

Department of Climate Change,  
Energy, the Environment and Water

Nature Repair Market:  
Biodiversity Assessment Instrument  
and First Method

**submission**

November 2024





# Department of Climate Change, Energy, the Environment and Water

## Nature Repair Market: Biodiversity Assessment Instrument and First Method

### **submission**

The Carbon Market Institute (**CMI**) is responding to the Department of Climate Change, Energy, the Environment and Water's (**DCCEEW**) consultations on the draft Biodiversity Assessment Instrument (**BAI**) and proposed Replanting Native Forest and Woodland Ecosystems method (**First Method**), which opened on 1 October 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.<sup>1</sup>

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

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 supports the Australian Government's Nature Positive agenda, recognising the urgent need to halt and reverse environmental degradation, and address the twin biodiversity and climate crises in tandem.<sup>3</sup> We recognise a role for high-integrity, outcomes-based biodiversity markets to incentivise and achieve nature repair.

CMI has continued to engage in public consultation as the government seeks to establish the Nature Repair Market (**NRM**) as the world's first legislated national voluntary biodiversity market. However, we remain concerned that operational barriers to successful operation of this market persist.<sup>4</sup>

---

<sup>1</sup> CMI 2023, 'CMI Policy Positions', [https://carbonmarketinstitute.org/app/uploads/2023/11/CMI-Policy-Advocacy-Positions\\_FINAL-2023.pdf](https://carbonmarketinstitute.org/app/uploads/2023/11/CMI-Policy-Advocacy-Positions_FINAL-2023.pdf).

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

<sup>3</sup> 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/>.

<sup>4</sup> We summarised these persisting issues in our most recent submission and they are reiterated in recommendation 1 of this submission: CMI 2024, 'DCCEEW Nature Repair Market Rules Submission', [https://carbonmarketinstitute.org/app/uploads/2024/10/FINAL\\_CMI-Submission\\_NRM-Rules\\_signed.pdf](https://carbonmarketinstitute.org/app/uploads/2024/10/FINAL_CMI-Submission_NRM-Rules_signed.pdf).



While DCCEEW is directly collaborating with and procuring “experts and consortiums” to stand up the NRM, including to develop new methods,<sup>5</sup> CMI notes that this process has not been particularly transparent or inclusive. As well as greater transparency, we recommend DCCEEW engages directly with practitioners in the Australian Carbon Credit Unit Scheme (**ACCU Scheme**), on which the NRM is based.

ACCU scheme practitioners, including many in CMI’s membership, have over ten years of practical experience in designing, developing and implementing carbon methods and projects, many of which achieve strong carbon and biodiversity outcomes and support ecological services.

Given the *Nature Repair Act 2023* (Cth) is modelled on the *Carbon Credits (Carbon Farming Initiative) 2011* (Cth) (**CFI Act**), with an objective of ensuring interoperability between the two, targeted consultation with the carbon industry would help optimise NRM market design and ensure NRM-ACCU Scheme alignment.<sup>6</sup>

Finally, we note that—for stakeholders outside DCCEEW’s direct consultation process, such as CMI—the volume of back-to-back public consultation on the NRM is becoming increasingly challenging to keep up with, even with extensions being provided.

In some cases, NRM consultation windows have overlapped; the two current consultations on the draft BAI and proposed First Method opened days before the previous consultation on the NRM legislative rules had closed. These consultations also overlapped with the consultation window for the Ecological Knowledge System, which CMI has not had capacity to engage in.

This highlights a need for inclusive, consistent engagement and collaboration, rather than consulting publicly on highly technical content within constrained timeframes.

As a result of the above, CMI’s response to both the draft BAI and proposed First Method consultations is combined, high-level and truncated.

## **CMI Recommendations**

CMI makes the following recommendations to government with respect to the NRM:

### **1. Address persisting key issues to market operation, in particular government funding to kickstart demand guided by an investment strategy.**

CMI reiterates concerns that DCCEEW has not sufficiently addressed key issues consistently raised in consultations over the previous two years, namely:

- 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.

<sup>5</sup> DCCEEW 2024, ‘Methods for the Nature Repair Market’, [https://www.dcceew.gov.au/environment/environmental-markets/nature-repair-market/methods-for-the-nature-repair-](https://www.dcceew.gov.au/environment/environmental-markets/nature-repair-market/methods-for-the-nature-repair-market#:~:text=We%20are%20collaborating%20with%20technical,the%20Enhancing%20remnant%20vegetation%20pilot.)

<sup>6</sup> See: DCCEEW 2024, ‘Nature Repair Market’, <https://www.dcceew.gov.au/environment/environmental-markets/nature-repair-market#:~:text=The%20Nature%20Repair%20Market%20will,the%20carbon%20and%20biodiversity%20markets.>



CMI again highlights the potential for government funding to shore up this world-first market and help crowd in voluntary, private investment while more obvious demand drivers like nature-related disclosures mainstream. We again point to the Queensland Land Restoration Fund as a good blueprint for a funding model and investment strategy.

Please see our response to the consultation on NRM legislative rules for further details on barriers and other recommendations for overcoming these.<sup>7</sup>

**2. Pause work on the proposed First Method until the remake of the Reforestation by Environmental or Mallee Plantings method under the ACCU Scheme is finalised to ensure alignment, and address method stacking eligibility issues.**

CMI understands that the proposed First Method—the Replanting Native Forest and Woodland Ecosystems method—builds on the Carbon + Biodiversity (**C+B**) Pilot, which is based on the Reforestation by Environmental or Mallee Plantings ACCU Scheme method (**EP Method**).<sup>8</sup>

The government has stated that, “The Nature Repair Market will allow for alignment with the Australian Carbon Credits Unit (ACCU) Scheme. This will provide opportunities for improved outcomes for nature in both the carbon and biodiversity markets.”<sup>9</sup>

The latest EP Method expired on 30 September 2024 and a new EP Method is currently being drafted for consideration by the Emissions Reduction Assurance Committee (ERAC). Basing the First Method on the now-expired ACCU Scheme EP Method instead of waiting for a new EP Method to be finalised risks ACCU Scheme-NRM misalignment.

It is moreover unclear how, or if, the First Method under the NRM is intended to stack with the ACCU Scheme EP Method.

C+B projects were required to register with the ACCU Scheme for the carbon component of the project. However, there is no mention of the ACCU Scheme in the NRM’s draft First Method, nor indication as to how a project proponent might participate in both schemes and the required order of registration to ensure compliance with the CFI Act Offsets Integrity Standards, such as newness and additionality.

There are also significant issues with the proposed eligibility criteria in the draft First Method which do not align with the ACCU EP Method, place unnecessary conditions and restrictions on eligibility, and consequently, will limit method uptake and NRM participation.

For example, while the EP Method under the ACCU Scheme requires a project area to be “clear of forest cover”, the NRM method designates placed-based eligibility restrictions alongside a restriction that land has been “comprehensively cleared”. This limits the method applicability and concerningly, it cannot be applied to the majority of Indigenous-held estates. CMI does not support these eligibility criteria as stated, and recommends that a clear science-backed case and evidence supporting these requirements is outlined.

<sup>7</sup> CMI 2024, ‘DCCEEW Nature Repair Market Rules Submission’, [https://carbonmarketinstitute.org/app/uploads/2024/10/FINAL\\_CMI-Submission\\_NRM-Rules\\_signed.pdf](https://carbonmarketinstitute.org/app/uploads/2024/10/FINAL_CMI-Submission_NRM-Rules_signed.pdf)

<sup>8</sup> DCCEEW 2023, ‘Carbon + Biodiversity Pilot’, <https://www.dcceew.gov.au/environment/environmental-markets/agriculture-stewardship/c-b-pilot>.

<sup>9</sup> DCCEEW 2024, ‘Aligning carbon and biodiversity markets’, <https://www.dcceew.gov.au/environment/environmental-markets/nature-repair-market>.



Finally, CMI notes that the taxonomy used in the draft NRM First Method and existing ACCU Scheme methods is inconsistent. This may further impede scheme interoperability.

As DCCEEW progresses the Integrated Farm and Land Management (IFLM) Method—under which a common taxonomy is being drafted—CMI urges alignment of taxonomies across schemes to address this. Of particular note are the terms: project plan/land management strategy, and ecosystem benchmark/reference site/control site. These terms have specific meanings, but are often used interchangeably, which may create confusion and risk further ACCU Scheme–NRM misalignment.

**3. Extend and/or undertake additional consultation on the draft BAI and proposed First Method with stakeholders that are likely to engage in the NRM, such as carbon project developers and First Nations groups, to ensure the BAI and First Method are both useable and investible, and to ensure there is sufficient understanding of the NRM among target proponents. In extending targeted consultation, process transparency should be prioritised.**

CMI understands DCCEEW undertook early and targeted consultation to inform the proposed First Method with conservation groups. We recommend that DCCEEW undertake additional consultation on the draft BAI and proposed First Method with stakeholders that have experience with the ACCU Scheme and are therefore likely to engage in the NRM.

We also note that it may have been beneficial to consult on the BAI and proposed First Method before and/or in consolidation with consulting on the legislative rules. This would have given understanding and examples of how the legislative rules would operate in context, and—if approached efficiently through a single, streamlined discussion paper—may have reduced the consultation burden on respondents.

As outlined above, CMI recommends bolstering a transparent and robust engagement process that incorporates collaboration and does not rely solely on responses to consultation documents. Targeted co-design workshops are an option to better engage with stakeholders from diverse backgrounds, e.g., First Nations, carbon and biodiversity project developers, and conservation groups.

Considering the persisting uncertainty and confusion about the NRM that CMI has observed in the market to date, as noted in previous submissions,<sup>10</sup> we note that additional targeted engagement and consultation would support better understanding of the NRM and its design among likely proponents.

CMI further urges the government to ensure transparency in how NRM methods are selected and prioritised, as will be the case going forward under the ACCU Scheme.

A clear object of the Nature Repair Market Act is “to promote engagement and co-operation of market participants”. It is not clear how this accessibility is being addressed or whether landholders have been involved in the market and method design process. While CMI has not had capacity to undertake extensive stakeholder and member consultation to inform this submission, we have heard that the level of complexity involved in this market will be a clear barrier to participation for the broad range of stakeholder groups the government is targeting for involvement in the NRM.

While there are provisions around Indigenous Cultural Intellectual Property consent (ICIP) where a project engages Indigenous Ecological Knowledge but the Traditional Owner Group is not the proponent, the government should ensure it undertakes First Nations consultation and road testing on how consent

<sup>10</sup> CMI 2024, ‘DCCEEW Nature Repair Market Rules Submission’, [https://carbonmarketinstitute.org/app/uploads/2024/10/FINAL\\_CMI-Submission\\_NRM-Rules\\_signed.pdf](https://carbonmarketinstitute.org/app/uploads/2024/10/FINAL_CMI-Submission_NRM-Rules_signed.pdf)



arrangements under the NRM will look to ensure the ICIP process aligns with the principles of free, prior and informed consent (FPIC). DCCEEW may also consider pausing development of the BAI and First Method until the ACCU Review recommendations on FPIC have been fully implemented to ensure alignment.

Finally, as stated at the outset, DCCEEW's process for direct consultation to inform NRM method and market design is moreover not transparent.<sup>11</sup>

Whilst technical workshops have been conducted, it is not clear how the feedback from these has been incorporated into the NRM design, noting particularly the thematic 'alignment with the ACCU Scheme' in the meeting summary Methods Consultation Workshop of 2 November 2023.<sup>12</sup>

Therefore, as well as engaging with First Nations stakeholders to ensure the First Method and BAI support participation opportunities and include appropriate consent requirements, CMI encourages the government to more directly engage with carbon industry stakeholders more broadly, who have more than a decade of experience in supporting carbon and biodiversity outcomes under the ACCU Scheme.

This will assure optimal market design and integrity, ensure alignment and interoperability between the carbon market and NRM, and unlock participation.

We encourage DCCEEW to provide detail on the process followed for engaging experts in NRM design and method development and clarify the process for ongoing inclusive engagement with relevant stakeholders.

#### **4. In determining whether the BAI is fit for purpose, exercise caution in relying on voluntary consultation responses, and engage directly with the carbon industry to support alignment.**

Noting the consultation burden and complexity issues mentioned above, CMI recommends that the government not rely on voluntary responses to this consultation to determine whether the BAI is fit for purpose. The government could consider engaging a third party with relevant expertise in biodiversity metrics to assess the BAI, and consultation responses should be supplementary.

Whilst CMI recognises the expertise of the Biodiversity Assessment Expert Reference Group, it is not clear what the governance and development process for the BAI has been and will be going forward. It is also difficult to determine whether feedback received, as outlined in Part 1, has been fully incorporated into Part 2.

We moreover note that CMI's Integrated Land and Farm Management Taskforce is currently working on the development of ecosystem benchmarks to conduct anthropogenic gap analysis, and we recommend engagement with them to determine alignment on the approach to reference ecosystems and establishment of counterfactual scenarios.

---

<sup>11</sup> As outlined in: DCCEEW 2024, 'Methods for the Nature Repair Market', <https://www.dcceew.gov.au/environment/environmental-markets/nature-repair-market/methods-for-the-nature-repair-market#:~:text=We%20are%20collaborating%20with%20technical,the%20Enhancing%20remnant%20vegetation%20pilot.>

<sup>12</sup> DCCEEW 2023, 'Methods Consultation Workshop – Summary', [https://storage.googleapis.com/files-au-climate/climate-au/p/prj3070e2779200fee96a9bb/page/Meeting\\_summary\\_Methods\\_Consultation\\_Workshop\\_2\\_Nov\\_2023.pdf](https://storage.googleapis.com/files-au-climate/climate-au/p/prj3070e2779200fee96a9bb/page/Meeting_summary_Methods_Consultation_Workshop_2_Nov_2023.pdf).



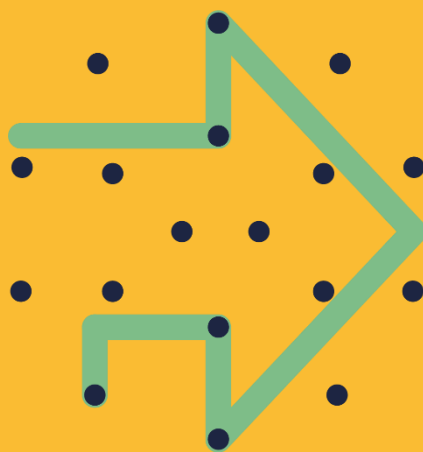
Should you wish to discuss this submission in greater detail, please contact Gabriella Warden ([gabriella.warden@carbonmarketinstitute.org](mailto:gabriella.warden@carbonmarketinstitute.org)).

Yours sincerely

*Janet Hallows*

Janet Hallows

**Director, Climate Programs and Nature-based Climate Solutions**



## **for more information please contact**

Gabriella Warden

Manager, Government Relations and Policy Research

[gabriella.warden@carbonmarketinstitute.org](mailto:gabriella.warden@carbonmarketinstitute.org)

+61 (0) 418 263 296

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 negative emission, nature positive economy.



**Carbon  
Market  
Institute**