Carbon Farming
Scorecard Report
April 2022
Acknowledgements

The Carbon Market Institute (CMI) acknowledges the Traditional Custodians of Country throughout Australia and their continuing connection to land, water and culture. We pay our respects to their Elders – past, present and emerging.

CMI is the industry association for business leading the transition to net-zero emissions. In addition to broader industrial decarbonisation imperatives, CMI is focused on building a negative-emissions, carbon avoidance and sequestration industry that can assist Australia’s transition to around 50% reductions by 2030 and net-zero emissions before 2050. We believe market-based approaches to emissions reduction provide efficient and effective frameworks to drive the opportunities and investment required.

This report is the first product produced by CMI’s research initiative. The views, findings and recommendations are those of Carbon Market Institute (CMI), however, CMI would like to acknowledge KPMG Australia’s assistance and support.

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Summary

Australia’s carbon farming industry has the potential to make significant contributions to our national and global emissions reduction challenge, but this must not come at the expense of integrity and real and scaled up emissions reductions.

The CMI’s Carbon Farming Scorecard presents a snapshot of how Australia’s states, territories and the federal government are supporting carbon farming and its associated benefits. It evaluates their progress on fostering growth and ambition across the domestic carbon farming industry, whilst implementing consistent and predictable policies to ensure transparency and integrity and facilitate clear demand signals that provide supplier confidence and encourage private investment.

The results reflect the fact that Australia has established a framework and oversight to foster a world-leading carbon farming industry. The policies of Queensland in particular, and the resources it has made available acknowledge the significant role carbon farming can play in achieving state emissions reduction commitments. Whilst all other jurisdictions make reference to this potential, their support for carbon farming is not as comprehensive based on the criteria considered, although this is evolving in all cases.

Overall, the report illustrates a sound federal framework, exploring new initiatives that need to be developed, but it requires greater ambition. With a stronger framework, Australia’s carbon farming sector has an opportunity to play a key role in driving down emissions, supporting climate repair and resilience, driving innovation, investment, and generating jobs, revenues and other co-benefits for communities across the country.

However, there is still a clear need to realise many of these stated ambitions and link them to the required scale and urgency of industrial decarbonisation policies.

For the market to reach its potential, there also needs to be long term, reliable, structural demand drivers, data management and capacity building that support investment. Continued review and transparency will be critical to build confidence in the integrity of carbon credits, their governance, and their role in achieving climate, environmental and economic benefits.

Results

- **Advanced**
  - Queensland
  - Federal government
- **Intermediate**
  - New South Wales
  - South Australia
  - Western Australia
  - Victoria
- **Under-developed**
  - Tasmania
  - Northern Territory
- **Limited carbon farming scope**
  - ACT

Although efforts have been made to ensure all relevant, publicly available resources have been considered, it is recognised that to fully ascertain how carbon farming is supported in each jurisdiction may require a broader consideration of policies and initiatives which influence carbon farming (e.g. those associated with land tenure, land clearing, etc) and their interactions. It is also acknowledged that some Australian governments, such as the Australian Capital Territory, have less capacity to support carbon farming projects relative to the other jurisdictions considered.

Key findings

- **Carbon farming is a key element of net-zero goals**
  - Carbon farming and sequestration is recognised as a critical element of almost every Government’s net-zero strategy. However, to date only some Governments have enacted substantial policies to realise these ambitions and link them to the required scale and urgency of industrial decarbonisation policies.

- **Valuing co-benefits from carbon farming is an emerging focus for Governments**
  - A focus on recognising and valuing co-benefits of carbon farming projects is emerging across all jurisdictions. This has been a way for Governments to frame their carbon farming offering and meet broader environmental, indigenous and economic goals.

- **Federal frameworks underpin many state and territory action**
  - The carbon credit methodologies and frameworks supporting the ERF and Safeguard Mechanism play an important part in the broader architecture used by states and territories, who add to and leverage these frameworks. It is important that the integrity around these frameworks is maintained, as this impacts the potential for future international trading of units. The strong inter-relation means the Federal Government has a role in expanding or restricting subnational opportunities and developments.

- **There are more opportunities for Governments to leverage private finance**
  - While some Governments have launched initiatives to grow and leverage private finance and investment, many opportunities remain. This includes ensuring there is sufficient demand for land-based carbon credits.

- **Governments work within their physical constructs**
  - Natural endowments and land use practices vary across jurisdictions and frame the actions Governments can take to enhance and support carbon farming activities.

- **Significant opportunity to build capacity in regional areas**
  - The results indicated the need for more extension work and capacity-building across regional areas, with all jurisdictions proving to be under-developed in this area.

- **Extensive mapping of carbon stock and soil carbon potential underway**
  - Almost all Governments have invested in mapping and developing resources around carbon stock and potential. This forms a solid foundation for carbon farming activities, but there is an urgent need to expand and link national to ecosystem level data mapping and verification.

- **Need for policies that drive long term systemic demand for carbon farming**
  - Governments have implemented policies to incentivise carbon farming practices. For the market to reach its potential there needs to be long-term, reliable, structural demand drivers that support investment and encourage enduring behaviour change.

- **More can be done**
  - Aside from the immediate and ongoing focus on integrity, there are a range of opportunities and potential that could be utilised by even the highest performing governments to further support carbon farming as a core contributor to Australia’s net-zero ambitions.
Carbon farming plays an important role in the Australian government’s emission reduction and offsetting strategy. It and other land management responses are critical in assisting the timely transition to net-zero, alongside rapid industrial decarbonisation.

Integrity and transparency

Carbon is an unusual commodity, and amidst a rapidly growing market, it requires clarity, ambition and transparency in order to build investor and community confidence. This relates not only to the environmental integrity of credits and their governance frameworks, but also corporate commitments and conduct, as well as behavioural integrity in protecting the rights of participants in the emerging carbon market.

It matters for everyone across the carbon supply chain, from a telecommunications company seeking social license as carbon neutral or climate positive, through to a farmer wanting to understand how to bring in additional revenue streams from carbon abatement, or the requirements for neutrality labelling for their commodities.

Despite challenges, over the last decade and in recent weeks Australia has built a highly regulated policy framework, but carbon credits issued still represents just 2% of Australia’s emissions over that time.

With the right policy settings, land-based solutions can play an important supporting role in helping meet the twin climate and biodiversity crises, but must not come at the expense of real and scaled up emissions reductions.

For the market to serve its purpose of driving emissions reductions and removals, and directing finance to where it’s most needed for mitigation, trust and integrity remain the priority in what is still an emerging and nascent market.

Ongoing review, revision, updates, and improvements to the market by all stakeholders in an inclusive, transparent manner is crucial for the future of carbon farming in Australia.

Land sector projects contracted under the ERF

The Clean Energy Regulator (CER) has registered more than 1100 emissions reduction projects under the Emissions Reduction Fund, nearly 80% of which are land-based vegetation, savanna burning or agriculture projects.

Using data from the CER’s ERF Project Register [1], and Carbon Abatement Contract Register [2], the map below shows the number of contracted projects in each state and territory, as well as the predicted carbon revenue over the full life of the scheme, with crediting activities occurring from 2015, through until 2031 (note that high level results of the 14th ERF auction have been announced but data is not yet available). Carbon revenue has been determined by multiplying the total contracted abatement (tonnes CO₂-e) by the average weighted auction price after thirteen ERF auctions ($12.28). Across Australia there is approximately $2.094 billion worth of contracted abatement to be delivered by land sector projects [2].

Growth potential

Independent analysis has shown that the carbon farming emission reduction and removal activities need to more than triple by 2030, alongside essential industrial decarbonisation efforts in order to meet Paris 2030 goals.

Climateworks research in 2020, for example, identified the need for current land-based sequestration to rise to 31 to 114 megatons per year by 2030 [3]. The Grattan Institute has recently estimated a broad spectrum of potential for the industry, with conservative estimates suggesting 30 megatons per year as currently feasible, with the potential for up to 80 megatons possible from reforestation and avoidance activities, and a further 130 megatons possible from direct air capture [4].

Australian carbon industry checks & balances:

- Over 100 of Australia’s biggest emitters measure and manage their emissions under the Safeguard Mechanism
- The industry is governed by the Carbon Farming Initiative Act (CFI) which has legislated offset integrity principles
- Proposed methodologies are reviewed by an independent body to ensure they comply with the offset integrity standards
- There are 38 methods to create ACCUs and carbon crediting rules are disallowable parliamentary instruments
- ACCUs are considered financial instruments and trading requires a financial services license under ASIC
- All projects must satisfy additionality requirements, as well as a test to ensure no double counting of the abatement
- Assurance audits provide independent verification of abatement achieved from project activities
- Projects are subject to permanence requirements and mechanisms to address the reversal of sequestration
- The world-first Australian Carbon Industry Code of Conduct promotes and stewards behavioural integrity, including engagement between carbon service providers, landholders and other market participants
International developments

Carbon farming activities, or ‘nature-based solutions’, are recognised by governments, businesses, and communities as a key contributor towards achieving international decarbonisation goals.

The most recent instalment of the IPCC Report states that emissions must peak by 2025 in order to stay under 1.5 degrees, or even 2 degrees of warming above pre-industrial levels [5]. As a result, it recommends deep and urgent emissions reductions in all sectors of all regions of the world.

National commitments currently fall well short of this, with governments needing to take immediate action to both reduce greenhouse gas emissions and remove carbon dioxide from the atmosphere.

The IPCC report also states that the necessary solutions to mitigate climate change are already available, and to some extent, already in use.

A 2017 study led by the Nature Conservancy [6] found that “the land sector has the potential to deliver up to one third of the cost-effective mitigation needed by 2030 to hold global warming below 2°C, while supporting biodiversity and advancing the United Nations Sustainable Development Goals (SDGs)”.

Increasing urgency to address climate change continues to drive demand for land-sector carbon from a range of existing and emerging sources, through both compliance and voluntary carbon markets.

Further fueling global voluntary carbon market momentum was the clarification of rules for international carbon trading under Article 6 of the Paris Agreement, agreed at COP26 last November [7]. The following indicators reflect this momentum across the market:

- In 2021, following four consecutive years of record growth, the global market for carbon credits grew by over 160% to a record US$851 bn [8,9].
- Forest & land use credits now make up >60% of credits traded in the voluntary market [10].
- Trade of forest, land use credits increased by >310% between 2019 and 2021 [10].
- Trade of agriculture-based credits increased >870% between 2020 and 2021 [10].

Compared to many countries, Australia has a comparative natural and technical advantage in carbon removal, collectively due to its significant land and coastal resources, mature and modern agricultural sector and an already skilled and knowledgeable carbon sector. In fact, some estimates indicate that up to 7 percent of anticipated global demand for carbon credits by 2030 could be met by carbon projects in Australia [11,12].

Investor pressure: With climate change and global economic decarbonisation identified as critical investment risks, transitioning portfolios from carbon intense to low carbon activities and sequestration technologies, is now a priority.

Corporate climate action: Companies are decarbonising and procuring carbon credits to mitigate their climate risks and maintain their social license to operate. Those subjected to carbon compliance mechanisms, or potential future emissions liabilities, are engaging in offset agreements with carbon project developers.

Carbon neutral products and services: As carbon neutral products and services become more prevalent, driving increased offset use, growing consumer knowledge and scrutiny of claims increase associated company reputation risk. An understanding and commitment to high integrity credits is therefore essential.

Global voluntary market value and carbon credits generated by project category [10]
About the Carbon Farming Scorecard

The carbon farming scorecard provides a snapshot of federal, state and territory government efforts to support and develop the Australian carbon farming sector.

The scorecard is inspired by and closely aligned with the Australian Carbon Farming Industry Roadmap, which was developed as a national strategic framework that outlines how Australia’s carbon farming industry can reach its full economic, environmental and social potential.

The Roadmap was developed via consultation with hundreds of stakeholders across the carbon farming supply chain, and has clearly defined actions for governments and other key industry stakeholders out to 2030.

The scorecard comprises 12 criteria against which Australia’s federal and state and territory governments have been assessed. These criteria are grouped under the Carbon Farming Industry Roadmap’s four critical pillars for industry development. The weighting of each criteria reflects their perceived relative importance.

The scoring is based on publicly disclosed information, including policies, reports, grants, announcements, tools and educational resources. Representatives from each jurisdiction were consulted in an effort to ensure the assessment is based on the most relevant materials – both those directly targeting carbon farming and those which may have relevant impacts and influence.

Each government is ranked based on their cumulative score out of a maximum of 100, with those scoring equal to or below 33% marked as ‘under-developed’, below 66% as ‘intermediate’, and above 66% marked as ‘advanced’. The ACT has been assessed but not ranked due to its limited carbon farming scope.
Over the last decade Australia has developed an internationally regarded verification and carbon crediting framework. Positive enhancements are in development but recent interventions and limited overall ambition has impacted its score. Ongoing transparency and review, enhanced co-benefit recognition, data gathering and capacity building are also critical.

The ACT has comparatively limited capacity for land based carbon storage, although the Territory Government has acknowledged carbon farming as a knowledge gap it is seeking to address. Carbon sequestration has been acknowledged as a potential contributor towards achieving the territory’s emissions reduction commitments.

NSW is moving to realise potential with its Primary Industry Productivity and Abatement Program providing the prospect for carbon farming to play a significant role in reaching its 2030 and 2050 emission reduction goals. Greater integration of co-benefits in carbon farming policy can enhance NSW’s ambition, combined with stronger frameworks to reverse deforestation.

The Northern Territory has a history of developing and promoting the carbon farming industry through collaboration with Aboriginal Traditional Owners. The state has a focus on savanna burning projects, which are well suited to the Northern Territory’s undeveloped landscape.

Victoria is in the early stages of implementing carbon farming initiatives, but has the potential to leverage existing policies, particularly its BushBank program, which has the potential to make a significant contribution towards the state’s sequestration capability and ability to diversify income for rural landowners.

Queensland is a carbon industry leader and innovator amongst Australia’s states and territories, with robust policy, significant direct investment, integration of co-benefits and support for research, innovation and market development. Queensland’s high score is in the context of Australia’s current carbon industry maturity and the state should continue to raise the bar of government action across all areas assessed. The state’s standing could be enhanced through more action in reversing deforestation.
The Australian Government, through its framework for registering and verifying the generation of Australian Carbon Credit Units (ACCUs) and the Emissions Reduction Fund (ERF), has established a solid foundation to foster a world-leading carbon farming industry. This functions as a policy enabler supporting Australia’s Long-Term Emissions Reduction Plan [14].

Launched with a committed $2.5b in Federal funding, the ERF was boosted by a further $2bn in 2019 through the Climate Solutions Fund; of this, approximately $2.83b in contracts have been awarded [14,15]. The Federal Government has begun implementation of supportive recommendations identified in "The King Review" and has further initiatives in transparency, co-benefits and extension support in development [16]. Importantly, it has recognised the need for greater participation of third parties in carbon project method development to better understand method needs at the sub-national level.

Recent market interventions, including announcements related to fixed delivery contract changes, proposed additional ministerial carbon project veto powers, and mandating of at least 20% ACCU procurement under the government administered “Climate Active” carbon neutral certification scheme, have been considered in our analysis in the context of potential investor and community concerns related to the extent of associated public consultation [17,18, 19]. These concerns can be addressed through ongoing transparency, review and greater engagement with carbon market stakeholders, including sub-national governments.

### Highlights
- Legislated integrity and transparency mechanisms, including the Emissions Reduction Assurance Committee (ERAC) and Offsets Integrity Standards
- $27.5m King Review Technology Co-Investment Fund, to improve knowledge sharing arrangements and information accessibility
- Ongoing method development, Current priorities include soil carbon, plantation forestry, blue carbon, integrated farming and savanna fire management
- Carbon+ Biodiversity Pilot (C+B Pilot), which rewards farmers through payments and ACCUs for biodiversity improvements
- FullCAM, an accounting tool for vegetation method abatement estimates
- $104m committed to the Indo-Pacific Carbon Offsets Scheme to support partnerships and development of national policies and frameworks in the region

### Opportunities
- Greater integration and quantification of co-benefits
- Improve consultation with sub-national and third-party actors to strengthen market confidence, encourage private sector investment and ensure regional landscape differences are considered in method development
- Facilitate greater data capture and transparency for independent research and analysis, thereby enhancing integrity
- Greater investment in capacity building and outreach in coordination with sub-national governments and community stakeholders. Build on and expand international relationships, to foster bilateral engagement and information sharing and highlight Australian carbon industry strengths
- Engage with communities to ascertain ways to optimise carbon farming, with particular attention to alleviating concerns around ‘vacant’ land
- Continue to develop and provide cutting-edge technologies to farmers and landscape managers
- Greater ambition driven by stronger corporate compliance, voluntary frameworks and demand drivers
ACT’s results reflect its comparatively limited capacity for land-based carbon storage relative to other Australian states and territories. The ACT Government’s policies and initiatives in support of carbon farming are less developed than those of other jurisdictions, although some assessment of biodiversity co-benefits and the potential of soil carbon sequestration has been commissioned by the territory [20, 21].

The ACT have indicated in their Environment, Planning and Sustainable Development Directorate that understanding nature based carbon capture opportunities in the territory is a knowledge gap that it is seeking to address [22], and have flagged land-based carbon sequestration as a potential contributor towards achieving the territory’s emission reduction targets [23].

### Australian Capital Territory

**Score**: 19%

**Highlights**

- Acknowledged the benefits and potential of carbon farming to assist in achieving Net Zero commitments
- Are exploring different methods of carbon farming including soil carbon, reforestation and biodiversity management

**Opportunities**

- Invest in a more sophisticated and targeted approach to carbon farming to fully capitalise on the land-based carbon sequestration opportunities within the territory
- Seek out collaboration opportunities to promote and enhance carbon farming and sequestration with other domestic and international jurisdictions

### New South Wales

**Score**: 64%

**Highlights**

- Primary Industries Productivity and Abatement Program recently released
- Government partner of the Carbon Industry Code of Conduct – one of only two jurisdictions (the other being Queensland)
- Detailed mapping of state’s soil properties and carbon stocks
- Studies on co-benefits and carbon farming optimisation, including formal modelling of farm-scale trade-offs between production and carbon farming

**Opportunities**

- Development of a co-benefits standard would bolster integrity of carbon farming initiatives
- Provision of carbon farming training and educational resources would encourage industry participation
- Further focus on private sector investment (Focus Area 3 PIPAP), on a level similar to Focus Areas 1 and 2 would enhance carbon farming industry
- As with QLD, Further effort to ‘reverse deforestation must be made to support integrity of carbon farming efforts

The recently released Primary Industries Productivity and Abatement Program (PIPAP) signals the New South Wales (NSW) Government’s intent to see land-based carbon sequestration play a significant role in achieving the state’s emissions reduction commitments [24]. This policy headlines its strong score, however there are also a range of recently announced policies and funding mechanisms that are yet to be fully implemented.

$125m has been committed to the PIPAP to 2030 and covers three focus areas: market development and industry foundations ($52m); building critical mass and capacity ($72m); and accelerating finance for natural capital and low carbon farming ($1m) [24].

Whilst focus to date has been on the carbon sequestration potential of NSW’s national parks through its Carbon Positive by 2028 initiative [25, 26], the new PIPAP marks a shift towards greater investment in, and wider adoption of carbon farming to contribute to the state’s ambitious emissions reduction targets of 50% by 2030 and net-zero by 2050.

On-Farm Carbon Advice Project – PIPAP

An early outreach initiative, the On-Farm Carbon Advice Project is a pilot project designed to unlock significant abatement opportunities, enhancing both farm productivity and business resilience as part of the Primary Industries Productivity and Abatement Program.

It will offer:

- a whole farm planning service with practical knowledge and examples of implementation of carbon abatement;
- a concierge service to identify carbon abatement projects that are suitable for generating carbon credits; and
- measurement and verification through developing new protocols.

The project will initially support a specific group of interested farmers, with future expansion possible [24].
The Northern Territory has a number of programs and policies under development and consultation, however there is still heavy reliance on the federal scheme to date.

Carbon offset industry development is flagged as an aspect of realising the territory’s net-zero emissions goal [27], which includes a stated interest in research, development and piloting of new carbon credit generation methods that are suitable for the territory’s environment and industries [28]. A skills development strategy to support carbon industry development is due to be delivered at the end of 2022 [29].

Twenty six of the 28 registered ERF projects in the Northern Territory are savanna burning projects. The savanna burning method aligns with traditional land management practices, utilising local Traditional Owner skills and knowledge [30]. This method is also well suited to the Northern Territory’s undeveloped landscape [30].

**Highlights**

- Currently creating a skills development strategy to ensure new opportunities in low carbon economies can be capitalised upon
- Support provided to the Indigenous Carbon Industry Network
- A Land Based Carbon Abatement program is being developed to improve participation in the carbon market

**Opportunities**

- Assist in the development of new carbon farming methodologies that are suitable for implementation in the Northern Territory
- Provide tailored grants to landholders/owners to increase uptake of carbon farming
- Build on and enhance support provided to the Indigenous Carbon Industry Network
- Increase transparency through becoming a government partner of the Australian Carbon Industry Code of Conduct

**Savanna burning projects**

Savanna burning reduces fuel loads, thereby reducing the intensity and frequency of wildfires and associated greenhouse gas emissions. Savanna burning projects are estimated to have substantially reduced Australia’s greenhouse gas emissions. It is estimated that the 78 current savanna burning projects across northern Australia accounted for 10% of the emissions avoided nationally to date under the Emissions Reduction Fund. Most of these, avoided emissions are attributable to projects in the Northern Territory.

Most savanna burning projects are on Aboriginal land. Indigenous carbon credits attract a premium on voluntary markets and generate economic, social and cultural co-benefits for Aboriginal communities. The Aboriginal carbon industry now generates $20 million per year in carbon credits and has generated nearly $100 million in revenue to date. This funds local jobs, ranger programs, outstation development, culture camps and other community projects [31].

Through its robust policy, capital investment, and integration of co-benefits, Queensland is a leader and innovator amongst Australia’s states and territories based on the scorecard assessment criteria.

The $500m Land Restoration Fund (LRF), announced in 2017, is Queensland’s chief carbon farming policy [32]. In addition to supporting research, innovation, and market development, the associated self-sustaining Land Restoration Fund Trust serves to expand carbon farming in the state by contracting projects that deliver carbon credits and co-benefits. $87m was invested in 2020, and $25m will be made available through a second investment round in 2022 [33]. The LRF will be bolstered by the Natural Capital Fund, which will facilitate private-sector co-investment by connecting industry, business and farmers to partner in regenerative projects. $135m was allocated to this fund in the state’s 2021-22 budget [34].

**Blue Heart Sunshine Coast**

Based in the Maroochy River Catchment on the Sunshine Coast, Blue Heart is a collaborative project between the QLD Department of Environment and Science, Sunshine Coast Council and local water and sewerage provider, Unity Water.

Spanning 5000 hectares, the project intends to demonstrate how land can be managed to improve water quality, biodiversity and carbon sequestration via the Blue Carbon method. Blue carbon refers to carbon stored in the plants and soils of coastal wetlands. It is a priority area of research and environmental market development for the Queensland Government’s Land Restoration Fund, and a carbon farming methodology where Queensland has a distinct advantage due to its large coastline.

The project is being delivered in collaboration with the Traditional Owners, the Kabi Kabi First Nations people, to ensure cultural heritage and practices are honoured, and associated economic and environmental opportunities explored [35].
South Australia has a number of key policies and initiatives, however these are still in early stages and yet to be fully implemented and scaled up. Expansion of carbon farming and blue carbon is included as a key objective within South Australia’s Climate Change Action Plan 2021 to 2025 [36]. And the state is currently implementing a Growing Carbon Farming Pilot, a $1 million initiative to encourage carbon farming adoption through grants of up to $100,000 [37]. The government has also flagged its desire to engage widely with stakeholders across the carbon market supply chain and provide publicly available resources and tools for carbon market participants [38, 39].

The recent change in government will likely increase support for carbon farming, with policies to increase funding for heritage agreements and to introduce a Biodiversity Act [40, 41].

**Highlights**

- The Growing Carbon Farming Pilot, a $1 million initiative to ‘encourage carbon farming adoption and build the carbon market in South Australia’
- The Soil Carbon Forward Plan, created to inform the state’s policies and action regarding soil improvement and long-term carbon storage
- A range of publicly available educational materials and resources, including workshops, fact sheets and presentations on carbon farming, and soil and pasture management
- Blue Carbon Strategy for South Australia working towards state-wide, evidence-based projects and research into blue carbon ecosystem protection and restoration

**Opportunities**

- Provide enhanced funding opportunities to support carbon farming in the state, through direct funding or engagement with investors
- Improve valuation and communication of carbon farming co-benefits to foster interest in the sector
- Supplement educational materials with tools and technologies specifically relevant to carbon farming in South Australia
- Become a government partner of the Australian Carbon Industry Code of Conduct

**Guide to Carbon Planting**

This guide has been created from detailed modelling to provide a broad introduction and assist with feasibility assessments of carbon plantings. The guide explains what carbon plantings are, and outlines potential environmental risks and opportunities associated with carbon planting in South Australia.

The guide covers carbon sequestration potential, biodiverse plantings, soil stabilisation, soil water and ground water. Detailed maps, data layers and regional summary maps are also provided to assist with landscape-scale planning [42].

Like some other states, Tasmania has relied heavily on the federal scheme up until now, and has the opportunity to take a greater sub-national leadership role once its policies and initiatives are scaled up. Its Landcare Action Grants Program [43] has recently been expanded to provide direct funding for on-ground works associated with carbon farming initiatives. The state also delivers carbon farming workshops [44] for potential program participants. Through the Carbon Farming Advice Rebate Pilot Program [45], Tasmania provides funding for primary producers to obtain carbon farming advice.

While there are currently a limited number of active carbon farming projects in Tasmania, farms such as the Tasmanian Agricultural Company [46] are also helping to raise awareness of carbon farming co-benefits such as environmental restoration and enhanced business resilience.

**Highlights**

- Provision of training and information resources, including carbon farming workshops, fact sheets, case studies and access to funds to seek carbon farming advice through the Carbon Farming Advice Rebate Pilot Program
- Landcare Action Grants Program for funding of on-ground works needed to access the carbon credit market

**Opportunities**

- Collaboration and engagement with potential investors to facilitate private investment in carbon farming projects
- Provision of enhanced direct funding to support carbon farming in the state
- Valuation and promotion of state-wide carbon farming co-benefits to foster broad interest in the sector
- Become a government partner of the Australian Carbon Industry Code of Conduct

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**Carbon Farming Scorecard Report**

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**Policy and Ambition**

- **Transparency and Integrity**
- **Cooperation**
- **Opportunity Assessment**
- **Enabling Private Investment**
- **Capital Allocation**
- **Market Architecture and Enablers**
- **Markets & Policy Integration**
- **Valuation**
- **Resources and Training**
- **Innovation**
- **Advocacy and Leadership**

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[Carbon Market Institute] [Carbon Farming Scorecard Report]
Victoria is in the early stages of implementing and facilitating carbon farming initiatives and policy. Carbon Farming in Victoria is driven by the state's legislated Climate Change Act [47] and is linked to three of five pledges made in Victoria’s Climate Change Strategy [48]. The state’s leading policy is its Carbon Farming Program and the BushBank program, earmarked for $15.3m and $76.98m of state funding respectively [49].

In addition to carbon industry specific policies and initiatives, support is also available through other funding initiatives (such as the $2b Breakthrough Victoria program), which could support development of innovative tools and technologies for the sector [50].

**Highlights**

- **BushBank Program** - Focused on enhancing biodiversity and opportunities for Traditional Owners
- $600,000 investment into Carbon Research, including mapping and assessment of carbon farming potential
- Port Phillip and Westernport Catchment Management Authority Growing Carbon Pilot Project

**Opportunities**

- Further articulation of the way in which the Carbon Farming Program will operate in practice
- Greater cooperation with Local Government to enhance understanding of Australia’s carbon industry amongst farmers and land managers
- Greater integration and quantification of co-benefits potentially through implementation of a co-benefits standard
- Become a government partner of the Australian Carbon Industry Code of Conduct

Western Australia recognises that carbon farming is a pragmatic tool which will contribute to achievement of its 2050 net-zero emissions goals and has several initiatives in place.

In July 2021, the Carbon Farming and Land Restoration Program (CF-LRP) was announced, backed by $15m in state funding [52]. Focused on the state’s South West Land Division, the Program intends to unlock the agriculture sector’s potential to sequester carbon and generate associated co-benefits. Integrated into the Federal ERP, the program includes a ‘Future Carbon Stream’ to support innovation in the sector through the funding of pilot activities and support for interested academic and research institutions [52].

Other state initiatives include the release of three million hectares of Crown land for carbon farming and enabling pastoralists to earn carbon credits through Human Induced Regeneration projects [53, 54]. Greater direct funding and leveraging private sector investment could see Western Australia play a leading role in Australia’s carbon industry.

**Highlights**

- Priority Investment Co-benefits Standard – 1 of 2 Australian states and territories to have a co-benefits standard
- CF-LRP Co-benefits Information Portal, a GIS mapping tool which identifies potential co-benefits
- Provision of carbon farming workshops
- Amendments to the Forest Products Act to allow the Forest Products Commission to create and trade Australian Carbon Credit Units

**Opportunities**

- Collaboration and engagement with potential investors to facilitate private investment in carbon farming projects.
- Continue to explore making pastoral land available for carbon farming
- Enhanced engagement and collaboration with resource prospecting groups and mining organisations
- Become a government partner of the Australian Carbon Industry Code of Conduct
Resources considered by jurisdiction

Federal

- AUS DISER, Proposed amendments to the Carbon Credits (Carbon Farming Initiative) Rule 2015 relating to Emissions Reduction Fund native vegetation regeneration projects, 2021
- Australian Government, Australia’s Long-Term Emissions Reduction Plan, 2021
- Australian Government, Bilateral energy and emissions reduction agreements
- Australian Government, Carbon + Biodiversity Pilot, 2022
- Australian Government, Consultation Paper – Proposed amendments to the Carbon Credits (Carbon Farming Initiative) Rule 2015, 2021
- Australian Government, Design technologies carbon capture, use and storage assets and shared hub infrastructure, 2022
- Australian Government, Full Carbon Accounting Model (FullCAM), 2020
- Australian Government, Funding for farming, fishing and forestry businesses – Small Farms Small Grants, 2022
- Australian Government, Funding launched for carbon capture, use and storage hubs and technologies, 2022
- Australian Government, Funding to develop lower-cost solutions for measuring soil organic carbon stocks, 2022
- Australian Government, Funding to support feasibility studies for low emission feed supplement solutions for grazing animals, 2022
- Australian Government, Funding to validate and demonstrate technology solutions to deliver low emissions feed supplements to grazing animals, 2022
- Australian Government, Low Emissions Technology Statement, 2021
- Australian Government, National Soil Strategy, 2021
- Australian Government, Northern Australia – Emerging Opportunities in an Advanced Economy, 2015
- Australian Government, Response to the Final Report of the Expert Panel examining additional sources of low-cost abatement (the King Review), 2020
- Australian Government, Towards an Emissions Reduction Fund Method for Blue Carbon, 2019
- Clayton Utz, Proposed overhaul of Australia’s carbon offset certification schemes to expand incentives to move towards net-zero, 2021
- Clean Energy Regulator, 2021-22 Clean Energy Regulator Compliance and Enforcement Priorities, 2021
- Clean Energy Regulator, Carbon capture and storage, 2021
- Clean Energy Regulator, Climate Solutions Fund
- Clean Energy Regulator, Consultation Paper – Proposed amendments to the Carbon Credits (Carbon Farming Initiative) Rule 2015, 2021
- Clean Energy Regulator, Emissions Reduction Assuring Committee, 2021
- Clean Energy Regulator, Emissions Reduction Fund Map, 2022
- Clean Energy Regulator, Method development, 2021
- Clean Energy Regulator, Method development tracker, 2022
- Clean Energy Regulator, Soil carbon projects
- Clean Energy Regulator, The Australian national registry of emissions units, 2020
- Clean Energy Regulator, The evolving carbon market: transitional arrangements for Emissions Reduction Fund fixed delivery contracts, 2022
- Clean Energy Regulator, the safeguard mechanism, 2021
- Clean Energy Regulator, Understanding your soil carbon project, 2021
- Clean Energy Regulator, Up to $5000 advance payment to help with soil sampling costs for Emissions Reduction Fund projects, 2022
- Climate Change Authority, International offsets consultation opens, 2022
- NSW Government, Net Zero Plan Stage 1: 2020-2030
- Queensland Government, Round 2 – frequently asked questions, 2021
- Taylor, A. New ERF method and 2022 priorities announced, 2021
- Taylor, A., Investment in new energy technologies, 2020
- Tyers, P. Regrow expands carbon offerings in Australia with CSIRO’s LOOC-C, 2021

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- AUS DISER, Proposed amendments to the Carbon Credits (Carbon Farming Initiative) Rule 2015 relating to Emissions Reduction Fund native vegetation regeneration projects, 2021
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- Australian Government, Funding for projects that promote sustainable growth and innovation in Tasmanian agricultural industries, 2022
- Australian Government, Regenerative carbon farming in Tasmania, 2021
- Climate Futures, Climate Futures for Tasmania, 2022
- Jaensch, K., Nation-leading response to climate change, 2021
- Point Advisory, Tasmania – Net Zero by 2030, 2021
- Tasmanian Government, Land use, land use change and forestry sector emissions reduction pledge, 2021
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- Tasmanian Government, Reducing emissions, 2022
- Tasmanian Government, Tasmania’s Sustainable Agriculture 2020-2023, 2019
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- Breakthrough Victoria, 2022
- Corangamite CMA, Corangamite NRM Plan for Climate Change
- DELWP, Blue Carbon Lab & Deakin University, Carbon sequestration by Victoria inland wetlands
- DELWP, Nature restoration for carbon storage – BushBank program, 2021
- DEWLP, Cutting Victoria’s Emissions 2021-2025: Land use, land use change and forestry sector emissions reduction pledge, 2021
- East Gippsland CMA, East Gippsland Regional Catchment Strategy: Climate Change Adaptation and Mitigation Plan, 2019
- Glenelg Hopkins CMA, Responding to Climate Change in the Glenelg Hopkins Region, 2017
- Goulburn Broken CMA, Climate Change Adaptation Plan, 2016
- Mallee CMA, NRMA Plan for Climate Change, 2016
- Nullarbor, Carbon farming 2010 – Webinar series, 2021
- North Central CMA, Climate Change Adaptation and Mitigation Plan, 2015
- North East CMA, Climate Ready NRM Strategy, 2016
- Port Phillip & Westernport CMA, Growing Carbon Pilot Project
- Vic Catchments, Regional CMA Information, 2022
- Victorian Government, Agriculture sector emissions reduction pledge, 2021
- Victorian Government, Climate Change Act 2017
- Victorian Government, Land use, land use change and forestry sector emissions reduction pledge, 2021
- Victorian Government, Primary Production Adaptation Action Plan – a snapshot, 2022
- Victorian Government, Victoria’s Climate Change Strategy, 2021
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**Western Australia**

- Kimberly Land Council, Savanna Burning Carbon Projects, 2022
- Richard Brake Consulting, Evaluation of carbon accounting tools available to mixed farming enterprises in Western Australia, 2021
- WA DPIRD, Bioenergy and carbon farming opportunities in the Pilbara, 2016
- WA DPIRD, 2022 Carbon Farming Workshops, 2022
- WA DPIRD, ACCU Plus B- Eligible Areas, 2021
- WA DPIRD, Carbon Farming – how to get started, 2022
- WA DPIRD, Carbon farming: the economics, WA, 2021
- WA DPIRD, Carbon for Farmers Voucher Program, 2022
- WA DPIRD, Carbon Farming and Land Restoration Program Information Portal, 2022
- WA DPIRD, HIR Carbon Farming on Pastoral Lease Lands, 2021
- WA DPIRD, HIR Carbon Farming WA Information Portal, 2022
- WA DPIRD, Katanning Research Facility – Strategy to achieve carbon neutrality by 2030, 2022
- WA DPIRD, Land Management Strategy Guide - Reforestation, 2022
- WA DPIRD, Land Management Strategy Guide - Soil Carbon, 2022
- WA DPIRD, How to calculate the carbon emissions from your own farm business, 2021
- WA DPIRD, Setting up for success: HIR carbon farming, 2020
- WA DPIRD, Stocktake of Carbon Farming Forum, 2022
- WA DPIRD, Western Australian Carbon Farming and Land Restoration Program, 2022
- WA DPIRD, WA CF-LRP Priority Investment Co-Benefits Standard, 2021
- WA DPIRD, WA CF-LRP Soil Carbon Measurement and Analysis Factsheet, 2022
- WA DPIRD, Western Australian Carbon Farming and Land Restoration Program: Guidelines, 2022
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- WA Gov, Market-led Proposals- MLPP032, 2020

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- WA Gov, Media Statements: $750 million Climate Action Fund to drive WA’s low-carbon future, 2021
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- WA Gov, Shaping Western Australia’s low-carbon future, 2021
- WA Gov, West Australian Climate Policy, 2020
## Detailed scorecard and assessment rationale

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Criteria</th>
<th>Max</th>
<th>Score</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pillar 1:</strong> Optimising Frameworks &amp; Market Design</td>
<td>Policy and ambition</td>
<td>10</td>
<td>8-10</td>
<td>Carbon farming strategy with clear indication of its contribution to domestic climate goals and alignment with global net zero goals</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4-7</td>
<td>Aspirational statements on carbon farming not specifically linked to broader decarbonisation goals</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1-3</td>
<td>Yet to disclose a carbon farming strategy, targets or aspirations</td>
</tr>
<tr>
<td></td>
<td>Transparency and integrity</td>
<td>10</td>
<td>8-10</td>
<td>Government partner or financial contributor to the Australian Carbon Industry Code of Conduct, implementation of aligned policies and initiatives to ensure integrity, accountability and transparency, and lack of policies and initiatives which may undermine integrity and transparency</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>4-7</td>
<td>Enforcement of the Australian Carbon Industry Code of Conduct and/or exploration of some aligned policies and initiatives related to integrity, accountability and transparency</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1-3</td>
<td>Yet to progress or engage with integrity and transparency initiatives</td>
</tr>
<tr>
<td></td>
<td>Cooperation</td>
<td>8</td>
<td>7-8</td>
<td>Proactively engaging formally</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4-6</td>
<td>Informal ad hoc information sharing</td>
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<td></td>
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<td>1-3</td>
<td>Meeting basic engagement obligations (e.g. related to non-carbon farming specific legislative/regulatory requirements such as planning and approvals)</td>
</tr>
<tr>
<td><strong>Pillar 2:</strong> Unlocking Finance and Investment</td>
<td>Opportunity assessment</td>
<td>8</td>
<td>7-8</td>
<td>Published formal mapping of the opportunities (methods, areas, volume of carbon abatement/credits, economic potential, etc)</td>
</tr>
<tr>
<td></td>
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<td>4-6</td>
<td>Some indication of opportunity assessment but nothing/comparatively little publicly available</td>
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<tr>
<td></td>
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<td></td>
<td>1-3</td>
<td>Yet to map opportunities</td>
</tr>
<tr>
<td></td>
<td>Enabling private investment</td>
<td>8</td>
<td>7-8</td>
<td>Implementing policies, regulation and initiatives, and proactively engaging with financial institutions to facilitate and incentivise private investment and/or drive private sector demand</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4-6</td>
<td>Some engagement and consultation with financial institutions and exploration of potential ways to attract or incentivise private investment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1-3</td>
<td>Yet to engage on or implement specific policies, regulation and initiatives to encourage investment</td>
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<tr>
<td></td>
<td>Capital allocation</td>
<td>8</td>
<td>7-8</td>
<td>Significant public funding specifically allocated to carbon farming projects within a clearly defined allocated funding window</td>
</tr>
<tr>
<td></td>
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<td>4-6</td>
<td>Some public funding for carbon farming or complimentary projects, or indication of intent</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>1-3</td>
<td>Yet to provide direct funding for carbon farming projects</td>
</tr>
<tr>
<td><strong>Pillar 3:</strong> Co-Benefits &amp; Creating New Markets</td>
<td>Market architecture and enablers</td>
<td>8</td>
<td>7-8</td>
<td>Actively engaged in development of principles, methodologies, taxonomies, metrics and MRV frameworks</td>
</tr>
<tr>
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<td></td>
<td>4-6</td>
<td>Indicating some interest but yet to engage on market architecture enablers</td>
</tr>
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<td></td>
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<td></td>
<td>1-3</td>
<td>Yet to engage on market architecture enablers</td>
</tr>
<tr>
<td></td>
<td>Markets &amp; policy integration</td>
<td>8</td>
<td>7-8</td>
<td>Conducting feasibility studies and/or implementing robust policy incorporating co-benefits (including financial incentives)</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>4-6</td>
<td>Indicating intent but yet to either conduct feasibility studies or implement policy incorporating co-benefits</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1-3</td>
<td>Yet to progress or engage with activities to enable markets and policy integration</td>
</tr>
<tr>
<td></td>
<td>Valuation</td>
<td>8</td>
<td>7-8</td>
<td>Have acknowledged the potential co-benefits of carbon farming and have indicated an intent to quantify economic potential</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>4-6</td>
<td>Have acknowledged the potential co-benefits of carbon farming and have indicated an intent to quantify economic potential</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1-3</td>
<td>Yet to recognise the co-benefits of carbon farming</td>
</tr>
<tr>
<td><strong>Pillar 4:</strong> Communicating benefits and building capacity</td>
<td>Resources and training</td>
<td>8</td>
<td>7-8</td>
<td>Appropriate education, outreach and training programs/resources have been made available</td>
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<td></td>
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<td></td>
<td>4-6</td>
<td>Some exploration and assessment of skills and training needs</td>
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<td>1-3</td>
<td>Yet to allocate resources to skills and training</td>
</tr>
<tr>
<td></td>
<td>Innovation</td>
<td>8</td>
<td>7-8</td>
<td>Have developed tools and technologies that are available to support carbon farming initiatives</td>
</tr>
<tr>
<td></td>
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<td>4-6</td>
<td>Engaged in and/or exploring development and piloting of tools and technologies</td>
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<td>1-3</td>
<td>Yet to get involved in the development of tools and technologies</td>
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<tr>
<td></td>
<td>Advocacy and leadership</td>
<td>8</td>
<td>7-8</td>
<td>Proactively leading communication on carbon farming and associated benefits</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>4-6</td>
<td>Participating in some communication on carbon farming and associated benefits</td>
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<td></td>
<td></td>
<td>1-3</td>
<td>Yet to communicate on carbon farming with the broader community</td>
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Additional materials

Useful Links

- Carbon Farming Industry Roadmap
- Carbon Farming Marketplace – Key Stakeholders
- Recent CMI government submissions
  - Department of Industry, Science, Energy and Resources: Proposed Amendments to the CFI Rule on Excluded Projects
  - Department of Industry, Science, Energy and Resources: Proposed Carbon Credit Rule changes
- Recent CMI statements
  - IPCC Report: Australia faces “double-edged sword” moment on climate action
  - Bittersweet irony as newly recognised agricultural activity subjected to potential veto by Agriculture Minister
  - Working Paper identifies key issues with HiIR analysis and suggests ways forward
  - Carbon farming industry must triple in scale as well as address challenges and opportunities
  - Budget lacks urgency and direction, risks wasting ERF dividend
  - Carbon market participants refute sensational accusations
  - CMI Response to new analysis regarding carbon abatement methods
  - CMI requests postponement of initial CAC exit window
  - ERF Changes could impact investor & community confidence in growing carbon market
  - Rushed Carbon Credit rule changes “an extraordinary double whammy”: CMI
  - “Safeguards” proposal would add unnecessary red tape, impact landholder rights
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The Carbon Farming Scorecard report is an initiative of CMI Research, with the assistance and support of KPMG Australia as research partner.