

Enabling the land sector to help address Australia's emissions reduction challenge

Regional NRM organisations have been involved in the emerging carbon economy since prior to the creation of the Carbon Farming Initiative. The role of the land sector in providing emissions reductions and sequestration while increasing farm profitability has long been recognised; land sector participation in the Emissions Reduction Fund indicates the potential that exists. It has also revealed a number of issues and concerns. We can learn from these and improve the framework to drive greater robustness, integrity and increase supply.

Improvements we seek to the framework include: a mechanism to help participating landholders where there is a problem; processes to pre-empt such problems; and a framework that enables greater participation and equity while minimising perverse outcomes.

1. Ombudsman or equivalent mechanism – Unfortunately there are already a number of instances where land managers engaged in the ERF are suffering the consequences of inappropriate contracts or lack of accountability by project developers. At this point there is nowhere they can go for guidance, help or mediation. This is not acceptable and will also taint willingness to participate. We need a resourced independent contact point who will provide advice and follow-up these cases.

2. Independent advice, support and capacity building for land managers - The provision of dedicated independent support mechanisms for landholders to engage in the carbon market is required. Currently, the knowledge and activity in the carbon economy is quite immature in a market sense. There is a lack of independent non-biased advisers to assist landholders who are often not yet aware they could benefit from independent technical advice including the science and administrative process. Instead they are relying totally on the advice of carbon project developers, who's drivers may not match the land managers' needs. Building informed capacity will increase participation in the market and strengthen reliability of the outcomes. It can show the possibilities of carbon for diversification and multiple-use land management. This could be delivered by groups such as regional NRM bodies. It is critical those providing support are demonstrably independent. The introduction of a mechanism to provide an introductory level of participation for landholders would also support engagement and capacity to deliver credits in the future.

3. Multiple outcomes and co-benefits - Initial indications from the voluntary market demonstrate that some customers are willing to spend more for projects with demonstrable co-benefits. Further incentives are required that take into account the non-carbon outcomes (beyond personal gain) that projects will deliver; the co-benefits that exist with many land sector projects. At its simplest, the Australian government could increase the requirements for the ACCUs it is willing to invest in, to highlight those that deliver across Australian Government policy outcomes. Ideally this would evolve over time into a scheme that recognises multiple benefit credits for environmental or social services. Recognition of the value of co-benefits generated by some projects will strengthen the economic case for undertaking emission reduction activities. A wide range of programs supported by Regional NRM bodies have positive carbon outcomes, however these benefits are rarely recognised through monitoring or reporting. It is recommended that regions are supported to enable measuring and

reporting of emissions reduction benefits associated with NRM activities. Developing tools for rewarding landholders for the social or environmental services they provide has been the subject of considerable work in the NRM sector.

4. Regional integrated NRM plans and outcomes

The 54 NRM regions across Australia have developed climate change and carbon economy ready strategic NRM plans. Many have been involved in regional or jurisdiction wide adaptation planning activities. The recognition of regional NRM plans in the legislation aims to influence carbon projects to ensure negative outcomes are avoided and co-benefits maximised. It is critical for this role to be enhanced if the full benefit of land sector programs is to be achieved including links to climate resilience and drought preparedness. A broader approach to resolving overlapping impacts, is needed. With the complex and varied nature of NRM practices (with both positive and negative outcomes), a systems approach allows emerging issues to be dealt with as they develop.

5. Aggregation - The need to manage risk and commercial return has meant that commercial project developers are not able or willing to work with landholders with much smaller project activities. Consequently, there is a role for a carbon aggregator to bundle small parcels of carbon credits to marketable size or for a regional approach to support landholders to work together to develop projects of sufficient size. This approach can be supported and delivered through regional NRM organisations. Alternative business models are also required.

6. Further methodologies - Methods that encourage reduced inputs and a more sustainable systems approach to agriculture are needed. Current methods are issue specific and do not take into account the complexity of the natural systems nor the complexity of issues that land managers must take into account when planning and implementing activities. A 'Whole of Farm' method that enables small scale participation will assist in linking the outcomes of productivity, profitability and atmospheric GHG reductions. Further research and development is required to develop a broader range of useable methods across the landscape.

Social impacts of the emissions reduction activities in the land sector are not well understood. The increased revenue and economic activity has provided substantial benefits for some landholders and communities, with the carbon economy playing a significant role in enterprise profitability. Participation has provided a once in a lifetime opportunity for debt reduction, cash flow and investment in long term infrastructure. In some Indigenous communities, projects have created real employment activities and an income stream for land management, and personal and community development activities.

The current arrangements do not fully recognise the enabling role that regional NRM bodies can play in the carbon economy. Regional NRM organisations are well placed to provide non-biased and trusted information, a support service to land managers, and to facilitate projects that enable participation by landholders and communities currently excluded from the market. Helping regions to support carbon projects with clear environmental and social co-benefits will help address negative outcomes and increase community support. Integrated NRM plans are a crucial piece of this puzzle.

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