Landholder guidance:

A CHECKLIST FOR PARTNERING ON CARBON FARMING PROJECTS

Carbon Market Institute

Australian Carbon Industry Code of Conduct

Acronym Glossary

ACRONYM	MEANING
ACCU	Australian Carbon Credit Unit
ACI Code	Australian Carbon Industry Code of Conduct
AFSL	Australian Financial Services Licence
ANREU	Australian National Registry of Emissions Units
ASIC	Australian Securities and Investments Commission
CAC	Carbon Abatement Contract
CER	Clean Energy Regulator
CFI Act	Carbon Credits (Carbon Farming Initiative) Act 2011
CMO	Carbon Maintenance Obligation
CPD	Carbon Project Developer
CSP	Carbon Service Provider
EIH	Eligible Interest Holder
ERAC	Emissions Reduction Assurance Committee
FPIC	Free, prior and informed consent
FPP	Fit and proper person
MRV	Monitoring, reporting & verification
NDA	Non-disclosure agreement
OIS	Offset Integrity Standards
RNTBC	Registered Native Title Body Corporate

Table of Contents

Introduction

Australian landholders[1] are at the forefront of a rapidly growing carbon farming industry with a unique opportunity to play a pivotal role in reducing emissions, enhancing agricultural productivity, supporting natural capital and building climate resilience. Under the Australian Carbon Credit Unit (ACCU) Scheme, landholders can tap into the growing carbon market through carbon farming activities, which offer financial incentives for reducing emissions and capturing carbon, such as shifting grazing rotations, planting trees, or managing vegetation. The creation and trade of ACCUs, regulated financial instruments, is at the heart of this opportunity. ACCUs represent verified reductions or removals of carbon dioxide equivalent (CO_2-e), and their generation and issuance are governed by strict monitoring, reporting, and verification (MRV) processes to ensure credibility.

Looking ahead, Australia's carbon farming sector through the ACCU Scheme can scale up to drive regional job creation, generate new income streams for landholders and contribute to reducing, avoiding or minimising greenhouse gas emissions. Significantly, ACCU Scheme projects can increase agricultural productivity through funding activities that help manage the land better. With the potential for up to an eight-fold increase in carbon sequestration,[2] landholders are essential to driving the shift to net-zero emissions.

An ACCU Scheme project is a long-term activity that places obligations on the landholder and comes with risks alongside the benefits. Engaging in an ACCU Scheme project is a strategic decision that requires careful consideration around time commitments, succession planning, administrative and regulatory processes, impact on land use, financial investment, and long-term benefits versus costs. ACCU Scheme projects involve changing or introducing new land management practices designed to reduce greenhouse gas emissions or sequester (store) carbon in the landscape. Decision-making should be based on appropriate independent technical (agricultural, carbon and scientific), financial and legal advice.

ACCU Scheme projects require specialist knowledge to ensure their compliance with regulatory obligations. As such, most ACCU Scheme carbon farming projects in Australia are currently run through a partnership arrangement whereby a landholder engages a third-party project partner to undertake some or all of the project requirements and activities. Several examples of ACCU Scheme project models are outlined in Section 3, and depending on the agreement, the landholder may take on responsibility for delivering the project. This guidance considers project partnership models with a project partner, such as a carbon service provider (CSP) or carbon project developer (CPD).

[1] Throughout this document, landholder refers to a breadth of people and/or groups who may own or have rights to land. These may include families, family businesses, agribusiness, Traditional Owners, conservation organisations and governments.
[2] Climateworks Centre, How farmers, land managers and regional communities can help us stay within 1.5°C, in "2024 Carbon Markets Report", pages 30-33.

SCOPE AND PURPOSE

This guidance document has been developed to support landholders considering an ACCU Scheme carbon farming project in partnership with a third party. It is designed to help landholders ask the right questions and obtain the necessary information and documentation before commencing a project with a project partner. This document aims to help landholders engage with project partners by assisting understanding of rights, responsibilities, and expectations for clear and transparent communication throughout the project lifecycle. Landholders can use this guidance to better navigate the complexities of carbon farming and the ACCU Scheme, optimise project success, and learn more about how to comply with relevant regulations.

HOW TO USE THIS GUIDANCE

This guidance is intended for landholders considering a land-based ACCU Scheme project, with the support of a carbon service provider or project developer as a project partner. Landholders can use this guidance as a step-by-step resource to understand the stages of an ACCU Scheme project partnership, from initial discussions to post-project commitments.

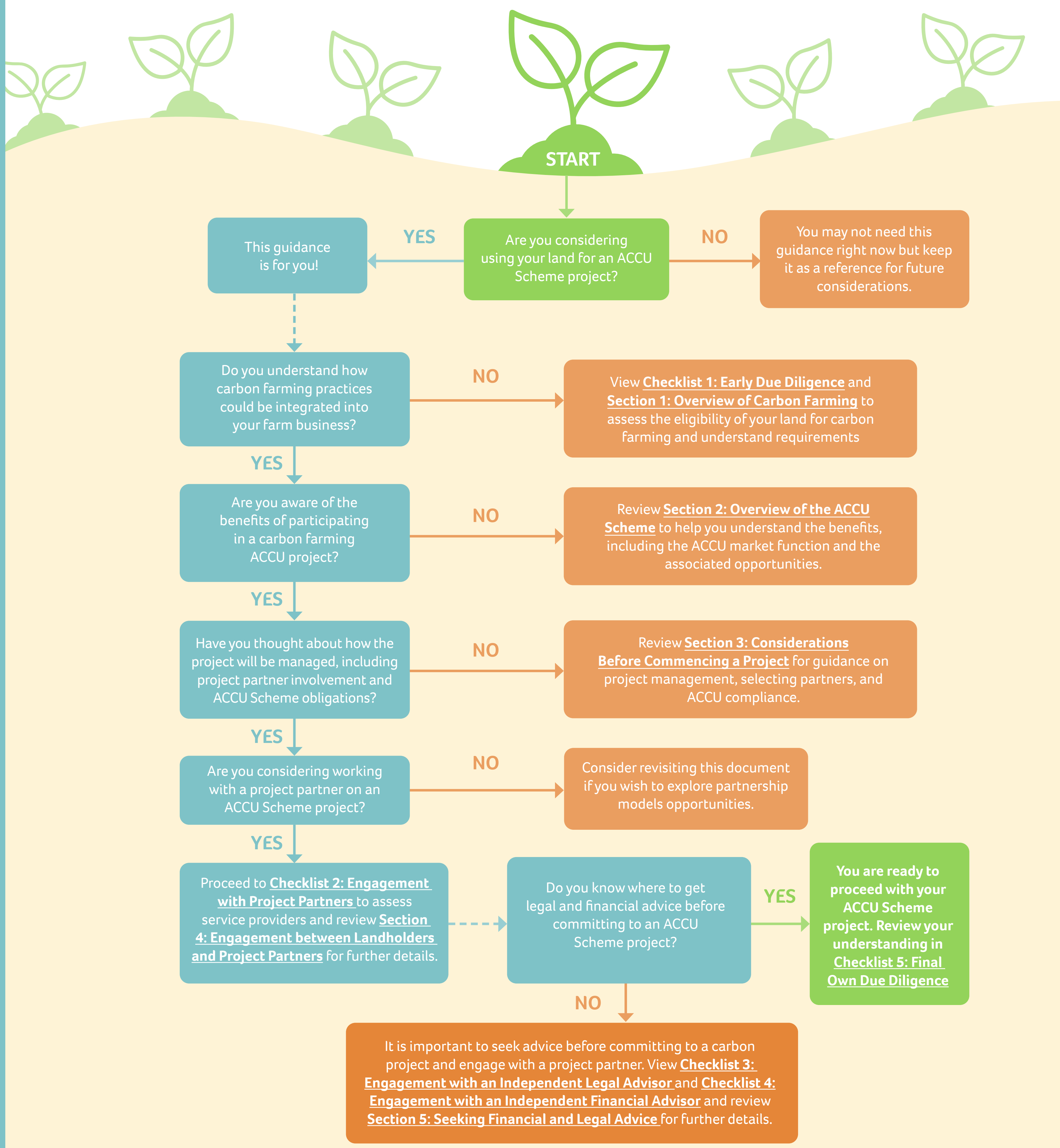
The guidance contains detailed checklists that provide a structured approach for landholders to:

- Assess their readiness to participate in ACCU Scheme projects
- Guide their engagement with project partners, including contract negotiations, to guide long-term land management agreements
- Determine key financial, legal and tax considerations and implications, and seek appropriate independent advice on these

The checklists are designed to be practical, stand-alone tools to help Landholders track progress through the project cycle and ensure that all critical aspects are addressed. Following the checklists, corresponding sections provide further details on the different stages of project engagement.

DECISION TREE:

Is this guidance appropriate for you?



Landholder checklists

The following checklists contain questions and steps that Landholders can follow and ask when engaging with potential project partners and financial or legal advisors.

CHECKLIST 1: EARLY DUE DILIGENCE

	ELIGIBILITY AND SUITABILITY	YES / NO	NOTES
1.	Have I checked the LOOC-C tool to see if there is an eligible ACCU Scheme method for my property?	☐ ☐	
2.	Have I evaluated the impact of an ACCU Scheme project on my time, resources, and financial investment?	☐ ☐	
3.	Have I considered how the project will impact my farm's operations, including long-term land use and future business goals?	☐ ☐	
4.	Have I considered how the project might affect neighbouring properties or local ecosystems, and whether gaining the support or understanding of neighbours is required?	☐ ☐	
5.	Will I commit part of my land to a long-term project involving different legal obligations and restrictions?	☐ ☐	
6.	Am I comfortable with having regular monitoring, audits, and reporting requirements as part of the project?	☐ ☐	
7.	Am I clear on the values and qualities I want in a potential project partner or Carbon Service Provider (e.g. transparency, reliability)?	☐ ☐	

*** For further details on carbon farming and the ACCU Scheme, please refer to Section 1 and Section 2 of this documents.**

CHECKLIST 2: ENGAGEMENT WITH PROJECT PARTNERS

	PROJECT PARTNER BACKGROUND RESEARCH	YES / NO	NOTES
1.	Is the project partner based in Australia?	☐ ☐	
2.	Do they have a valid Australian Business Number (ABN), Australian Company Number (ACN), or Australian Registered Body Number (ARBN)?	☐ ☐	
3.	Is the project partner registered with ASIC? Search ASIC's registers here.	☐ ☐	
4.	Do they have a well-documented and accessible complaint-handling procedure?	☐ ☐	
5.	(If applicable) Does the project partner hold an AFSL? You can search the Financial Advisers register here.	☐ ☐	
6.	Do they have a website with comprehensive and accessible information about their business and services?	☐ ☐	
7.	Does the project partner currently have carbon projects in Australia and/or in the state where I am planning my project?	☐ ☐	
8.	Have I verified their experience and track record in completing similar projects? Are there publicly available reports, strategies, and plans from the project partner that outline their operations and goals?	☐ ☐	
9.	Does their business model align with my long-term plans and goals?	☐ ☐	
10.	Is the project partner financially transparent and able to provide information on their funding sources and revenue models?	☐ ☐	
11.	Is the project partner a Signatory to the voluntary Australian Carbon Industry Code of Conduct?	☐ ☐	

*** For further considerations before commencing an ACCU Scheme project, please refer to Section 3.**

CHECKLIST 2: ENGAGEMENT WITH PROJECT PARTNERS (CONTINUED)

Understanding the project and my role		YES / NO	Notes
12.	Has the project partner clearly explained their proposed project management model and my role and responsibilities?	☐ ☐	
13.	Has they clearly outlined the project's goals and expected results?	☐ ☐	
14.	Will I be involved in the planning and decision-making throughout the project?	☐ ☐	
Land use, natural capital and practical implications			
15.	Do I understand how the project's land management strategy might impact how I use or manage my land?	☐ ☐	
16.	Will there be potential limits on other existing or future activities or projects (e.g. biodiversity offsets, grazing, or renewable energy developments)?	☐ ☐	
17.	Do I understand how an ACCU Scheme project might affect my farm insurance?	☐ ☐	
18.	Have I assessed how the project could impact natural capital on my land, such as biodiversity, soil health, or water resources?	☐ ☐	
19.	Does the project partner already have relationships or experience working with local landholders or the broader community in the area?	☐ ☐	
Legal and financial commitments			
20.	Has the project partner provided a draft contract or agreement and given me enough time to review it and seek independent legal and financial advice?	☐ ☐	
21.	Have they clearly explained the financial arrangements, including any upfront costs and how income will be shared?	☐ ☐	
22.	Has the project partner encouraged me to get legal and financial advice before signing anything or making a big commitment?	☐ ☐	

Project timeline and responsibilities		YES / NO	Notes
23.	Has the project partner given me a timeline for the project, and explained how they'll let me know if delays happen?	☐ ☐	
24.	Have they explained what approvals and consents are needed for the project, and when they'll be obtained?	☐ ☐	
25.	Has the project partner committed to regular monitoring and reporting, and explained how and when they'll give updates?	☐ ☐	
26.	Has the project partner committed to following all relevant local, state, and federal laws and regulations?	☐ ☐	
Risk and exit			
27.	Has the project partner explained the project's risks, such as environmental, financial, or operational risks, and how they'll be managed?	☐ ☐	
28.	Has the project partner explained the risk of reversal (e.g. carbon being lost due to fire, drought, or land use change), what it could mean for the project, and who is responsible if it happens?	☐ ☐	

***For further details on engagement with project partners, please refer to Section 4.**

CHECKLIST 3: CONSIDERATIONS FOR DISCUSSION WITH AN INDEPENDENT LEGAL ADVISOR

Understanding legal terms		YES / NO	Notes
1.	Are the terms and conditions of the agreement clearly defined?	☐ ☐	
2.	Have the different options for project management been explained to me in plain English?	☐ ☐	
3.	Have confidentiality requirements – including any NDAs – been explained to me in plain English?	☐ ☐	
Rights and responsibilities			
4.	Do I have the legal right to carry out this project?	☐ ☐	
5.	Have I, or my project partner, identified all the Eligible Interest Holders and obtained their consent?	☐ ☐	
6.	If I am the project proponent, do I understand my rights and responsibilities associated with this status?	☐ ☐	
7.	If I designate a carbon project developer as the proponent, how will this affect my rights and responsibilities?	☐ ☐	
8.	If I engage a carbon service provider, have we agreed to a clear land management strategy and division of responsibilities?	☐ ☐	
9.	Have the carbon provider and I agreed on a transparent and fair remuneration plan for the project? Do I understand how the plan may be linked with project performance?	☐ ☐	
10.	Do I understand my obligations in delivering the project, whether they relate to reporting, monitoring, land management, land access, or other aspects?	☐ ☐	
11.	Has the division of intellectual property ownership between the project partner and me been explained clearly? Do I understand how intellectual property interacts with confidentiality requirements?	☐ ☐	
12.	Do I understand who has the right to market and sell any ACCUs received because of this project?	☐ ☐	

Potential liabilities and disputes		YES / NO	Notes
13.	Am I aware of any potential liabilities under this agreement?	☐ ☐	
14.	Have I been provided with a timeline on when the project partner will implement project activities, and is there an exit clause if they fail to stick to this timeline?	☐ ☐	
15.	Do I understand my responsibilities to the project partner if I cancel the project (voluntary revocation)?	☐ ☐	
16.	Is there a straightforward dispute management process in place?	☐ ☐	
17.	Am I aware of the revocation requirements in case of a non-delivery of ACCUs?	☐ ☐	
18.	Do I understand a reversal event's financial and legal risks?	☐ ☐	
19.	Do I have a management plan to reduce the risk of disturbance or reversal events?	☐ ☐	
20.	Do I understand my obligations in the event of a reversal?	☐ ☐	
21.	Do I understand the legal risks of a breach of confidentiality?	☐ ☐	
22.	Do I understand the risks of not meeting my obligations under the agreement?	☐ ☐	
23.	Do I understand the impact of an ACCU Scheme project on my ability to sell my property, including the need to transfer (novate) the agreement to a new owner?	☐ ☐	
24.	Do I understand how the project might affect succession planning?	☐ ☐	

***For further details on engagement with a legal advisor, please refer to Section 5.**

CHECKLIST 4: CONSIDERATIONS FOR DISCUSSION WITH AN INDEPENDENT FINANCIAL ADVISOR

	Potential liabilities and disputes	YES / NO	Notes
1.	If I have a mortgage on the property, have I obtained the consent of my lending agent to commence the project?	☐ ☐	
2.	Do I need to finance upfront project costs, or will a project partner cover these?	☐ ☐	
3.	How will these costs impact my overall financial situation?	☐ ☐	
4.	What is the potential project revenue forecast?	☐ ☐	
5.	Do I understand the project's potential impact on my property value?	☐ ☐	
6.	Do I understand the project permanence period for sequestration projects and their implications for selling my property?	☐ ☐	
7.	Am I aware of any potential tax implications resulting from the project?	☐ ☐	
8.	If I intend to market and sell ACCUs myself, do I need an AFSL, or am I exempt as a sole trader? Do I need an account with the Australian National Registry of Emissions Units?	☐ ☐	
	Financial risks		
9.	Do I understand potential price fluctuations associated with selling any ACCUs I generate on the open market?	☐ ☐	
10.	Do I have a plan to mitigate potential financial losses?	☐ ☐	
	Budgeting for the future		
11.	How does the project's land management plan impact how I can use my land in the short and long term?	☐ ☐	
	a. Will there be restrictions on my land use that may have a financial impact?	☐ ☐	
12.	What are my additional and ongoing land management costs under the project agreement?	☐ ☐	
13.	Can I forecast the likely number of ACCUs generated?	☐ ☐	
14.	Do I have a related forecast for the likely commercial value of the expected ACCUs?	☐ ☐	
15.	If my project will likely generate co-benefits, is there a framework to ensure these are factored into the price?	☐ ☐	

***For further details on engagement with a financial advisor, please refer to Section 5.**

CHECKLIST 5: FINAL DUE DILIGENCE

	Understanding the ACCU scheme	YES / NO	Notes
1.	Does the proposed ACCU method align with my whole-farm plan, existing land use, and business aspirations?	☐ ☐	
2.	Do I understand how the ACCU Scheme works, including how credits are generated, monitored, verified, and traded?	☐ ☐	
3.	Do I understand the crediting periods, MRV processes, and audit requirements associated with the ACCU Scheme?	☐ ☐	
	Risk assessment, project models and regulatory compliance		
4.	Do I understand the risks and advantages of developing an ACCU Scheme project?	☐ ☐	
5.	Have I considered the potential impact of climate change on project activities?	☐ ☐	
6.	Have I explored the different ACCU Scheme project management models (e.g., DIY, cooperative, project developer, carbon services) and identified the most suitable one for my needs?	☐ ☐	
7.	Do I understand the responsibilities and potential risks if I choose to be the project proponent?	☐ ☐	
8.	Have I identified all necessary approvals and consents required (e.g., from government authorities, financial institutions, and Native Title holders)?	☐ ☐	
	Approvals and consent (Native Title considerations, if applicable)		
9.	Have I confirmed whether my land is subject to Native Title? See the CER's resource here.	☐ ☐	
10.	Have I sought legal advice to understand the implications of Native Title on my land and any potential carbon projects?	☐ ☐	

SECTION 1:

Overview of Carbon Farming

Carbon farming is an established industry across Australia that provides a financial incentive for landholders to enhance already productive landscapes or repair degraded ones. Carbon farming refers to deliberate shifts in land, vegetation, fire and agricultural management activities that result in increased carbon stored in the landscape or avoided greenhouse gas emissions, particularly methane and nitrous oxide. In Australia, carbon farming projects can be registered through the ACCU Scheme.

Importantly, ACCU Scheme carbon farming projects can be designed to deliver additional benefits to the property, called co-benefits. Co-benefits can be economic, environmental, social or cultural, such as regional economic diversification, new or restored native species habitat, retention and transfer of cultural knowledge knowledge, enhanced agricultural productivity, and improved water quality. Co-benefits may positively impact the price of any ACCUs sold from the project. ACCU Scheme projects must provide a statement demonstrating alignment with the relevant regional natural resources management (NRM) plan, which provides a framework for delivering co-benefits to the local environment, community and economy. Some state-level schemes, such as the Queensland Government's Land Restoration Fund, may require verified co-benefits to qualify for additional funding. Further information on state-level carbon farming grant schemes can be found in the Resources List at the end of this document.

Land-based ACCU Scheme projects currently account for 88% of total projects registered under the ACCU Scheme and sequester and avoid around 11 million tonnes of CO_2-e annually.[3] However, this represents only a fraction of Australia's vast potential for land-based carbon sequestration. Landholders can play a critical role in scaling up these efforts on the country's emissions reduction pathway while improving their bottom-line productivity through meaningful land management changes.

BOX 1: Co-benefits

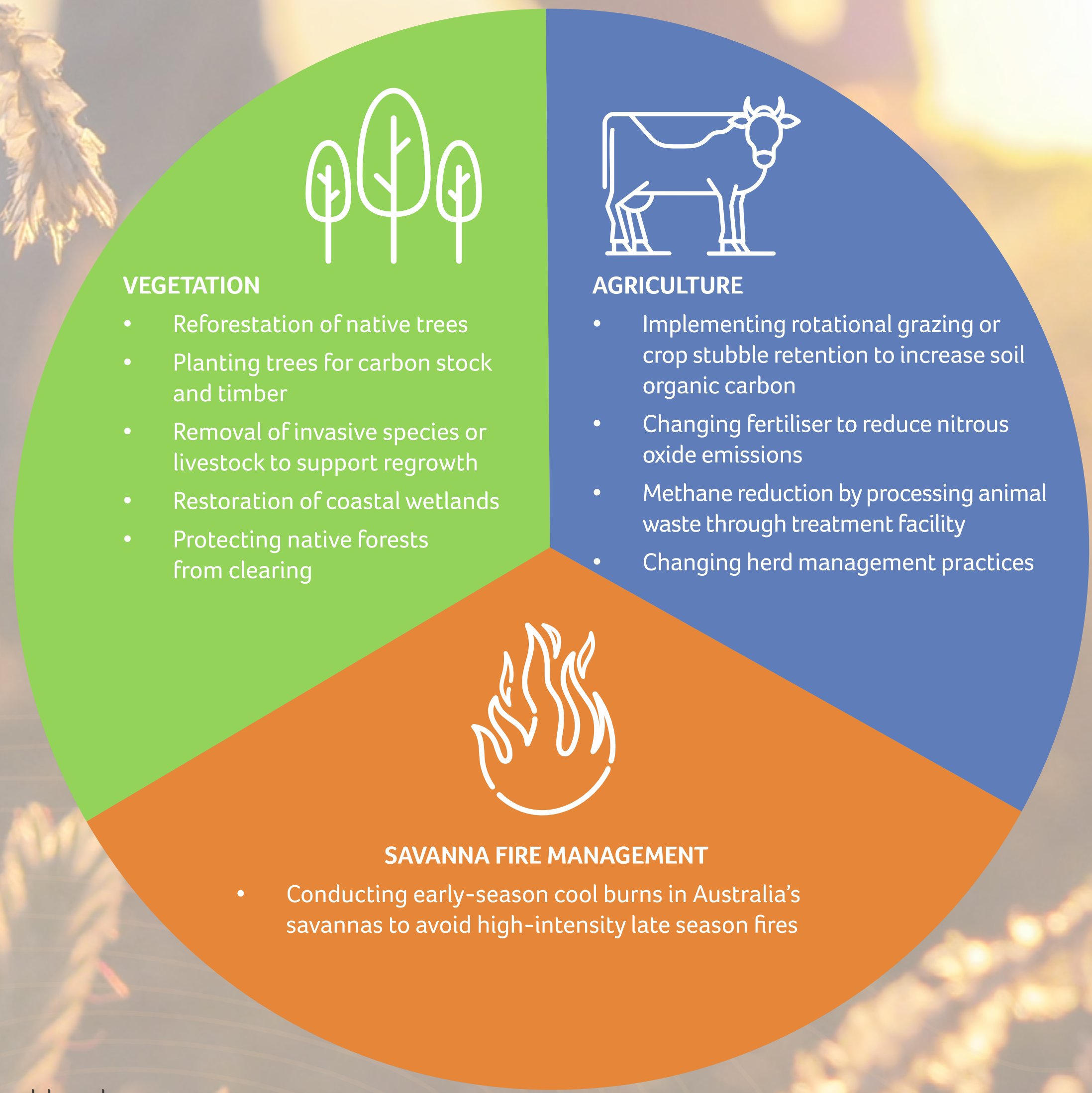
Co-benefits are additional benefits that can arise because of an ACCU Scheme Project. Potential co-benefits should be identified during the project planning phase so that activities support the likelihood of achieving them. Co-benefits can include:

- **Improved land management practices:** Collaborating with project partners can lead to the adoption of sustainable land management techniques, such as soil regeneration, erosion control, or reforestation efforts. These techniques benefit landholders by improving soil health, increasing productivity, and enhancing ecosystem resilience.
- **Increased biodiversity:** By considering how biodiversity outcomes can be maximised during project planning, ACCU Scheme projects can promote biodiversity by restoring native vegetation, creating wildlife habitats, and protecting endangered species.
- **Economic gains:** Beyond the financial returns from selling carbon credits, co-benefits may include new income streams, such as payments for ecosystem services, increased agricultural yields, harvesting of wood products, or job creation through project implementation and ongoing land management.
- **Resilience to climate change:** Through sustainable practices and environmental stewardship, carbon projects can enhance the land's resilience to climate variability, benefitting landholders and the broader community by reducing vulnerability to events such as drought, flooding, and bushfires.
- **Strengthen livelihoods and community cohesion:** An ACCU Scheme project can incentivise continued and renewed land management practices such as reintroduction of Indigenous Ecological Knowledge, which can support Indigenous community empowerment, economic development, and protection of Indigenous sacred sites.

3 Clean Energy Regulator, Quarterly Carbon Market Report, June 2025.

Figure 1: Land management practice changes that may form part of an ACCU Scheme method.

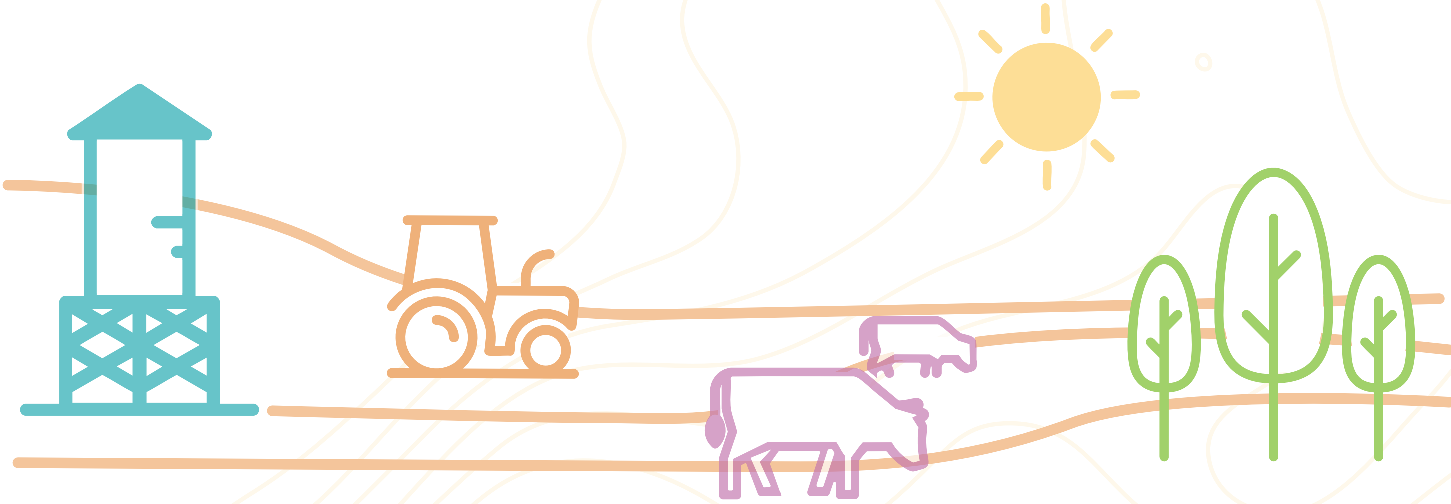
Information on method development can be found **here.**



Information on land-based methodologies can be found on the Clean Energy Regulator's website **here.**

ACCU Scheme Project Risks & Opportunities

Starting an ACCU Scheme project involves risks and opportunities like any agribusiness decision. Working with a project partner through a well-structured agreement can help you better understand these risks and opportunities and mitigate some uncertainties to provide greater financial and operational stability. Some of the risks and opportunities are outlined below, however it is essential to seek independent advice before commencing an ACCU Scheme project.



Project Opportunities:

BIODIVERSITY OUTCOMES:
Vegetation-based projects can achieve strong biodiversity outcomes through the regeneration or protection of habitat corridors, food sources, water sources, nesting areas, and others. Under schemes such as Accounting for Nature and the Australian Government's Nature Repair Market, these biodiversity outcomes can be verified and provide additional income opportunities. Biodiversity outcomes from an ACCU Scheme project can also provide additional ecosystem services to your property (for example, reduced erosion from a shelter belt environmental planting project).

CLIMATE RESILIENCE:
Land management changes in the ACCU Scheme project can improve your property's resilience to climate change impacts such as drought, erosion, and flooding.

CULTURAL CONNECTION:
For Indigenous groups and Traditional Owners, whether as Eligible Interest Holders (EIHs), landholders, or project proponents, ACCU Scheme projects can provide the opportunity to reintroduce Indigenous Ecological Knowledge and land practices through methods such as savanna burning.

ECONOMIC OPPORTUNITY:
Selling ACCUs from your project can provide an additional income stream and support your financial resilience through diversification.

FARM PRODUCTIVITY:
Land management practice changes integrated through an ACCU Scheme project can drive sustainability, innovation, and increase on-farm productivity. Building natural capital on farms can significantly improve productivity and profitability by enhancing ecosystem services and reducing input costs.

MARKET ACCESS OPPORTUNITIES:
With consumers increasingly demanding green or sustainable products and policies such as the European Union's anti-deforestation regulations for imported products coming into effect, having an ACCU Scheme project can open new market opportunities.

Project Risks:

CLIMATE VARIABILITY:
if your project is land-based and relies on enhanced sequestration through vegetation growth or soil improvement, it can be affected by variable climate conditions such as drought, bushfire, flood, insect attack, illegal clearing or grazing by native or feral animals. These events can impact the consistency and likelihood of ACCU issuance.

COST:
Depending on the agreement, you may encounter additional costs to support the practice change (e.g. building additional fences to keep livestock away from an area being regenerated or the cost of diesel to run your tractor to apply necessary nutrients to a paddock). There may also be an opportunity cost, such as reduced livestock income due to destocking because of the project.

LONG-TERM LAND MANAGEMENT CHANGE:
As part of the project delivery, you may be required to change your existing land management practices. This may restrict your ability to freely use certain areas of your land if they form part of the project. Additional on-ground monitoring, reporting, and verification costs may also be incurred.

TIME COMMITMENT:
An ACCU Scheme project is a long-term commitment, generally between 7 and 100 years, depending on the project type and the permanence period if it is sequestration-based. If you decide to sell the property during the project period, the new owner will be required to complete the project. There are also considerations for succession planning.

MARKET RISK:
Because the ACCU Scheme is a market, the price for any ACCUs issued to your project can vary based on supply/demand dynamics, and potential policy changes.

MISALIGNED EXPECTATIONS:
A carbon project agreement entails a professional partnership. You should ensure that your expectations and the project partner's expectations are aligned from the outset. Follow the questions in Checklist 3: Engagement with an Independent Legal Advisor to support a comprehensive understanding of your legal rights and responsibilities regarding the project.

The above lists are not comprehensive. Given the unique nature of ACCU Scheme projects, you should seek appropriate independent legal, financial, and project advice before entering into any agreement.

Overview of the ACCU Scheme

The Carbon Credits (Carbon Farming Initiative) Act 2011 (CFI Act) establishes the ACCU Scheme (previously referred to as the Carbon Farming Initiative or Emissions Reduction Fund) which incentivises landholders and organisations that reduce, remove or avoid greenhouse gas emissions.

The ACCU Scheme is overseen by the Clean Energy Regulator (CER), the Australian Government agency responsible for administering the scheme in Australia, ensuring project compliance and overseeing government carbon abatement contracts. The CER issues ACCUs to registered projects for activities implemented following the method guidelines and rules, known as methodology determinations or methods. As legislative instruments, methods set out how a particular activity or project type must be undertaken, how emissions reductions are calculated, and the monitoring and reporting requirements for creating an ACCU.

A landholder, either independently or with support from a project partner, can generate ACCUs based on the amount of greenhouse gas emissions avoided or reduced during each reporting period. You can work with a project partner to ensure the design aligns with your business goals and land management aspirations. Questions you should ask before entering an agreement with a project partner can be found in Checklist 2: Engagement with Project Partners. For more detailed information on how a project partner can support you, refer to Section 4: Engagement Between Landholders and Project Partners.

BOX 2: **Registering a Carbon Project**

Landholders can register a project on their land under the ACCU Scheme provided they meet the following criteria:

a. The landholder has the legal right to register the project on their land, or designate a project proponent to register the project on their behalf.

b. The proposed project demonstrates alignment with an approved methodology.

c. The project proponent passes the fit and proper person test as outlined in the Act.

d. All eligible interest holders have been identified and provided consent.*

e. Relevant regulatory approvals, licences or permits required under Commonwealth, State or Territory laws have been obtained: this is required before commencing any project activities.*

f. For sequestration projects, the agreement to a permanence period of either 25 or 100 years.

*If consent from EIHs and regulatory approval are not obtained, the project will not be able to earn ACCUs. For further information, refer to the CER guidance: How to participate in the ACCU Scheme.

ACCU Scheme Methodologies & their Development

A registered ACCU Scheme project must be undertaken following an approved ACCU methodology. To ensure that the ACCU Scheme has the greatest chance of delivering genuine abatement, there is a rigorous method development process involving multiple public and scientific consultations before a draft method is submitted to the independent statutory body – the Emissions Reduction Assurance Committee (ERAC). Scheme integrity is underpinned by methods based in robust science.

Methods set out the activities that are eligible to generate ACCUs and the rules for undertaking the projects and measuring the abatement. The method can only be made as a legislative instrument upon advice from the ERAC that it is satisfied the method complies with the Offsets Integrity Standards (OIS) before advising the Minister for Climate Change and Energy on making the method. To ensure they remain up to date, all methods "sunset" after 10 years. This means they automatically expire, must be reviewed, and either discontinued or remade as a new method. If a method is discontinued, projects already registered under that method can still be issued ACCUs.

BOX 3: **Safeguard Mechanism**

The Safeguard Mechanism is a significant demand source for credits from the ACCU Scheme and the two policies are interlinked to reduce emissions from Australia's highest-emitting facilities. The Safeguard Mechanism applies to facilities with annual direct (scope 1) emissions exceeding 100,000 tonnes of CO_2-e and mandates declining emissions limits, known as baselines, to ensure that these facilities contribute to meeting Australia's emission reduction targets. Facilities unable to comply, such as industries where there are not yet available solutions to reduce onsite emission, may use ACCUs or Safeguard Mechanism Credits to meet part of their obligations.

ACCU Market Function

Like a stock market, which allows the trading of shares, the ACCU Scheme provides a market framework to trade abatement through tradeable emissions units (ACCUs). The ACCU market creates a price signal for entities operating in Australia. Trading can be compliance-driven (to meet legislated requirements) or voluntary (to meet voluntary goals).

The majority of ACCUs generated by the ACCU Scheme in its first ten years were sold directly to the government through the delivery of fixed or optional Carbon Abatement Contracts. ACCU demand is now primarily driven by the private sector, and project owners have several options for selling their carbon credits, including:

- to Safeguard Mechanism entities to meet their legal obligations;
- to corporate buyers for voluntary climate action, such as Climate Active certification;
- to state and territory governments; or
- to a project partner exchange or intermediaries such as traders.

These sales may involve multi-year contracts, carbon purchase agreements or single trades.

Voluntary markets allow organisations and government entities to voluntarily reduce emissions by sourcing and retiring ACCUs. Buyers are often interested in the co-benefits associated with the underlying projects. You should always seek independent financial advice from an Australian Financial Services Licence (AFSL) advisor before making any decisions regarding the sale of potential ACCUs.

BOX 4: **What is an AFSL and why does it matter?**

Some carbon service providers or project developers hold an AFSL. This licence allows them to provide financial advice related to ACCUs and related products, within strict limits. If your project partner has an AFSL, they may only offer general (not personal) advice and must follow rules about what they can share and when.

For more information, you may review AFS licensing and the Carbon Farming Initiative: A fact sheet for advisers and project developers.

BOX 5: **Offsets Integrity Standards**

Under the ACCU Scheme, methods must meet legislated Offsets Integrity Standards (OIS). These align with international standards and ensure carbon credits issued under methods represent real emissions reductions that can be counted towards meeting Australia's international emissions reduction obligations. The OIS are criteria, which require abatement resulting from a method to be:

- **Additional:** abatement would not be generated in the absence of the activities in the method.
- **Measurable and verifiable:** methods must contain rigorous, reliable means of measuring or estimating and then verifying abatement.
- **Eligible Abatement:** carbon abatement generated must be counted in Australia's national inventory.
- **Evidence-based:** Methods, and their measurement and verification, must be supported by clear, supporting, scientific evidence.
- **Project emissions:** any material emissions generated as a result of the project activity are deducted from overall abatement calculations; and
- **Conservative:** Methods must be conservative so that abatement and resulting ACCUs are more likely to be under- rather than over-calculated.

CASE STUDY 1:

BONNIE DOONE SOIL CARBON PROJECT

Located in the North Burnett region of Queensland, the Bonnie Doone soil carbon project was established in 2016. It is a partnership between graziers and a carbon project developer CarbonLink. Covering 5,275 hectares of their property, the project has generated 94,666 ACCUs.

The Bonnie Doone Beef Farm commenced the soil carbon project with the aim of better understanding the carbon content in their soils, improving soil health, and land productivity. Combined with fluctuating climatic conditions and cattle prices, there was a need to diversify revenue streams to ensure a resilient farm business.

The project increases carbon in soil in the agricultural system by altering the stocking rate, duration or intensity of grazing. Resulting improved soil health not only bolstered drought resilience and doubled on-farm productivity but also economic returns, contributing to a more sustainable and profitable farming operation.

SECTION 3:

Considerations Before Commencing a Project

Starting an ACCU Scheme project is a significant decision. It often involves a formal contractual arrangement between you (the project proponent or landholder) and a third-party project partner (such as a project developer or carbon service provider) to assist with project development, implementation or operation. A separate agreement between you and the project partner may outline how any ACCU will be distributed once credits are issued.

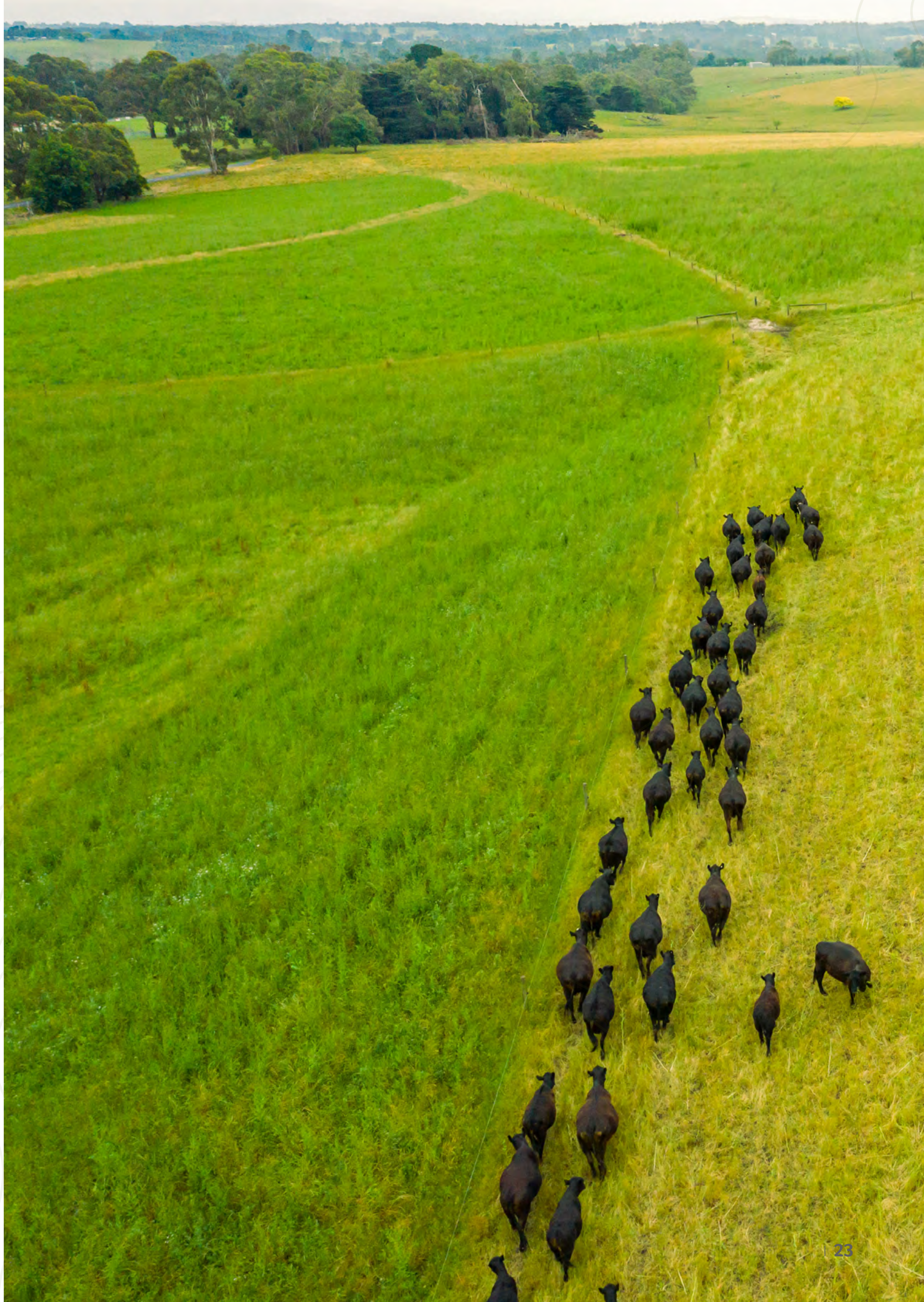
You can also undertake the project yourself, without a project partner. However, you should be aware of the various regulatory, administrative, and operational responsibilities this involves. From monitoring, reporting, and verification processes to on-ground management, the work required to ensure compliance and project success should not be underestimated.

ACCU Scheme Project Management Models

Regulatory obligations overseen by the CER govern an ACCU Scheme project. Thorough due diligence is essential before entering an agreement to determine whether an ACCU Scheme project suits you and your property. If you choose to utilise the services of a project partner, your contract will define the commercial arrangements for managing the projects, and sharing any benefits and revenue that result from the project. As part of this contract, the land management strategy will determine which, if any, of the project-related activities you will be required to undertake.

Bringing on a project partner to support some or all parts of your ACCU Scheme project can ease the load by helping with administration, regulatory requirements, and sharing costs and risks. A good partner brings valuable knowledge, skills, and experience that can make managing your project's financial, regulatory, and operational demands easier. To help you decide and ask the right questions before signing an agreement, see Checklist 2: Engagement with Project Partners and Section 4: Engagement Between Landholders and Project Partners.

As with any significant decision, you should seek independent legal advice on which project management model best suits your land management goals before commencing a carbon project.



There are four primary models for managing an ACCU Scheme project, though there may be variations based on which company you engage, and for which parts of your project management you engage them. You may also develop your contract and tender it to potential project partners. The table below outlines each model's different benefits and risks.

Model	Do-it-yourself	Farmer Cooperative	Carbon Project Developer*	Carbon Service Provider**
Definition	You are the project proponent and manage the project throughout the crediting and/or permanence periods.	You join a local farmer cooperative that supports carbon farming aggregation from the local area. Either you or the Cooperative are the project proponent. The cooperative can be incorporated or unincorporated.	You engage a CPD as the project proponent, and they manage the project.	The landholder is the project proponent but engages a CSP to assist with or provide several services, including development, implementation and management (including MRV and audits)
Pre-Project Activities	You establish the project baselines (if relevant) and the forward abatement estimate.	The cooperative may have a carbon manager or advisor with the technical expertise to undertake pre-project activities, or the collaborative could undertake them with a CSP if they do not.	According to your agreement, the CPD will likely undertake pre-project activity, including establishing a baseline and calculating forward abatement estimates. The CPD may also need to access historic records, including prior land management, clearing, and stocking rates.	A CSP may be engaged to help you with some pre-project activities only, such as the more technical activities (e.g. establishing a forward abatement estimate), or you could engage them for the whole project design process. The CSP may need to access historic records, including prior land management, clearing, and stocking rates.
Registration	Before registering for the project, you must pass the fit and proper person (FPP) test and open an Australian National Registry of Emissions Units (ANREU) account.	Either you or the cooperative registers the project and is the project proponent. Registration is contingent on agreement from all cooperative landholders.	The CPD will register the project as the proponent and receive any ACCUs in their ANREU account.	You must pass the FPP test and open an ANREU account before registering for the project, but a CSP can help you with the registration process or may take on that role depending on the contract.
Project Activities	You undertake project activities or contract project partner assistance through a land management strategy.	Landholders in the cooperative must undertake project activities following the land management strategy.	You and the CPD will negotiate which project activities each will undertake. The CPD can help you understand what activities might be restricted by the method or the land management strategy.	You may undertake some or all the project activities. You may choose to engage a CSP to assist with some activities.
Financial Arrangements	You take on the financial responsibility of the project.	The project costs are split between the properties in the aggregation.	You and the CPD will negotiate the financial arrangements. There may be a cost-share agreement where you split financial costs; they may request a share of any ACCUs issued, or some CPDs may also offer a revenue annuity model, which can reduce some of the price fluctuation of ACCUs for you. The project developer may ask for a fee-for-service, or they may negotiate to receive a portion of any ACCUs generated.	When engaging a CSP, they will likely request a share of any ACCUs, a cost-share arrangement where you split the financial costs, or a fee-for-service. Some CSPs may also offer a revenue annuity model, which can reduce some of the price fluctuation of ACCUs for you. You should be aware of costs before entering into any agreements.
MRV	You either undertake the technical MRV requirements in alignment with the method or contract a project partner expert.	The farmer cooperative may have employees with the technical skills to undertake the MRV for the projects, or it may pay an external CSP to do so.	You and the CPD will negotiate how you will undertake MRV. You may need to support some elements, such as field measurements, but you could negotiate for the CPD to do all MRV.	You can engage a CSP to undertake MRV for the project, including any required audits.
ACCU Issuance	You are the owner of any ACCUs issued.	ACCUs are issued to the listed nominee's ANREU account (which could be multiple landholders, the proponent, or the cooperative). The cooperative must negotiate how ACCUs are distributed to different landholders.	As the project proponent, the CPD will receive ACCUs issued in their ANREU account. Before project registration, you will negotiate a percentage offtake or split.	You will receive any ACCUs issued. If the agreement with the CSP includes splitting any ACCUs issued, you must transfer them to their ANREU account.
Trade of ACCUs	If you plan on selling the ACCUs to a project partner, you must obtain and retain an AFSL.	The cooperative must agree on how any ACCUs issued will be traded or used.	The CPD could trade any ACCUs issued on your behalf, you could engage a project partner market expert to trade on your behalf or trade them yourself. The requirement for an AFSL may be negated if you are a sole trader.	You can trade any ACCUs you receive, engage your CSP to trade on your behalf, or engage a project partner market expert to trade the ACCUs on your behalf. In the case of self-trading, the requirement for an AFSL may be negated if you are a sole trader.
Risk Profile	You take on the legal and financial risk, including in the event of a reversal.	Financial and legal risk is split between you and other landholders in the cooperative.	The financial and legal risk is split between you and the CPD. However, you may still be responsible for maintaining carbon stores from a sequestration project. This division of risk is subject to an agreement.	As project proponent, you take on the legal risk, but you can negotiate how the financial risk is split between you and the CSP.

***There are variations in how Carbon Project Developers and Service Providers will engage with you on a carbon farming project. The examples in this table are general and will not reflect individual entities' operating models. You should always seek independent legal and financial (especially tax) advice before agreeing to a project under any of the above example models.**

****It is important to note that there are multiple options under the Carbon Service Provider model, depending on the level of service you require. Further information on how you might engage a Carbon Service Provider can be found in** A farmer's handbook to on-farm carbon management.

Working with Project Partners

Working with external parties, or project partners can bring valuable expertise, resources, and support to your ACCU Scheme project. However, it's crucial to consider key legal, financial, and operational arrangements. When working with a project partner, such as a project developer, consultant, or CSP, these considerations are essential for ensuring the partnership aligns with your goals and interests.

A.

Choosing the Right Partner
Selecting the right project partner is one of the most important decisions you will make for your ACCU Scheme project. The partner you choose will influence how your project is managed, the time you'll need to commit, and the financial outcomes you can expect. Before engaging with a project partner, define your goals and priorities (Review Checklist 1: Early Due Diligence).

B.

The Role of the Australian Carbon Industry Code of Conduct (ACI Code)
The Australian Carbon Industry Code of Conduct (ACI Code) is a voluntary initiative to protect landholders. It sets a clear standard for how project partners and other carbon market participants should act — with honesty, transparency, and accountability. If a project partner is a Signatory to the ACI Code, they've made a public commitment to follow these high standards.

Before signing anything, check if the partner is listed as a Signatory to the ACI Code. This is an indication that they take their responsibilities seriously and want to work with you fairly and ethically.

You can learn more about how the ACI Code works and its meaning in the ACI Code Fact Sheet 01 - The Code's Role in the Market.

C.

State Government Registries for Project Developers and Advisors
Some state governments have official registries of accredited project developers and independent advisors. These lists are helpful if you want to check whether someone is qualified and recognised by the government to work in the ACCU Scheme.

It's a helpful extra step to avoid risks and ensure you work with someone trustworthy.

Here are a few places to start:

- Queensland Land Restoration Fund Approved Advisers
- Tasmanian List of Approved Advisers
- Western Australian Service Provider Directory

You can also look up potential project partners in the Carbon Market Institute's Marketplace Directory, showing whether a provider is a Signatory to the ACI Code.

Compliance with the ACCU Scheme

A.

Permanence obligation & considerations
Under the ACCU Scheme, sequestration projects have permanence obligations to maintain the stored carbon within the project's 'Permanence Period'. These obligations are twofold:

1. Firstly, the project must be maintained for 25 or 100 years (for projects with a 25-year permanence period, a 20% permanence discount is applied). The permanence period applies unless there is an exemption in the method.
2. Secondly, the landholder must undertake ongoing management to mitigate the risk of a 'significant reversal' occurring during permanence.

The project management model you choose will determine your responsibilities for maintaining carbon permanence. If you are the project proponent, you will be fully responsible for maintaining the carbon stored on your land throughout the agreed period. This includes being accountable for any non-delivery or significant reversals of carbon. As the project proponent, you may be required to give back (relinquish) ACCUs to offset any reversals that occur for reasons other than natural disturbances, such as increasing stock and grazing pressure after above-average rain. Depending on the severity of the reversal, the CER may also place a carbon maintenance obligation (CMO) over the property to ensure that it balances out any carbon lost. Non-compliance can have serious consequences, so it is essential to fully understand your obligations.

If your project partner is the project proponent, they may take on more of these obligations. However, it's important to note that depending on the terms of your agreement, you could still have responsibilities to maintain the carbon. Your land management strategy should clearly outline the roles and responsibilities for managing the project. This will help you avoid misunderstandings and ensure everyone involved understands their obligations. Learn more about permanence obligations on the CER's website.

B.

Approvals and consent
Before commencing an ACCU Scheme project, numerous approvals and consents must be obtained from several parties. The project partner can assist in receiving these if it is part of their contractual agreement. The table below outlines parties whose consent or approval may be required.

Stakeholder	Reason to engage
Local, State, and Federal governments	Projects must comply with environmental, land use, regional NRM plans, and other regulatory requirements, which protect the project legally. If the proposed project covers crown land, the Crown Lands Minister must give consent before the project is issued any ACCUs.
Financial Institutions	A bank or financial institution must provide consent if they are considered an eligible interest holder. Cases might include if the project property subject to a mortgage, there are any outstanding loans to a financial institution or the landholder is seeking financing for the project.
Native Title Group	If there is a Native Title Determination on the land designated to run a carbon project, consent of the Registered Native Title Body/Bodies Corporate (RNTBC) should be obtained before commencing the project, in alignment with the principles of free, prior, and informed consent (FPIC) standards. If there is an active Native Title Claim on project land, the related RNTBC should also be considered in the FPIC process, as they may become an EIH.
Certification Bodies	If the property is covered by a certification, such as Australian Organic Limited, the landholder must notify them.

Note: This is not an exhaustive list of who might need to be engaged. Other EIHs might also exist, such as an easement on the property or a caveat on land use. Given the complexity involved, landholders are advised to seek independent legal and financial advice to navigate the approval process effectively and ensure compliance with all necessary obligations.

Review the Checklist for financial advice and Checklist for legal advice for further guidance on questions you can raise when obtaining independent legal and financial advice.

C. Native Title Considerations

Before starting an ACCU Scheme project, it's essential to check whether there is a Native Title Determination or Claim over any part of your land. Native Title recognises the rights and interests of Aboriginal and Torres Strait Islander peoples in land and waters, according to traditional laws and customs.

If Exclusive Possession Native Title has been determined, the RNTBC is the legal holder of rights related to the land, including the right to carry out ACCU Scheme project activities such as carbon storage or emissions reduction. If Non-Exclusive Possession Native Title exists, the RNTBC is considered an EIH and must be consulted.

If there is a Native Title claim or determination over your property, you must ensure your project respects Native Title rights and follows the correct process. This includes understanding any potential impacts and getting the necessary approvals or consents.

Free, Prior, and Informed Consent (FPIC) is an internationally recognised best practice for working with Indigenous communities. It is strongly recommended that you follow FPIC principles and work transparently and respectfully with Traditional Owners.

Seeking legal advice will help you understand the implications of Native Title and the necessary engagement with Native Title holders or claimants.

For more information on how to apply FPIC and work with Indigenous stakeholders, refer to:

- Current Native Title claims and determinations are on the National Native Title Tribunal's website.
- Further information on FPIC can be found in the Indigenous Carbon Industry Network's Indigenous Carbon Projects Guide and the CER's Native title, legal right and eligible interest-holder consent guidance.

CASE STUDY 2:

WESTERN FARM TREES AGGREGATION

The Western Farm Trees project is an aggregation project involving six land holdings in the Western Australian wheatbelt, in partnership with a carbon project developer, Corporate Carbon and Woodland Services & Consulting. The ACCU Method – Reforestation by Environmental or Mallee Plantings – stores carbon through management actions involving strategic planting of native vegetation on land that had, in previous years, been cleared for agricultural purposes. The total project area includes 37 individual carbon estimation areas totalling 564 hectares.

While landholders in the Western Trees Project have various motivations for the plantings, the commonality is returning areas of the highly cleared wheatbelt landscape to deep rooted woody vegetation similar to the native vegetation. Benefits have included reduction of soil salinity, stabilising and protecting soils, proving vegetation cover for stock and other species, increasing biodiversity and proving continuous woody corridors through cleared farmland. ACCU generation provides an economic incentive for the plantings.

Aggregation benefits may include:

- Cost savings in project development, implementation, monitoring and reporting costs by working on a larger scale and sharing operational resources
- Streamlining administrative processes
- Mitigating project performance risk.

D. Crediting Period, and Monitoring, Reporting & Verification (MRV) Audits

Each ACCU Scheme project has a crediting period, during which it can earn ACCUs if outcomes are monitored, reported, and verified per the method requirements. The process steps are outlined in the diagrams following:

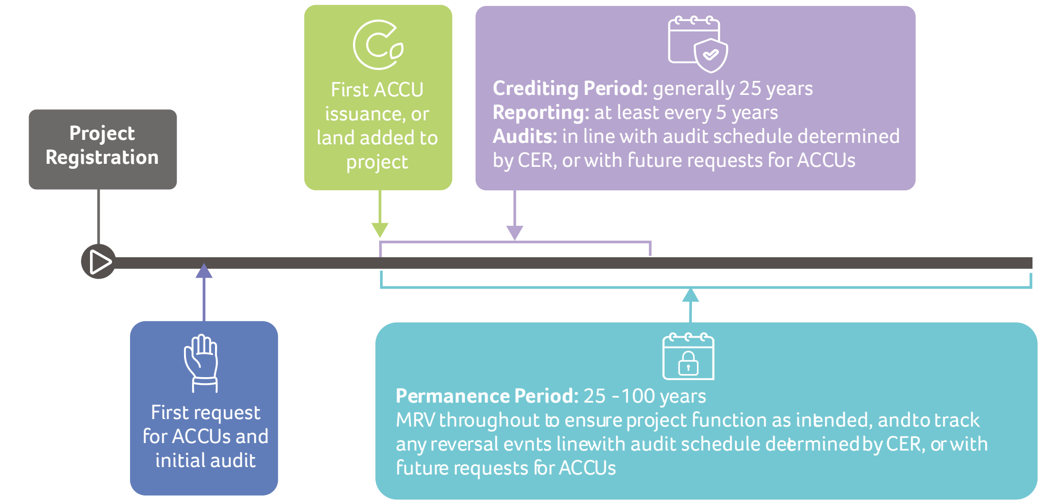


Figure 2: ACCU Project Path for Sequestration-Based Project.

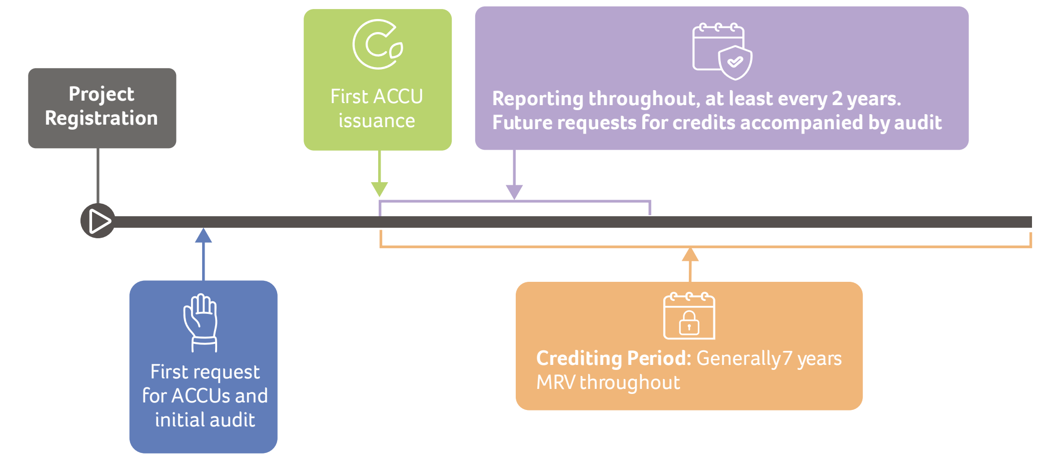


Figure 3: ACCU Project Path for Emissions Avoidance Project.

Depending on the method, the net abatement and the project's crediting period, reporting periods can be between one month and five years. At the end of each reporting period, an offset report is submitted to the CER, and an application for a certificate of entitlement may also be submitted. This certificate allows ACCUs to be issued based on the amount of carbon abatement achieved.

Once a crediting period ends, you don't need to submit further reports for sequestration projects. However, you must adhere to a permanence plan, submit updates to the CER at key milestones, and report any reversal events if they occur.

ACCU projects must also undergo third-party independent audits during their crediting period. The first audit must occur during the initial reporting period, followed by at least two more audits throughout the remaining periods.

Some classes of projects are eligible for alternative assurance arrangements, whereby they are determined to have a lower risk of reversals and/or reporting errors and can have fewer audits. Additional audits beyond these may be required by the CER or included in the method, as with the gateway regeneration checks required under the Human-Induced Regeneration method and the Native Forest through the Managed Regrowth method. These audits must be undertaken by an auditor registered under the National Greenhouse and Energy Reporting Regulations 2008.

For more information on reporting requirements, view the CER website.

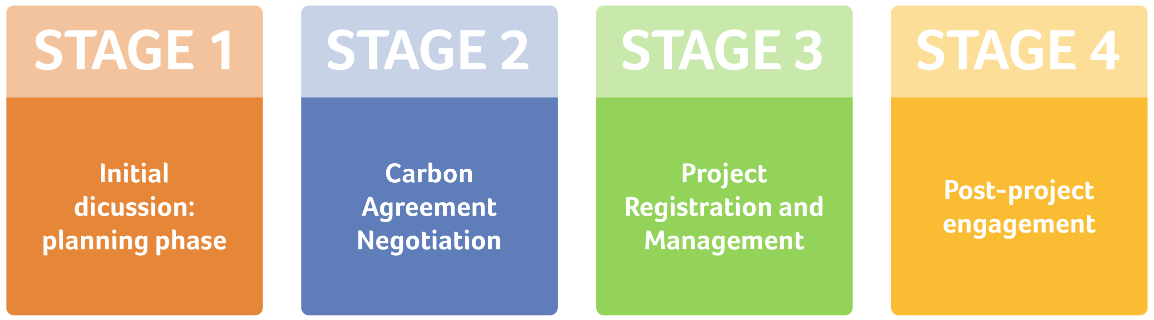
Engagement Between Landholders and Project Partners

This section outlines the four key stages of engagement in the ACCU project lifecycle to guide you through selecting and working with a project partner. It explains the information the partner may provide you throughout the project.

You may choose to engage a project partner for specific components of your project only, including:

- Project planning and design;
- Project implementation;
- Monitoring, reporting and verification; or
- Auditing.

Figure 4: Engagement Stages with a Project Partner



STAGE 1 - Initial dicussion: planning phase

Before agreeing with a project partner, you need to engage in detailed discussions to fully understand the implications of participating in an ACCU Scheme project. Below are key considerations and the type of information your project partner is expected to provide during these initial discussions:

a) Overview of project models

- **Types of models:** You are encouraged to learn about the different project management models available. These models outline how the project will be managed, who will take on the role of project proponent, and how responsibilities could be shared between you and the project partner. For more detailed information, see Section 3: ACCU Scheme Project Management Models.
- **Management and accountability:** The level of detail and transparency your project partner provides may vary depending on the project model. You need to understand how the management structure could affect decision making and your involvement in the project. At this stage, it is good practice to have a clear picture of who will make key decisions through the project and how responsibilities will be shared, including in the case of a reversal event.

b) Understanding the project stages

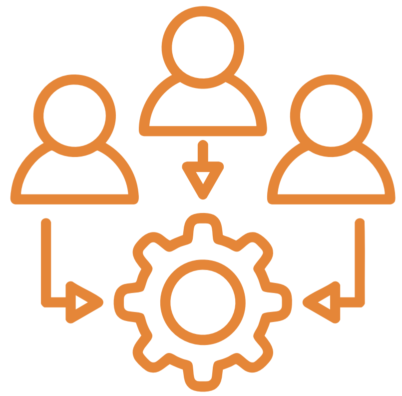
- **Project lifecycle overview:** Your project partner can walk you through the different stages of an ACCU Scheme project, from early design and registration through to implementation, monitoring, and reporting. This will help you to understand your role and responsibilities at each stage.
- **Feasibility and forecasts:** You can expect to receive information about the project's viability under the chosen methodology, including an estimate of how much carbon might be reduced and how many credits could be generated.
- **Project timeline:** Your project partner would typically provide you with an outline of the expected timeline for the project, including key milestones, to help you understand how long the project might take and what to expect along the way.
- **Project start and flexibility:** You should ask your project partner if there is any flexibility regarding the project start date and whether any timing issues could affect how the project works or when credits might be issued. This can help you decide if the timing suits your plans.

c) Risks related to the project

- **Risk assessment:** Your project partner can advise you on potential risks, including environmental, financial, and regulatory risks. This will help you consider whether it is right for you.
- **Managing risks:** You can discuss how risks will be managed with your project partner, and which risks you may need to be responsible for. They can also outline steps to take if unexpected events occur.
- **Ending the contract:** Ensure you understand the options for changing or ending the contract. Knowing what might happen if the project doesn't proceed as expected and what each party would be responsible for is helpful.

d) Approvals, consents, and compliance obligations

- **Approvals and consents:** Some approvals and consents may be needed before starting the project. Your project partner can outline these and how they might be managed.
- **Compliance requirements:** Your project partner can also help you understand the project's legal requirements. These can vary depending on your agreement. It is helpful to ask for a clear explanation.



e) Cost division and financial considerations

- **Project costs:** Ask your project partner to explain how costs will be divided, including setup costs, ongoing project management, auditing and reporting expenses. Ensure you understand which costs you will be responsible for and which your project partner will cover.
- **Financial forecasts:** Your project partner may be able to provide general estimates of potential financial returns from carbon credits and costs that could affect them. You may also wish to speak with an independent financial adviser to see how this fits your circumstances.
- **Tax considerations:** Income from carbon credits may have tax implications. For example, carbon credits earned or sold could be taxable income, and some project-related costs may be deductible. It is important to speak with a qualified tax adviser to understand how the project might affect your tax obligations and overall finances.

f) Proposed project information

- **Carbon credit estimates:** You can ask for an estimate of how many carbon credits your project might generate, including the uncertainties involved and how these figures were calculated.
- **Impacts on your land:** Your project partner can discuss any expected impacts on how you currently use your land and whether the project would change your operations.
- **Compliance and property changes:** It's also a good idea to ask if any new infrastructure or changes to your land are required and what legal or regulatory rules might apply.

STAGE 2 - Carbon Agreement Negotiation

When a formal agreement with your project partner is agreed to will depend on the project management model you choose. For example, if you register the project yourself and later engage a project partner, the agreement will happen at that point. If you decide to employ a project partner from the beginning, an explicit agreement outlining roles and responsibilities should be in place before registration and the start of project activities. This agreement should be based on the conversations from Stage 1: Initial Discussions and may be supported by a land management strategy.

KEY TOPICS TO DISCUSS

a) ACCU scheme method requirements and project administration

Before signing a contract, ensure you and your project partner agree on who will handle different parts of the project, including administration, operations, and finances. Your project partner needs to walk you through any required changes in land management. It's important to understand:

- The activity covered by the method
- Specific requirements of the method
- Eligibility to participate
- How baselines and abatement are calculated
- Monitoring responsibilities
- Required tools and documents
- Project registration process
- How to show you have the 'legal right' to run the project
- (If applicable) whether consent from other parties is needed
- Reporting and audit timelines
- When and how ACCUS are issued
- Record-keeping expectations

You should also discuss how the project might be adjusted, what events could lead to ending the project, and what would happen in those cases. If any changes are made to the land management activities in your project after registration, you may be required to notify the CER in line with the requirements of the CFI Act or the specific method your project is using. This helps to ensure the project remains compliant and eligible to receive ACCUs. Your project partner or adviser can guide you through this process.

b) Land Management Strategy

A land management strategy should guide your carbon project from start to finish. If you're working with a project partner, they will support you in developing this plan after discussing it with you and other stakeholders. The plan should include:

- Clear roles and responsibilities
- Compliance with ACCU Scheme rules and relevant laws
- Potential risks and how they'll be managed

Before moving forward and signing an agreement, it is strongly recommended that you seek independent legal and financial advice to ensure you understand the implications and your obligations. For further information, review Checklist 3: Engagement with an Independent Legal Advisor, Checklist 4: Engagement with an Independent Financial Advisor and Section 5: Seeking Financial and Legal Advice.

For examples of these agreements, refer to the Carbon Market Institute's Example Contract Clauses.

STAGE 3 - Project Registration and Management

Once the land management strategy is complete, your carbon project can be registered with the CER. From that point, the project should be run according to the land management strategy unless the CER approves changes.

This stage focuses on engaging with your project partner to effectively meet regulatory requirements and fulfil the terms outlined in your contract.

a) Ongoing Support and Communication

Your project partner will usually check in with you regularly to confirm that everything is progressing as expected. Regular communication helps identify and resolve issues early and ensures the project stays on track.

As part of this, you need to share timely and accurate information about how the project is going. Let your project partner know about any changes to land management, unexpected events, or anything else that could affect the project.

Here's what you can expect in terms of ongoing advice:

- **Project risks:** Regular updates on potential risks, such as environmental, financial, or operational challenges that might affect the project's success.
- **Compliance:** Your project partner will help ensure the project follows all relevant rules and update you on regulatory changes.
- **Guidance:** They should share documents and explain the rules, your responsibilities, and the broader regulatory framework.

b) Offset reporting and audits

Understanding your reporting and audit responsibilities is essential for staying compliant. While your agreement will outline specific obligations, your project partner is generally expected to inform you of the following:

- **Reporting requirements:** Explain what reports are needed, how often, in what format, and the kind of support they may require from you (e.g. field data).
- **Audit obligations:** Outline when audits are required and what documents may be needed.
- **Site visits:** If auditors need to visit your property, you need to be aware of what to expect, including adherence to biosecurity protocols such as preventing the spread of weeds, pests, and diseases.
- **Statutory declarations:** Advise if a formal declaration is needed and guide you.
- **Record keeping:** Clarify what records are required and how to manage them, which helps simplify audits and reporting.
- **Restricted/prohibited activities:** Ensure you understand the restricted activities under the method.
- **Notifications:** Explain what needs to be reported to the CER, when, and how to do it correctly.

STAGE 4 - Post-Project Engagement

When the crediting or permanence period (in the case of sequestration-based projects) ends, it's time to decide what's next for your land. Understanding your choices helps you plan. These decisions can be made with your existing project partner or a new service provider.

a) Review of project outcomes

- **Project review:** You can ask your project partner to help assess the results, such as the number of carbon credits generated and the project's other benefits.
- **Lessons learned:** Reflecting on what worked well and what didn't help for future planning.

b) Continuing or starting a new project

- **Extending the project:** Your project partner can help you understand your project's duration, whether there are any extension options, and how any new rules or methods might affect your project.
- **Note:** Extensions are generally prohibited for sequestration projects unless the government extends the crediting period for already registered projects under specific method rules.
- **Start a new project:** You might also investigate a new project. Your partner can walk you through the following steps.

c) Making land use decisions

- **Going back to previous uses:** You might return to earlier land management practices. Understanding how this affects any credits you've already earned is essential.
- **Trying something new:** You could also look at other options, like agriculture, conservation, or development. Each has pros and cons, so consider how they match your long-term goals.

d) Financial and market considerations

- **Understanding the financial side:** It's worth exploring the potential income or costs linked to your post-project options. Whether you continue with carbon management or move in a new direction, ensure the financial implications suit your needs and market conditions.

Seeking Financial and Legal Advice

Before starting your ACCU Scheme project, seeking independent financial and legal advice is crucial. This will help you clearly understand your roles and responsibilities and those of other parties involved. Being informed ensures you can make decisions that align with your goals and protect your interests throughout the project.

a) Legal considerations

Legal advice is essential to ensure your agreements are fair and tailored to your needs. Some key points to consider are:

- **Project management models:** Different project models determine how responsibilities are divided between you and your project partner. Legal advice can help clarify your rights and obligations and ensure you fully understand the long-term implications of these arrangements.
- **Estate considerations:** ACCU Scheme projects involve long-term commitments. It is vital to consider what might happen to the project if you sell your property or as part of succession planning. Legal professionals can explain the permanence period requirements, which must be adhered to even if ownership changes due to sale, inheritance, or other reasons. Read more from the CER on estate asset management for ACCU Scheme projects.
- **Mitigating risks:** Each agreement has its risks. A lawyer can help identify and address these, protecting your interests and ensuring the terms are reasonable, particularly in instances of project failure or compliance issues.
- **Ensuring compliance:** ACCU Scheme projects must meet regulatory standards. A lawyer experienced in the carbon market can ensure your agreements comply with these rules, minimising the risks of penalties or delays.
- **Tailored advice for landholder needs:** Whether you want to be hands-on or work with a developer, legal advice specific to your situation will help you set up a strong foundation for your project.

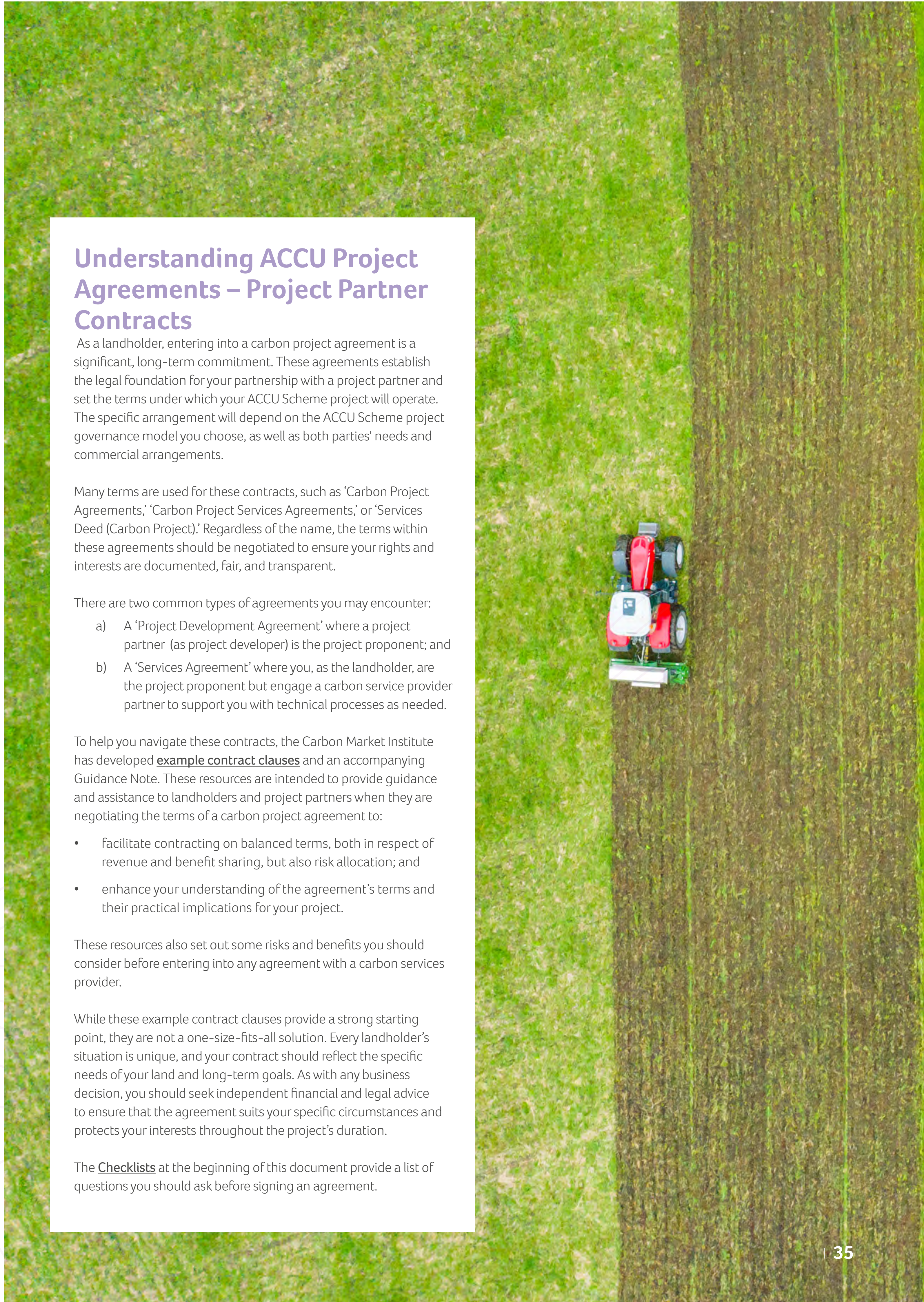
BOX 6: **Confidentiality agreements**

When you are considering entering into agreements, you or another stakeholder may need to share private or sensitive information. A confidentiality agreement (sometimes called a non-disclosure agreement or NDA) is a legally enforceable contract that helps protect that information and prevents unauthorised disclosure or use. It is important to seek legal advice on proposed NDA agreements to ensure that you understand your responsibilities when you sign an NDA.

b) Financial considerations

In addition to legal advice, financial guidance can help you navigate the costs and benefits of an ACCU Scheme project:

- **Clarifying financial arrangements:** Financial advisors can help you understand the project's cost structure and income potential, including the upfront investment, ongoing costs, and expected earnings from carbon credits. They can also identify hidden expenses to ensure you're fully prepared.
- **Eligible Interest Holders:** If you have a mortgage on your property, you must consult with your financial institution before signing any agreements. Their consent is required as an EIH.
- **Upfront and ongoing costs:** You should seek advice on registration fees, land preparation, and other initial costs, as well as the project's long-term financial feasibility within your broader agribusiness model.
- **Estate considerations:** You should consider how the project might affect your property's value, especially given the permanence period requirement for sequestration projects. While carbon farming practices can offer significant benefits, these obligations may impact the property's saleability and transitional arrangements within family estates. For more information on how an ACCU Scheme project can impact property sales, view the CER guidance on Selling or buying ACCU Scheme project property.



Understanding ACCU Project Agreements – Project Partner Contracts

As a landholder, entering into a carbon project agreement is a significant, long-term commitment. These agreements establish the legal foundation for your partnership with a project partner and set the terms under which your ACCU Scheme project will operate. The specific arrangement will depend on the ACCU Scheme project governance model you choose, as well as both parties' needs and commercial arrangements.

Many terms are used for these contracts, such as 'Carbon Project Agreements,' 'Carbon Project Services Agreements,' or 'Services Deed (Carbon Project).' Regardless of the name, the terms within these agreements should be negotiated to ensure your rights and interests are documented, fair, and transparent.

There are two common types of agreements you may encounter:

a) A 'Project Development Agreement' where a project partner (as project developer) is the project proponent; and

b) A 'Services Agreement' where you, as the landholder, are the project proponent but engage a carbon service provider partner to support you with technical processes as needed.

To help you navigate these contracts, the Carbon Market Institute has developed example contract clauses and an accompanying Guidance Note. These resources are intended to provide guidance and assistance to landholders and project partners when they are negotiating the terms of a carbon project agreement to:

- facilitate contracting on balanced terms, both in respect of revenue and benefit sharing, but also risk allocation; and
- enhance your understanding of the agreement's terms and their practical implications for your project.

These resources also set out some risks and benefits you should consider before entering into any agreement with a carbon services provider.

While these example contract clauses provide a strong starting point, they are not a one-size-fits-all solution. Every landholder's situation is unique, and your contract should reflect the specific needs of your land and long-term goals. As with any business decision, you should seek independent financial and legal advice to ensure that the agreement suits your specific circumstances and protects your interests throughout the project's duration.

The Checklists at the beginning of this document provide a list of questions you should ask before signing an agreement.

Key Definitions

Australian Carbon Credit Unit (ACCU)	An ACCU represents one tonne of carbon dioxide equivalent (CO_2-e) avoided or removed from the atmosphere. Under the Corporations Act, ACCUs are financial products that can be traded or sold on the carbon market.
Australian Financial Services Licence (AFSL)	An AFSL is required to conduct any financial services business in Australia, overseen by the Australian Securities & Investments Commission (ASIC). Parties dealing with ACCUs may be required to hold an AFSL, including for buying, selling and providing advice.
Australian National Registry of Emissions Units (ANREU)	The ANREU is an online system for issuing, holding, transferring, and acquiring ACCUs.
Carbon Abatement Contract	A Carbon Abatement Contract is a commercial agreement to sell ACCUs to the Commonwealth Government for a set period at a set price. They can either be fixed delivery (to the Government) or optional delivery (an alternate purchase agreement may be sought).
Carbon farming	Carbon farming refers to land management practices that increase carbon storage in our landscapes or avoid the release of greenhouse gases such as methane and nitrous oxide. Through active management of vegetation, fire, soil or livestock, carbon farming can be used to generate ACCUs.
Carbon Maintenance Obligation (CMO)	A CMO compliance measure requires ACCU Scheme landholders (including subsequent owners of the same land) to maintain carbon stores and prevent further losses in a significant carbon sequestration disturbance or reversal event. For more information on relinquishment requirements in the event of a disturbance or reversal event, view Carbon Maintenance Obligations | Clean Energy Regulator.
Carbon Project Developer	A carbon project developer is responsible for planning, implementing, and managing an ACCU Scheme project. They may be the project proponent in the case of a landholder granting them the 'legal right' to undertake the project and be issued ACCUs generated by the project.
Carbon Service Provider	A carbon service provider has specialist knowledge of parts, or all elements needed to commence and run an ACCU Scheme project. They can be the project proponent if their agreement with the Landholder authorises them to be so. A service provider can provide services for either a monetary fee, a share of the ACCUs generated, or a combination of both. They may provide solely advisory services, undertake project management, or oversee the trading of ACCUs.
Co-Benefits	Co-benefits are positive outcomes associated with carbon farming activities that are additional to the carbon, avoided or stored. They may be social (e.g. increased population in rural communities), economic (e.g. additional cash flow to landholders and the community), environmental (e.g. increased biodiversity or return of threatened species to the project area), or cultural (e.g. reintroduction of Indigenous Ecological Knowledge through project activities). Co-benefits delivery may be required for ACCU projects under a State-based standard. Co-benefits can result in a premium for ACCUs, especially when certified under a verification scheme.
Crediting Period	The time over which a project can generate ACCUs. This period is often shorter than the permanence period for sequestration projects, and it is generally 7 years for emissions avoidance projects or 25 years for sequestration projects. A method may also specify a different number.
Discount Rate	The discount rate is the percentage of ACCUs automatically deducted from the total issuance to account for any variation in calculation and ensure that the amount represents genuine abatement. There are a few different discount rates—either scheme-wide (e.g. risk of reversal buffer) or method-based (e.g. permanence period discount rate, see below).
Eligible Interest Holder (EIH)	An EIH is a person or organisation with a legal interest in the project land, as listed in the Act. EIHs include banks (where a mortgage is in place), the Crown Land Minister if the project is on Crown land, and registered native title body corporates if native title rights and interests have been determined to exist. The landholder may also be an EIH if they are not the project proponent.
Fit and proper person test	The fit and proper person (FPP) test is a key control to protect the integrity of the scheme administered by the Clean Energy Regulator. A project proponent must pass and satisfy the FPP requirements before registering a project or opening an ANREU account. Generally, FPP requirements consider a person's past compliance with the law, whether they are insolvent, and whether they have the necessary capabilities and competence to undertake an ACCU project effectively. The CER provides guidelines for FFP expectations to provide minimum standards of behaviour.
Forward abatement estimate	A forward abatement estimate is an initial estimate of the greenhouse gas emissions that a proposed project will be capable of avoiding or sequestering – and therefore the number of ACCUs likely to be issued. It must be submitted to the CER upon application to register an ACCU Scheme project. Further information on forward abatement estimates can be found on the CER website here.
Natural capital	Natural resources, including vegetation, soils, water, and biodiversity, can be called 'natural capital.' This is due to their intrinsic value and indirect benefits to an ecosystem, such as tree root systems reducing soil erosion. The services provided by natural capital can be referred to as 'ecosystem services.'
Natural disturbance	A natural disturbance is an event that could not be reasonably prevented by the project proponent (or land manager) for a sequestration-based project and can include floods, bushfires, drought, pest attacks or disease. In the event of a natural disturbance that causes, or is likely to cause, a reversal event, the project proponent must inform the CER which will then determine whether remediation is required from the project proponent.
Permanence Period	Permanence periods are when proponents are required to maintain sequestered carbon. A sequestration-based project can have a permanence period of either 25 or 100 years, during which there cannot be a 'significant reversal' of the project. The permanence period may be different to a project's crediting period.
Permanence period discount rate	If a 25-year permanence period is chosen for a sequestration project, a discount rate of 20% is applied. The discount rate for a 100-year permanence period is zero, unless otherwise stated in the method.
Project Partner	This is not a legal term but has been defined in this document as a person engaged in a carbon farming activity in some capacity.
Project Proponent	The project proponent is the person or entity responsible for the project and has the legal right to carry out project activities in the project area and the exclusive right to be issued all ACCUs that may be generated because of the project. Depending on the type of agreement between the parties, the project proponent may be the landholder or a carbon project developer.
Reversal Event	A reversal event is the release of stored carbon back into the atmosphere. It is considered 'significant' if it affects greater than 5% of the carbon project area, or more than 50 hectares. Reversals can result from natural disturbance or mismanagement of land activities – for example, an unavoidable bushfire would be a natural disturbance whilst an uncontrollable fire resulting from land clearing would be mismanagement. When a reversal event happens, the project proponent may be required to relinquish ACCUs to offset the lost carbon storage.
Risk of Reversal Buffer	An ACCU scheme-wide buffer designed to mitigate the risk of reversals or carbon loss that applies to all sequestration projects. This blanket buffer typically reduces the total ACCUs issued to a project by 5% to protect the Scheme against the potential carbon loss.
Stakeholder	Throughout this document, stakeholder refers to other individuals or organisations that may need to be engaged or consulted with throughout the project lifecycle.

Resources

ACI Code of Conduct

ACI Code Fact Sheet 01: The Code's Role in the Market

Carbon Farming and the ACCU Scheme

2023 Carbon Farming Scorecard
AgriFutures and Ryzo: A farmer's handbook to on-farm carbon management
Australian Farm Institute: Carbon Opportunities Decision Support Tool
Carbon Farming Industry Roadmap
Carbon Farming Outreach Program Training Package
Carbon Market Institute Fact Sheet: Carbon Farming – An Overview
NRM Regions Australia: Carbon Farming Knowledge Hub
NRM Regions Queensland and Queensland Farmers' Federation: Carbon Farming Resource Handbook

Carbon Markets

Clean Energy Regulator – Australian Carbon Credit Unit Scheme
Carbon Market Institute Fact Sheet: ACCU and the Australian Domestic Market
Carbon Market Institute Fact Sheet: Carbon Markets – An Overview
Carbon Market Institute Fact Sheet: Key Stakeholders in the Carbon Market

Carbon Service Provider Registries

Carbon Market Institute Marketplace Directory
Queensland Land Restoration Fund Approved Advisers
Tasmanian List of Approved Advisers
Western Australian Service Provider Directory

Indigenous Engagement

Clean Energy Regulator – Native title, legal right and eligible interest-holder consent guidance
Indigenous Carbon Industry Network – Indigenous Carbon Projects Guide, Chapter 7: Free Prior and Informed Consent

Legal Agreements

Example Contract Clauses

Property Valuation Information

Australian Property Institute – Carbon Farming Projects Valuation Guidance Paper

Acknowledgements

This Landholder guidance and checklist document has been developed by the Carbon Market Institute and the Australian Carbon Industry Code of Conduct with support from the Queensland Government.

The guidance involved contributions from stakeholders through targeted consultations, focus groups and surveys including landholders, farmer representative bodies, NRM regions bodies, legal and advisory services, government entities – including the CER and DCCEEW– carbon project developers and service providers including Code signatories. We acknowledge and thank those who were consulted and provided feedback and insights.

AUDAX AT FIDELIS
Queensland Government

Enquiries

For further information about the guidance document or concerns about the content, please contact CMI.

info@carbonmarketinstitute.org
carbonmarketinstitute.org

Disclaimer