



Department of Climate Change,
Energy, the Environment and Water
Nature Repair Market legislative
rules

submission

October 2024





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The Carbon Market Institute (**CMI**) welcomes this opportunity to respond to the Department of Climate Change, Energy, the Environment and Water's (**DCCEEW**) consultation on an exposure draft of amendments to the Carbon Credits (Carbon Farming Initiative) Rule 2015 (**CFI Rule Exposure Draft**) to improve ACCU Scheme transparency, which opened on 16 September 2024.

CMI is an independent, member-based institute that promotes the use of market-based solutions and supports best practice in decarbonisation to limit warming to 1.5°C. Our membership includes 150 primary producers, carbon service providers, First Nations organisations, legal and financial institutions, technology firms and emissions-intensive companies in Australia and the Asia Pacific. The CMI Board updates CMI's Policy Positions annually, which draw on practical insights from—but are ultimately independent of—members.¹

CMI also administers the Australian Carbon Industry Code of Conduct (**ACI Code**), which was established in 2018 to steward consumer protection and market integrity.²

CMI consults members to gain practical feedback to inform our positions. However, the recommendations put forward in this submission are ultimately CMI's view, independent of members, and do not represent any CMI individual, member company or industry sector.

Strategic outlook

CMI reiterates our support for the overarching Nature Positive Plan and government efforts to reverse the alarming trend of environmental degradation highlighted in the 2021 State of the Environment Report.³

We continue to engage constructively as the Australian Government sets up the world's first legislated, national voluntary biodiversity market—the Nature Repair Market (**NRM**)—and welcome this opportunity to respond to consultation on the legislative rules that will underpin market operation.

CMI recognises the potential for market-based frameworks to support nature repair and supports the NRM's intent to harness markets to incentivise actions that enhance and protect Australian native biodiversity.

To achieve this, it is critical that the foundational framework underpinning NRM operation is both high integrity and investible.

CMI's broad membership includes carbon and environmental market participants and investors, corporate entities, carbon project developers who are already actively involved in ACCU projects with biodiversity co-benefits, and conservation organisations.

¹ CMI 2023, 'CMI Policy Positions', https://carbonmarketinstitute.org/app/uploads/2023/11/CMI-Policy-Advocacy-Positions_FINAL-2023.pdf.

² CMI 2024, 'Australian Carbon Industry Code of Conduct', <https://carbonmarketinstitute.org/code/>.

³ DCCEEW 2022, 'Nature Positive Plan: better for the environment, better for business', <https://www.dcceew.gov.au/sites/default/files/documents/nature-positive-plan.pdf>; State of the Environment 2021 Report available at: <https://soe.dcceew.gov.au/>.



Consultation with these members and other stakeholders used to inform our responses to the NRM Discussion Paper has revealed that many of the key issues and barriers to market operation identified in earlier CMI submissions persist.⁴

We also observed uncertainty and confusion about how the NRM will function in practice. At the same time, however, there was a broad spectrum of interest in participating in this new market.

We note that some confusion will be resolved as the NRM biodiversity assessment instrument (BAI) and methods come online, and welcome the recent opening of consultation on the first BAI and draft method.⁵

Outstanding key issues include:

- barriers to investment;
- alignment with the ACCU Scheme, including transparency and additionality; and
- unclear demand signals and sources and other challenges to market growth and scalability.

To fully realise the policy intent of the NRM and help address both the related biodiversity and climate crises, these challenges must be overcome. CMI remains optimistic that the government can take steps to do so.

To support the government in this, as well as responding to the NRM Discussion Paper questions, our submission first details these remaining key issues and makes recommendations for overcoming them.

We encourage the government to leverage the practical experiences and knowledge of experienced industry experts to optimise market design, operation and functionality in the new NRM.

CMI extends our support for this by offering our broad-based membership and active member working groups as a forum for workshopping and testing options for resolving outstanding key issues and market barriers.

CMI also recommends that the government stand up a fund, guided by an investment strategy, to kickstart demand in the NRM. The government could take inspiration from the model under the Queensland Government's Land Restoration Fund (LRF), which provides strategic funding for ACCU projects with additional nature-based co-benefits.⁶

Publicly-funded NRM pilot projects would help provide proof of concept for this world-first market and help crowd-in voluntary, public investment to support future market growth while more obvious demand drivers—such as nature-related financial disclosure—are mainstreaming.

CMI elaborates on key outstanding issues and explores possible solutions through our six **Recommendations**, below. Our detailed responses to the **NRM Discussion Paper Questions** then follows.

⁴ CMI's previous submissions on the NRM as follows (from most recent to earliest): CMI 2023, 'Environment and Communications Legislation Committee: Senate Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions]', https://carbonmarketinstitute.org/app/uploads/2023/06/2023.06_Carbon-Market-Institute_NRM-Bill-Senate-Inquiry.pdf; CMI 2023, 'Department of Climate Change, Energy, the Environment and Water: Nature Repair Market Bill – Exposure Draft Consultation', <https://carbonmarketinstitute.org/app/uploads/2023/03/Carbon-Market-Submission-Nature-Repair-Market-Draft-Bill.pdf>; CMI 2022, 'Australian Government National Biodiversity Market Consultation', <https://carbonmarketinstitute.org/app/uploads/2022/09/National-Biodiversity-Market-CMI-Submission-Sep-2022.pdf>.

⁵ Consultation materials on the BAI and methods survey available at: DCCEEW 2024, 'Nature Repair Committee', <https://consult.dcceew.gov.au/nature-repair-committee>.

⁶ Information about the LRF available at: Queensland Government 2024, 'The Land Restoration Fund', <https://www.qld.gov.au/environment/climate/climate-change/land-restoration-fund>.



CMI Recommendations

Barriers to investment

1. CMI recommends that the ongoing regulatory requirements for NRM Projects are clearly stipulated in each method to support investment decision-making.

CMI understands that the costs involved in registering and running a biodiversity project under the NRM are likely to be high, and—in the absence of methods that provide clear regulatory requirement or a market price signal—possibly unknowable. The single-certificate project model also pegs return on investment on one certificate that is tradeable (but not fungible), and with an unknown market value.

Moreover, as outlined in the NRM Discussion Paper, scheme arrangements will be partially determined by legislative instruments that could change by ministerial decree at a future date without warning. This has the potential to create market uncertainty that may undermine investment and thus potential biodiversity outcomes.

CMI understands that initial NRM projects are likely to be stood up through partnerships where the investor is the end buyer, using the biodiversity certificate to address supply chain nature-related risks. However, under these circumstances, it is unclear why an NRM project would be a more attractive option than a traditional private land biodiversity and conservation project or projects under private contracts, established state-based biodiversity schemes, or indeed carbon market projects with verified co-benefits such as biodiversity outcomes.

A clear understanding of regulatory requirements associated with projects under each method will help support investment by clarifying expected costs upfront.

Transparency, additionally and alignment with ACCU Scheme

2. CMI recommends that the NRM Rules permit biodiversity certificates to be issued *only* in cases where a project demonstrates the biodiversity outcome.

CMI stresses that investibility must not come at the expense of integrity.

Part 5, Division 2 of the *Nature Repair Act 2023* (Cth) seems to permit biodiversity certificates to be issued if a project activity is “likely to achieve the biodiversity outcome”.⁷ CMI stresses that certificates should only be issued after outcomes have been demonstrated

The experience of the ACCU Scheme shows that integrity and investibility in environmental markets must—and indeed can be—mutually pursued. The 2022 Independent Review of Australian Carbon Credit Units (ACCU Review) looked into the integrity of scheme governance arrangements, revealing the scheme to be “essentially sound” and the Climate Change Authority’s 2023 statutory review of the ACCU Scheme backing this up, noting the scheme to be “fundamentally well designed”.⁸ Both reviews also identify areas to build on

⁷ As listed in Discussion Paper, p. 14: https://storage.googleapis.com/files-au-climate/climate-au/p/prj2e537a410bf1c54f46e44/page/Nature_Repair_Market_Discussion_Paper_Final_1_.pdf

⁸ I. Chubb et al, 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>; Climate Change Authority 2023, ‘2023 Review of the Carbon Credits (Carbon Farming Initiative) Act 2011’, <https://www.climatechangeauthority.gov.au/sites/default/files/documents/2023-12/2023%20Review%20of%20the%20Carbon%20Credits%20Act%202011%20-%20publication.pdf>, p. 1.



to improve scheme governance, transparency and overall integrity that should be considered with regard to the NRM.

3. CMI recommends that the NRM rules clarify how additionality is supported in cases where an ACCU Scheme project and NRM project are registered on the same area of land and have interdependent outcomes—for example, when projects are registered concurrently.

CMI supports the intention to align NRM with the ACCU Scheme to provide opportunities for supporting abatement and biodiversity outcomes.⁹ We are further supportive of the intent of project ‘stacking’ to facilitate alignment and additional opportunities and incentives for proponents.¹⁰ However, project stacking raises questions about project outcome additionality and appropriate guardrails are required.

To support the integrity of both the ACCU Scheme and NRM in a project where stacking occurs, the NRM Rules should provide clear guidance to ensure additionality of distinct, tradeable abatement and biodiversity outcomes—ACCU and NRM certificates, respectively.

The NRM Discussion Paper suggests that NRM projects could be ‘stacked’ on existing ACCU projects. CMI expects that many cases of project ‘stacking’ will require concurrent registration of ACCU and NRM projects—for example, high-biodiversity or species-specific tree planting project.

We urge careful administration from the CER to ensure that cases of concurrent registration does not void the ‘newness requirement’ legally required for ACCU projects, as stipulated by the *Carbon Credits (Carbon Farming Initiative) Act 2011* (Cth) (CFI Act) Offsets Integrity Standards (additionality test).

We also recommend that the NRM Rules clarify how additionality will be supported in cases where an NRM project is ‘stacked’ on an existing ACCU project, and abatement and biodiversity outcomes are interdependent.

4. In setting up the operational requirements for the NRM, CMI recommends that the government and CER consider ways to support long-term interoperability and alignment of the NRM and ACCU Scheme, including by:

- a) leveraging the incoming Unit & Certificate Registry to hold NRM Biodiversity Certificates;**
- b) ensuring relevant linkages between related NRM and ACCU Projects in the Project Register(s); and**
- c) streamlining audit and project reporting requirements for stacked NRM and ACCU projects.**

More detailed commentary on these positions is available in the Attachment in response to NRM Discussion Paper questions.

⁹ <https://www.dcceew.gov.au/environment/environmental-markets/nature-repair-market/>;

¹⁰ [https://storage.googleapis.com/files-au-climate/climate-au/p/prj2e537a410bf1c54f46e44/page/Nature Repair Market Discussion Paper Final 1 .pdf](https://storage.googleapis.com/files-au-climate/climate-au/p/prj2e537a410bf1c54f46e44/page/Nature%20Repair%20Market%20Discussion%20Paper%20Final%201.pdf), p. 3.



5. CMI recommends that the transparency provisions for NRM Biodiversity Projects on the NRM Project Register mirror those eventual transparency provisions for the ACCU Scheme. These arrangements should maximise access to data and transparency, with appropriate exemption provisions for withholding information in limited, legally defined cases.

As we have consistently articulated with respect to the ACCU Scheme,¹¹ CMI supports maximum project-level transparency to support third-party scrutiny and public confidence. Both CMI¹² and the ACCU Review¹³ emphasised this with regards to the ACCU Scheme, which is now being amended accordingly.

We are concerned that the proposed project-level transparency arrangements for NRM Biodiversity Projects differ from the proposed uplifted project-level transparency arrangements that the DCCEEW Carbon Crediting Branch is currently consulting on for the ACCU Scheme.¹⁴

The proposed provisions to support withholding project information for the NRM also differ from those proposed for the ACCU Scheme.

To ensure alignment while both schemes are in a period of change, we encourage the DCCEEW Nature Repair Market and Carbon Crediting branches to collaborate to ensure equivalent, high-transparency Project Register arrangements, and mirrored exemption provisions that allow information to be withheld in limited, clearly and legally defined circumstances, in both the ACCU Scheme and incoming NRM. We recommend the following three circumstances for protecting:

- ‘Aboriginal tradition’, as defined by the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth);
- a ‘threatened ecological community’ or ‘threatened species’, as defined by the *Environment Protection and Biodiversity Conservation Act 1999* (Cth); and
- commercially sensitive information, as defined by Section 47 of the *Freedom of Information Act 1982* (Cth).

We also recommend that audit summary reports for both ACCU and NRM Projects be published, with provisions to allow private financial and personal information to be redacted as appropriate.

As well as being important to support NRM integrity, ensuring equivalent transparency provisions to the ACCU Scheme will support interoperability and scheme alignment.

See additional commentary in the NRM Discussion Paper responses, below.

¹¹ CMI 2023, ‘DCCEEW ACCU Review Discussion Paper submission’, https://carbonmarketinstitute.org/app/uploads/2023/10/2023.10_CMI_ACCU-Review-Discussion-Paper_submission.pdf; CMI 2022, ‘Australian Government Independent Review of ACCUs submission’, <https://carbonmarketinstitute.org/app/uploads/2022/10/FINAL-CMI-ACCU-Review-submission.pdf>.

¹² CMI 2023, ‘DCCEEW ACCU Review Discussion Paper submission’, https://carbonmarketinstitute.org/app/uploads/2023/10/2023.10_CMI_ACCU-Review-Discussion-Paper_submission.pdf; CMI 2022, ‘Australian Government Independent Review of ACCUs submission’, <https://carbonmarketinstitute.org/app/uploads/2022/10/FINAL-CMI-ACCU-Review-submission.pdf>.

¹³ Chubb et al, 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>.

¹⁴ Proposed uplifted project-level transparency requirements for ACCU Scheme projects are outlined in consultation materials available for download at: DCCEEW 2024, ‘Have your say on proposed ACCU Scheme transparency changes’, <https://consult.dcceew.gov.au/draft-legislative-amendment-to-increase-transparency-of-the-accu-scheme>.



Barriers to market growth and unclear demand

6. To kickstart the NRM in its early years of operation as nature-related reporting matures and mainstreams, CMI recommends that the government stand up a public fund to stimulate demand and crowd-in private investment for projects. This should be guided by an investment strategy to ensure allocation of funds supports the objectives of the Nature Positive Plan. We suggest the government look to the Queensland Government's Land Restoration Fund (LRF) as an approach.

CMI considers that barriers to investment and market scalability could be partially addressed if there was a clear demand driver for NRM biodiversity certificates. We reiterate that sources of voluntary demand for NRM certificates are—at least in the immediate years of operation while nature-related reporting and the Taskforce on Nature-related Financial Disclosures is crystallising—unclear.¹⁵

In the absence of a compliance driver, strategic public funding would support initial projects and a corresponding biodiversity certificate pipeline for future prospective buyers, as well as crowd in private investment to support market growth in the early years of the NRM. This would also help overcome barriers to investment and scalability, without trading off integrity safeguards (such as outcomes-based certificates—see more under 'Transparency, additionality and alignment with the ACCU Scheme', above).

CMI suggests that DCCEEW look to the \$500m Queensland LRF as a government fund that has successfully leveraged public-private partnerships to deliver positive biodiversity outcomes in Queensland guided by a strategic Priority Investment Plan.¹⁶

The Emissions Reduction Fund played a similar historical role for the ACCU Scheme following the repeal of the Carbon Pricing Mechanism, supporting the framework to mature and grow at a time when the market was largely voluntary. However, we note that the reverse auction, 'least cost' model would be likely inappropriate for the NRM.

CMI notes that the 2024-25 Budget allocated \$4.1 million to drive voluntary uptake of the NRM and nature related-reporting among Australian businesses.¹⁷ In doing so, CMI encourages the government to support the standardisation of nature disclosures, data and target setting approaches in line with the work of the Taskforce on Nature-related Financial Disclosures (TNFD) and the incoming mandatory climate-related financial disclosures (CRFD) for Australian corporates.¹⁸

CMI's responses to specific NRM Discussion Paper Questions are included in the section below.

Should you wish to discuss this submission in greater detail, please contact Gabriella Warden (gabriella.warden@carbonmarketinstitute.org).

¹⁵ CMI 2023, 'Environment and Communications Legislation Committee: Senate Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions], https://carbonmarketinstitute.org/app/uploads/2023/06/2023.06_Carbon-Market-Institute_NRM-Bill-Senate-Inquiry.pdf; CMI 2023, 'Department of Climate Change, Energy, the Environment and Water: Nature Repair Market Bill – Exposure Draft Consultation', <https://carbonmarketinstitute.org/app/uploads/2023/03/Carbon-Market-Submission-Nature-Repair-Market-Draft-Bill.pdf>; CMI 2022, 'Australian Government National Biodiversity Market Consultation', <https://carbonmarketinstitute.org/app/uploads/2022/09/National-Biodiversity-Market-CMI-Submission-Sep-2022.pdf>.

¹⁶ See example of LRF Priority Investment Plan at: Queensland Government 2023, 'The Land Restoration Fund Priority Investment Plan', https://www.qld.gov.au/_data/assets/pdf_file/0024/116547/lrf-priority-investment-plan.pdf.

¹⁷ See p. 58 in: Australian Treasury 2024, 'Budget 2024-25: Budget Measures, Budget Paper No. 2', https://budget.gov.au/content/bp2/download/bp2_2024-25.pdf.

¹⁸ See also CMI Policy Position 5(B) in: CMI 2023, 'CMI Policy Positions', https://carbonmarketinstitute.org/app/uploads/2023/11/CMI-Policy-Advocacy-Positions_FINAL-2023.pdf.



Yours sincerely

Janet Hallows

Janet Hallows

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CMI responses to NRM Discussion Paper Questions

1. Biodiversity projects	
1.1 Project Registration	CMI feedback
<p><i>Should existing projects be eligible to participate in the Nature Repair Market? Please provide reasons for your answer.</i></p>	<p>Existing projects should be eligible to participate in the NRM if:</p> <ul style="list-style-type: none"> • there is an applicable NRM method for them to transition onto; or • an NRM project can be stacked on top of an existing project such as an ACCU project in a way that ensures the outcomes certified by the NRM project and represented by an eventual biodiversity certificate are truly additional to, and capable of being traded separately from, the certified outcomes (e.g., ACCUs) being certified by the original project. • A conservation or biodiversity project that meets eligibility requirements with the proviso that the additional activities associated with the NRM project are additional to existing project activities and outcomes. <p>We note that transition of existing projects, where eligible and appropriate, will support an initial supply of Biodiversity Certificates for the NRM.</p> <p>See CMI commentary under ‘Transparency, additionally and alignment with ACCU Scheme’ above.</p> <p>If allowing project transitioning or stacking under the NRM, CMI notes that the government should consider requiring additional consent and consultation processes to ensure principles of free, prior and informed consent are upheld.</p>
<p><i>Do you agree that each registered project must include</i></p>	<p>CMI considers that regulatory additionality is a fundamental integrity protection in both carbon and environmental</p>



<p><i>activities beyond those required under a Commonwealth, State or Territory law? Please provide reasons for your answer.</i></p>	<p>markets. We consider that projects supporting activities already required under a Commonwealth, State or Territory law should not be permitted, unless the proposed NRM project is likely to support new and additional outcomes to those already required under Australian jurisdictional regulations and/or laws. CMI believes that simple language guidelines should be developed to assist potential project proponents to navigate regulatory additionality, providing clear examples of nature-positive NRM gains alongside Commonwealth, State and Territory law.</p>
<p><i>Do you agree that the specified information should be mandatory at the application stage? Please provide reasons for your answer</i></p>	<p>CMI generally supports the proposed requirements for information supplied at the NRM project application stage. The proposed inclusion of natural resource management plans or Healthy Country Plans is, for example, important to support catchment-scale biodiversity planning to ensure projects are cohesive with the wider region.</p> <p>We make the following additional suggestions:</p> <ul style="list-style-type: none"> • If the project is being stacked on an existing project such as an ACCU project, or transitioning from another instrument, relevant related projects should be disclosed as part of registration • Information about the project area should include Native Title determinations and registered claims, relevant PBCs, and the relevant native title representative body or native title service provider. • The government should consider how to ensure that stakeholder consultation and engagement requirements can be instructed to align with FPIC;
<p><i>In what ways could the project plan facilitate the registration and implementation of a biodiversity project?</i></p>	<p>A clear ‘project plan’ should be a requirement of project registration.</p> <p>CMI considers that the content of a project plan should be specified by methods. There should be legally defined provisions for withholding information where this is required to protect or respect Aboriginal tradition, protect threatened ecological communities, or where information is commercially sensitive (see further commentary under Section 3.1 questions below).</p> <p>In general terms, project plans should outline how the proponent is planning to implement the project in a way that is likely to support an outcome, and therefore support biodiversity certificate issuance. We also consider that the project plans should be adaptive to allow for the inclusion of new management practices to enhance biodiversity</p>



	<p>outcomes over time. An adaptive management plan should be included as part of the project plan to support this.</p> <p>Other aspects CMI may expect a project plan to include at time of registration application are a financial model for the project, operational details (including impacts on carrying capacity or agricultural production under the project scenario), a permanence plan (including plan to manage fire risks and associated risks from predicted and possible climate change impacts).</p>
<p>1.2 Types of projects unable to participate in the scheme</p>	<p>CMI feedback</p>
<p><i>Should the listed project types be excluded from the Nature Repair Market? Please provide reasons for your answer</i></p>	<p>CMI generally supports the listed project types for exclusion from the NRM. Projects that would plant State or Commonwealth listed weeds or on land that has been illegally cleared or drained should generally be ineligible for participation in the NRM. Any project with the potential to lead to adverse outcomes or significantly changes land use without concern for natural resource management plans should also be excluded.</p> <p>We note that it is important for projects to also avoid locally significant or emerging weeds and pests that are not yet listed at the State or Commonwealth register level. It is important that the scheme prevent projects that would plant these non-listed weed species too.</p> <p>Projects registered for offsetting purposes under state-based schemes should also be ineligible.</p>
<p>1.3 Transitioning for varied or ceased methods</p>	<p>CMI feedback</p>
<p><i>Should registered projects be required to transition to new or varied methods? What exceptions, if any, should be allowed?</i></p>	<p>Market certainty and stability is required to support investment. Mandatory transition to new methods should only occur in limited and clearly defined extreme circumstances to support stability and investibility of the NRM.</p> <p>As advocated with regards to transitional arrangements in the ACCU Scheme,¹⁹ CMI considers that registered projects under the NRM should only be required to transition to new or varied methods in cases where a historic method is found to be causing harm. There should also be clarity in governance processes and internal decision-making leading to such cases. Government-provided change logs and guidance comparing new/old methods must be mandatory</p>

¹⁹ ACCU Review discussion paper reference



	<p>and publicly available, as should department stakeholder engagement protocols.</p> <p>In such cases, mandatory transition could be implemented via ministerial direction, which should be included in a rule that outlines clear parameters where this power can be exercised, including a clear definition of ‘harm’.</p> <p>There should also be reasonable timeframes and transitional arrangements for projects that are compelled to transition in these cases. These transitional arrangements could include a materiality threshold criterion such that small projects are not unduly burdened.</p> <p>Voluntary transition to new or revised methods should be permitted and provisions for the transition of existing projects should be specified in the new method.</p> <p>See additional CMI commentary under ‘Barriers to Investment’ above.</p>
2. Biodiversity certificates	
2.1 Content of a Biodiversity Certificate	CMI feedback
<i>Do you agree with the proposed content of the biodiversity certificate? Please provide reasons for your answer.</i>	<p>CMI generally agrees with the proposed content.</p> <p>We seek clarity on where NRM biodiversity certificates will be held. We recommend that the government signal its intention for Biodiversity Certificates to be held in the incoming, modern Unit & Certificate Registry alongside ACCUs and Safeguard Mechanism Credits (SMCs) to support scheme interoperability and further platform integration.</p>
<i>What specific project attributes should be included on a Biodiversity Certificate?</i>	<p>The Biodiversity Certificate should also include, where relevant, linkages to related other projects such as ACCU projects to support visibility.</p> <p>Project ID should allow easy location of the project in the NRM Project Register, or a direct link to the relevant entry in the NRM Project Register along with the Project ID.</p>
3. The Register	
3.1 Project information on the Register	CMI feedback
<i>What specific project attributes should be included on a Biodiversity Certificate the</i>	<p>CMI encourages a high level of transparency on the NRM Project Register to support public scrutiny and thus confidence in project outcomes under the NRM.²⁰</p>

²⁰ As we have consistently advocated for in the ACCU Scheme: CMI 2023, ‘DCCEEW ACCU Review Discussion Paper submission’, https://carbonmarketinstitute.org/app/uploads/2023/10/2023.10_CMI_ACCU-Review-Discussion-Paper_submission.pdf; CMI 2022, ‘Australian Government Independent Review of ACCUs submission’, <https://carbonmarketinstitute.org/app/uploads/2022/10/FINAL-CMI-ACCU-Review-submission.pdf>.



*Project Register. *Please provide reasons for your answer.*

*Please note: CMI assumes this question is supposed to refer to project attributes on the Project Register, rather than repeating the question above. Our feedback responds to this presumed question.

CMI notes that the proposed project-level transparency requirements for the NRM suggested in the NRM Discussion Paper are different from those currently under consultation for the ACCU Scheme.²¹ As well as being important to support NRM integrity, equivalent transparency provisions will support interoperability and scheme alignment.

To ensure alignment while both schemes are in a period of change, we encourage the DCCEEW Nature Repair Market and Carbon Crediting branches to collaborate to ensure equivalent, high-transparency project arrangements in both the ACCU Scheme and incoming NRM.

We recommend that summary audit reports for both ACCU and NRM Projects be published (based on a template developed by the CER),

While transparency is paramount, CMI notes that there are cases where project information should be withheld. We recommend that government include three exemption provisions to provide for this in demonstrable cases where withholding information is needed to protect:

- 'Aboriginal tradition', as defined by the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth);
- a 'threatened ecological community' or 'threatened species', as defined by the *Environment Protection and Biodiversity Conservation Act 1999* (Cth); and
- commercially sensitive information, as defined by Section 47 of the *Freedom of Information Act 1982* (Cth).

We also support the inclusion of the same three provisions with regards to ACCU Scheme transparency.

CMI further encourages the government to, as it sets up operational arrangements for the NRM, pay attention to ensuring interoperability and connectivity with the ACCU Project Register to reinforce scheme alignment. For projects in areas with natural regional management plans, these plans and how the project considers them should be listed on the Project Register as is the case for ACCU projects (not just disclosed in the NRM project registration application).

Finally, data accessibility is a key enabler of transparency and CMI reiterates our call for the government to expedite ACCU Review recommendation 4.2 and stand up a National Data

²¹ Consultation materials for proposed ACCU Scheme transparency changes available for download at: DCCEEW 2024, 'Have your say on proposed ACCU Scheme transparency changes', <https://consult.dcceew.gov.au/draft-legislative-amendment-to-increase-transparency-of-the-accu-scheme>.



	<p>Platform,²² which should enhance accessibility and support interoperability across existing platforms, such as the ACCU Project Register, and agencies including Environment Information Australia, the Australian Bureau of Statistics.²³</p> <p>Please see CMI’s recent submission to the proposed ACCU Scheme transparency changes for further detail on our recommendations, which should be mirrored for the NRM.²⁴</p> <p>See above commentary under ‘Transparency, additionally and alignment with ACCU Scheme’.</p>
<p>3.2 Certificate information on the Register</p>	<p>CMI feedback</p>
<p><i>Do you agree with the proposed certificate information to be included on the Register? Please provide reasons for your answer.</i></p>	<p>CMI is generally supportive of the proposed certificate information that is proposed to be included on the Register.</p>
<p>4. Assurance and Notification</p>	
<p>4.1 Biodiversity project reports</p>	<p>CMI feedback</p>
<p><i>Do you agree with the proposed content for Category A biodiversity project reports? Please provide reasons for your answer.</i></p>	<p>CMI considers that one of the requirements for certificate issuance across all methods should be that certificates are <i>only</i> issued based on, and after the demonstration of, outcomes.</p> <p>In addition to the proposed content for Category A biodiversity project reports listed in the NRM Discussion Paper, we recommend that the requirement for certificates to be issued based on outcomes is overtly stated in the rules. To assist with this, it is recommended that the baseline condition of the project area be included alongside for any subsequent reporting period to demonstrate condition change over time.</p> <p>Project size may be a threshold criterion for consideration of the burden of administration, reporting requirements and costs. Whilst integrity is paramount, it may be feasible to reduce requirements within certain, pre-defined size limits.</p> <p>See CMI commentary under ‘Transparency, additionally and alignment with ACCU Scheme’ above.</p>

²² I. Chubb et al, 2022, ‘Independent Review of Australian Carbon Credit Units: Final Report’, <https://www.dccceew.gov.au/sites/default/files/documents/independent-review-accu-final-report.pdf>.

²³ As expressed in: CMI 2023, ‘Guidance Brief: Carbon Estimation Area Data Release’, <https://carbonmarketinstitute.org/app/uploads/2023/06/Guidance-Brief-Carbon-Estimation-Area-Data-Release.pdf>.

²⁴ CMI 2024, ‘Department of Climate Change, Energy, the Environment and Water Proposed ACCU Scheme transparency changes’, https://carbonmarketinstitute.org/app/uploads/2024/10/FINAL_CMI-Submission_CFI-Rule-Exposure-Draft_transparency_signed.pdf.



<p><i>Should a Category B biodiversity project report be required every 5 years? Please provide reasons for your answer.</i></p>	<p>As with the above feedback on Category A project reports, CMI notes that project size may be a threshold criterion for consideration of the burden of administration, reporting requirements and costs. Whilst integrity is paramount, it may be feasible to reduce requirements within certain, pre-defined size limits.</p>
<p>4.2 Audits</p>	<p>CMI feedback</p>
<p><i>Do you agree with the proposed requirements and contents of an audit report at the time of certificate issuance? Please provide reasons for your answer.</i></p>	<p>CMI supports the general requirements and contents of an audit report at the time of certificate issuance proposed, and supports that more specific audit requirements should be determined on a method-by-method basis.</p> <p>We recommend that the audit report supporting Biodiversity Credit issuance applications across all projects and methods should be required to confirm that biodiversity outcome(s) have been achieved to support certificate issuance.</p> <p>Again, see further CMI commentary and recommendations under ‘Transparency, additionally and alignment with ACCU Scheme’ above.</p>
<p><i>What factors should determine the number and timing of audits for Category A or B biodiversity project reports?</i></p> <p><i>Should the CER have authority to set additional audits requirements, or should these be limited to proponent consent?</i></p> <p><i>Under what circumstances should the CER require an audit with the next biodiversity project report?</i></p>	<p>CMI considers that regular audits of Category B Project Reports are important to facilitate CER regulatory decision-making (such as cancelling projects that are unlikely to lead to outcomes), but also to support market transparency and help guide and support investment decisions for projects where Biodiversity Certificates are yet to be issued.</p> <p>We do understand that a requirement to fund regular audits of Category B project reports may disproportionately burden projects that have not yet been issued a Biodiversity Certificate and have less available funding. We therefore suggest that while regular audits of Category B project reports should be a general requirement across the NRM, the government should explore ‘no audits’ or self-audit pathways for small or low-risk projects to make scheme participation more accessible.</p> <p>We suggest that audit requirements and CER regulatory powers for the NRM should be based on arrangements in the ACCU Scheme as established by the CFI Act. For additional audits that might be set, such as gateway audits, these should be financed by the CER.</p> <p>When deciding the frequency of audits for the NRM, consideration should be given to ways to streamline requirements for stacked ACCU and NRM Projects as this would reduce proponent and also regulatory burden.</p>



	<p>Finally, CMI notes that demand for audit services from the reformed Safeguard Mechanism, impending introduction of mandatory climate-related financial disclosures and ongoing ACCU project audit requirements may outstrip auditor availability. We recommend the government look into options for increasing the pool of auditors accredited to audit reports related to the NRM—and potentially also ACCU Scheme. This could include considering what other certification requirements may be appropriate in addition to those consultants who are registered under the <i>National Greenhouse and Energy Reporting Act 2007</i> (Cth) to increase the availability of auditors. Careful consideration should be given to ensure that those auditors who are eligible have relevant expertise in biodiversity to undertake audits for the NRM.</p>
<p>4.3 Notification – significant reversal</p>	<p>CMI feedback</p>
<p><i>Do you agree with the proposed definitions of significant and not significant reversals of biodiversity outcomes for notification? Please provide reasons for your answer.</i></p>	<p>CMI does not support the proposed definitions and recommends that clearer definitions are developed.</p> <p>The definition of a ‘significant reversal’ to a biodiversity outcome that would require notification proposed in the NRM Discussion Paper is vague.</p> <p>In particular, the suggestion that notification be required if the effect on the project area is “important, notable or of consequence to the biodiversity outcome to which the project relates” is subjective and not possible to qualify.²⁵</p> <p>The meaning of a “short period of time” in connection to defining a ‘not significant reversal’ is similarly unclear and should be more clearly defined.²⁶</p> <p>We strongly recommend that the government revisits this suggestion and clearly defines a ‘significant reversal’ and ‘a short period of time’ to support appropriate, tangible notification requirements for reversal events in the NRM.</p>

²⁵ Definition of ‘significant reversal’ on pp. 25–26 of: DCCEEW 2024, ‘Discussion Paper: Nature Repair Market’, https://storage.googleapis.com/files-au-climate/climate-au/p/prj2e537a410bf1c54f46e44/page/Nature_Repair_Market_Discussion_Paper_Final_1_.pdf.

²⁶ See above.



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