



## IFLM Method Exposure Draft – Key Takeaways

The initial blueprint for the Integrated Farm and Land Management (IFLM) method was released in 2019, and the method's development has been supported by the Carbon Market Institute (CMI) since then. In December 2025, the Emissions Reduction Assurance Committee (ERAC) released a draft version of the method for consultation. This is a pivotal moment in the method's development, as the ERAC must provide advice to the Assistant Minister for Climate Change and Energy that the IFLM method meets the Offsets Integrity Standards before the method can be made. As it stands, the draft method has a solid foundation, but is unlikely to experience significant uptake due to restrictive settings and scope. However, this could be fixed with some amendments to the draft method.

CMI has prepared this briefing note to support engagement in the formal ERAC consultation process, as well as any engagements to improve the method draft following the formal consultation.

### Key challenges in the IFLM method draft

- **Additional discounts of up to 65%** in the early years of native forest regeneration on suppressed land projects mean that most projects in this category will not be financially viable, nor investible.
- **Ongoing reliance on the Government-owned FullCAM** rather than a **model agnostic, or measure-model-measure**, approach to measurement, reporting and verification of outcomes in vegetation-based projects **misses the opportunity to futureproof the method and shore up project integrity**. The reliance on FullCAM for measurements risks further delays to the method's development due to ongoing delays on the finalisation and release of FullCAM Public Release 2024.
- The current draft method structure and equation architecture **exclude possible future avoidance-based activity modules**. The Taskforce understands that the inclusion of these activities may require further amendments to the *Carbon Credits (Carbon Farming Initiative) Act 2011*, but nevertheless considers that **the method should be as future-proofed as possible so as to be ready to incorporate new project activities in a timely fashion**.
- The leakage approach outlined in the method introduces new **Vegetation Accounting Areas** with specific new monitoring and accounting requirements at a property scale, and is likely to **significantly increase monitoring and reporting costs**.
- The eligibility criteria are **complex, inconsistent across modules**, and likely to be **difficult to implement** at a property level. Of particular note is the continued distinction between "cleared" and "suppressed" land.
- The **treatment of intellectual property, landholder privacy, and Indigenous Ecological Knowledge** in the Land Management Strategy is currently **unclear**. Furthermore, the requirements for the LMSs are currently **conflated with details that would ordinarily be included in an offsets report**.
- There is currently **no viable transfer pathway outlined** in the method draft for existing projects. The exclusion of measure-model-measure approach for Environmental Plantings and cleared lands regeneration **discourages transition**. Furthermore, there is **no consideration for extended crediting periods for early transferee projects**.



- The requirement for **suppressed land projects to have a starting biomass of <5t above ground biomass per hectare** may further preclude transferring projects, and so a newness in lieu exception should be considered.
- The inclusion of all fire emissions as a deduction from net abatement effectively **excludes the opportunity for Indigenous fire management practices** to be included in an IFLM project.

## Key fixes to improve the current exposure draft

- Rather than broad stroke discounts for projects where the relationship between carbon, management change and climate is more difficult to untangle, we suggest that the method **adopt additional measurement requirements, as well as data standards**. Any further instances where a project may be underperforming should **continue to be managed by the existing infrastructure overseen by the CER**.
- The IFLM method could be the first ACCU method to incorporate a model-agnostic approach to measuring carbon sequestration in vegetation through **incorporation of a measure-model-measure schedule** aligned with the 2021 Soil Organic Carbon (SOC) method. The 2021 SOC method **enables proponents to develop site specific models** to measure increases in soil carbon, with **discounts proportionally applied based on a probability of exceedance**.
- While FullCAM is known for its inaccuracy in certain instances, including mixed-age regeneration, its accessibility is beneficial in terms of accessing finance and supporting project uptake. **Flexible measurement and modelling approaches should be permitted consistently across all activity modules**.
- The use of **LiDAR** within the draft method is a welcome incorporation of new technologies for monitoring, reporting and verification, and the development of **guidelines** as to these technologies' effective and robust use **provides an opportunity to scale high-impact, high-integrity MRV through the IFLM method**.
- The equation architecture could be **drafted flexibly with hooks embedded for future avoidance activity modules**. Furthermore, the ERAC Review of the 2021 SOC method is expected to conclude imminently, opening up the opportunity for a **fully integrated** method in the first iteration.
- Should leakage concerns not be addressed by the EPBC Act reforms, the Taskforce is supportive of a **risk-based** approach to leakage, using **materiality thresholds** to determine whether the risk is significant.
- Aligning the Land Management Strategy requirements with those outlined under the 2021 SOC method is an opportunity to **build on existing precedent, support Scheme alignment, and enhance transparency while protecting landholder privacy and IP**.
- By creating a **timebound crediting period extension mechanism** for early transferee projects – similar to the precedent undertaken in the 2025 Savanna Fire Management Sequestration Method or the 2025 Landfill Gas Method – DCCEE and ERAC have an opportunity to kickstart investment in IFLM projects, therefore providing an additional pragmatic boost to the development of future opportunities under the method.



## Why the IFLM method matters

- Carbon farming needs to **reflect the integrated and complex way farms and ecosystems actually operate**. The IFLM framework method will **allow multiple avoidance and sequestration management activities** on the same property.
- The IFLM method can **broaden participation** in carbon markets, building scale and incentivising land management changes. These projects will **improve productivity and soil health, biodiversity, climate resilience and economic outcomes**.
- The IFLM method **incorporates strong integrity safeguards**, robust measurement approaches, and conservative accounting to **ensure emissions reductions are credible, transparent, and trusted** by markets and communities.
- The IFLM method **enables climate action that works alongside existing agribusiness and land management practices**. The IFLM method is explicitly recognised in the federal government's Agriculture & Land Sector Plan as a foundation for reducing agricultural emissions - currently almost 20% of national emissions - and for increasing land-based sequestration.
- By recognising multiple land-based activities, **the method can support projects that improve biodiversity, habitat connectivity and landscape resilience alongside carbon outcomes**. Meanwhile, the key activities in the method can foster biodiversity, soil health, water retention, and shade - improving drought and heat resilience while **enhancing productivity and profitability across agricultural and diverse landscapes**.

## New modelling demonstrates potential IFLM abatement

The Carbon Market Institute (CMI) engaged CORE Markets to undertake modelling to:

- Better understand the potential scale, timing and composition of ACCU supply that could be unlocked through a well-designed Integrated Farm and Land Management (IFLM) method.
- Test the impact of integral design features of IFLM, including modularity, stacking of carbon pools, and inclusion of Managed Regeneration, Soil Organic Carbon (SOC), Environmental Plantings (EP) and Native Forest Managed Regrowth (NFMR).
- Articulate the importance of method timing, transition rules and design settings in meeting projected ACCU supply shortfalls, Safeguard Mechanism demand, and Australia's 2035 and 2050 climate targets.

The inputs were deliberately conservative, and modelled low, central and high uptake pathways.

The modelling shows that:

- Under a central uptake pathway, combined new IFLM, and standalone EP and Soil projects reach a peak annual sequestration of around 38 MtCO<sub>2</sub>-e by 2048 – roughly 21% of total annual land-based sequestration under the Treasury modelling to inform Australia's Net Zero Plan.
- If an IFLM method is legislated by the end of 2026, sequestration in IFLM projects commences in 2027-28, and accelerates sharply between 2031 and 2035, supporting a predicted increase in Safeguard Mechanism demand.
- Soil Organic Carbon and Managed Regeneration of native forests are the two carbon activities with the greatest potential abatement.



- Stacking increases total abatement for a single project, thus improving project economics, particularly in lower-yield landscapes such as semi-arid rangelands.

Figure 1: Potential Sequestration from the Integrated Farm and Land Management Method through to 2050. Source: CMI, CORE Markets, Potential Abatement under the IFLM Method Model.

