

Australian Government

National Biodiversity Market Consultation

submission

September 2022



About the Carbon Market Institute

CMI is an independent member-based industry association championing best practice for business in the transition to net-zero emissions. CMI's 140+ strong membership includes organisations from across the entire carbon value chain, including primary producers, carbon service providers, legal and financial institutions, technology firms and emissions intensive companies. We develop advocacy positions in consultation with – but independent of – our members, with a view to ultimately advancing the Paris Agreement goals.

The Carbon Market Institute (CMI) welcomes the opportunity by the Department of Climate Change, Energy, the Environment and Water (DCCEEW) to contribute to the open public consultation to receive feedback on a proposed voluntary national biodiversity market.

CMI has not consulted with its members in developing this submission as the two-week timeframe provided was not sufficient to do so. The views in this submission are therefore those of CMI and not its members. Member consultation has not only been challenging timewise, but also in light of consecutively managing other important government reviews and consultations currently underway ([Safeguard Mechanism](#), [ACCU Review](#), [Corporate Emissions Reduction Transparency](#), Climate Active draft *Guideline: Accounting for Carbon Sequestration from Tree Plantings*). The development of a National Biodiversity Market will be directly impacted and influenced by the findings and recommendations of these reviews, and it recommends (as noted below) that the government reconsider its timing of the development of this scheme to ensure appropriate integration.

CMI would welcome the opportunity for further discussion and to be directly involved in further co-design of a biodiversity framework.

Introduction

Land or nature-based climate solutions stand to benefit from, and should align with, biodiversity conservation and ecosystem stewardship responsibilities and incentives. Carbon and related biodiversity markets will lose investor and community support if not clearly linked to the outcomes for which they are created, including helping to limit global warming, reversing deforestation and biodiversity conservation.

This requires development of sophisticated market architecture such as taxonomy, standards, frameworks and assurance structures. When linkages between biodiversity and carbon markets are unclear, there is a risk of setting up competing environmental markets, destabilisation and loss of participant and investor/consumer confidence. Design of a national biodiversity market thus warrants full and proper consideration, co-design and consultation.

Biodiversity and environmental stewardship initiatives should be underpinned by national landholder engagement and extension services to assist farmers and other landholders to better understand carbon and biodiversity from an on-farm and market perspective. The Carbon Farming Futures program (2012-17) supported research, development and extension activities, including the funding of agricultural extension providers to inform farmers. The program left a rich legacy that should be adapted and funded to fill persisting market gaps with the creation of a new Carbon and Biodiversity Landholder Extension Program that includes information for participation in carbon and biodiversity stewardship frameworks.



CMI notes that the current biodiversity market proposal has extended participation in the scheme to a wider range of landholders, including Traditional Owners and conservation groups. Whilst highly supportive of this, CMI notes that they haven't yet been fully engaged in the development and consultation process and that it is vital that material consultation is permitted with these stakeholders to ensure appropriate participation and frameworks.

CMI welcomes the work the government has commenced to tackle the biodiversity crises that we are experiencing globally, but particularly in Australia where the threat to our native flora and fauna species continues to increase. We are supportive of:

- A framework that provides a market value to biodiversity and nature-positive outcomes.
- A framework which aims to direct private finance into biodiversity and ecosystem services, in addition to public funds and policies with clear biodiversity outcomes.
- The integration of nature impact and biodiversity risk into private sector decisions.

Key Considerations

1. The proposed National Biodiversity Market should have an improved, clear and defined purpose and clarity on the relationship between this proposed national market and state-based biodiversity offset schemes.
2. A National Biodiversity Market should be unpinned by high scheme integrity – both in governance and environmental integrity. Transparency and accountability guardrails should be embedded in the framework and metrics, measures and reporting and verification standards compatible with other schemes.
3. A National Biodiversity Market that intends to connect private sector investors with Australian landholders (including First Nations, conservation groups and farmers) should be accompanied by an analysis of the current and projected market demand and a clear, stable, and long-term demand signal. This requires appropriate consultation with relevant stakeholder groups.
4. Certification for environmental improvements should be based on high-integrity assessments of improvement in environmental outcomes, not merely activities that assume these outcomes will take place. Anything less than this is very unlikely to attract private sector investment at the scale required to provide a genuine basis for reversing the ongoing decline of biodiversity in Australia.
5. If a tradeable biodiversity unit/certificate is introduced into Australia's – it should have a view to comparability and fungibility with other frameworks and schemes – clearly stipulating how the creation, trade and use of the certificates interacts with other markets and what the implications are for participants. The market should, for example, allow provision to develop in alignment with international, evolving frameworks such as the Taskforce for Nature-related Financial Disclosures.
6. In addition to governance arrangements and market design considerations, it is vital that all landholders, including those with farming, Indigenous and conservation interests and rights, are supported with accessible and credible information and mechanisms that provide appropriate guardrails for carbon market participation.
7. Noting the proposed voluntary National Biodiversity Market objectives to incentivise the valuing and protection of nature, due consideration should be given to alternative policy levers, grant schemes, or conservation finance mechanisms as alternatives to market-based mechanisms.

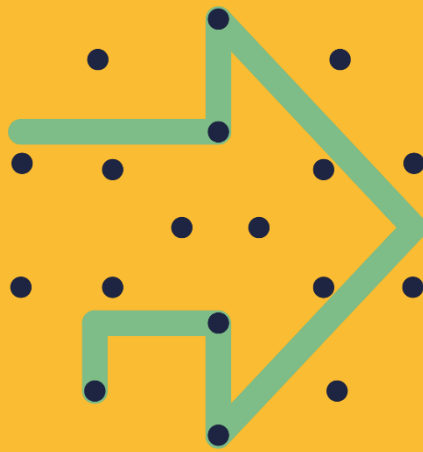


8. A successful, high-integrity market would benefit from the development of co-ordinated and ideally integrated systems that deliver national datasets with respect to ecosystem-based biodiversity enhancement, agricultural productivity, and carbon abatement of a quality sufficient to inform good decision making. Access and application of high-quality data is essential to facilitate rigorous impact measurement and verification.

Recommendation

Taking into account the above considerations and concerns, CMI recommends that the government reconsider the timing for the development of the proposed voluntary biodiversity scheme to ensure:

- a) Consideration of and alignment with the ACCU review recommendations (end 2022)
- b) A comprehensive and inclusive co-design process to develop the framework
- c) A comprehensive and timely consultation process that allows for continuous and inclusive stakeholder engagement, feedback and inclusion of recommendations.



for more information please contact

Janet Hallows

Director Climate Programs and Nature-based Climate Solutions

Janet.hallows@carbonmarketinstitute.org

The Carbon Market Institute is at the centre of climate change policy and business in Australia. Independent and non-partisan, we bring business, policy makers and thought leaders together to drive the evolution of carbon markets towards a significant and positive impact on climate change.

Engaging leaders, shaping policy and driving action, we're helping business to seize opportunities in the transition to a low carbon economy.

