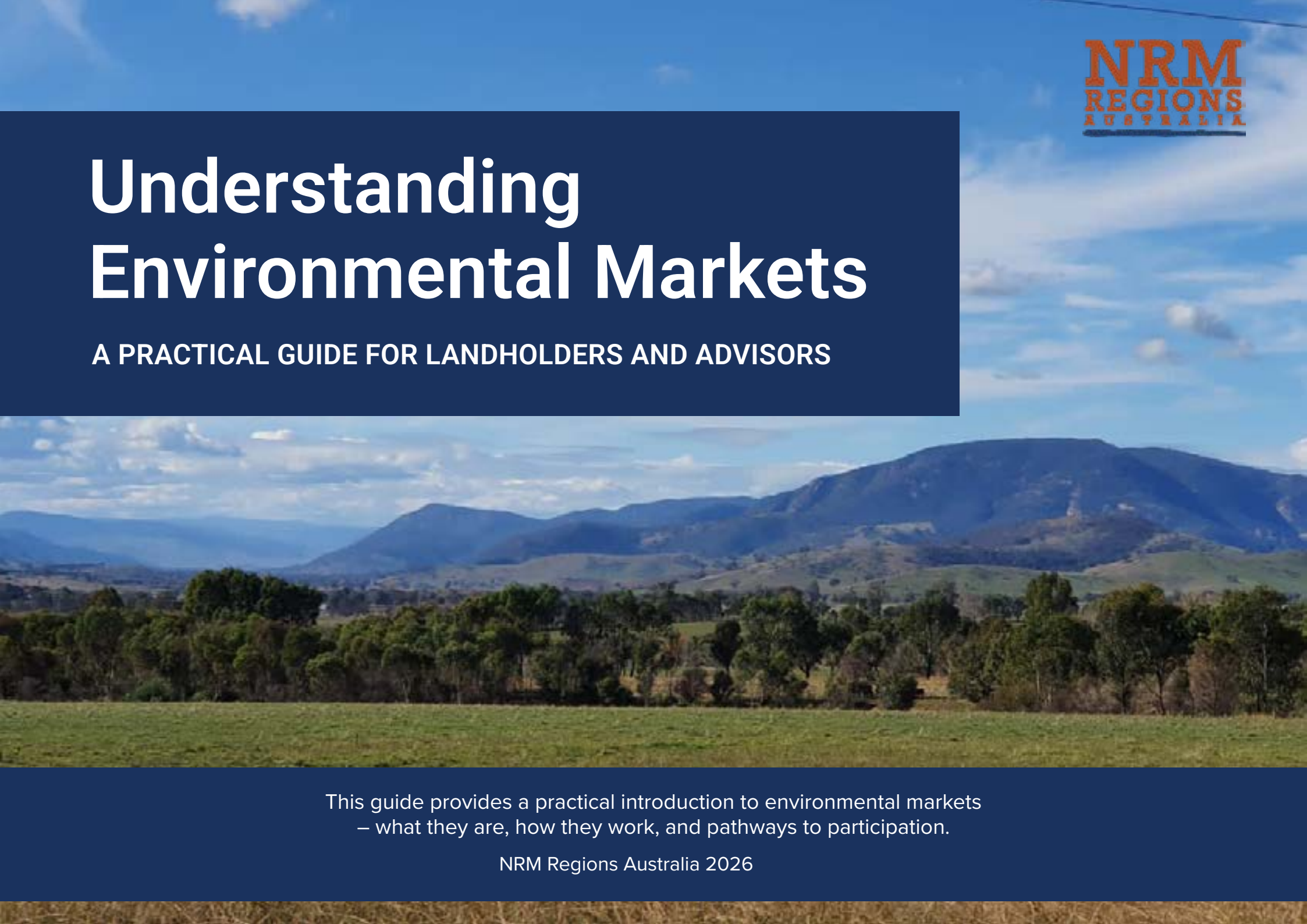


Understanding Environmental Markets

A PRACTICAL GUIDE FOR LANDHOLDERS AND ADVISORS

A scenic landscape photograph showing a green field in the foreground, a line of trees in the middle ground, and rolling hills and mountains in the background under a blue sky with scattered clouds.

This guide provides a practical introduction to environmental markets
– what they are, how they work, and pathways to participation.

NRM Regions Australia 2026

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¹ Find out more on the NRM Regions Australia [Carbon Farming and Environmental Markets Project](#)

Acknowledgement of Country

Regional Natural Resource Management (NRM) organisations work closely with Australia’s First Nations communities across the country.

We acknowledge the Traditional Owners and Custodians of Country throughout Australia as the traditional custodians of the land. We recognise and respect the enduring relationship that Aboriginal and Torres Strait Islander peoples have with land and sea and pay our respect to Indigenous cultures, and to Elders past and present.

We support Indigenous market opportunities and traditional land, sea and fire management practices. We recognise the need for self-determination of First Nations people in carbon farming projects and thank them for their generous sharing of knowledge in this sector.

Obtaining free, prior and informed consent (FPIC) of appropriate First Nation peoples and organisations for work on Country is the lynchpin of global best practice.

We commit to supporting First Nations leadership and objectives and to work together to care for Country.

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Why consider environmental markets?

Many landholders in Australia already work hard to protect and restore the soil, plants, animals and water on their properties. Protecting and enhancing natural capital – the environmental assets you have on your farm – makes good business sense because of the benefits it provides. The benefits include protection for livestock from remnant vegetation and shelter belts, and stable productive soils for crops and pastures, to name a few. Healthy landscapes also provide public good services, such as clean water, diverse native ecosystems and productive landscapes that sustain and enrich the lives of all Australians.

However, despite the enduring efforts of many landholders, natural resource managers, conservationists, volunteers and others, research shows that our natural resources are unable to withstand current or future threats, including climate change impacts. More money and resources are urgently needed to protect and restore our environment and to sustain natural capital in our agricultural lands.

Environmental markets can provide new pathways for private and public investment in nature. Simply put, environmental markets are places where people exchange environmental goods and services for money or other financial benefits, like market access. They can provide new revenue streams for landholders and support them to build productivity and increase the resilience of their farm businesses. When landholders work with advisors, like regional NRM organisation staff, investments from environmental markets can be planned, delivered and connected in ways that can provide additional benefits at a larger scale.

Purpose of this guide

This guide is designed to provide a clear and practical overview for:

Landholders and land managers: Whether you own or manage properties in Australia, this guide is provided to help you understand the nuts and bolts of environmental markets. It offers insights on where to start and what opportunities might be relevant to you and your business.

Advisors: Regional natural resource managers and other local extension support officers are well placed to support landholders to navigate environmental

markets. They have local knowledge, trusted relationships, and an understanding of what landscapes and farm businesses can realistically deliver to meet the conditions required by different markets.

This guide aims to provide landholders and their trusted advisors with the tools, language and background information to confidently engage in environmental market discussions and explore and influence the opportunities available.



What's in it for me?

Many landholders want to protect and restore biodiversity, look after native animals, and ensure the country remains productive for future generations. Landholders' motivations and values also change through time, with some more focussed on reducing debt, generating profits, or building their credibility and profile in their chosen industry. Others may be looking to balance their business demands with other lifestyle choices, like reducing work hours, or transferring the business to the next generation.

Environmental markets are growing in range, reach and relevance and can support business profitability, diversity and resilience. Whether you are a landholder thinking about your own property, or someone who supports others to make good land management decisions, understanding these markets can open new possibilities for channeling investment in ways that align with your values and business plan.



If you are a landholder

Environmental markets reward native vegetation preserved for generations, waterways managed with care, soils built up through good practice. These are often actions that good land stewards are already doing or want to do or expand upon as part of their ongoing management. Environmental markets might also provide opportunities for land managers to make better use of their less productive land, while retaining their most profitable land in agricultural production.

For some this could mean a new income stream that is not as tightly linked to

commodity prices or seasonal conditions. For others, though it's not always the case, it could mean access to better financing, or the ability to retain access to premium markets as sustainability expectations grow. The right opportunity depends on what you have on your land, your goals and your individual circumstances – but understanding the landscape of options is the essential first step.

If you provide advice or support to landholders

Environmental markets are rapidly becoming a mainstream topic in farm business planning, regional investment and natural resource management. Regional NRM organisations work with others to plan and deliver nature restoration projects and support sustainable management of agricultural landscapes. Knowing about environmental market opportunities can enable organisations to work independently, and with landholders, to channel new investment into regions to achieve priority land management outcomes.

If markets are to deliver genuine regional environmental benefits it is critical that local land management professionals understand how they work to provide informed scrutiny and to contribute to market integrity. Environmental markets tend to work better when land managers and their advisors are actively engaged. Your participation in market conversations – asking informed questions, raising concerns, sharing on-ground experience – helps shape these markets into tools that deliver for landscapes and communities.

Note: This guide does not provide definitive advice on all opportunities that landholders or their advisors might choose to pursue. Environmental market opportunities are evolving all the time. Landholders should always consider seeking expert legal, financial and technical advice where necessary to inform their land management decisions.

What are environmental markets?

An environmental market is a mechanism where parties exchange environmental goods and services for money or other things of value. The goods and services can include:

- natural assets – soil, water, forests, wildlife
- ecosystem services – climate regulation, water storage
- environmental management activities – habitat protection, weed control
- measured environmental improvements or outcomes – reductions in greenhouse gas (GHG) emissions, increases in biodiversity, demonstrated sustainable and regenerative agricultural practices.

Think about the markets you already know: livestock markets, grain markets, property markets. In all of these, parties are exchanging goods and services for financial return. Environmental markets work on the same principle.

How do environmental markets work?

For an environmental market to exist, you need three things:

- Something of environmental value to verify and exchange for payment (for example, carbon stored in trees, or improved habitat for a threatened species).
- A supplier – usually a farmer, other landholder, Traditional Custodian, or land manager, who can deliver that outcome through how they manage the land.
- A buyer or investor – a government, business, organisation or individual willing to pay for that environmental outcome.

The amount paid for an environmental service may depend on factors like the quality and scarcity of the outcome, how well it is measured and verified, the length of time (or permanence) of the improvement/management activity that will be carried out and whether the participation is voluntary or required by law.

For example, a landholder may be paid an amount to permanently protect and manage a small area of bushland if it has good quality habitat for important threatened species and is able to be used to offset or compensate for the loss of those threatened species or habitat elsewhere.

Landholders that have remnant vegetation that is not threatened species habitat or that is less well preserved may have fewer options to receive payment for vegetation conservation, but could be able to undertake other work, such as changing land management practices to increase carbon in the soil or sequester carbon in new vegetation to generate Australian Carbon Credit Units (ACCUs).

Environmental markets can range from simple agreements to complex designs and scope. They can be undertaken by an individual or cover multiple landholders (often called an aggregation). They can be applied to a specific industry or region or be open for state or national participation, and they can be voluntary or part of a compliance obligation.

A farmer agreeing to plant and protect a stand of native trees and shrubs [and the inherent carbon within] in exchange for a payment from a company wishing to offset its carbon dioxide emissions is an example of an environmental market in action.

Environmental markets in Australia

Australia has an active and evolving environmental markets landscape, including both government-led schemes and private-sector initiatives.

In Australia, environmental markets operate under some of the following schemes and initiatives:

- The Australian Carbon Credit Unit Scheme
- The Murray Darling Basin Water Market
- The Nature Repair Market
- Biodiversity Conservation Trust
- EcoMarkets Australia
- QLD's Land Restoration Fund.

Find out more on the drivers creating and guiding demand for environmental markets in Australia on the following table on page 18.



Hereford cattle enjoying the natural capital of this farm in Tasmania.
Image supplied by Cradle Coast NRM



Natural capital and valuing the invisible

Natural capital refers to the stock of natural assets — soils, water, vegetation, wildlife and ecosystems — that make up our environment and underpin the goods and services that people and communities depend on. These goods and services include things like clean water, productive soils, a stable climate, flood mitigation, pollination and wildlife habitat.

Think of it like the assets on a farm balance sheet, except these are environmental assets rather than financial ones. Just as you track the state of your equipment, livestock numbers and bank balance over time, natural capital accounting is a way to measure, track and report on the condition and extent of your environmental assets in a standardised way — creating a baseline, monitoring changes, and connecting environmental condition to practical and financial decisions.

For much of our recent history, the value of healthy ecosystems was not captured in the prices paid for the products or services the land provided, or sometimes for the land itself.

Environmental markets are designed to change this. They put a value on environmental outcomes — potentially making it financially worthwhile to protect, restore and manage nature. This concept has sometimes been described as ‘making the invisible visible’ by turning ecosystem services into something that can be measured, valued and traded. Understanding natural capital is the foundation for engaging with environmental markets. Markets that pay for carbon storage, biodiversity improvement or water quality rely on being able to measure what exists, what condition it is in, and how it changes over time.

Natural capital can be assessed at many scales — and the scale you choose depends on the decisions you are trying to inform. Find out more about these scales on page 28.

Environmental market approaches

When most people hear ‘environmental markets’, they think of carbon markets or biodiversity credits or offsets. However, the range of approaches is much broader. There are many ways that environmental markets can support investment in good land management activities and outcomes.

1. Trading – environmental credit markets

Markets specifically designed for the exchange of environmental goods and services. These are the markets most people think of when they hear ‘environmental markets’. They include:

- **Carbon markets:** Credits for reducing/avoiding emissions or storing carbon. (e.g. ACCU Scheme)
- **Biodiversity and nature markets:** Generating biodiversity credits or certificates for protecting or restoring habitat and selling them to buyers who want to support conservation or meet organisational sustainability or nature repair goals. (e.g. Wilderlands, the Nature Repair Market)
- **Biodiversity offsets:** Establishment of biodiversity improvement or repair projects through compliance-based payments made by developers who are required by law to compensate for impacts on biodiversity. (E.g. NSW Biodiversity Offsets Scheme).
- **Water markets:** Water entitlements or temporary water allocations can be purchased and used to support environmental outcomes, including restoring wetlands and delivering more natural flow regimes. Other market schemes can also fund activities to improve water quality entering waterways, reefs or estuaries (e.g. EcoMarkets Reef Credit Scheme).
- **Payment for Ecosystem Services (PES):** Direct payments from beneficiaries in exchange for protecting or restoring specific ecosystem services. (e.g. The West Arnhem Land Fire Management Agreement (WALFA) involved an NT-based oil and gas company investing in Indigenous ranger groups to undertake traditional, strategic early dry-season burning in

key regions and prevent destructive late-season wildfires. The avoidance of destructive late-season wildfires generated carbon credits that were used by the company to offset some of their industrial greenhouse gas emissions (GHG).¹

All of these markets are discussed in more detail in Section 4: Environmental trading markets in Australia.

2. Supply chains and insetting

As businesses face growing pressure to decarbonise their supply chains, many are turning to insetting — funding emissions reductions or removals within their own supply chain rather than purchasing offsets from unrelated projects. Agricultural producers are critical members of food supply chains. Now, or in the future, they may have obligations to reduce or store carbon emissions (inset) through their farm business to meet buyers’ Scope 3 emissions targets. Voluntarily reducing or insetting emissions now could provide landholders with new market access or premium opportunities. (See page 22 for an explanation of emissions scopes).

New international emission reporting standards, such as the Greenhouse Gas Protocol (GHG Protocol)², are aimed at helping businesses measure and report their credits, and distinguishes insetting mechanisms (emissions reductions in supply chain) from traditional carbon offsetting.

The Australian Government is developing new voluntary GHG emissions estimation and reporting guidelines and associated emissions calculators and tools for agriculture, forestry and fisheries. While still relatively new and evolving, insetting, is a form of environmental market that will allow end-users and companies to reduce product emissions, by investing directly in projects within their own supply chains or sourcing regions (known as supply sheds).

Example: The Zero Net Emissions Agriculture CRC, supported by Australian Agricultural Company (AACo) and Athian, is undertaking research into insetting

business models. The project, funded to 2027, is investigating potential insetting business models within Australian beef value chains. Its aim is to explore options that will help to reduce emissions across complex supply chains in a way that is fair, credible and practical.

3. Cost minimisation strategies

Cost minimisation strategies involve investing in environmental improvements now, to avoid larger costs in the future. This can look like companies paying land managers to improve environmental conditions or outcomes, for example a water corporation might pay landholders to exclude livestock from rivers to reduce upstream sediment and manure run-off, rather than rather than investing in more expensive infrastructure or water treatment procedures at the end of the supply system.

Example: The UK-based South West Water corporation funds farmers to restore peatlands, wetlands, and woodlands. By slowing runoff and naturally filtering water, the utility avoids or defers major capital upgrades to traditional water treatment plants³.

4. Sustainable finance

The finance sector is developing products that reward environmental performance — including green loans, sustainability-linked loans, green bonds, and other instruments that offer better rates in exchange for measurable environmental commitments. Landholders considering such options should seek informed and independent financial advice is recommended.

Example: A lower interest rate on a loan to purchase energy-efficient farm equipment. Green loans or sustainability-linked financing for landscape restoration and carbon farming. Insurance products that recognise the reduced risk of well-managed land.

5. Tax and levy management

Undertaking environmental activities may reduce exposure to existing or future environmental taxes, land rates, levies or charges. In some cases, environmental investments attract tax concessions or deductions. Specific arrangements depend on jurisdiction and scheme rules. There may also be adverse tax effects, so always get financial and tax advice in regards to these land-use options.

Example: Tax concessions under the ATO may be available to landowners who enter into conservation covenants to protect areas of high conservation value. There could also be tax exemptions for the portion of land that is covered by a conservation covenant, such as the land tax exemption available for participants under the Trust for Nature covenant in Victoria or reduced rates under the NSW Biodiversity Conservation Trust.

6. Incentive payments

Grants, rebates, subsidies and funded programs that pay landholders and managers directly for environmental outcomes. These may come from government, philanthropy, or non-government organisations.

Example: Stewardship programs or biodiversity conservation grants like those available under NSW’s Biodiversity Conservation Trust.

As with any significant business decision, you should seek independent legal and financial advice when considering participating in long-term contractual agreements.

¹ Read more on this subject via Payments for Ecosystem Services opportunities for emerging NbS: Integrating Indigenous perspectives from Australia.

² Find out more on GHG Protocol and its new Land Sector and Removals Standard.

³ Find out more about [UK initiative here](#).

Getting started: Steps for landholders and natural resource managers

Engaging with environmental markets is a journey that can be taken at whatever pace suits the individual landholder or organisation. The following steps provide a practical framework for getting started.

Step 1: Know what you have – identify your natural capital

Understanding what natural assets exist on the land and what their current condition is provides a good starting point for considering environmental market opportunities. This can include assessing and accounting for:

- Native vegetation (extent, condition, species composition)
- Wetlands, waterways and groundwater
- Threatened species habitat
- Soils, soil characteristics and health, and their carbon storage potential
- Sources of emissions (such as fuel use, livestock)
- Cultural and heritage values.

There are multiple ways to undertake this asset assessment. It can be simply assessing and thinking about key assets, key threatened species or areas of land that are less productive for agriculture that could be used for something else. It might also include considering potential risks to farm natural capital. This sort of risk assessment may require expert help or review.

Free tools like PLANR, an online geospatial tool designed to support landholders to explore opportunities on their land, can provide baseline information on their existing biodiversity assets and carbon opportunities. There are also good handbooks to step you through processes and methods via CSIRO’s Natural Capital Handbook or Climateworks’ Natural Capital Measurement Catalogue. (See page 34 for links to these resources).

Or, you can put in more time and money, and seek professional support to develop a natural capital account of key assets, your property, or a wider area. This may involve using certain frameworks, methods and reporting tools to show

the extent of certain assets and their condition. There are options to start small, assess certain key areas and scale up if required. Choosing how and where to invest in natural capital assets and accounting will depend on what you are seeking to achieve, and should in line with the means and aspirations of you business.

Step 2: Know what’s possible – consider your options

Once natural capital is understood, the next step is identifying which environmental market opportunities might be a good fit. See page 17 for the type of markets in Australia. You should also consider:

- Is there potential for carbon sequestration through vegetation, soil or livestock management?
- Are there threatened species or high-value habitats that could attract biodiversity market interest?
- Is there a water quality improvement opportunity relevant to a local catchment or reef credit scheme?
- Is there a direct user of an environmental service or asset who might want to directly invest to reduce future climate risks?
- Is the landholder already undertaking sustainable or regenerative practices that could attract a premium in commodity markets?
- Are there opportunities for multiple landholders to work together in a broader landscape to connect projects and achieve integrated outcomes that could benefit more end-users to attract private investment?

Thinking about how and to whom you will sell your credits or demonstrate your environmental outcomes should be part of the initial planning. Knowing your likely buyer, prices you could expect, and evidence required to demonstrate achievements will shape decisions about which scheme or method to use, what co-benefits are worth investing in, and whether the numbers stack up financially.

Natural resource managers and other professionals providing support to landholders can play a vital role at this stage, helping landholders map what they have against what markets and private investors are looking for.

Step 3: Evaluate the benefits and risks

Environmental markets offer opportunities, but they also carry risks. Before proceeding, landholders and potential project proponents should consider the pros and cons of participating, and how they might mitigate any risks.

Risks	Definitions
Market & business immaturity	New and emerging markets may be unstable, with variable prices and limited buyer demand. Some schemes are still developing their rules and methodologies.
Early movers vs late movers	Entering early can carry risks as prices can be volatile, and rules may change. Waiting for markets to stabilise can reduce uncertainty but could mean facing higher transaction costs or missing out on opportunities. The decision should be based on individual understanding/knowledge, risk appetite, financial position and business or personal priorities.
Transparency around activity within the market	It may be difficult to follow what is going on, who else is involved, what role they play, and how different parties are benefitting from participating in a market. This can make it difficult to assess whether benefits are fairly distributed, investment and commitments that landholders are signing up for.
Financial	There can be unexpected project costs, delays, under performance or changes in market conditions that can affect returns. Projects also often involve high upfront costs before any return on investment is realised.
Legal and contractual	Long-term agreements can restrict future land-use option and future land transfer opportunities. Failure to meet obligations can also result in penalties or require repayment of credits.
Political and regulatory	Government policy changes and delays can affect market rules, prices or the availability of schemes.

Performance and compliance	Schemes often have strict reporting and verification requirements. Failure to meet these can affect credit eligibility and can result in penalties or increased costs.
Management and technical	Environmental projects will often require technical expertise in measurement, monitoring, and reporting. External support is often needed and comes at a cost and sometimes a percentage of the credits or income. Financial and legal advice is required if making agreements with external support providers.
Climate and Natural Disasters	The risks of natural disturbances and reversals also need to be considered and mitigated where possible. Some schemes, like ACCU scheme, have buffers which mean a percentage of credits are set aside by government and used if sequestration is lost due to natural disaster.

Seek advice from trusted financial, legal and technical advisors. Be cautious about unsolicited approaches — check credentials and references carefully. In the case of carbon farming projects, it’s advisable to use project developers that are a signatory to the CMI voluntary Code of Conduct.

Useful Resources

For those interested in reducing carbon emissions on farm, they could seek information via [The Towards Net Zero Agriculture Pathfinder](#), which can help show how to implement on-farm activities that support reductions in GHG emissions. The Australian Government’s Carbon Farming Outreach Program (CFOP) also supports Australian farmers and land managers, including [First Nations land managers](#), to explore options for managing emissions and storing carbon. The [NRM Regions Australia Environmental Market and Carbon Knowledge Hubs](#) have a list of updated resources and great case studies to help guide decisions and next steps. Links to all these resources are in the Appendix on pages 34-35.

Step 4: Get support and create a plan

Environmental market projects are rarely simple to set up. It may be necessary to work through several iterations of proposed plans before you land on a version that satisfies your own circumstances, and meets the requirements of the specific method and scheme you apply to participate in.

Most schemes and/or methods will require you to show evidence of how the land has been managed previously (some up to 20 years into the past); as well as what sort of tenure, other encumbrances, and financial arrangements you have in place. Assessing the risks and matching opportunities to business and personal priorities should be incorporated into the planning.

Support is available from:

- Natural resource management (NRM) organisations operate across every region in Australia and may be able to help assess opportunities and connect landholders to more information and support.
- Local agronomists or industry bodies with specialised knowledge.
- Independent legal and financial advisors with experience in environmental markets.
- Technical specialists in carbon accounting, biodiversity assessment, or water quality measurement.
- Reputable carbon project developers.

Government agencies with responsibility for specific schemes, such as the Clean Energy Regulator, state environment departments, and the Department of Climate Change, Energy, the Environment and Water (DCCEEW) can also answer questions and provide information.

Step 5: Take action, monitor and adapt

Once a plan is in place, the next step is implementing it, monitoring outcomes, and adapting as markets and circumstances evolve. Environmental markets are changing rapidly, and staying informed is important.

Participating in networks, forums and training programs is valuable for keeping up-to-date.

Before starting any on-ground works, make sure you understand exactly what the scheme permits and prohibits on your land. Most schemes and/or methods include clear rules about what activities can and cannot occur during a project, and acting outside those rules can void your approval or result in credits being reversed. Getting advice from your project developer, scheme administrator or an independent advisor before you begin is far cheaper than fixing a compliance problem later.

Monitoring obligations can be more time-consuming and expensive than anticipated, and the level of involvement you choose to have (versus outsourcing to a specialist) will affect both your workload and your returns.

Finally, consider whether the project creates opportunities to build new skills or local employment. Some monitoring and on-ground management tasks can be carried out by trained employees or community members, and partnerships with local Landcare groups, Indigenous ranger programs or Traditional Owner organisations can bring both practical capacity and cultural knowledge that strengthens the project — while keeping more of the economic benefit in the local community.

Step 6: Selling credits or accessing markets

Thinking about how and to whom you will sell your credits or who will invest in your environmental outcomes should be done early in the project thinking. Depending on the advice received, you may also want to build in some flexibility. Credit prices and buyer demand shift over time and locking rigidly into one sales arrangement too early could mean missing better opportunities as markets mature.

There are several ways to find buyers and explore where your credits or certificates can be sold. The PLANR platform (planr.gov.au) has been designed to include a marketplace function where landholders and project proponents can explore buyer interest and connect with the market directly.

The Nature Positive Matters network (naturepositivematters.org.au) is a community of businesses, investors and land managers committed to nature-positive outcomes. It could be a useful place to understand buyer motivations, build relationships with potential purchasers, and stay across emerging demand signals.

Beyond these, carbon brokers and specialist project developers can facilitate sales, particularly for larger volumes — but always check credentials and fee structures carefully before entering any sales agreement. Some landholders also choose to sell directly to corporate buyers through bilateral contracts. This can offer price certainty but may require stronger negotiation skills or support.



Ngunnawal team working at
Roy Roy Nature Reserve.
Image supplied by ACT NRM

Partnering with a buyer early on can also de-risk your project.

Industry forums can also be a good way to promote or find interested buyers or learn more about best practice outcomes and successful partnerships.

Whatever route you choose, keeping records of your environmental outcomes, monitoring data and project documentation in good order will ensure you remain compliant with scheme requirement and whatever accreditation process you have chosen. It will also ensure you are able to sell a verified environmental outcome when the time comes.

“ Nature and the ecosystem services it provides underpins our communities. To make good decisions, we need to understand and be transparent about our dependencies and impacts on nature.

Ken Henry,
Chair, Nature Finance Council

Cassowary Credit Project

What is it?

A biodiversity credit scheme designed to deliver measurable benefits to rain-forest biodiversity, while also supporting regional communities and Rainforest Aboriginal People.

How does it work?

Participating landholders undertake a baseline study of the area of land they wish to protect or restore. The scheme then issues credits according to the rate of condition improvement from the starting baseline. This enables credits to begin to be generated in the first initial years after projects are established, and continue throughout the life of a project (generally 25 years).

Credits are generated based on achieving one unit of measurable rainforest condition improvement over one hectare of land.

So ‘hectares of project’ x ‘measurable improvement in reporting period’ = num-ber of cassowary credits.

What is required?

Projects must be conducted in accordance with the Cassowary Credit Standard and an approved methodology, which is registered with Eco-Markets Australia. Land managers commit to revegetating using local, native tropical rainforest species, and to ongoing project implementation, maintenance and monitoring.

Where revegetation is a significant project activity, landholders may also be able to generate Australian Carbon Credit Units (ACCUs) through their work under the Environmental Plantings method. It is important to note that any projects seeking to stack an ACCU project with a Cassowary Credit project must register the ACCU project first, and meet all requirements for both schemes.

**Location**
Wet Tropics in far north-east Queensland

**Timing**
Pilot projects commenced in 2025. Projects require a minimum permanence period of 25 years.

**Project Partners**
Terrain NRM (project lead)
Eco-Markets Australia
Queensland Government



A cassowary in Cardwell. Image taken and supplied by Terrain NRM's Bronwyn Robertston

Making a decision

The following table forms a handy checklist for anyone considering entering into a carbon or biodiversity protection or crediting program or scheme.

Decision Theme	Ask yourself	Good fit if...	Consider if....
Land type	Is this marginal or low productivity land?	Opportunity cost is low	Productive land is being retired
Permanence	Am I comfortable changing land use long term?	Permanence is accepted	Flexibility is still needed
Succession or sale plans	Does this suit future succession or sale plans?	Future owners aligned	Uncertainty or disagreement
Long term management	Can I maintain high levels of weed, pest and fire management for decades?	Capacity locked in	Limited or unknown long term capacity
Upfront costs	Can I fund establishment before generating income?	Capital available	Reliant on early income
Cashflow timing	Am I OK waiting years for returns?	Long term mindset	Expecting annual income
Likely return	Do I understand any influences on what I will get paid and when?	Understand buyers and other drivers of returns	Not sure who is buying or why
Fire & climate risk	How would I manage the loss of protected vegetation through fire or drought?	Risks are manageable	High fire or drought exposure
Contracts	Do I understand who controls revenue/ credit sales?	Terms are clear and acceptable	Contract not well understood
Operating environment	Can I live with possible changes to the scheme?	Risk is known/acceptable	Risk causes stress
Adapted from Landcare Australia Limited, presentation to NRM Regions Australia webinar, ‘Dollars and Sense – legal and financial considerations for en-gaging with environmental markets’, June 2026			



A project management planning day in the NRM South region.
Image supplied by NRM South.

Working Together

Trying to understand and balance the opportunities environmental markets offer with the risks and uncertainties can be overwhelming for landholders and advisors alike. Research shows that peer-to-peer learning can help to overcome these feelings and support land managers to feel confident in making sound decisions based on the information available at the time.

Landholders can:

- Participate in Landcare or other agricultural or community networks to share projects, ideas and opportunities.
- Attend workshops and other online or face-to-face training to ask questions, find out what other landholders are thinking, and stay up-to-date on opportunities.
- Go to field days and open-farm visits to see how it all works on the ground.

- Work with advisors to explore pathways for aggregating projects – working with your neighbours helps to quickly build understanding, reduce risk, and maximise the on-ground, collective benefits of your projects.

Advisors can:

- Join relevant communities of practice or peer learning networks to get up-to-date information share experiences and test their understanding
- Focus on “One Front Door”: Help simplify the entry point for landholders by coordinating between various government programs and private schemes and connecting the dots between them.
- Promote long-term engagement: Avoid “workshop fatigue” by integrating information into routine workshop presentations or industry updates, farm visits and existing sector discussions.

Environmental markets in Australia

Carbon markets

Australia’s primary carbon market operates through the Australian Carbon Credit Unit (ACCU) Scheme, administered by the Clean Energy Regulator. Landholders can generate ACCUs through following approved methods to:

- Store additional carbon in trees and soils (e.g. through reforestation or changed grazing regimes)
- Reduce emissions from agricultural practices (e.g. through changed management in piggeries)
- Undertake prescribed savanna burning programs (particularly significant for First Nations communities in northern Australia)

Each ACCU represents one tonne of carbon dioxide equivalent stored or avoided. ACCUs can be sold to compliance (entities who fall under the Safeguard Mechanism) or voluntary buyers. First Nations-led savanna burning projects and biodiverse environmental planting project sometimes receive price premiums because of the environmental and cultural co-benefits they can deliver.

International voluntary carbon standards, such as VERRA’s Verified Carbon Standard (VCS) and Gold Standard and Puro.earth also operate in Australia and can generate carbon credits to sell to voluntary market participants¹.

Biodiversity and nature repair markets

A significant recent development – but one that is still very early in its implementation – is the Nature Repair Act 2023, which establishes a national legislated biodiversity market. Under this scheme:

- Landholders and project proponents can earn biodiversity certificates for actions that measurably improve ecosystem health and species habitat
- Certificates can be retained, or sold to businesses, governments, or

individuals who wish to support conservation or meet sustainability commitments. The Australian Government’s Nature Repair Market provides a framework for generating biodiversity certificates – see example on p26.

Several independent voluntary biodiversity credit schemes also operate in Australia, including:

- NaturePlus Credits: Applying Accounting for Nature standards to generate credits from environmental restoration projects
- Wilderlands Biological Diversity Units: Enabling individuals and organisations to invest in protecting Australia’s biodiversity
- Terrain NRM Cassowary Credits: Independently verified credits for Cassowary habitat restoration in tropical north Queensland
- Catalyst Markets Cultural Fire Credit: Recognising and rewarding traditional fire management by First Nations communities.
- Ecomarkets Australia: Australia’s first independent environmental markets administrator, transforming environmental stewardship into verified positive impact. They have credit schemes that support water quality and regeneration outcomes.

Biodiversity offset schemes

Biodiversity offsets are compliance-based: they are required when a development project causes unavoidable impacts on biodiversity. Developers must compensate by funding conservation activities elsewhere. Key schemes include:

- **State-based programs:** All states have their own biodiversity offset frameworks. NSW operates the Biodiversity Offsets Scheme under the Biodiversity Conservation Act 2016. Queensland, Victoria, and Western Australia have similar arrangements.
- **Commonwealth offsets:** The Environment Protection and Biodiversity Conservation (EPBC) Act sets the federal requirements for major projects that

¹ Find out more about [VERRA](#), [Gold Standard](#) and [Puro.earth](#).

impact matters of national environmental significance. Under reforms to the EPBC Act passed in late 2025, the Federal Biodiversity Offset scheme shifted from a “no net loss” approach to a mandatory “net gain” standard. This means proponents will have to deliver a ‘net gain’ for nature via land-based offsets, or make payments to a new Restoration Contributions Special Account. The Nature Repair Market will also now include offset capable methods, which means landholders can choose to nominate that their certificate be used as an offset under the Act.

Landholders may supply biodiversity offsets by entering into conservation agreements, but the rules and requirements can vary by jurisdiction and scheme. Specialist advice is recommended.

Water markets

Water markets, particularly in the Murray-Darling Basin (MDB), are well-established in Australia. Tradeable water entitlements allow water users and others to buy and sell water allocations (on a permanent or temporary basis) and have historically been used primarily for productivity and critical water needs. However, water is increasingly being bought and sold to meet environmental outcomes, like wetland health, and to support aquatic species. The Commonwealth Environmental Water Holder is a large purchaser of water for environmental outcomes, but jurisdictions also purchase water for this purpose.

Cultural entitlements are legally held water rights owned and managed by First Nations groups to improve spiritual, cultural, environmental, and economic conditions. Emerging water quality markets, such as Eco-Markets’ Reef Credit Scheme, may pay landholders for actions on land that reduce nutrient and sediment run off into waterways and reef systems.



What is driving demand in environmental markets?

The key global commitments, national policy and voluntary corporate frameworks shaping investment in nature and climate outcomes

Global	- UN Framework Convention - Paris Agreement - CBD - Kunming-Montreal - Global Biodiversity Framework - UN Sustainable Development Goals - SDG 13 and SDG 15
▼ Drives national commitments ▼	
National	- Legislated climate targets of 43% emissions reduction below 2005 levels by 2030 and net zero by 2005. - CFI Act 2011 (ACCU Scheme) - national carbon market - Safeguard Mechanism - driving emission reduction and offset demand - Nature Repair Act 2023: New national biodiversity market - EPBC Act 1999 and new reforms e.g. new national biodiversity offset standard - New voluntary GHG emissions estimation and reporting guidelines for Agriculture, Forestries and Fisheries
▼ Shapes corporate obligations and voluntary actions ▼	
Voluntary	- Taskforce for Climate-related Financial Disclosures (TCFD) - The International Sustainability Standards Board (ISSB) - Science Based Targets initiative - Science Based Targets Network - Taskforce for Nature-Related Financial Disclosures (TNFD) - GHG Protocol
▼ Informs process and type of verified environmental outcomes ▼	
Examples: Carbon credits (ACCU), biodiversity credits or certificates, conservation or long-term protection, environmental offsets, low-emission products, cultural or social benefits.	

Key concepts and definitions

Environmental markets have their own jargon and terminology. This section explains some of the key terms you are likely to encounter.

Additionality and newness

Additionality is an important concept in many environmental markets. An outcome is additional if it would not have happened without the project being implemented. In other words, the project has to make a verifiable ‘net-positive’ difference.

Newness means a project or activity must not have commenced before registration. Newness exemptions may be provided in the case of pilot or research projects, provided approval from the scheme operators to participate in the market is sought

However, in some circumstances, environmental markets may reward behaviour that is not new or additional. For example, a supply food chain may pay a premium for agricultural produce that has been produced in accordance with prescribed sustainability procedures or standards, regardless of whether the farmer was already undertaking the practices or would continue to do so in the absence of the premium.

It is also sometimes possible for value-adding practices to be considered additional, even if the principal practice was already underway or achieved. For example, if a block of bushland was already fenced to prevent livestock from entering the area, then other activities like reforestation of the understory, increasing invasive animal control, or monitoring the improvements in the habitat through time, might be considered additional as it is new, initially unplanned activity, and supported through market payments.

Understanding the additionality requirements is a critical consideration for anyone supporting landholders to understand which activities might be eligible for different market payments.

Bundling, stacking and stapling

The following terms describe how multiple environmental outcomes from the same piece of land can be recognised and potentially sold.

Terms	Definitions
Bundling	Multiple environmental benefits are grouped together and sold as a single package. The individual components are not separated or traded independently. For example, a carbon project that also demonstrates biodiversity improvement or cultural benefits may bundle those together in a single product.
Stacking	Different environmental outcomes from the same area of land are measured separately and may be recognised or traded independently, subject to scheme rules and additionality requirements. For example, the same land area might generate ACCUs and Nature Repair Market certificates, which can be traded separately. This may also be described as layering in some schemes.
Stapling	Outcomes could be linked together so they must be sold or transferred together, even though measured separately. For example, a carbon credit and a biodiversity certificate from the same project could be stapled so buyers receive both.

These approaches must factor in and account for risks to additionality, double counting and market integrity. Some schemes prohibit stacking, while others are designed to enable multiple outcomes from different funding sources. Landholders and their advisors should always check the specific rules of the schemes being considered.

Certificates, credits and units

The below terms are sometimes interpreted differently, used interchangeably or have specific meanings in certain schemes. It is important to make sure you or those you are advising are aware of any relevant context for that scheme.

Term	Definition
Credit	A tradeable representation of a specific environmental outcome, measured against defined rules or methods. For example, one ACCU = one tonne of carbon dioxide equivalent stored or avoided.
Certificate	Often used to formally recognise or evidence an outcome of a project. In environmental markets, a certificate may or may not be a tradeable financial asset but will often represent a specific unit or verified environmental benefit. Under the Nature Repair Act, biodiversity certificates will be issued for qualifying projects.
Certification	Certification can also be called an accreditation. This is often used to verify that an entire entity or product line meets ongoing sustainability standards and can be used to demonstrate integrity of outcomes.
Unit	A generic term for the standardised quantity being measured or traded within a market. One carbon unit, one biodiversity unit, etc. Note that for the Nature Repair Market there is no standardised unit.

Co-benefits

Co-benefits are the additional positive outcomes delivered by an environmental market project, beyond the primary outcome being verified and credited. For example, a carbon farming or biodiversity project might also deliver improved water quality or support cultural land management practices. When traded, co-benefits may attract a price premium. Carbon credits from projects with certified biodiversity or First Nations co-benefits can command increased premiums above standard credit prices.

Co-benefits from First Nations-led projects are sometimes also referred to as

‘core-benefits’. Being able to demonstrate and quantify co-benefits is important for landholders or other project managers seeking to be remunerated for those benefits.

ESG – Environmental, Social and Governance

ESG refers to a framework used by investors and businesses to assess the environmental, social and governance performance of companies and investments. Growing ESG expectations from investors, regulators and consumers are one of the key drivers of corporate demand for environmental market products. Large companies may purchase carbon credits, biodiversity certificates and other environmental outcomes to demonstrate to their shareholders and others that they are behaving in an environmentally responsible way.



Methods and project plans

Most environmental market schemes require projects to follow an approved method, which are usually designed and approved by the relevant regulator or scheme administrator. The following definitions commonly apply but could differ slightly under different schemes.

Terms	Definitions
Method	The approved rules for how outcomes are generated, measured and reported. For example, the ACCU Scheme has specific methods for environmental plantings, savanna fire management, and soil carbon.
Project Plan	A document outlining how a specific project will be delivered, including activities, timelines and responsibilities.
Project Report	Periodic reporting demonstrating progress and delivery of environmental outcomes.
Landholder Agreement	A legal agreement setting out rights, obligations, duration and land management requirements between landholders and project developers or investors. These can be long-term commitments, sometimes 25 years or even in perpetuity. Not all projects or schemes may require landholder agreements. This could depend on who is legally responsible for delivering the project or what type of land tenure or land ownership you have in place.
Register	A public or controlled system recording projects, certificates and credits to support transparency and avoid double counting.

Permanence

For carbon and biodiversity outcomes, permanence refers to how long the environmental benefit must be maintained. Carbon stored in trees today could be released if those trees are cleared or burn in a bushfire. Most schemes require project proponents to manage for permanence over an agreed timeframe. This can be 25 to 100 years under the ACCU Scheme, or in the case of biodiversity offset schemes, which can often require in perpetuity permanence obligations. These schemes can also require project holders to have plans for managing risks of carbon being lost due to natural disasters.

Permanence obligations can significantly affect a landholder’s flexibility to change land use in the future, and for succession planning. These are key issues to understand before signing any agreement.

Voluntary vs Compliance markets

Two different drivers motivate buyers in environmental markets:

- Voluntary markets:** Buyers choose to purchase environmental outcomes to meet corporate sustainability goals, demonstrate leadership, or respond to stakeholder expectations to reduce emissions or demonstrate climate risk mitigation. Demand in voluntary markets can fluctuate with corporate priorities and public interest in sustainability and emission reduction.
- Compliance markets:** Buyers are required by law to purchase offsets because their activity has caused environmental harm or have an annual emissions baseline they must meet. For example, a developer who clears native vegetation may be required to fund land restoration activities elsewhere as an offset. Compliance markets create a mandatory demand for offsets. Some schemes, such as ACCU market and the Nature Repair Market, have both compliance and voluntary components.

What are GHG emission scopes?

Businesses account for greenhouse gas emissions across three categories, or “scopes.”

- Scope 1 covers direct emissions from sources a business owns or controls — for a farm, this includes methane from livestock digestion and nitrous oxide from fertiliser use.
- Scope 2 covers indirect emissions from purchased electricity or energy.
- Scope 3 is the broadest category: all other indirect emissions occurring across the business’s value chain, both upstream (such as producing and transporting fertilisers and pesticides) and downstream (transporting, processing, and consuming the farm’s products).¹

Insetting, as discussed on page 9, typically sits within Scope 3. For example, if a food company or agribusiness decide to seek emission reductions on farms within its supply chain, it is addressing the Scope 3 emissions it is responsible for, but doesn’t directly control. Limited, but mandatory, Scope 3 reporting will begin rolling out in Australia soon, for certain entities that must comply with the Corporations Act. Landholders whose farms sit inside these supply chains are increasingly being looked to as part of the solution — making on-farm carbon and sustainability activities directly relevant to corporate buyers upstream.

1. The Department of Agriculture, Fisheries and Forestry has a good explainer on all things [emissions and agriculture here](#)



Case Study

Green Sheep Project

What is it?

Many producers are already managing their land sustainably but lack the tools to document and communicate that performance in a credible, market-ready way. The three-year Green Sheep Project is designed to help sheep producers understand and document their environmental sustainability to:

- support ongoing market access and growth.
- increase on-farm productivity and resilience to climate change impacts.

How does it work?

Participating sheep producers will trial a range of user-friendly tools to record and track their environmental performance across grazing management, pasture health, emissions and on-farm biodiversity. Producers work alongside delivery partners to document natural capital, link environmental data to farm management decisions, and build verifiable sustainability credentials across the supply chain.

What is required?

In the research phase

Landholders in the participating regions are able to express interest to participate in a demonstration site. Other workshops and events will be held to support engagement with the project.

In the delivery phase

Tools will be made available that help producers to:

- capture data for farm decision-making
- improve the management of on-farm natural capital, including improved grazing and pasture management and protection of natural assets.

Producers will be able to access the reporting systems developed through the project to help them verify their environmental credentials to meet market access requirements.

“

Internationally we know that food retailers in the US and Europe have high sustainability market requirements for their suppliers. Since over 70% of all sheep meat is exported, we need to ensure our producers have access to the broadest range of markets.”

Carolyn Cameron
Green Sheep Project Manager



Location

Australia wide, with pilot projects being run by Wheatbelt NRM in WA, Glenelg Hopkins CMA in Victoria, NRM South in Tasmania, and Holbrook Landcare Network in NSW.



Timing

The research project commenced in May 2026 and will run for 3 years.



Who is involved

Project lead: Sheep Producers Australia
Delivery partners: Regional NRM organisations: Wheatbelt NRM, Glenelg Hopkins CMA, NRM South plus Holbrook Landcare Network.



Nature needs more

Funding for environmental restoration and natural resource management has generally relied heavily on government grants and programs. However, there is growing evidence that government funding, in Australia and globally, is not keeping up with the scale of need. A 2025 Australian study estimated it would cost \$15.6 billion per year for 30 years to prevent the extinction of 99 of the nation's priority species¹.

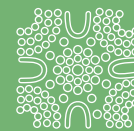
However, current government funding for such actions falls far short of this estimate – with the latest figures from the Biodiversity Council estimating current government spending on biodiversity conservation, at \$0.6 billion per year².

Scientists have calculated that Australian Government investment in nature needs to be lifted to 1% of the budget to meet commitments to prevent further extinctions of native plants and animals, restore 30% of Australia's degraded lands, and conserve 30% of Australia's land and sea areas by 2030³.

¹ Read: [The estimated cost of preventing extinction and progressing recovery for Australia's priority threatened species.](#)

² Read more from [Biodiversity Council here.](#)

³ Read: [Spending to save: What will it cost to halt Australia's extinction crisis?](#)



First Nations leadership in environmental markets

Aboriginal and Torres Strait Islander peoples hold rights and interests in over 56 per cent of the Australian continent and have been Caring for Country for over 60,000 years.

First Nations communities bring unique ecological knowledge and cultural land management expertise. As environmental markets grow, there are significant opportunities for First Nations-led projects – particularly in carbon, biodiversity and cultural fire management.

The Federal Nature Repair Market scheme acknowledges the role of First Nations' organisations at multiple levels, including providing input into methodology design. For landholders and natural resource managers working with First Nations communities, supporting their participation and leadership in these markets is both an opportunity and a responsibility.

If you're an Aboriginal or Torres Strait Islander person sharing cultural knowledge or helping with someone else's project, make sure you understand your rights and agree on fair terms.

Some of the opportunities for First Nation groups to participate in environmental markets include:

Lead or co-own projects: First Nations groups can run projects that restore ecosystems, protect species, or improve land using cultural practices. These projects can earn biodiversity certificates or carbon credits that can be sold.

Provide consent to projects: Traditional Owners may have the right to

say yes (consent) or no to a project. This will depend on the location.

Share cultural knowledge: Indigenous people with a cultural relationship to a project area may be invited to share knowledge about caring for Country in the project area, including identifying specific cultural outcomes for the project.

Provide services to projects: Indigenous Ranger groups, knowledge experts, contractors (e.g. fencing, pest management) may provide paid services to projects.

Develop new methods: There are opportunities to get involved in designing market rules and methods. First Nations cultural and ecological expertise can shape how these markets work.

Earn premium prices: Projects with social, cultural and environmental benefits can attract higher prices.

Create jobs and skills: Environmental markets need people for land management, monitoring, and reporting. This means long-term employment and training opportunities.

The Indigenous Carbon Industry Network (ICIN) is the peak body for Indigenous-led carbon projects in Australia. It helps Traditional Owners and Indigenous groups run carbon farming projects. It has a list of great resources on its website (icin.org.au); including the Seeking FPIC for Indigenous Communities for Carbon Projects Guide.

The Indigenous Land and Sea Corporation has also recently launched the Knowledge Hub, which includes a list of resources for First Nations communities relevant to environmental and carbon markets. Text and images for this section has been drawn from their [Knowledge Hub](#).

East Fish River, in the Northern Territory.
Image supplied by the ILSC.

Cooplacurripa Biodiversity Project

What is it?

The Silva Capital Cooplacurripa Biodiversity Project No.1 was the first project to be registered under the Nature Repair Market, a new environmental market regulated by the Clean Energy Regulator (CER). The project aims to restore native vegetation and improve biodiversity across approximately 440 hectares of previously cleared land. The project is also achieving emissions reduction, with an ACCU Scheme Project registered across the same area of land.

How does it work?

The project is applying the Replanting Native Forest and Woodland Ecosystems method under the Nature Repair Market, and the Reforestation by Environmental or Mallee Plantings method under the ACCU Scheme. By selecting plants that naturally occur in the region, the project aims to re-establish tall open Eucalypt forests, tall wet Eucalypt forests, and sub-tropical rainforest as well as increase local biodiversity, reconnect habitat, and improve landscape resilience.

By overlapping, or ‘stacking’ some of the ACCU and Nature Repair project areas, the project can generate both ACCUs throughout the Crediting Period, and a Nature Repair Market certificate to verify improved biodiversity outcomes on the site.

The entire Cooplacurripa project Project has five distinct stages which will be registered as individual projects, and will eventually involve revegetation of more than 6,500 hectares of land, making it one of the largest native reforestation projects in Australia.

What is required?

There are unique reporting requirements, and specific activities that must be adhered to, under both the Nature Repair and ACCU Scheme project methods.



Location

Northern NSW on Biripi/Birpai Country west of Taree.



Timing

The ACCU Environmental Planting started in 2025, with supplementary planting for the Nature Repair Market project starting this year in 2026. Both the Nature Repair and ACCU projects are committed to 100-year permanence period.



Project Partners

Silva Capital (Silva), partnered with Covalent Land Australia (Covalent) to help undertake initial site assessment activities, including the field survey, and will continue to support monitoring and reporting.

The project was first registered as an ACCU project and then registered as a Nature Repair project under the Replanting Native Forest and Woodland Ecosystems method. *Additionality requirements mean that ACCU projects must generally be registered first, when stacking these methods.

The Nature Repair project required an extensive baseline assessment of the vegetation ecosystems, with the project requiring an increase in both species richness and diversity, focused on all vegetation strata – covering ground and mid-storey flora species, dedicated weed management objectives and re-establishment of ecosystem function and connectivity.

Silva has started to plant tube stock and undertake direct seeding with local endemic species. Planting for all stages of the project is expected to be completed by 2029.



Biripi/Birpai Country and home to the first Nature Repair project. Image supplied by Silva Capital.



Assessing Natural Capital at scale

Natural capital assessments can be assessed at many scales — and the scale you choose depends on the decisions you are trying to inform.

At the property scale

A property-level assessment helps a landholder understand what environmental assets they hold, what condition those assets are in, and what market or investment opportunities may be available. This might begin with a simple mapping exercise — identifying native vegetation, wetlands, threatened species habitat, soil types and water features — and progress to a more formal condition assessment using accredited methods. A natural capital account at property scale creates a baseline that is often required before environmental market projects can begin.

At the regional and landscape scale

NRM bodies, catchment management authorities and state governments can use regional-scale natural capital assessments to prioritise investment, design stewardship programs and identify connected landscapes where coordinated action across multiple properties will have the greatest effect.

At the national scale

The Australian Bureau of Statistics (ABS) publishes Australia's National Ecosystem Accounts, providing a whole-of-country picture of the extent and condition of Australia's ecosystems — from forests and wetlands to marine areas and grasslands. They inform national policy priorities and track Australia's progress toward major commitments, including the goal to protect 30 per cent of Australia's land and sea by 2030.

Searching for Margaret River burrowing crayfish.
Image supplied by South-West NRM



Before signing any agreement

Landholder agreements for environmental market projects can be long-term, legally binding commitments that affect how land can be managed for decades. Natural resource managers and others providing outreach and extension support to landholders should encourage landholders to seek independent legal and financial advice before entering any agreement.

Landholders and advisors must be able to answer the following:

- How long does the commitment last?
- What land management restrictions apply?
- What happens if I want to sell the land where the project is?
- What happens if circumstances change?
- Who bears the risk if the agreed outcomes are not delivered during the life of the project?

The Carbon Market Institute's [Landholder Guidance](#) provides some advice on addressing these concerns.

Case Study

NSW Biodiversity Offset Scheme

What is it?

The NSW Biodiversity Offsets Scheme (the scheme) has established a market for biodiversity credits that allows people to create, buy and sell biodiversity credits. Biodiversity credits are created when landowners establish in-perpetuity Biodiversity Stewardship Agreements (BSA) to conserve and manage the biodiversity on their land. Most demand for biodiversity credits comes from developers with legal obligations to offset the impact of their project on biodiversity. However, anyone can buy a biodiversity credit.

How does it work?

There are two types of biodiversity credits that landholders may be able to generate and sell through the scheme:

- ecosystem credits, for threatened ecological communities, and/or habitat for some threatened species (e.g. those that are highly mobile).
- species credits, which measure the suitable habitat or number of threatened species found at a location.

There are rules about which biodiversity credits developers must secure to meet their offsetting obligation to ensure a like-for-like outcome. Because most of the demand for biodiversity credits comes from these developers, demand for each type of credit may vary.

The biodiversity credits generated through a Biodiversity Stewardship Agreement can be sold directly to developers who need to offset impacts, government, or to other buyers wanting to secure conservation outcomes.

Through its Stewardship Support Program and Credits Supply Fund, the NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW),

helps landholders generate credits and also purchases credits to sell to developers seeking to meet their offset obligations.

Developers can also meet their offset obligations by paying into the Biodiversity Conservation Fund. The NSW Biodiversity Conservation Trust (BCT) – who manages the Fund – then buys credits from landholders to meet these obligations.

Each Biodiversity Stewardship Agreement sets a Total Fund Deposit (TFD) – the amount needed to cover the site’s future land management costs. When credits generated at a site are sold, then a pre-determined portion of the TFD must be paid into the Biodiversity Stewardship Payments Fund, which BCT manages and invests, until the full TFD amount is met. Once it is met, the BCT makes annual payments from this fund to the landholder to cover the costs of their land management activities.

It is up to buyers and sellers of credits to agree on a price for credits. Landholders will typically negotiate with buyers (government or others) on a price for their credits that will cover:

- The TFD amount (i.e. the agreed ongoing management actions).
- Any costs associated with establishing the project (e.g. biodiversity assessment costs, tax and legal advice, opportunity cost).
- A margin for profit.

What is required?

Landholders that enter into a Biodiversity Stewardship Agreement will have immediate obligations to ‘passively manage’ the site for conservation, even before the TFD is reached. These actions may include undertaking weed and pest management, so the site remains at or above the baseline assessment for biodiversity. Once the TFD is reached, landholders enter ‘active management’ and will be required to undertake management actions specified in their Biodiversity Stewardship Agreement, as well as agreed monitoring, reporting, and auditing.

Establishing a portfolio of biodiversity credits has implications for taxation, including potential capital gains tax. All landholders considering participating in the NSW biodiversity offset scheme are advised to seek expert financial and legal advice from professionals with specific expertise in this area.



Location

The scheme operates across NSW.



Timing

Biodiversity Stewardship Agreements are registered on the land title and apply in perpetuity. Active management to protect and improve the values of the site from the baseline assessment is required for 20 years, once the TFD is reached.

More information for landholders about the scheme is available on NSW DCCEEW’s website.



Other BCT opportunities

The BCT provides a number of investment offerings for landholders to protect and promote the health of important ecosystems and species. More information on the range of opportunities available with the BCT is available on their website.

It's not for everyone

Environmental markets are not a silver bullet, and understanding their limitations is as important as understanding their potential. The following challenges are important considerations for anyone working in this space.

Not all landscapes, circumstances, or landholders are suited

Environmental market projects often have eligibility requirements related to property size, land condition, tenure, and location. Individual circumstances and ambitions vary, so something that suits your neighbours won't necessarily work for you. Even where you may have common landscapes or similar land management activities. Transaction costs - the cost of participating in a market - can be high, particularly for smaller landholders and it can take years before a profit is realised. Aggregation (combining smaller landholdings into a single project) can help, but adds complexity and comes with its own risks, and isn't possible in every situation. Also, where new or additional gains are required under the chosen method or scheme, these conditions may be hard to meet where good and proactive land management is already underway.

Cultural and social considerations

Not all environmental values can or should be traded in markets. Cultural heritage, spiritual values, community connections to Country, and other non-market values matter deeply to many landholders, particularly First Nations communities. Environmental market projects must be designed and implemented with sensitivity to these values, with free, prior and informed consent from relevant stakeholders.

There are some useful resources to read to better understand what should be considered and how projects can be designed to ensure cultural values and needs of First Nations communities are considered appropriately. See page 26 and the Appendix on pages 34-35.

Power imbalances

Large corporations buying environmental services may have significantly more negotiating power than individual landholders. Seeking your own independent advice and ensuring informed and adaptive bargaining or agreements can be important safeguards to ensure landholders are not locked into long-term agreements on terms that are problematic now or may become so in the future.

Rapidly changing context

The policy and regulatory environment for environmental markets is changing quickly. Schemes that are well-funded and clearly defined today may change in future years, whereas emerging schemes may become more profitable and accessible in the future. This doesn't mean landholders should necessarily avoid action now. It just means making sure the opportunities and risks of accessing markets sooner or later are considered as part of informed decision-making.



Glossary: Key Terms

The following glossary provides a concise summary of some of the key terms used in environmental market.

Terms	Definitions
ACCU	Australian Carbon Credit Unit. A unit issued under the ACCU Scheme representing one tonne of CO ₂ equivalent stored or avoided.
Additionality	The principle that an environmental outcome must be above and beyond what would have occurred without the project being undertaken.
Aggregation	Combining multiple smaller landholdings or projects into a single larger project to reduce transaction costs and meet eligibility thresholds or increase the impact/outcome.
Auditor	An independent verifier who checks delivery, measurement and reporting for an environmental market project.
Biodiversity certificate	Under Australia’s Nature Repair Act, a certificate issued for actions that measurably improve biodiversity.
Biodiversity credit	A tradeable unit representing a positive biodiversity outcome, generated through protection, restoration or stewardship activities. Applies to a number of schemes.
Biodiversity offset	A compliance-based payment made by developers to compensate for unavoidable biodiversity impacts, often caused by a development project.
Bundling	Multiple environmental benefits are grouped together and sold as a single package. The individual components are not separated or traded independently. For example, a carbon project that also demonstrates biodiversity improvement or cultural outcomes may bundle those together in a single credit purchase and price.
Carbon market	A market for the exchange of carbon credits, including both compliance and voluntary markets.

Clean Energy Regulator (CER)	The CER is an Australian Government statutory authority. It administers legislation and financial incentive schemes that reduce greenhouse gas emissions, support the renewable energy sector. It regulates the Australian Carbon Credit Unit (ACCU) scheme and Nature Repair Market.
Co-benefits	Additional positive outcomes delivered by an environmental project beyond its primary purpose (e.g. biodiversity co-benefits from a carbon project).
Compliance market	A market driven by legal requirements (e.g. offset obligations or emissions caps).
Double counting	In environmental economics, this occurs when a single environmental benefit, carbon credit, or ecological service is counted multiple times toward environmental goals. It can create an inaccurate or overinflated picture of progress by attributing the same outcome to multiple entities.
Emissions reduction	Emissions reduction is the deliberate, measurable decrease of greenhouse gases (GHG) - such as carbon dioxide, methane, and nitrous oxide - released into the atmosphere by human activity. It involves strategies like switching to renewables or reducing methane emissions in livestock.
ESG	An Environmental, Social and Governance framework used by investors and businesses to assess sustainability performance.
GHG Protocol	Is the world’s most widely used greenhouse gas accounting and reporting standard for businesses and organisations.
Global Biodiversity Framework	Officially known as the Kunming-Montreal Global Biodiversity Framework. It is an international agreement adopted by 196 nations in December 2022 under the UN Convention on Biological Diversity. It provides a strategic roadmap to halt and reverse the loss of nature, aiming to achieve a nature-positive world by 2030 and live in harmony with nature by 2050.
Green finance	Is any structured financial activity that’s been created to ensure a better environmental outcome. It includes loans, debt mechanisms and investments that are used to fund/encourage the development of green projects or minimise impact on the climate (e.g. emission reduction, renewable energy).

Intermediary	Brokers, aggregators, project developers and technical advisors who help connect buyers and sellers, manage projects and transaction costs.
ISSB	The International Sustainability Standards Board is an independent body that creates global baseline standards for corporate sustainability and climate reporting. It fully adopted and integrated TCFD into its standards.
Method	The approved rules for how outcomes are generated, measured and reported. For example, the ACCU Scheme has specific methods for environmental plantings, savanna fire management, and soil carbon.
Natural capital	The stock of natural assets — soils, water, vegetation, wildlife and ecosystems — that make up our environment and underpin the goods and services that people and communities depend on. These goods and services include things like clean water, productive soils, a stable climate, flood mitigation, pollination and wildlife habitat.
Natural capital accounting	Natural capital accounting (NCA) is a standardised, systematic framework used to measure, value, and track environmental assets and their condition - such as water, soil, plants, animals, and ecosystems - in both physical and monetary terms.
Nature Repair Market	Australia’s national biodiversity market established under the Nature Repair Act 2024.
Offset	See biodiversity offset; also used in carbon markets to describe credits used to compensate for emissions.
Payment for Ecosystem Services	A direct agreement between those providing ecosystem services and those who benefit from them.
Permanence	The requirement that environmental outcomes are maintained over a defined timeframe.
Project proponent	The party proposing an environmental market project.
Register	A public record of projects, credits and certificates to ensure transparency and prevent double counting.
Safeguard Mechanism	The Federal Government’s policy for reducing emissions at Australia’s largest industrial facilities. It sets legislated limits (known as baselines) on the GHG emissions of these facilities. These emissions limits will decline, gradually.

SBTI	The Science-Based Target Initiative, which is an independent body that enables companies to set greenhouse gas reduction targets in line with climate science.
SBTN	The Science-Based Target Network, established in 2019, is developing science-based targets for nature both for companies and cities, so they can comprehensively address their environmental impacts across biodiversity, land, freshwater and ocean, in addition to climate through the SBTI.
Stacking	Different environmental outcomes from the same area of land are measured separately and may be recognised or traded independently, subject to scheme rules and additionality requirements. For example, the same land area might generate ACCUs and Nature Repair Market certificates, which can be traded separately. This can also be described as layering.
Stapling	Outcomes could be linked together so they must be sold or transferred together, even though measured separately. For example, a carbon credit and a biodiversity certificate from the same project could be stapled so buyers receive both.
Supply chain	A supply chain is the full sequence of people, businesses, and processes involved in producing and delivering a product or service — from raw materials at one end to the end consumer at the other.
TCFD	The Taskforce for Climate-related Financial Disclosures, which sets guidance for companies to disclose climate-related financial risks and opportunities across governance, strategy, risk management and metrics.
TNFD	The Taskforce for Nature-related Financial Disclosures, which was modelled on TCFD, but provides a framework for organisations to assess, report and act on nature-related risks and opportunities.
Voluntary market	A market where buyers choose to purchase environmental outcomes to meet sustainability goals rather than for legal requirements.
Verification	The process of independent checking that environmental outcomes have been delivered as claimed.

Appendix

Tools and resources for landholders and natural resource managers

The following table provides a summary of key tools, platforms and resources relevant to environmental markets in Australia. These can assist with property assessment, project planning, market access and ongoing learning.

Tool/ Resource	Description	Link
Accounting for Nature (AfN)	An independent, accredited environmental accounting framework for assessing and reporting on the condition of natural assets.	https://accountingfornature.org
AgriFutures Australia	Research and development for Australian rural industries, including resources on environmental markets and sustainable agriculture.	https://agrifutures.com.au
Capitals Coalition	The coalition is a global collaboration. It has developed detailed guidance that enables organisations to identify, measure and value their direct and indirect impacts and dependencies on natural capital (as well as social and human capital). Value Australia is the Australian hub of the coalition.	https://www.valueaustralia.org/
Carbon Farming Outreach Program	Led by Department of Agriculture, Forestry and Fisheries, it includes training for advisors, knowledge hub and funding to support First Nations participation in carbon markets.	https://www.agriculture.gov.au/agriculture-land/farm-food-drought/climatechange/carbon-farming-outreach-program

Tool/ Resource	Description	Link
Carbon Opportunity Decision Support Tool	Developed by AFI, it's a free online decision-tree questionnaire. The tool works through the producer's business situation, future plans, risk appetite and personality to surface which carbon farming pathway(s) could be most aligned with their goals.	https://carbontool.farminstitute.org.au/
CER — ACCU Scheme	Has information on Australia's carbon farming and carbon credit scheme, including eligible methods and how to participate.	https://cer.gov.au/schemes/australian-carbon-credit-unit-scheme
CER — Nature Repair Market	Information on Australia's Nature Repair Market, including eligible methods and how to participate.	https://cer.gov.au/schemes/nature-repair-market-scheme
CMI — Landholder Guidance	The PDF checklist provides a step-by-step resource for landholders on the different stages of developing and delivering an ACCU Scheme project, while also including a comprehensive series of checklists to cover key questions that should be asked before entering a carbon farming agreement.	https://carbonmarketinstitute.org/landholder-guidance/
CSIRO — Natural Capital Handbook	A practical guide to corporate natural capital accounting, impact, dependency and risk/opportunity assessment; and reporting	https://www.csiro.au/en/research/natural-environment/natural-resources/Natural-capital-accounting/Handbook

Tool/ Resource	Description	Link
Ecomarkets Australia	Supports the development of environmental and ecosystem service markets in Australia, including capacity building and information resources. Also has a practical online FAQ resource explaining environmental markets.	https://ecomarkets.com.au
Environer	An independent knowledge hub supporting environmental stewardship decisions for primary producers, developed by the University of New England.	https://environer.une.edu.au
Farmers for Climate Action – Climate Smart Toolkit	Information and links to resources that will support farmers and land managers to undertake natural capital accounting and GHG baselines.	https://farmersforclimateaction.org.au/climate-smart-farming-toolkit/farm-baselining-emissions-calculators-and-natural-capital/
GHG Accounting Frameworks (GAFs)	Free Excel-based whole-farm emissions calculators by commodity – modelled on Australian sector experience – for sheep and beef (SB-GAF), Grains (G-GAF), Dairy (D-GAF), plus feedlot, sugar, cotton, horticulture, pork, etc. These are being updated to meet new national standard development.	https://piccc.org.au/resources/Tools.html

Tool/ Resource	Description	Link
ICIN Knowledge Hub	ICIN has a list of resources that can help guide or provide examples of carbon projects, consent requirements and guidance around Nature Repair Market.	https://www.icin.org.au/resource-files
ILSC Environmental Markets Companion Reader	A guide to First Nations contribution to the environmental markets sector, developed by the Indigenous Land and Sea Corporation.	https://www.ilsc.gov.au
Landcare Environmental Toolkit	Landcare Australia has an online toolkit to support Australian farmers in navigating the carbon market while improving biodiversity.	https://landcareaustralia.org.au/what-we-do/landcare-carbonsmart/environmental-plantings-toolkit-for-landholders/
LOOC-C	A tool to explore land-use and carbon opportunities. Developed to assist landholders and NRM bodies model carbon potential.	https://www.looc-c.farm
NaturePlus®	Is a new independent and science-based Australian certification standard that verifies outcomes in the condition of native ecosystems, which can be valued and rewarded with transferable NaturePlus® Credits.	https://www.accountingfornature.org/natureplus-standard

Tool/ Resource	Description	Link
Natural Capital Measurement Catalogue	The Natural Capital Measurement Catalogue (NCMC) is an open, scientifically rigorous resource for users to identify suitable metrics, methods and data sources for the measurement of natural capital assets, flows of services or benefits, and organisational impacts or dependencies on nature.	https://naturalcapitalmeasurement.org/
Nature Layers	Combines a digital land platform with environmental finance and carbon market information to help landowners understand the potential value and opportunity cost of environmental projects on their land.	https://naturelayer.com.au/
Nature Positive Matters Network	Nature Positive Matters is a public-private initiative established to support the acceleration of private-sector action on nature. It establishes a network of businesses, organisations and individuals who recognise the importance of nature.	https://www.naturepositivematters.org.au/about-nature-positive-matters
NSW Biodiversity Offsets Scheme	Information on the NSW state-based biodiversity offset framework for landholders and developers.	https://www2.environment.nsw.gov.au/topics/animals-and-plants/biodiversity-offsets-scheme https://www.nsw.gov.au/sites/default/files/noindex/2026-02/landholder-taxation-guide.pdf

Tool/ Resource	Description	Link
Nature Repair Market	Information on Australia's biodiversity certificate scheme under the Nature Repair Act 2023.	https://www.dcceew.gov.au/environment/land/nature-repair
NRM Regions Australia Resources	NRM Regions Australia has excellent knowledge hubs on environmental markets, carbon and nature-based solutions. List of technical information, reports, webinars and case studies.	https://nrmregionsaustralia.com.au/knowledge-hub/
NSW Local Land Services — Natural Capital	Support, advice and training for NSW land managers looking to start in environmental markets.	https://www.lls.nsw.gov.au/regions/state-wide-programs/natural-capital
NSW LLS-Qs to ask a carbon service provider	A useful checklist (PDF) to guide conversations with carbon service providers.	https://www.nsw.gov.au/sites/default/files/noindex/2025-06/checklist_questions-for-a-carbon-service-provider-final.pdf
PLANR	Government-produced planning software to help landholders assess natural capital, plan projects and access nature markets.	https://planr.gov.au
QLD - Landholder Information	Advice and resources for QLD land managers wanting more information on state's environmental offset opportunities.	https://www.qld.gov.au/environment/management/environmental/offsets/provider

Tool/ Resource	Description	Link
Reef Credit Scheme	A market-based mechanism for improving water quality entering the Great Barrier Reef, supporting reef catchment landholders.	https://reefcredits.com
SA Govt - Significant Environmental Benefits (Offsets)	Information to help inform SA landholders interested in establishing an offset project under the state's native vegetation offset scheme.	https://www.environment.sa.gov.au/topics/native-vegetation/protecting-native-vegetation/significant-environmental-benefits-offsets/options-to-achieve-a-se-b#establish
Trust for Nature	Is one of Australia's oldest conservation organisations, and has unique powers enshrined in legislation in Victoria to help deliver the state's biodiversity offset requirements, put in place conservation covenants and support restoration.	https://trustfornature.org.au/ https://trustfornature.org.au/wp-content/uploads/2021/11/Tax-Information-Sheet-2025.pdf
Victorian Govt - Third Party Offset information	Information to help inform landholders interested in establishing a third-party offset site.	https://www.environment.vic.gov.au/native-vegetation/native-vegetation-removal-regulations/offsets-for-the-removal-of-native-vegetation/i-want-to-establish-a-native-vegetation-credit-site

Tool/ Resource	Description	Link
Voluntary emissions estimation and reporting standards (VEERG) – agriculture, fisheries and forestry	Is Federal Government initiative to provide clear, consistent greenhouse gas accounting guidelines for the agriculture, fisheries, and forestry sectors. Set for final release in mid-late 2026, it will help producers and companies measure farm-level emissions and meet supply chain and finance sector expectations.	https://www.dcceew.gov.au/climate-change/emissions-reporting/voluntary-emissions-estimation-reporting-standards
Zero Net Emissions Ag CRC	The CRC is delivering a mix of one-day and two-day, face-to-face and online workshops 2026 – 2028, to support and increase the capacity of agricultural advisors to deliver information and advice to farmers and land managers on carbon farming. They are also leading numerous research projects and supporting carbon farming demonstration sites across Australia.	https://zneagcrc.com.au/

