



Key Steps: Establishing 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.

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.

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. The complexity of the process will vary depending on the sequestration activities.

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

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 Australian Emissions Reduction Fund (ERF) depends on how many Australian Carbon Credit Units (ACCUs) 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 - 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 ERF projects. Access LOOC-C at <https://looc-c.farm/>
- FullCAM (the Full Carbon Accounting Model) - a calculation tool that can generate abatement estimates for ERF vegetation methods. Download FullCAM for free at <https://www.industry.gov.au/data-and-publications/full-carbon-accounting-model-fullcam>

There are consultants available who can conduct an independent carbon assessment using these and other tools. A list is provided in the Carbon for Farmers Voucher Program [Service Provider Directory](#)

It is possible to sell carbon credits to the secondary (non-ERF) market, subject to the requirements and methodologies of carbon schemes, such as [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

Step 3: Plan your project

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 ERF 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 Land Management Strategy, carbon estimation and measurement, project registration, and auditing for the Clean Energy Regulator.

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 ERF 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% 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 ERF 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.

Emissions Reduction Fund methods applicable to the CF-LRP:

Soil Projects

- [Estimating soil organic carbon sequestration using measurement and models method](#) and [method guide](#)

Vegetation Projects

- [Reforestation by Environmental or Mallee Plantings - FullCAM](#) and [method guide](#)
- [Measurement based methods for new farm forestry plantations](#) and [method guide](#)

New in 2023 – Integrated Farm Management method, allowing separate land-based activities (e.g., soil and vegetation projects) to be combined or 'stacked' on the same land. Existing projects will have the option of transitioning to this method.

Prepare a Land Management Strategy

Soil carbon projects require a Land Management Strategy to be eligible for registration with the ERF. It is also practical to prepare a Land Management Strategy 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 Land Management Strategies for soil and vegetation projects are below:

- [Land Management Strategy - Soil carbon](#)
- [Land Management Strategy - Reforestation by environmental or mallee plantings](#) (*can be adapted for other vegetation-based methodologies*)

Register with the Clean Energy Regulator

To participate in the ERF, you will need to register your project with the Clean Energy Regulator (CER) through the [Clean Energy Regulator 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 ERF 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.*

If you decide to run a carbon farming project that sequesters carbon, consider participating in the **WA Carbon Farming and Land Restoration Program (CF-LRP)**

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?

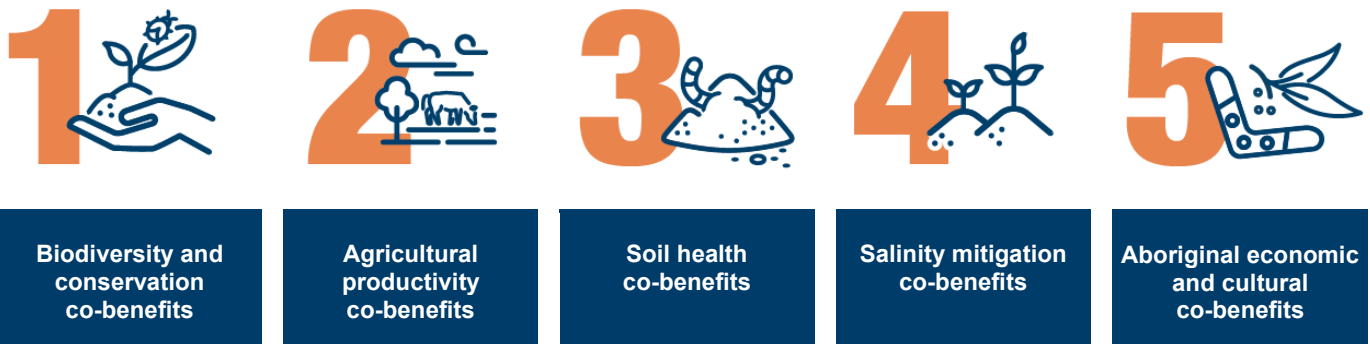
If the answer is yes to all three questions above, the project may be eligible for the CF-LRP.

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 2022-23](#) provides a guide to co-benefit categories, and how to measure, monitor, and report on these.

The CF-LRP priority co-benefits are:



Co-benefit Mapping Tool

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

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 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

ACCU Plus A funding is available to all Vegetation or Soil carbon projects.

ACCU Plus B funding is reserved for Soil carbon projects located in eligible low rainfall areas ([See Map](#)).

Submitting an Application for the CF-LRP

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

DPIRD's Low Carbon Futures team are available to present workshops on "How to Get Started" in carbon farming. Please contact us to discuss workshop planning.

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.

The [Resources webpage](#) can direct you towards a range of information to help you plan your project.

Further Information

Visit the webpage:

- [Scan the QR code](#) or go to www.agric.wa.gov.au/CF-LRP

Email us:

- For CF-LRP and general carbon farming enquiries contact carbonfarming@dpiird.wa.gov.au

Register your interest in receiving email updates using this [link via the CF-LRP webpage](#).



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