits issued during



a reporting period by 5 per cent (i.e. for every 100 tonnes of carbon stored by a 100-year sequestration project, 95 - rather than 100 - ACCUs are issued).<sup>29</sup> For 25-year projects, there will be a 20 per cent reduction in the number of ACCUs issued for the project.

- Landholders should be aware of the **timing of various project stages, including crediting periods**.<sup>30</sup> For example, a crediting period is the period of time a project is able to apply to claim ACCUs. This will vary depending on the type of project and range between 7-25 years.<sup>31</sup>
- Projects approved under the ERF may also require **authorisation** under relevant state or territory environmental and planning laws (e.g., development approval/permit).
- **Changes to relevant state or territory environmental and planning laws** over the lifetime of the project may also impact on the future use of land once permanence obligations are fulfilled.

#### 2.2.4 Potential buyers of ACCUs

The three main purchasers of ACCUs are:

- The Australian Government through the Clean Energy Regulator and the ERF. The Clean Energy Regulator administers bi-annual auctions for ACCUs in which project developers bid for contracts with the Regulator that are funded by the ERF. Whether or not a project developer can participate in an auction depends, in part, on whether or not they are eligible in accordance with the auction rules, which are revised from time to time.<sup>32</sup>
- Voluntary purchasers, including corporate buyers or state and territory governments, looking to meet policy commitments
- 'Responsible emitters' who are required to maintain emissions below a certain baseline limit in accordance with the 'safeguard mechanism'

established under the *National Greenhouse and Energy Reporting Act 2007* (Cth). The Safeguard Mechanism was introduced to ensure emissions reductions achieved under the ERF were not undermined by substantially increased emissions elsewhere in the economy. It applies to facilities that emit more than 100,000 tonnes of carbon dioxide equivalent (**CO<sub>2</sub>-e**) covered emissions<sup>33</sup> in a financial year. These facilities (known as safeguard facilities) must keep net emissions levels at or below an established emissions baseline. Facilities that exceed the baseline will be required to 'offset' their excess emissions and can do this by purchasing ACCUs.<sup>34</sup>

In 2021, the largest buyer of ACCUs was the Australian Government through the Clean Energy Regulator's ERF, followed by voluntary corporate buyers and state and territory governments, and liable entities under the Australian Government's Safeguard Mechanism that have exceeded their emissions baselines.<sup>35</sup> Notably, on current trends, it is expected that demand from buyers of ACCUs for voluntary purposes (such as adherence to the Australian Government's Climate Active carbon certification scheme) will grow as a source of demand, as an increasing number of companies in the corporate and financial sectors adopt net zero-type greenhouse gas (**GHG**) emissions reductions targets.

Landholders interested in creating and selling ACCUs should obtain their own, independent advice about financial opportunities.

## 2.3 Voluntary carbon market

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### 2.3.1 Carbon credits for projects in Australia

ACCUs are not the only type of carbon credits available to Australian landholders. Carbon credits may also be created via the **voluntary carbon market**. This essentially involves third party organisations developing their own set of standards to 'verify' projects as eligible to generate carbon credits; and purchasers buying those credits to voluntarily offset their carbon emissions. This provides an alternative pathway for Australian landholders to engage in the carbon market.

There are a range of independent standards operating in the voluntary carbon market. However, because there is limited regulation of the voluntary market, there is a risk that some standards do not meet best-practice in terms of integrity and genuine offsetting. For this reason, it is recommended that landholders seek out standards that are well-regarded within the industry. Two notable examples are the Verified Emissions Reductions (**VERs**) issued by Gold Standard and Verified Carbon Units (**VCUs**) issued by Verified Carbon Standard (**Verra**).<sup>36</sup> These two standards are both recognised by the Australian Government's *Climate Active Carbon Neutral Standard* initiative.<sup>37</sup>

- **Verified Emissions Reductions (VERs) issued by Gold Standard**

Gold Standard develops its own independent standards for projects and issues carbon credits known as VERs. Projects fall broadly under the following themes: Community based energy efficiency, Land Use activities + Nature-based solutions, Renewable Energy, Waste Management, and Water Benefits. Specific rules

apply for Land-use and Forest projects, including Afforestation/Reforestation and Agriculture.<sup>38</sup> Projects can be based anywhere in the world.

The first project to receive Gold Standard Certification in Australia is the *Yarra Yarra Biodiversity Corridor*, a reforestation project in the northern wheatbelt of Southwest Australia, in Western Australia.<sup>39</sup>

Further information on Gold Standard is available at [www.goldstandard.org/](http://www.goldstandard.org/)

- **Verified Carbon Units (VCUs) issued by Verified Carbon Standard (Verra)**

The Verified Carbon Standard operated by Verra covers a range of projects, including for example, renewable energy projects, construction, mining, transport, forestry and land-use projects.

For the purpose of Defending the Unburnt, the following categories of projects are likely to be the most relevant: Afforestation, Reforestation and Revegetation, Agricultural Land, Improved Forest Management, Reduced Emissions from Deforestation and Degradation, Avoided Conversion of Grasslands and Shrublands and Wetlands Restoration and Conservation.<sup>40</sup> A full list of Verra methodologies is available at <https://verra.org/methodologies/>.

A number of projects in Australia have been verified under the Verified Carbon Standard, including the protection of forests from logging on private land in Tasmania, which were established under Verra Standard VM0010 - Methodology for Improved Forest Management: Conversion from Logged to Protected Forest.

Further information is available at <https://verra.org/>





This guide does not analyse these standards or their underlying methodologies in detail. However, in the same vein as ACCU methods, options to protect unburnt forest will be limited due to integrity and eligibility requirements, particularly if the current management and use of the land would ordinarily retain those trees in the landscape.

### 2.3.2 Potential buyers of other carbon credits

Demand for voluntary carbon credits registered with standards such as Verra and Gold Standard is driven largely by corporations that have adopted GHG emissions reductions targets and are using carbon credits to partially or fully offset their emissions. Given the global nature of these markets, and the variety of standards available, buyers are more fragmented, but are located mainly in Europe. Carbon credits in the global voluntary markets are overwhelmingly generated by projects located in developing countries, reflecting the preference of buyers to support projects that also contribute to global sustainable development and/or poverty reduction goals.<sup>44</sup>

It is expected that airlines operating in Australia will eventually also become a source of demand for established voluntary carbon credits. For example, the Australian Government is participating in the pilot phase of the global aviation carbon offsetting scheme Carbon Offsetting and Reduction Scheme for International Aviation (**CORSIA**), which requires certain airlines operating in Australia to purchase certain eligible carbon credits to offset part of the GHG emissions of their international flights.<sup>45</sup>

Landholders interested in creating and selling carbon credits in the voluntary market should obtain their own, independent advice about financial opportunities.

### Can the voluntary carbon market help Defend the Unburnt?

There are a range of independent standards operating in the voluntary carbon market, and this guide does not endeavour to analyse them all. In general, best-practice integrity standards would limit options for landholders wanting to protect existing unburnt forest, particularly if the current management and use of the land would ordinarily retain those trees in the landscape. However, some 'avoided deforestation'-type methods may be suitable if landholders can meet eligibility requirements, which will vary between providers. Interested landholders should obtain their own, independent advice about available opportunities.

### 2.3.3 Carbon credits created outside Australia

Other types of carbon credits may be available to purchase and trade for the purpose of offsetting emissions within Australia (e.g. by Australian emitters seeking to offset emissions, or Australian companies seeking to obtain carbon neutral certification). These carbon credit units may include Certified Emissions Reductions<sup>46</sup> and Removal units.<sup>47</sup> However, these carbon credits are not created by projects in Australia, and therefore are not discussed in further detail as they are not available to landholders seeking to Defend the Unburnt.

### Can carbon credits created outside Australia help Defend the Unburnt?

No, carbon credits created outside of Australia will not help Defend the Unburnt.

## 2.4 Co-benefit opportunities

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Some activities that qualify for carbon credits may also be eligible to receive additional payments for delivering other benefits, such as improved biodiversity, social and cultural outcomes (known as co-benefits). Co-benefit projects deliver outcomes for both the climate (e.g. by reducing emissions in the land-use, land-use change and forestry sector), and additional co-benefits, such as conserving and improving biodiversity values, including vegetation, soil and water quality.

### 2.4.1 Government-led co-benefits schemes

In Australia, existing government-led co-benefit schemes require the carbon component to be eligible for ACCUs under the ERF. Examples of government-led co-benefit opportunities include:

- **Queensland Government Land Restoration Fund (LRF)**

Funding under the Queensland LRF is available for land sector carbon farming projects that deliver both ACCUs and other priority environmental, socio-economic and First Nations co-benefits.

Projects must be eligible for ACCUs under the ERF, and also meet the LRF co-benefits standards for environmental, socio-economic and First Nations co-benefits – see **Appendix 2** for more information on the LRF co-benefit standards.<sup>48</sup> The LRF will pay a premium price for the ACCUs (i.e., a higher price than what would be available to landholders through ERF reverse auctions for ACCUs), in recognition of the additional co-benefits.

To date, there have been two rounds of applications (investment rounds). Round 1 ran in 2020, and final applications for Round 2 funding closed in February 2022. At this stage, there is no information as to if and when additional investment rounds will take place.

Further information is available [here](#).<sup>49</sup>

- **Victorian BushBank Program**

As part of the 2020-2021 Victorian State Budget, a new \$92.3 million package for restoration of native vegetation and carbon plantings was announced.<sup>50</sup> The program involves two components:

- The \$76.98 million **Nature restoration for carbon storage – BushBank program** (BushBank program). This program will support revegetation and restoration of native vegetation across public and private land over 16 years to improve habitat for biodiversity while increasing carbon sequestration. This program is currently being rolled out by the Department of Environment, Land, Water and Planning (**DELWP**), and includes various components that support habitat restoration on private land, habitat restoration on public land and Traditional Owner grants. Further information is available [here](#).<sup>51</sup>
- The \$15.3 million **Victorian Carbon Farming Program** will support private landholders to plant agroforestry and shelterbelt trees, access the existing carbon market and realise on-farm benefits and new income streams. This program will be delivered over 10 years by the Department of Jobs, Precincts and Regions.<sup>52</sup> Further information is available [here](#).<sup>53</sup>





- **New South Wales programs**

- The New South Wales Government has announced the **Primary Industries Productivity and Abatement Program** to support farmers and land managers across the State to reduce their emissions, improve their carbon management, and enhance biodiversity on their land alongside production.<sup>54</sup> As part of the program, the New South Wales Government is developing frameworks to recognise co-benefits.<sup>55</sup>
- Through **co-investment partnerships**, the New South Wales Biodiversity Conservation Trust (BCT) is considering ways to link private sector investment in nature-based solutions with BCT investment in permanent private land conservation, including for projects that deliver both biodiversity and carbon outcomes.<sup>56</sup>

Similar government-led co-benefit programs have also been developed or are being considered in other Australian jurisdictions.<sup>57</sup>

- **Commonwealth Carbon + Biodiversity Pilot program**

The Australian Government is running a pilot program for farmers undertaking plantings that deliver carbon sequestration to receive additional payments for also maximising biodiversity values (e.g. by planting a mix of species and managing that vegetation). Projects must be eligible for ACCUs under the ERF and meet the relevant Carbon + Biodiversity Pilot program biodiversity protocols for the relevant region.<sup>58</sup> Landholders can sell ACCUs and receive an additional payment for the biodiversity benefits associated with meeting the biodiversity protocol.

Applications for Round 1 and Round 2 of the pilot have closed, and did not cover regions within the Defending the Unburnt landscape.<sup>59</sup> Further information is available here.<sup>60</sup>

- **Other Australian Government initiatives**

- **Enhancing Remnant Vegetation Pilot:** In addition to the Carbon + Biodiversity Pilot mentioned above, the Australian Government is also undertaking an Enhancing Remnant Vegetation Pilot.<sup>61</sup> While not specifically a co-benefit scheme, the program is aimed at farmers, and participating landholders will be required to actively manage vegetation on their land, over and above existing legal requirements. This could be done through activities such as installing fencing, managing weeds and pest animals, and a degree of replanting. Eligible landholders enter into contractual agreements with the Australian Government and receive payments to manage and enhance existing remnant native vegetation on-farm. This program differs from the mechanisms described above, because it does not require landholders to enter into a traditional private land conservation agreement, and is not linked to the ERF scheme. While this program is targeted at remnant vegetation, it is currently in pilot phase and not available in Defending the Unburnt areas.<sup>62</sup>
- **National voluntary biodiversity market:** In August 2022, the Albanese Labor Government announced that it would be implementing a new biodiversity certificates scheme.<sup>63</sup> This follows the announcement of the former Morrison Government that it would establish







a biodiversity stewardship scheme.<sup>64</sup> The new biodiversity certificates scheme will operate in parallel to the existing carbon market scheme regulated by the Clean Energy Regulator. The scheme has the potential to provide new opportunities for environmental stewardship, however in order to deliver genuine environmental outcomes, it must be developed consistent with current science and based on best practice principles. We understand that the Government will be consulting on the detailed rules for the new scheme over the coming months.

**Can government-led co-benefit schemes help Defend the Unburnt?** As existing government-run co-benefit schemes rely on the ERF to deliver the carbon component, opportunities to Defend the Unburnt are limited under current laws and policy settings. Additionally, in most jurisdictions, co-benefit schemes are still under development, as are other government-led initiatives that may provide future opportunities for Defending the Unburnt.

## 2.4.2 Voluntary market co-benefit schemes

Some voluntary carbon market providers are also starting to realise the potential of recognising co-benefits. For example, South Pole (a service provider) has developed EcoAustralia™ credits, which recognise both carbon and biodiversity benefits.<sup>65</sup> EcoAustralia™ credits combine Australian state government-accredited biodiversity protection with international carbon credits. Each EcoAustralia™ credit is a combination of:

- One Australian Biodiversity Unit (**ABU**): One ABU represents 1.5 m<sup>2</sup> of government-accredited habitat protection. A covenant placed on the land title ensures that vegetation is managed for conservation in perpetuity.
- One carbon credit: 1 tonne of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) avoided or removed from the atmosphere. Carbon credits for EcoAustralia™ are sourced from high quality international emission reduction projects certified by the Gold Standard (see above).

Landholders interested in exploring opportunities for voluntary carbon market credits should speak to relevant carbon service provider to find out what opportunities may be available (see **Part 3**).

**Can the voluntary market co-benefit schemes help Defend the Unburnt?** Opportunities in this area are still emerging. In general, for reasons outlined above, best-practice integrity standards would limit options for landholders wanting to protect existing unburnt forest. Interested landholders should obtain their own, independent advice about available opportunities.



# Three:

## Getting advice and further information

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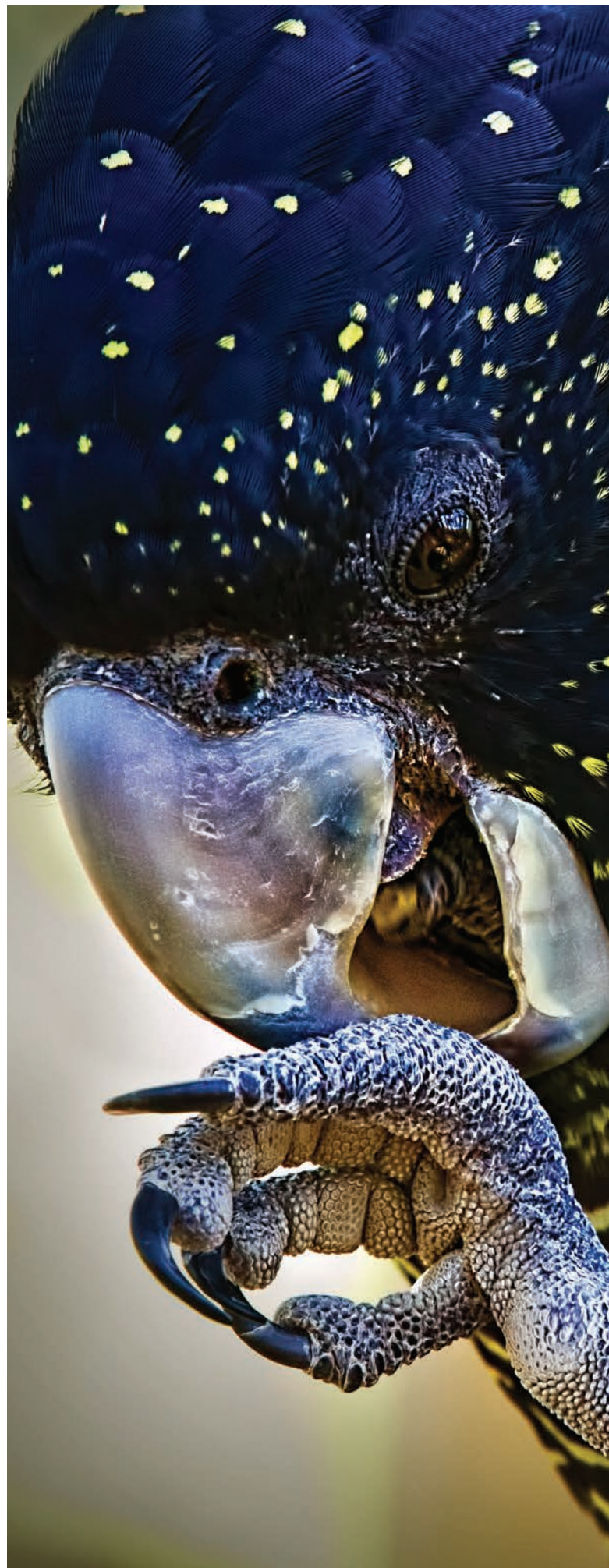


The information provided in this guide is not a substitute for legal or financial advice. While EDO may be able to provide free initial legal advice on an environmental or planning law issue (please visit EDO's website: <https://www.edo.org.au>), landholders interested in opportunities described in this guide should obtain their own, independent legal and financial advice. EDO does not provide financial advice.

As the Clean Energy Regulator advises, participating in the ERF is a business decision and the Clean Energy Regulator recommends those considering entering the scheme take appropriate steps to understand the obligations and risks of participation.<sup>66</sup>

Various carbon service providers are set up to assist landholders to understand the ERF, eligibility requirements and can help design and implement individual projects. Service providers may also be able to provide advice on independent carbon credit schemes such as Verified Emissions Reductions issued by Gold Standard and Verified Carbon Units (issued by Verified Carbon Standard – Verra).

The Carbon Market Institute<sup>67</sup> (the peak industry association) has a voluntary industry Code of Conduct<sup>68</sup> and a Carbon Marketplace website<sup>69</sup> where landholders can search for the type of service provider they are seeking.



# Appendix 1

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## List of approved methods under the Emissions Reduction Fund

More information is available at: <https://www.dcceew.gov.au/climate-change/emissions-reduction/emissions-reduction-fund/methods>

### **Agriculture**

- Animal effluent management method
- Beef cattle herd management method
- Estimating sequestration of carbon in soil using default values method
- Estimation of soil organic carbon sequestration using measurement and models method
- Fertiliser use efficiency in irrigated cotton method
- Reducing greenhouse gas emissions in beef cattle through feeding nitrate containing supplements method
- Reducing greenhouse gas emissions in milking cows through feeding dietary additives method

### **Carbon capture and storage**

- Carbon capture and storage method

### **Energy efficiency**

- Aggregated small energy users method
- Commercial building energy efficiency method
- High efficiency commercial appliances method
- Industrial and commercial emissions reduction method
- Industrial electricity and fuel efficiency method
- Industrial equipment upgrades method
- Refrigeration and ventilation fans method

### **Facilities**

- Facilities method

### **Mining, oil and gas**

- Coal mine waste gas method
- Oil and gas fugitives method

### **Transport**

- Aviation method
- Land and sea transport method





### **Vegetation management**

- Avoided clearing of native regrowth method
- Avoided deforestation 1.1 method
- Designated Verified Carbon Standard projects method
- Human-induced regeneration of a permanent even-aged native forest 1.1 method
- Measurement based methods for new farm forestry plantations method
- Native forest from managed regrowth method
- Plantation forestry method
- Reforestation and afforestation 2.0 method
- Reforestation by Environmental or Mallee Plantings - FullCAM method
- Savanna fire management - emissions avoidance method

- Savanna fire management - sequestration and emissions avoidance method
- Tidal restoration of blue carbon ecosystems method

### **Waste and wastewater**

- Alternative waste treatment method
- Landfill gas method
- Landfill gas (generation) method
- Source separated organic waste method
- Domestic, commercial and industrial wastewater method



# Appendix 2

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## Summary of Queensland LRF co-benefits standard

### Environment:

To be eligible to claim environmental benefits, a project must result in verified improvement to one of the following:

- **soil condition**; or
- native vegetation in pre-clearing wetlands in a **Great Barrier Reef catchment**; or both native vegetation condition and soil condition within a **reef catchment** that has a sediment target in the Reef Water Quality Improvement Plan; or
- the condition of **wetland native vegetation**; or the condition of **non-wetland vegetation and soil within 100m of a wetland in an Aquatic Conservation Assessment** rated as natural or near natural, and as of high or very high significance; or
- native vegetation condition in **coastal regional ecosystems**; or
- native vegetation condition in an **regional ecosystems with a biodiversity status of “of-concern” or “endangered**; or native vegetation condition in an **regional ecosystem listed as containing threatened ecological communities under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)**; or
- native vegetation condition within areas that meet the definitions of matters of state environmental significance (MSES) for wildlife habitat or **matters of national environmental significance** (MNES) for threatened species; or native vegetation condition of REs that are potential habitat for threatened species other than highly mobile fauna; or

- **native vegetation condition** (this is an option only for projects using the following carbon methods: Savanna Fire Management 2018 (Emissions Avoidance) (Savanna Burning – Emissions Avoidance) and Savanna Fire Management 2018 (Emissions Avoidance and Sequestration) (Savanna Burning – Emissions Avoidance and Sequestration), Human Induced Regeneration, Native Forests from Managed Regrowth, Environmental Plantings, or Avoided Clearing).

### Socio-economic:

To be eligible to claim socio-economic benefits, a project must meet one of the following criteria sets:

- **Deliver employment and skills co-benefits**, as follows:
  - a) result in the employment of regional workers through the creation of new jobs; and/or
  - b) result in the employment of regional workers through directly or indirectly contributing to maintaining jobs that would otherwise be lost; and/or
  - c) result in increased hours for part-time employees; and/or
  - d) deliver skills training to regional workers; and
  - e) deliver these co-benefits in regional Queensland.



- **Deliver community socio-economic resilience and environmental connection co-benefits**, as follows:
  - a) be located in an area broadly defined as an area of relative socio-economic disadvantage, taking into account people's access to material and social resources, and their ability to participate in society; and
  - b) generate economic co-benefits for the local community, or
  - c) improve people's connection to the environment.
- Deliver diversity and human rights co-benefits, as follows:
 

projects must contribute to increasing the participation of women, First Nations people, people with disabilities, people from non-English speaking backgrounds or LGBTIQ+ people in carbon and environmental markets.
- land where there is an Indigenous Land Use Agreement (**ILUA**) in place, including where there is a benefit assigned for the use of the land for a carbon farming project (e.g., where there is a project being run by a pastoral leaseholder on land subject to a native title interest and under the ILUA the Traditional Owners receive a benefit from, or share of, the ACCUs generated); and
- b) provide benefits to the relevant First Nations peoples for the land.
- **First Nations benefits based on participation** must meet the following criteria:
  - a) projects must be owned by First Nations peoples or directly involve First Nations participation, such as through the provision of Indigenous fire management services or the involvement of Indigenous Rangers.

### **First Nations:**

The following First Nations benefits are applicable:

- **First Nations benefits based on location** must meet the following criteria:
  - a) take place on Indigenous land, including:
    - Aboriginal freehold;
    - land with a native title determination;
    - land that is subject to a registered native title claim; or

# End Notes

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<sup>1</sup> WWF Australia, *Defending the Unburnt*, April 2021, available at <https://www.wwf.org.au/what-we-do/2-billion-trees/protecting-the-unburnt-six#gs.ud2uij>

<sup>2</sup> The importance of protecting lightly burnt and some moderately burnt areas from forestry operations post-bushfires was highlighted in the following report: Smith, Dr A., *Review of CIFOA Mitigation Conditions for Timber Harvesting in Burnt Landscapes - A Report to the NSW Environment Protection Authority*, September 2020, available at <https://www.epa.nsw.gov.au/-/media/epa/corporate-site/resources/forestry/review-of-cifoa-mitigation-conditions-for-timber-harvesting-in-burnt-landscapes.pdf?la=en&hash=6360E080DB80E7BEF935A1A4A6BDDAB46BBFD0A7>

<sup>3</sup> Environmental Defenders Office, *Defending the Unburnt: A guide to private land conservation for landholders*, August 2021, available at <https://www.edo.org.au/publication/a-guide-to-private-land-conservation-for-landholders/>

<sup>4</sup> See, for example, Mackey, B., Prentice, I., Steffen, W. et al., *Untangling the confusion around land carbon science and climate change mitigation policy*. *Nature Climate Change* 3, 847 (2013), available at [https://openresearch-repository.anu.edu.au/bitstream/1885/64454/2/01\\_Mackey\\_Untangling\\_the\\_confusion\\_2013.pdf](https://openresearch-repository.anu.edu.au/bitstream/1885/64454/2/01_Mackey_Untangling_the_confusion_2013.pdf); see also The Australia Institute and Australian Conservation Foundation, *Questionable integrity: Non-additionality in the Emissions Reduction Fund's Avoided Deforestation Method*, 2021, available at <https://australiainstitute.org.au/report/questionable-integrity-non-additionality-in-the-emissions-reduction-funds-avoided-deforestation-method/>

<sup>5</sup> Steffen, W., Fenwick, J., Rice, M., *Land carbon: No substitute for action on fossil fuels*, Climate Council, 2016, available at <https://www.climatecouncil.org.au/uploads/aadc6ea123523a46102e2be45bfcedc8.pdf>. See in particular, Box 3 on p 8.

<sup>6</sup> See, for example, Seddon, N., Chausson, A., Berry, P., Girardin, C.A.J., Smith, A., Turner, B., *Understanding the value and limits of nature-based solutions to climate change and other global challenges*, 2020, *Phil. Trans. R. Soc. B* 375: 20190120, available at <https://royalsocietypublishing.org/doi/10.1098/rstb.2019.0120>; see also Seddon, N., Smith, A., Smith, P., Key, I., Chausson, A., Girardin, C., House, J., Srivastava, S., Turner, B., *Getting the message right on nature-based solutions to climate change*, 2021, *Glob Chang Biol.* 2021 Apr;27(8):1518-1546, available at <https://onlinelibrary.wiley.com/doi/epdf/10.1111/gcb.15513>

<sup>7</sup> See, for example, Seddon, N., Smith, A., Smith, P., Key, I., Chausson, A., Girardin, C., House, J., Srivastava, S., Turner, B., *Getting the message right on nature-based solutions to climate change*, 2021, *Glob Chang Biol.* 2021 Apr;27(8):1518-1546, op.cit.

<sup>8</sup> See, for example, Steffen, W., Fenwick, J., Rice, M., *Land carbon: No substitute for action on fossil fuels*, Climate Council, 2016, available at <https://www.climatecouncil.org.au/uploads/aadc6ea123523a46102e2be45bfcedc8.pdf>.

<sup>9</sup> See, The Australia Institute, *An Environmental Fig Leaf? Restoring integrity to the Emissions Reduction Fund*, 2022, available at <https://australiainstitute.org.au/report/an-environmental-fig-leaf/>; see also, for example, ABC News, *Insider blows whistle on Australia's greenhouse gas reduction schemes*, 24 March 2022, available at <https://www.abc.net.au/news/2022-03-24/insider-blows-whistle-on-greenhouse-gas-reduction-schemes/100933186>



10 See, for example, The Guardian, *Australia's carbon credit scheme 'largely a sham', says whistleblower who tried to rein it in*, 23 March 2022, available at <https://amp.theguardian.com/environment/2022/mar/23/australias-carbon-credit-scheme-largely-a-sham-says-whistleblower-who-tried-to-rein-it-in>

11 Macintosh, A., Butler, D., Evans, M.C., Larraondo, P.R., Ansell, D., Gibbons, P., *The ERF's Human-induced Regeneration (HIR): What the Beare and Chambers Report Really Found and a Critique of its Method*, The Australian National University, Canberra, 2022, available at [https://law.anu.edu.au/sites/all/files/what\\_the\\_beare\\_and\\_chambers\\_report\\_really\\_found\\_and\\_a\\_critique\\_of\\_its\\_method\\_16\\_march\\_2022.pdf](https://law.anu.edu.au/sites/all/files/what_the_beare_and_chambers_report_really_found_and_a_critique_of_its_method_16_march_2022.pdf)

12 Minister for Climate Change and Energy, *Media Release - Independent Review of ACCUs*, 1 July 2022, available at <https://minister.dcceew.gov.au/bowen/media-releases/independent-review-accus>

13 For further information see <http://www.cleanenergyregulator.gov.au/ERF/Pages/Method-consultation.aspx>

14 See <https://www.legislation.gov.au/Details/F2018C00127>

15 See [www.cleanenergyregulator.gov.au/ERF/Choosing-a-project-type/Opportunities-for-the-land-sector/Vegetation-methods/Avoided-clearing-of-native-regrowth](http://www.cleanenergyregulator.gov.au/ERF/Choosing-a-project-type/Opportunities-for-the-land-sector/Vegetation-methods/Avoided-clearing-of-native-regrowth)

16 Generally, ERF methods define 'forest cover' as: land that has an area of at least 0.2 hectares, and vegetation on the land includes trees that are two metres or more in height and provide crown cover of at least 20 per cent of the land.

17 [www.cleanenergyregulator.gov.au/ERF/Choosing-a-project-type/Opportunities-for-the-land-sector/Vegetation-methods/Human-Induced%20regeneration%20of%20a%20permanent%20even-aged%20native%20forest](http://www.cleanenergyregulator.gov.au/ERF/Choosing-a-project-type/Opportunities-for-the-land-sector/Vegetation-methods/Human-Induced%20regeneration%20of%20a%20permanent%20even-aged%20native%20forest)

18 See [www.cleanenergyregulator.gov.au/ERF/Choosing-a-project-type/Opportunities-for-the-land-sector/Vegetation-methods/Native-forest-from-managed-regrowth](http://www.cleanenergyregulator.gov.au/ERF/Choosing-a-project-type/Opportunities-for-the-land-sector/Vegetation-methods/Native-forest-from-managed-regrowth)

19 See *A guide to the avoided deforestation 1 method*, available to download at <http://www.cleanenergyregulator.gov.au/DocumentAssets/Pages/A-guide-to-the-avoided-deforestation-1-1-method.aspx>

20 See The Australia Institute and Australian Conservation Foundation, *Questionable integrity: Non-additionality in the Emissions Reduction Fund's Avoided Deforestation Method*, 2021, op. cit.

21 See [www.cleanenergyregulator.gov.au/ERF/Choosing-a-project-type/Opportunities-for-the-land-sector/Vegetation-methods/Native-forest-protection-\(avoided-deforestation\)](http://www.cleanenergyregulator.gov.au/ERF/Choosing-a-project-type/Opportunities-for-the-land-sector/Vegetation-methods/Native-forest-protection-(avoided-deforestation))

22 See <https://www.industry.gov.au/regulations-and-standards/methods-for-the-emissions-reduction-fund>; see also <http://www.cleanenergyregulator.gov.au/ERF/Pages/Method-development.aspx>

23 See <https://www.minister.industry.gov.au/ministers/taylor/media-releases/new-erf-method-and-2022-priorities-announced>

24 Five new ERF methods will be developed in 2022:

- Transport, including emissions reductions created by electric vehicle charging and hydrogen refuelling infrastructure;
- Hydrogen, including injection of clean hydrogen into the gas network, and the use of hydrogen in electricity generation or other uses, such as low carbon steel;
- Integrated farm method, including allowing separate ERF land-based activities to be combined or 'stacked' on the same land;

- Carbon capture use and storage (CCUS or carbon recycling), including in the production of industrial and building materials like insulation or concrete; and
- Savanna fire management, building on the existing method with updated carbon accounting and by expanding the carbon pools and vegetation types covered.

The Government will also progress further research and technology development to support the development of future ERF methods, including:

- Expanded recognition of different sources of agricultural waste as feedstocks, to support an enhanced biomethane or 'green gas' method;
- Livestock feed technologies, which have the potential to substantially reduce emissions from agriculture in the future;
- Direct air capture technologies, which absorb carbon from the atmosphere for re-use (CCUS) or permanent storage underground.

25 For more information about choosing a project proponent, see <http://www.cleanenergyregulator.gov.au/ERF/Want-to-participate-in-the-Emissions-Reduction-Fund/Planning-a-project/choosing-a-project-proponent-for-landholders>

26 More information about the legal right to carry out a project is available at <http://www.cleanenergyregulator.gov.au/ERF/Want-to-participate-in-the-Emissions-Reduction-Fund/Planning-a-project/Legal-right>

27 More information about the 'fit and proper' person test is available at <http://www.cleanenergyregulator.gov.au/About/Policies-and-publications/fit-and-proper-person-posture>

28 For more information on participant obligations, see <http://www.cleanenergyregulator.gov.au/ERF/Want-to-participate-in-the-Emissions-Reduction-Fund/Planning-a-project/participant-obligations>

29 Further information on permanence obligations is available at <http://www.cleanenergyregulator.gov.au/ERF/Choosing-a-project-type/Opportunities-for-the-land-sector/Permanence-obligations>

30 See Clean Energy Regulator, *Make sure your timing is right A guide to crediting, reporting, delivery and permanence periods V2*, July 2016, available at <http://www.cleanenergyregulator.gov.au/DocumentAssets/Documents/Make%20sure%20your%20timing%20is%20right%20information%20sheet.pdf>

31 See <http://www.cleanenergyregulator.gov.au/ERF/Want-to-participate-in-the-Emissions-Reduction-Fund/Planning-a-project>

32 Clean Energy Regulator, *Want to Participate in the Emissions Reduction Fund?*, available at <http://www.cleanenergyregulator.gov.au/ERF/Want-to-participate-in-the-Emissions-Reduction-Fund>

33 'Covered emissions' refers to emissions included in the Safeguard Mechanism framework. Covered emissions means scope 1 emissions of one or more greenhouse gases, other than emissions of a kind specified in the safeguard rules (see *National Greenhouse and Energy Reporting Act 2007*, s 22XI). Some scope 1 emissions are not covered by the safeguard mechanism.

These include:

- legacy emissions from the operation of a landfill facility (that is, emissions from waste deposited at the landfill before 1 July 2016);
- emissions which occur in the Greater Sunrise unit area or Joint Petroleum Development Area;
- emissions from the operation of a grid-connected electricity generator in a year covered by the sectoral baseline; and
- emissions not covered under the National Greenhouse and Energy Reporting (Measurement) Determination 2008.

See further: <http://www.cleanenergyregulator.gov.au/NGER/The-safeguard-mechanism/Coverage>



34 More information about the Safeguard Mechanism is available at <http://www.cleanenergyregulator.gov.au/NGER/The-safeguard-mechanism>

35 Clean Energy Regulator, Quarterly Carbon Market Reports available at <http://www.cleanenergyregulator.gov.au/Infohub/Markets/Pages/Quarterly-Carbon-Market-Reports.aspx>

36 In addition to VERs and VCU, other independent standards operating in the voluntary carbon market include the American Carbon Registry (<https://americancarbonregistry.org/>), Climate Action Reserve (<https://www.climateactionreserve.org/>), and Plan Vivo ([www.planvivo.org/](http://www.planvivo.org/))

37 Organisations, products, services, events, buildings or precincts can seek carbon neutral certification in accordance with the *Climate Active Carbon Neutral Standard*. The *Climate Active Carbon Neutral Standard* is endorsed by the Australian Government. Offset units that are eligible under the Climate Active Carbon Neutral Standard (i.e. if purchased, these units can be used to offset emissions) include Australian Carbon Credit Units, Certified Emissions Reductions (**CERs**) issued as per the rules of the Kyoto Protocol from Clean Development Mechanism projects, Removal Units (**RMUs**) issued by a Kyoto Protocol country on the basis of land use, land-use change and forestry activities, Verified Emissions Reductions (**VERs**) issued by the Gold Standard, and Verified Carbon Units (**VCUs**) issued by the Verified Carbon Standard (Verra). For further information see: [www.climateactive.org.au/](http://www.climateactive.org.au/)

38 See <https://globalgoals.goldstandard.org/2030-ar-luf-activity-requirements/>

39 See <https://carbonneutral.com.au/yarra-yarra-biodiversity-corridor/>

40 See <https://verra.org/project/vcs-program/projects-and-jnr-programs/agriculture-and-forestry-projects/>

41 See the following three related projects (ID 605, 641 and 587) <https://registry.verra.org/app/projectDetail/VCS/605>, <https://registry.verra.org/app/projectDetail/VCS/641>, <https://registry.verra.org/app/projectDetail/VCS/587>

42 See <https://verra.org/methodology/vm0010-methodology-for-improved-forest-management-conversion-from-logged-to-protected-forest-v1-3/>

43 Ecosystem Marketplace, *Who's Buying Carbon Offsets?*, available at <https://www.ecosystemmarketplace.com/articles/whos-buying-carbon-offsets/>,

44 As an example, refer to the distribution of projects registered with the Gold Standard: <https://www.goldstandard.org/about-us/our-impact>.

45 For more information see <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/aviation/aviation-safety/aviation-emissions>

46 Certified Emission Reductions (CERs) are a type of carbon credit issued in accordance with the Clean Development Mechanism (CDM) under the rules of the Kyoto Protocol. The CDM facilitates emission-reduction projects in developing countries to earn certified CER credits. Further information is available from:

- United Nations Climate Change: <https://cdm.unfccc.int/about/index.html>;
- Clean Energy Regulator: <http://cleanenergyregulator.gov.au/OSR/ANREU/types-of-emissions-units/certified-emission-reduction-units>

47 Developed countries operating under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol may issue RMUs into their national emissions registry for emissions stored or avoided through eligible human induced land use, land use change and forestry activities (**LULUCF**). However, LULUCF activities undertaken in Australia are not eligible for the creation of RMUs. The Clean Energy Regulator advises that: 'As Australia elected not to include the activities listed in article 3.4 in its emissions accounting during the first commitment period, article 3.4 LULUCF activities undertaken in Australia are not eligible for the creation of RMUs.', see <http://www.cleanenergyregulator.gov.au/OSR/ANREU/types-of-emissions-units/removal-units>

48 See [https://www.qld.gov.au/\\_data/assets/pdf\\_file/0025/116548/lrf-co-benefits-standard.pdf](https://www.qld.gov.au/_data/assets/pdf_file/0025/116548/lrf-co-benefits-standard.pdf)

49 [www.qld.gov.au/environment/climate/climate-change/land-restoration-fund](http://www.qld.gov.au/environment/climate/climate-change/land-restoration-fund)

50 See [www.environment.vic.gov.au/bushbank](http://www.environment.vic.gov.au/bushbank)

51 [www.environment.vic.gov.au/bushbank](http://www.environment.vic.gov.au/bushbank)

52 For more information, see <https://agriculture.vic.gov.au/climate-and-weather/policy-programs-action>

53 [www.environment.vic.gov.au/bushbank](http://www.environment.vic.gov.au/bushbank)

54 See <https://www.energysaver.nsw.gov.au/reducing-emissions-nsw/primary-industries-productivity-and-abatement>

55 See New South Wales Department of Planning and Environment, *Growing NSW's primary industries and land sector in a low carbon world*, March 2022, p 31, available at [https://www.energysaver.nsw.gov.au/sites/default/files/2022-04/Growing\\_NSWs\\_primary\\_industries\\_and\\_land\\_sector\\_in\\_a\\_low\\_carbon\\_world\\_April\\_2022\\_1.pdf](https://www.energysaver.nsw.gov.au/sites/default/files/2022-04/Growing_NSWs_primary_industries_and_land_sector_in_a_low_carbon_world_April_2022_1.pdf)

56 See further [https://www.bct.nsw.gov.au/info/co-investment-partnerships#introduction\\_4491](https://www.bct.nsw.gov.au/info/co-investment-partnerships#introduction_4491)

57 See for example, the Western Australian Carbon Farming and Land Restoration Program, [www.agric.wa.gov.au/carbon-farming/western-australian-carbon-farming-and-land-restoration-program](http://www.agric.wa.gov.au/carbon-farming/western-australian-carbon-farming-and-land-restoration-program).

58 See <https://www.awe.gov.au/agriculture-land/farm-food-drought/natural-resources/landcare/sustaining-future-australian-farming/carbon-biodiversity-pilot>

59 Round 1 of the Pilot Project covered the following regions: Burnett-Mary in Queensland; Central West in New South Wales; North Central in Victoria; NRM North in Tasmania; Eyre Peninsula in South Australia; and South West in Western Australia and Round 2 covered: Fitzroy Basin in Queensland; Riverina in New South Wales; Goulburn Broken in Victoria; Southern in Tasmania; Northern and Yorke in South Australia; and South Coast in Western Australia.

60 [www.awe.gov.au/agriculture-land/farm-food-drought/natural-resources/landcare/sustaining-future-australian-farming/carbon-biodiversity-pilot](http://www.awe.gov.au/agriculture-land/farm-food-drought/natural-resources/landcare/sustaining-future-australian-farming/carbon-biodiversity-pilot)

61 See [https://www.awe.gov.au/agriculture-land/farm-food-drought/natural-resources/landcare/sustaining-future-australian-farming/enhancing-remnant-vegetation-pilot#toc\\_3](https://www.awe.gov.au/agriculture-land/farm-food-drought/natural-resources/landcare/sustaining-future-australian-farming/enhancing-remnant-vegetation-pilot#toc_3)

62 The first round of the Enhancing Remnant Vegetation Pilot will be trialled in the following six Natural Resource Management regions: Burnett-Mary in Queensland, Central West in New South Wales, North Central in Victoria, NRM North in Tasmania, Eyre Peninsula in South Australia and South West in Western Australia. Applications for Round 1 closed in October 2021.



63 See <https://minister.dcceew.gov.au/plibersek/media-releases/joint-media-release-biodiversity-certificates-increase-native-habitat-and-support-australian-landholders>

64 In November 2021, the former Morrison Government announced it was developing a new legislative framework to underpin a national voluntary biodiversity stewardship market for agricultural lands, delivering a range of benefits including a new income stream for farmers and biodiversity outcomes for the environment. It introduced the *Agriculture Biodiversity Stewardship Market Bill 2022* (ABSC Bill) into the Federal Parliament in February 2022. The ABSC Bill aimed to set up a new voluntary biodiversity market, modelled off the carbon farming framework established by the *Carbon Credits (Carbon Farming Initiative)* Act. However, the ABSC Bill lapsed on the dissolution of Parliament ahead of the May 2022 Federal election. See [https://www.aph.gov.au/Parliamentary\\_Business/Bills\\_Legislation/Bills\\_Search\\_Results/Result?bld=r6832](https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=r6832)

65 See <https://www.southpole.com/sustainability-solutions/ecoaustralia>

66 See <http://www.cleanenergyregulator.gov.au/ERF/Want-to-participate-in-the-Emissions-Reduction-Fund/Planning-a-project>

67 See <https://carbonmarketinstitute.org/>

68 See <https://carbonmarketinstitute.org/code/>

69 See <https://marketplace.carbonmarketinstitute.org/market-directory-2/>



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