



# Key Steps: Establishing a Carbon Farming Project

Carbon farming refers to the land-based activities that sequester carbon in vegetation and soil or avoid the release of greenhouse gases. These activities generate tradeable carbon credits.

The Western Australian Carbon Farming and Land Restoration Program (CF-LRP) seeks to increase vegetation and soil carbon farming projects and innovative sequestration activities in the South West Land Division that also deliver environmental, social and economic co-benefits to the WA community.

Deciding whether to undertake a carbon farming project is an important business decision. It is essential to undertake adequate planning, carbon estimation and feasibility assessments; and understand the compliance, delivery, reporting and permanence requirements to determine whether carbon farming is right for you.

It is recommended that landholders considering a carbon farming project speak to a consultant, grower group, or local natural resource management group to discuss your situation and your goals.

This document outlines the key steps in planning a carbon farming project, the factors to consider along the way and how to make an application to the CF-LRP if you choose to do so.

## Step 1: Consider your objective

Before integrating a carbon farming project into your business, it is important to understand your primary objective for doing so.

Consider what is motivating you:

- Are you seeking a diversified income stream or asset via tradeable carbon credits?
- Are you responding to market signals for carbon neutral products?
- Do you want to maximise productivity benefits such as reduced erosion, salinity mitigation or improved soil health?
- Are you actively pursuing a net zero emissions farming enterprise?
- Do you have a passion for restoring the environment and improving sustainability?

For example, if the on-farm benefits are the drivers, any carbon credits generated by your carbon farming project will be the 'cream on top', so it matters less how many carbon credits are generated.

Carbon credits cannot be 'double counted' – they can only be cancelled (or used) once. If a carbon credit is sold, the same carbon credit cannot be used to offset your farm emissions. Whether carbon credits are sold upon issue, held as a future asset, or used to offset emissions is a business decision.

Seek financial advice to understand the pros and cons of the various options. Keep your objective in mind when considering what kind of project to undertake.

## Step 2: Determine if the economics are right for you

Costs and potential revenue will vary depending on the size, location and complexity of your project.

### Consider the costs of running a carbon farming project

A carbon farming project involves costs incurred at different stages:

- Planning and establishment costs (may include agronomist or ecological advice, soil sampling, revegetation establishment/ha and preparation of a Land Management Strategy)
- Ongoing project compliance and maintenance, reporting and auditing
- The cost of your time running the project
- Any opportunity cost of land under revegetation or new production systems for soil projects
- Useful guides can be found on the Kondinin Group's website, such as [Indicative costs for projects related to soil carbon](#) and [Indicative costs for planting or forest related sequestration projects](#).

### Consider the potential revenue

The direct revenue from participating in the ACCU Scheme (formerly the ERF) depends on how many Australian Carbon Credit Units (ACCU) the project generates, and at what price these are sold. Other direct revenue could be through environmental stewardship schemes. Indirect revenue may be generated through improved agricultural productivity.

The number of carbon credits a project can generate depends on the method used, and other factors including location, soil type and rainfall.

## Estimating carbon potential

Online tools are available to help landholders estimate the carbon sequestration potential of their project:

- **LOOC-C** is a carbon abatement calculator that provides sequestration estimates to help landholders consider whether a project is viable based on project size and land condition. It provides estimates of possible sequestration of ACCU Scheme projects. Access LOOC-C at <https://looc-c.farm/>
- **FullCAM** (the Full Carbon Accounting Model) is a calculation tool that can generate abatement estimates for ACCU Scheme vegetation methods. [Download FullCAM for free from the Department of Climate Change, Energy, the Environment and Water's \(DCCEWW\) website.](#)

There are consultants available who can conduct an independent carbon assessment using these and other tools. A list is provided in DPIRD's [Service Provider Directory](#).

It is possible to sell carbon credits to the secondary (non-ACCU Scheme) market, subject to the requirements and methodologies of carbon schemes, such as [Verra](#) (formerly the Verified Carbon Standard) or [Gold Standard](#).

## Carbon farming co-benefits

A carbon farming project can also deliver a range of additional, positive benefits or 'co-benefits' for your farm. The co-benefits generated will depend on the type of carbon farming activities and the nature of your farming enterprise. Farm co-benefits include:

- improving soil quality and water holding capacity
- providing habitat for birds, pollinators, and other wildlife
- providing shade and windbreaks to protect stock
- stabilising dryland salinity through water table effects
- improving fertiliser use efficiency
- improving the amenity and aesthetics of the local environment.

## Identifying potential Co-benefits

Co-benefits are the additional, positive outcomes derived from running a carbon farming project, and are an eligibility requirement for CF-LRP funding. These co-benefits can also increase the perceived and actual value of carbon sequestration activities.

The CF-LRP [Co-benefit Standard](#) provides a guide to co-benefit categories, and how to measure, monitor, and report on these.

**The CF-LRP priority co-benefits are:**



Biodiversity and conservation



Agricultural productivity



Soil health



Salinity mitigation



Aboriginal economic and cultural

## Co-benefit Mapping Tool

The [CF-LRP Co-benefits Information Portal](#) is an interactive GIS mapping tool that can help you to identify and demonstrate potential co-benefits. A User Guide can be downloaded from the Portal.

## Step 3: Plan your project

### Is your project eligible for the CF-LRP?

- Will the project sequester carbon in the landscape?
- Is the project located in the South-West Land Division?
- Are you a commercial farm property owner, Not-for-Profit entity or carbon farming developer working with the owner of a farm?

**If the answer is yes to all three questions above, the project may be eligible for the CF-LRP.**

### Make sure you have the necessary approvals

Regulatory and other approvals may be required, for example, local government or Western Power approval for vegetation projects and Minister for Agriculture approval for new or expanding plantation projects.

Contact the appropriate authority to discuss your proposal with them and request the necessary paperwork. In some instances, you may be required to lodge a Development Application. If you choose to apply for the CF-LRP, you will also need to meet specific eligibility requirements.

### Seek professional advice

Due to the complexities of carbon farming projects, individual landholders undertaking an ACCU Scheme project are advised to seek professional advice in the design and implementation of the project. If you are not already working with a service provider, a [Service Provider Directory](#) is available.

Carbon service providers can assist with project planning and feasibility, preparation of a Carbon Farming Plan or Land Management Strategy, carbon estimation and measurement, project registration, and auditing for the Clean Energy Regulator (CER).

It is important for landholders to understand their obligations, risks, and responsibility both with regards to maintaining the carbon stock on their land for the duration of permanency period and the ACCU Scheme auditing and reporting requirements.

### Working with service providers and project developers

Various arrangements can be negotiated with carbon service providers and project developers.

#### **Business model 1: Do it yourself and hire services to assist, on a fee-for-service basis**

- No formal partnership between landholder and project service provider or developer.
- Carbon project services are provided on an 'as needs' basis.



- Suitable for landholders who have the skills and capacity to commit to a carbon farming project and its reporting obligations, and who want to retain all ACCUs generated by the project.

### **Business model 2: Project service provider (or agent)**

- Service provider manages many or most of the project activities. The service provider partners with the project proponent for its duration in exchange for an agreed percentage share of the ACCUs.
- This can range from 5 to 50 per cent depending on how the project is managed and funded, and who carries most of the risk.
- In this model, the project developer is not the project proponent. People who want regulatory and financial control of their carbon farming project will often use a project service provider model.

### **Business model 3: Project aggregator or developer**

- a project aggregator is a project developer who undertakes and manages the project on behalf of the landholder. Often a project aggregator works with a group of landholders and ACCUs are distributed according to a legal arrangement based on the ACCUs generated by each landholding.
- in this model, the project developer/aggregator is the project owner and proponent and typically takes full control of project development, management, and sale of carbon credits.

## **Understanding the method and other legislative requirements**

To conduct an ACCU Scheme project and earn ACCUs, it's important to read and understand the relevant CER method and other legislative requirements e.g. 25-year carbon permanence obligations.

ACCU Scheme methods applicable to the CF-LRP:

- Reforestation by Environmental or Mallee Plantings - FullCAM and method guide
- Plantation forestry methods (Schedule 1)
- Measurement based methods for new farm forestry plantations and method guide
- Estimating soil organic carbon sequestration using measurement and models method and method guide.

## **Plan your project**

Soil carbon projects require a Land Management Strategy to be eligible for registration with the CER. It is also practical to prepare a Carbon Farming Plan for vegetation projects as this helps determine project feasibility and help landholders understand what is involved in maintaining a new carbon sequestration activity and carbon stock on their land for the permanency period.

Guides for the preparation of for soil and vegetation projects are available on our website.

## **Register with the Clean Energy Regulator**

To participate in the ACCU Scheme, you will need to register your project with the CER through the CER Client Portal.

- The online application to register your project includes information about you, a Forward Abatement Estimate covering the crediting period for your project (25 years for sequestration projects), and a question about your legal right to conduct the project.

- The CER must be satisfied that you meet the criteria of being a fit and proper person.
- An eligible interest holder consent form must be signed and submitted by all persons or organisations that have a specific legal interest in the land on which your project will run.
- You must apply to open an Australian National Registry of Emissions Units (ANREU) account. You will not be able to receive ACCUs generated by your ACCU Scheme project without an ANREU account.

*Note: CF-LRP ACCU Plus projects must also agree for the Rural Business Development Corporation (RBDC) to be an authorised representative on their ANREU account and to nominate the RBDC as an approver.*

## Understanding the CF-LRP funding stream options

The ACCU Plus funding stream aims to contribute to a more climate-resilient farming industry by offering up-front funding for carbon farming projects that:

- are new projects being registered with the ACCU Scheme formerly known as the Emissions Reduction Fund (ERF)
- deliver one or more priority co-benefits in return for an agreed number of ACCUs
- share project data and information with the department.

## Submitting an Application for the CF-LRP

Visit the Carbon Farming and Land Restoration Program webpage at [www.agric.wa.gov.au/CF-LRP](http://www.agric.wa.gov.au/CF-LRP) to view program information and check opening dates of funding rounds.

DPIRD's Carbon Farming team are available to present workshops on "How to Get Started" in carbon farming.

The Resources webpage can direct you towards a range of information to help you plan your project. Potential applicants should review the Program Guidelines, the Co-benefits Standard and the Getting Ready to Apply guide before completing an application form within SmartyGrants when submissions are open.

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