

Frequently Asked Questions

Integrated Farm and Land Management (IFLM) Method Framework

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The IFLM Taskforce

In 2019, the Federal Government began a process to identify priority methods, with the method now known as the Integrated Farm and Land Management, identified as one of five priority methods. In the same year, the Carbon Market Institute (CMI) formed a Taskforce to support its development. The Taskforce is made up of a broad cross-section of CMI members who participate on a voluntary basis and are committed to a high-integrity, fit-for-purpose carbon market in Australia.

The Taskforce supported development of a [method Blueprint](#), and has supported the Australian Government-led co-design process and provided technical input throughout consultation on the planned IFLM carbon farming method.

Introduction

The IFLM method would be a next-generation carbon farming method that allows land managers to participate in multiple carbon management activities on one property. Current carbon farming methods typically involve implementation of a single carbon management activity. The IFLM method is modular in approach, enabling land managers to choose which modules are relevant to their context, with scope to add additional activity modules over time as they are approved by the Australian Government’s Emissions Reduction Assurance Committee (ERAC).

In addition to being modular, the IFLM method is designed to work across diverse Australian ecosystems. It is hoped this will enable more land managers and Traditional Owners to participate in carbon farming or expand on their existing carbon farming activities, further contributing to the transition of Australia’s land and agriculture sectors to net zero and nature-positive. This approach will create new opportunities for regional investment and additional jobs in sustainable agriculture production and environmental stewardship.

There are a wide range of activities that can boost sequestration in landscapes and prevent the release of emissions, and the land sector has a critical role to play in delivering CO2 abatement at scale. In addition to the abatement and mitigation opportunity, this method could help facilitate improved environmental and natural capital stewardship, production of sustainable agricultural commodities, drought resilience, and social, cultural and economic benefits across rural, regional and remote Australia.

This Frequently Asked Questions (FAQ) document was prepared to help stakeholders understand the proposed IFLM method.

List of FAQs

1. What is the Integrated Farm and Land Management (IFLM) methodology? 3
- 2

2. What improvements and benefits will a well-designed IFLM method deliver?	3
3. When will the IFLM method be available to use?	4
4. What do you mean by a modular method?	4
5. What activities will initially be included in this new integrated method – and will more be added?.....	4
6. Why is it important to account for multiple carbon pools and multiple carbon management activities across a project area?.....	5
7. Does this method address the concerns raised around vegetation regeneration methods?....	5
8. Will this proposed IFLM method improve how carbon is measured or modelled in projects?6	
9. How does this method fit with the recommendations of the Independent ACCU Review?.....	6
10. How is this method being designed and who is being consulted?	7
11. What risks or challenges need to be considered as the method is developed?	7
12. What is leakage and how could this method address risks related to leakage?	8
13. Why do we need an IFLM method?.....	8
14. Will the introduction of the IFLM method make other single activity methods redundant?	9
15. Will existing projects have to transition to the IFLM method?.....	9
16. How will the IFLM change project audits, including measurement, reporting and verification and impact their cost?	10

1. What is the Integrated Farm and Land Management (IFLM) methodology?

The IFLM methodology is a proposed new carbon farming method that is currently in co-design with the Australian Government and a broad cross section of stakeholders. It will create a more holistic, integrated and modular framework that combines vegetation, soil, and other relevant farm and landscape carbon abatement and sequestration activities, allowing land managers to generate Australian Carbon Credit Units (ACCU) for multiple carbon management activities on a single area or property.

2. What improvements and benefits will a well-designed IFLM method deliver?

A well-designed IFLM method is expected to deliver:

- a) enhanced, reliable calculations of abatement
- b) increased participation in, and improved incentives to participate in, carbon farming projects
- c) the ability to incorporate new carbon management activities into a modular framework over time (such as actions that reduce emissions from livestock or clearing, or actions

to deliver on-farm electrification)

- d) broader environmental, ecosystem and social benefits, such as increased biodiversity, enhanced agricultural productivity, better water stewardship, increased economic opportunities for Traditional Owners and regional communities),
- e) improved financial flows to support land sector decarbonisation and contribute towards national and international climate change abatement commitments.

3. When will the IFLM method be available to use?

The Department of Climate Change, Energy, Environment and Water (DCCEEW) is leading the method development and details about the timeline can be [found here](#) on their website. The method co-design will be progressed in the second half of 2024. The next step is to finalise a technical draft of the methodology and supporting guidelines for consideration by the ACCU Scheme's integrity committee (the Emissions Reduction Assurance Committee - ERAC). This will be followed by public consultation on the method exposure draft, and finally a decision by the Minister whether to approve it to become legislation.

4. What do you mean by a modular method?

Modular refers to the ability to choose from several possible carbon management activities to build a project. A modular method also provides the ability to expand the method over time, to add new modules with additional carbon management activities. The IFLM method's modular framework will enable multiple land-based abatement activities to be combined into a single carbon farming project on the same property or portfolio of properties that may all be registered under one project. This will be a key innovation compared to current carbon farming methods, which typically only enable one carbon management activity to be undertaken per project.

This will enable the generation of ACCUs through a combination of eligible management activities, that can be selected based on the biophysical conditions of the property, alongside land management goals of the project proponent's priorities. Examples of modules include regeneration of vegetation, storage of carbon in soils, cessation of clearing and reductions in livestock emissions. Some of these modules may not be available in the initial phase of the IFLM method but may be added over time.

5. What activities will initially be included in this new integrated method – and will more be added?

The first version of the IFLM method is set to include modules for soil carbon sequestration and several forms of vegetation management, including native vegetation regeneration and

environmental plantings. Other activities could be added either in the first version or in a second version, subject to meeting the requirements of the method development and legislation process. Additional priority modules include a module for avoided land clearing emissions and avoided emissions from livestock (likely to initially be focused on supplements for feedlots, including micro feedlots, in line with the Livestock Method Blueprint). Other potential future modules might include expansion of activities related to feral animal management, on-farm electrification and reduced emissions from dams. Future modules will be developed following the revised expression of interest process, which the Australian Government recently announced. More information about the new method development process can be [found here](#).

6. Why is it important to account for multiple carbon pools and multiple carbon management activities across a project area?

The ability to account for multiple carbon pools (for example, carbon in soils and woody biomass (trees)) and multiple carbon management activities better reflects the way land managers manage their properties, by accounting for the wide range of activities that can sequester carbon or avoid emissions in the landscape. This supports a more holistic approach to land and carbon management across different types of properties, including farms, conservation areas or Indigenous estates. It is hoped that enabling an integrated set of carbon management activities to be implemented together will help provide more properties with projects of a scale that are economically viable. Also, transaction costs associated with undertaking a carbon farming project, such as monitoring, measurement and audit requirements, will decrease as it becomes more cost-effective and less time-consuming for land managers to participate in the ACCU Scheme. Single activity and carbon pool methods were more appropriate under the Kyoto Framework, but multi-activity and carbon pool methods are more aligned with the latest UNFCCC Paris Accounting Framework, which takes a landscape approach.

7. Does this method address the concerns raised around vegetation regeneration methods?

The CMI IFLM Taskforce has developed technical advice and new innovations that build on over a decade of experience implementing carbon farming projects. The Taskforce method proposal provides additional safeguards, including safeguards that specifically aim to address concerns raised with single activity methods. Proposed new method innovations include more detailed guidelines and standardisation of evidence requirements related to project eligibility and land management changes. This includes a proposed 'material gap analysis, which is detailed in the IFLM framework discussion paper, developed by the Taskforce and [found here](#). Additionally, the proposed method includes approaches that

combine measurement and modelling to provide high accuracy carbon abatement calculations that meet statistical evidence standards (see section 2.2 of the Discussion Paper).

Although the draft IFLM method includes proposals for continuous improvement and additional safeguards, it is important to note the Independent ACCU Review led by Professor Ian Chubb reviewed previous concerns and found that the ACCU Scheme was sound. It also made a specific finding that the Human-Induced Regeneration method was sound where implemented in line with the requirements set out in the method and associated guidelines. The Australian National Audit Office (ANAO) has also reviewed the administration of the method and found it to be largely effective. It also stated that the CER's ACCU issuing, compliance and contracting activities are consistent with the CFI Act and Australian Government frameworks (The ANAO review can be [found here](#)).

8. Will this proposed IFLM method improve how carbon is measured or modelled in projects?

The proposed IFLM method has the potential to deliver significant improvements in the accuracy of measurement and modelling, and in transparency regarding environmental outcomes by:

- incorporating additional measurement and modelling validation protocols that can provide higher confidence carbon abatement calculations
- enabling the use of improved and emerging technology for measurement and modelling
- incorporating strengthened and standardised evidence requirements
- incorporating gateway requirements, accompanied by validation measurements, as part of periodic reporting (for example, five yearly gateway checks); and
- aligning with complementary policy changes that will increase data transparency.

9. How does this method fit with the recommendations of the Independent ACCU Review?

The independent ACCU Review endorsed the concept of modular methods, which is the approach taken in the proposed IFLM method. The review said a modular approach would allow a more streamlined and transparent application of methods for calculating vegetation-based carbon sequestration in different areas. It also stated that the method development process should shift towards a more proponent-led approach, underpinned by clear and compelling evidence, to facilitate the development of fit-for-purpose, high-

integrity methods for delivering carbon abatement.¹ The IFLM development process is aligned with this recommendation, as it was developed in a co-design process with significant inputs from the CMI IFLM Taskforce and other stakeholders, and with the ability for future modules to be added through the proponent-led expression of interest process.

10. How is this method being designed and who is being consulted?

In 2019, the Carbon Market Institute formed a Taskforce in response to the Government's commitment to identify priority methods and submitted a proposed 'blueprint'² for a new holistic method that would help modernise carbon farming in Australia – which is now known as the proposed IFLM method. The Taskforce is made up of a broad cross-section of CMI members who participate on a voluntary basis and are committed to a high-integrity, fit-for-purpose carbon market in Australia.

Since that time, the Taskforce has consulted experts and met with state government and industry bodies to get their feedback on the proposed blueprint. Development and consultation on the current draft method began in early 2022 through a series of government-facilitated co-design workshops. The IFLM Taskforce along with a broader group of targeted industry and academic stakeholders participated in these workshops.

DCCEEW re-commenced work on co-designing the IFLM method in mid-2023. In June 2023, CMI's IFLM Taskforce reactivated and has continued to engage and support the development of this method ([see DCCEEW consultation page](#)).

In 2024, the Taskforce released a Discussion Paper and hosted an expert workshop. The Discussion Paper and summary from the workshop can be found [here](#).

The government's independent ACCU Scheme integrity committee (the Emission Reduction Assurance Committee) will assess the draft method and consider if it's ready for public consultation. If approved it will be opened for formal public consultation and then the ERAC will consider whether changes are required, and whether it meets the Offset Integrity Standards. If endorsed, they will make a recommendation to the Climate Change Minister, as to whether it should be legislated as a method.

11. What risks or challenges need to be considered as the method is developed?

The IFLM method must be high integrity, and it must be practical and be commercially

¹ For more information, see: Independent Panel (I Chubb, A Bennett, A Gorring & S Hatfield-Dodds) 2022, 'Independent Review of Australian Carbon Credit Units: Final Report', <https://www.dcceew.gov.au/sites/default/files/documents/independent-review-accu-final-report.pdf>.

² Blueprint for holistic approach to carbon farming: Active Land Management & Agricultural Production (AL-MAP) Method https://carbonmarketinstitute.org/app/uploads/2021/08/AL-MAP-Method-Blueprint_final.pdf

viable to ensure it can be implemented by land managers. Other important considerations include:

- How to ensure a conservative estimation of carbon abatement across multiple pools.
- How to best prevent carbon leakage (see below).
- How to address or accommodate the risk of potential climate change impacts.
- How to appropriately future proof a method, such as keeping it adaptive to new technology and improving measurement and modelling approaches.
- How to build capacity and understanding to support participation.

12. What is leakage and how could this method address risks related to leakage?

Carbon leakage occurs when the abatement is achieved on one part of a property (for example through new plantings), but emissions increase elsewhere on the same property or on an associated property (for example due to increased clearing).

The Government wants to ensure that the IFLM method adopts best-practice measures to minimise the risk of deliberate or inadvertent leakage. The Taskforce has considered a range of approaches to deal with leakage. This includes applying specific farm management plan measures based on a risk-assessment process, making rules to seek legal declarations, and adopting additional risk-management and auditing procedures for high-risk activities. See Section 2.4 of the Discussion Paper.

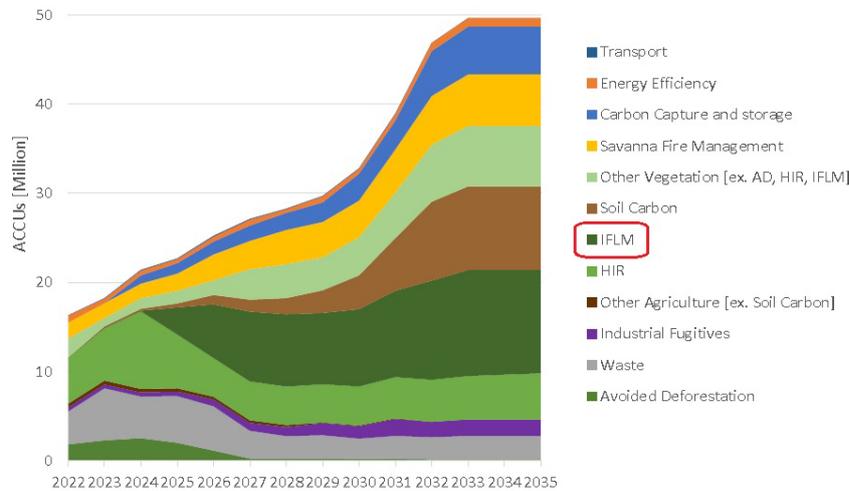
13. Why do we need an IFLM method?

For Australia to meet its emissions reduction targets under the Paris Agreement, abatement across the economy must be scaled up significantly.³ The ACCU Scheme is a key driver of abatement in Australia, as noted in recent Climate Change Authority modelling (see chart).

New ACCU methods that increase opportunities for participation in the ACCU Scheme, such as the IFLM method, will encourage more ACCU projects to be registered and help scale up the volume of abatement achieved by the scheme.

³ Australia's current 2030 Nationally Determined Contribution (NDC) target under the Paris Agreement is to achieve a 43% reduction in emissions based on 2005 levels. Australia's 2035 NDC is due in 2025 and will need to be more ambitious than this existing 2030 NDC. See: Australian Government 2022, 'Australia's Nationally Determined Contribution Communication 2022', <https://unfccc.int/sites/default/files/NDC/2022-06/Australias%20NDC%20June%202022%20Update%20%283%29.pdf>.

Increasing abatement achieved by the ACCU Scheme is particularly important in the context of reforms to the Safeguard Mechanism. The reforms, which commenced on 1 July



2023, create a declining baseline and credit emissions trading system that requires Australia's heaviest emitters to reduce their emissions by 4.9% every year up to 2030, and allows them to meet their obligation partly through the purchase and surrender of ACCUs.⁴

14. Will the introduction of the IFLM method make other single activity methods redundant?

There is no intention that the proposed IFLM method replace other methods or make them redundant. Rather, land managers and other ACCU Scheme participants could undertake a carbon farming project using a method that best fits their biophysical context and land management goals. For some land managers, individual methods may be more suited to their goals and circumstances, whereas other land managers may wish to undertake multiple carbon management activities on one property.

15. Will existing projects have to transition to the IFLM method?

Arrangements for the transition of existing single-method projects to the IFLM method are still under development. As the IFLM method is a fundamentally new method, we anticipate there will be options for land managers to transition it from a range of existing single activity methods once relevant modules are available in the IFLM method framework. As it is a new method type combining multiple carbon management activities, we do not support forced transition arrangements from single activity methods but are highly supportive of options to transition for a broad range of existing methods. We recommend comprehensive feasibility assessments are completed prior to considering the transition of any project.

⁴ More information on the Safeguard Mechanism reforms can be found at: CMI 2023, 'Safeguard Mechanism FAQs market brief', <https://carbonmarketinstitute.org/app/uploads/2023/01/CMI-Safeguard-Mechanism-FAQs.pdf>.

16. How will the IFLM change project audits, including measurement, reporting and verification and impact their cost?

The main change under IFLM is that one audit and report can be undertaken for multiple carbon management activities. Measurement and modelling requirements will still need to be met for each carbon pool and carbon management activity. Reducing audit and reporting costs is expected to lower the costs of participating, particularly for smaller properties or properties undertaking a suite of carbon management activities.

Disclaimer

CMI's Board annually updates the CMI's Policy Positions in consultation with, but independent of, members. The IFLM Taskforce is constituted of CMI members in a voluntary capacity, governed by a Terms of Reference. The positions put forward in this discussion paper are those of the CMI IFLM Taskforce, independent of members, and do not represent the views of CMI, any CMI individual, member company or industry sector.