Where do we want the industry to be?

1. The ERF has successfully transitioned from a publicly funded scheme, to one that's underpinned by private sector demand and investment. The carbon farming industry requires a long-term, clear policy signal to drive private sector investment in projects. A Federal Government policy that defines an explicit net-zero emissions target, and is driven by clear legislative framework aligned with international best practice, is needed to enable the structural shift required for carbon farming projects.

2. Governments have addressed issues of policy and regulatory fragmentation, including competition objectives for environmental outcomes and high value, sustainable agricultural outcomes. Stakeholders consulted said that Federal and State Governments must work to streamline the policy and regulatory environment, addressing complications from competing food, fibre and environmental markets. This also includes competition between state and federal consent requirements, land-clearing laws, and other prohibitive measures that are not adversely impacting communities, livelihoods, access to land, or culture.

3. State and local government policy, via legislated net-zero emissions and carbon neutral targets, is driving demand and investment for carbon farming projects. Industry participants agree that carbon farming emissions reductions should be incorporated into State Government net-zero emissions targets. As interest in carbon farming grows nationally, a range of State-based carbon farming programs have emerged to either directly invest in projects within the state, or to improve industry architecture and infrastructure to enhance opportunities for the local market.

4. Governments must work to streamline the policy and regulatory environment, addressing complications from competing food, fibre and environmental markets. This also includes competition between state and federal consent requirements, land-clearing laws, and other prohibitive measures that are not adversely impacting communities, livelihoods, access to land, or culture.

5. Indigenous title issues have been adequately resolved to increase participation in carbon farming among indigenous land holders and communities. Industry believes strongly that ensuring native title issues are adequately addressed is critical for increasing participation in carbon farming among indigenous communities. Much work still needs to be done for national and sub-national consent frameworks to appropriately protect, and support engagement by Indigenous landholders and communities.

How are we going to get there?

**Primary Actions**

**Government**

**Federal**

- Fund carbon farming activities by continuing to allocate at least $200 million a year until the introduction of a market mechanism to secure sustainable private sector demand for ACCUs.
- Implement a national market based approach to emissions reductions, covering the electricity sector and heavy emitters to drive private sector demand. Policy must create a clear signal for industry, providing confidence and certainty for investment in land sector projects.
- Build on existing method development work, allocate more R&D funding for land sector methods. Implement a stakeholder engagement plan to seek input from the private sector on how the method development process can be modified, prioritising methods that will lead to increased participation and the highest volumes of abatement.
- Leverage participation in the Paris Agreement - Article 6 negotiations and participations in international market developments to advocate for Australian methods and ensure they are aligned with international best practice, openings up opportunities for the export of ACCUs, and expertise.

**State**

- Incorporate emissions reductions from carbon farming into state-based zero net emissions targets.
- Work with federal government to provide funding for method R&D, to prioritise local projects within each jurisdiction.
- Establish a state government working group to address policy fragmentation, aligning and integrating regulatory frameworks for competing environmental markets.
- Create additional sources of demand for projects. E.g. require major infrastructure and/or resource projects to offset their emissions to create long-term ‘offset’ agreements for emission reductions.
- Develop a state planning policy for local governments, advising them on how to treat carbon farming in their local government planning schemes.

**Finance & Industry**

- Industry and financial organisations to engage with government and contribute to market design, ensuring policy frameworks are robust and transparent for investment.
- Heavy emitting and other large corporate organisations to actively participate in developing a national secondary market for ACCUs from land sector projects.

**Land Sector**

- Agricultural industry to provide evidence base for method development, engaging with government, research and project development community to facilitate new methods as the market evolves, increasing participation within the sector.
- Indigenous groups are specifically included in policy and market design (particularly as it relates to consent and engagement with Native Title Holders and Claimants, to ensure changes do not adversely impact communities, livelihoods, access to land, or culture.

**Carbon Service Providers**

- Project developers are engaged meaningfully by government on the method development process, sharing insights and innovative approaches to drive market activity.
- Implementation of an industry code of conduct, ensuring best practice for land sector projects, building and maintaining the integrity of the industry.
- Research and academic to provide scientific rigour and transparency around new and revised method development.