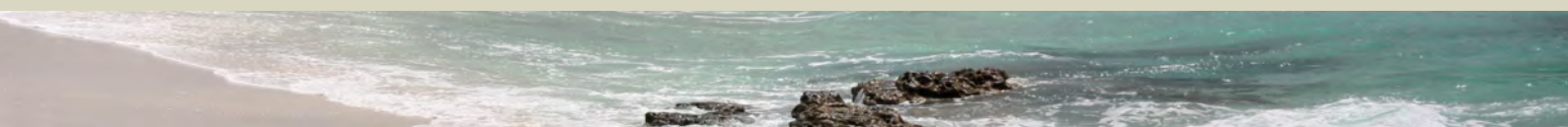




NEW SOUTH WALES  
ABORIGINAL LAND COUNCIL

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# Guide to the Carbon Farming Initiative



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The NSW Aboriginal Land Council has drawn on the Australian Government's 'Carbon Farming Initiative Handbook' in the content of this Guide.

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August 2012

Printed on 100% recycled paper

Design by [sevdesign.com.au](http://sevdesign.com.au)

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## An introduction to this Guide

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This guide to the Carbon Farming Initiative (the **Guide**) will assist Aboriginal people and communities who are landowners to understand the potential benefits and risks associated with participating in the Australian Government's Carbon Farming Initiative (**CFI**).

The Guide has been written specifically for Aboriginal communities and particularly Local Aboriginal Land Councils (**LALCs**) within NSW.

The CFI is a carbon offsetting scheme that has the potential to provide economic opportunities for landowners to reduce carbon pollution. Landowners who reduce carbon pollution through activities on their land can generate carbon credits under the CFI which can then be sold to businesses wanting to offset their own carbon pollution.

Please note: While all care has been taken in the preparation of this Guide, it is not a substitute for legal, financial or property advice in individual cases. Aboriginal communities and the land they own are diverse and as a result not all issues identified within the Guide will be relevant to everyone. The information provided is current as of August 2012.

This Guide provides information on:

- What the CFI is;
- How the CFI works;
- LALCs participating in the CFI;
- Legislative implications; and
- Alternative environmentally sustainable land use options.

More information associated with other Australian Government initiatives related to climate change and sustainable land uses can be accessed at [www.climatechange.gov.au](http://www.climatechange.gov.au) or [www.cleanenergyfuture.gov.au](http://www.cleanenergyfuture.gov.au).

## What is the Carbon Farming Initiative?

The CFI is a carbon offset scheme that has been established by the Australian Government under the *Clean Energy Future* package and the *Carbon Credits (Carbon Farming Initiative) Act 2011 (CFI Act)* as well as other related regulations.

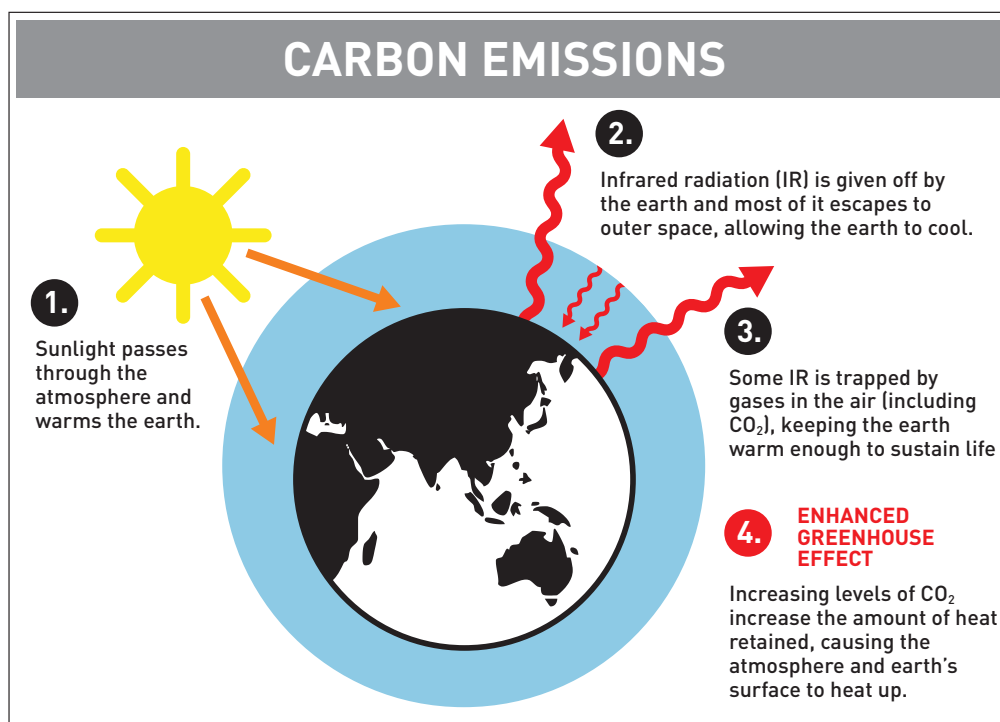
The CFI is a voluntary initiative that aims to help the environment by encouraging sustainable land use practices. The CFI also provides a source of funding for projects that store carbon or reduce greenhouse gas emissions.

The CFI enables land owners and land managers to earn carbon credits (called Australian Carbon Credit Units under the CFI) by storing carbon or reducing greenhouse gas emissions on the land. These credits can be sold to individuals/companies/businesses wishing to offset their emissions. In this way the CFI aims to provide economic benefits to landowners who store carbon through new activities or initiatives (as opposed to passive existing uses which will not earn carbon credits), or reduce greenhouse gas emissions. The CFI also provides incentives for landscape rehabilitation.

## Carbon emissions

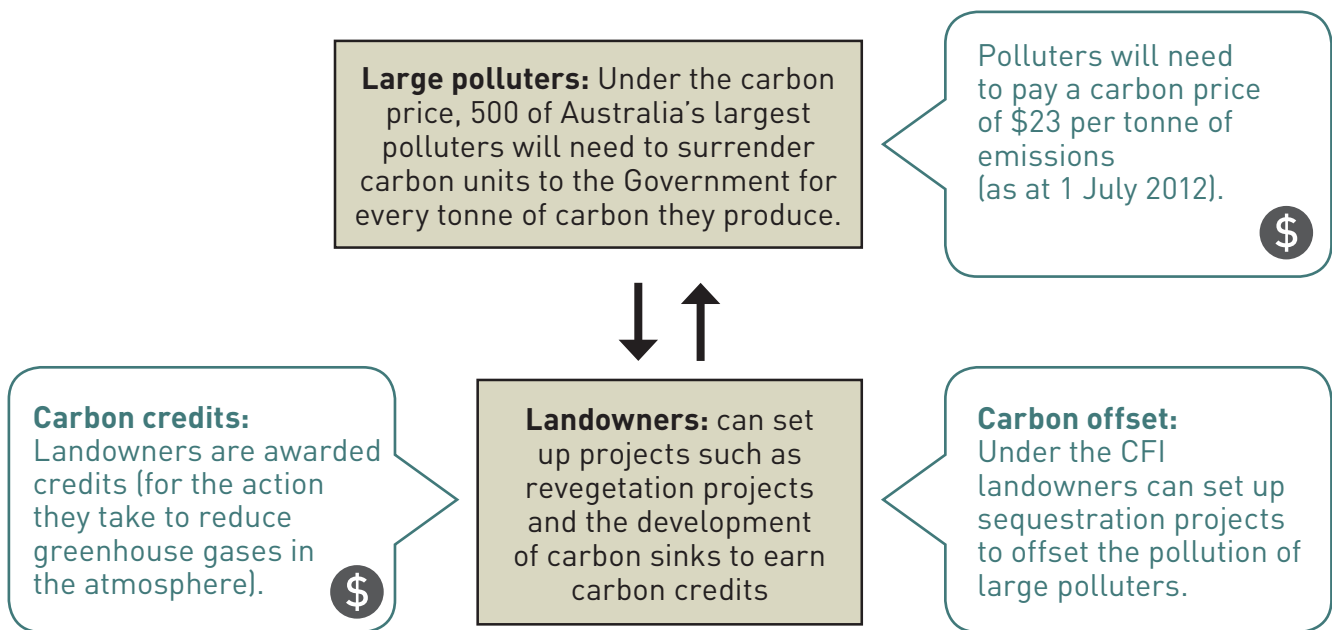
When fossil fuels (such as gas, coal or oil) are burned, carbon dioxide is released into the atmosphere. In a natural carbon cycle, carbon dioxide is transferred back to plants, trees and oceans. However, fossil fuels are being burned at such a rapid rate that the high levels of carbon dioxide being released cannot be soaked up by plants and trees that are alive now. Emissions from fossil fuels are the largest source of atmospheric carbon dioxide from human activities. In addition, deforestation and forest degradation has resulted in increased greenhouse gas emissions as well as a reduction in the number of carbon dioxide absorbing trees. The two primary sources of carbon emissions are from burning fossil fuels used for electricity generation and petroleum used for transport.

The terms 'carbon emissions' and 'greenhouse gas emissions' are often used interchangeably. Carbon emissions refer to carbon dioxide (CO<sub>2</sub>) while greenhouse gas emissions refer to carbon dioxide and a range of other gases, primarily methane and nitrous oxide. Similarly sometimes the term 'carbon' is used as shorthand for either carbon dioxide or equivalent carbon dioxide (CO<sub>2</sub>e).





## Carbon markets and offsetting

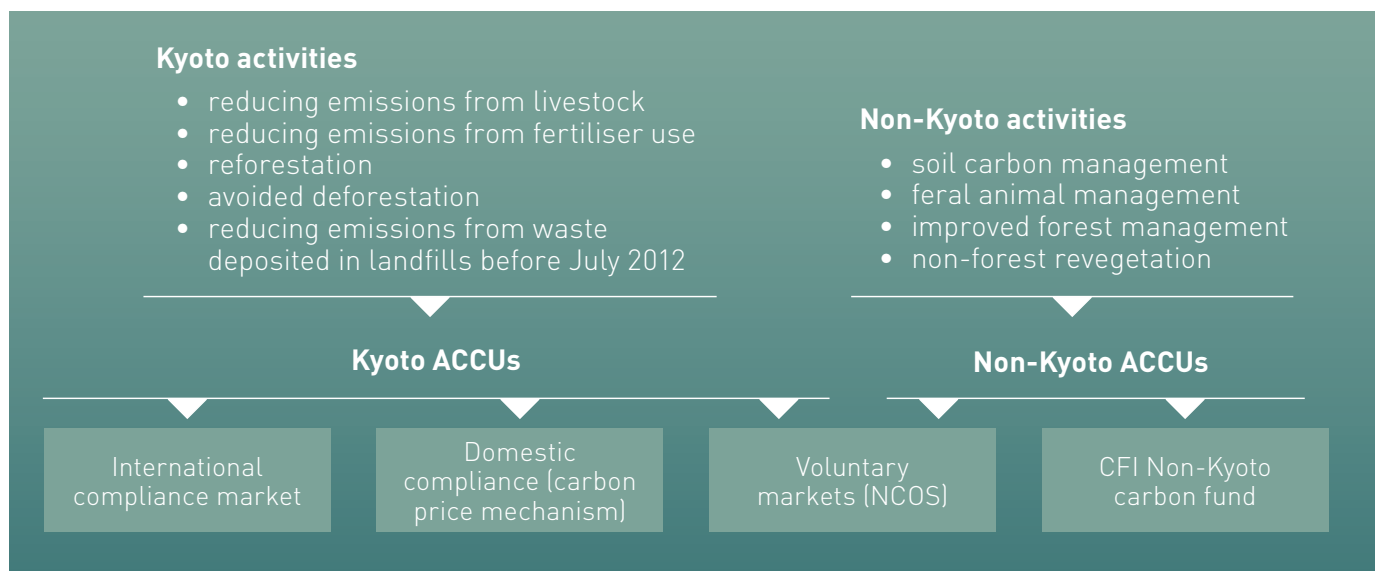


Like a financial market where currencies are traded, the carbon market enables the trade of carbon credits. A 'carbon credit' is a generic term that describes a specified unit of reduction or absorption of carbon. A credit is 'created' or 'awarded' when an approved action is taken which reduced greenhouse gases in the atmosphere.

Since 1 July 2012 the Australian Government has set a limit on the amount of greenhouse gases that are allowed to be emitted by large companies. If these companies wish to produce more emissions than permissible they can purchase credits to offset their emissions. The purchasing and selling of credits forms the carbon market.

In Australia each carbon credit represents one tonne of carbon dioxide equivalent. Under the CFI carbon credits can be traded under mandatory obligations as well as voluntarily. Approximately 500 companies operating large emitting facilities in Australia have a mandatory obligation to pay for or offset their direct greenhouse gas emissions. Carbon credits can also be bought by individuals and organisations wishing to voluntarily offset their emissions.

Types of activities and where you can trade your credits:



## Carbon credits

Carbon credits are called Australian Carbon Credit Units (**ACCUs**) under the CFI and represent reductions in greenhouse gases in the atmosphere which is achieved by:

- Reducing or avoiding emissions, for example, through the capture and destruction of methane emissions from landfill or livestock manure, or
- Removing carbon emissions from the atmosphere and storing it in soil or trees, for example, by growing a forest or reducing tillage on a farm in a way that increases soil carbon.

Carbon credits are usually purchased and used by individuals or companies to cancel out or 'offset' the emissions they generate by purchasing credits from others.

Under the CFI credits can be generated that are recognised either under the Kyoto Protocol or under the non-Kyoto Carbon Fund.

### The Kyoto Protocol

The Kyoto Protocol is an international agreement that sets binding targets for reducing greenhouse gas emissions. This amounts to an average reduction of five per cent against 1990 levels over the five-year period 2008-2012.

The Protocol offers signatory countries additional means of meeting targets through a number of market based mechanisms including the carbon market. The CFI enables those setting up CFI projects to trade on international markets using Kyoto ACCUs.

The Kyoto Protocol sets out rules for signatory countries regarding how emissions should be measured and what emissions must be included in the countries greenhouse gas emissions accounts. The CFI also allows for certain types of credits to be issued that can be exchanged for Kyoto credits that can be traded overseas. Activities under the CFI that count towards Australia's Kyoto national target include forestation, reducing emissions from livestock manure, fertilizer and waste deposits.

Kyoto credits can be traded on the international compliance market established under the Kyoto Protocol.

Some CFI activities are not included in the Kyoto national target. These include soil carbon, feral animal management and non-forest revegetation. These activities can earn non-Kyoto carbon credits. The Australian National Carbon Offset Standard gives guidance on what is a genuine voluntary offset and sets minimum requirements for calculating, auditing and offsetting the carbon footprint of an organisation or product to achieve 'carbon neutrality'.

The Australian Government will purchase some non-Kyoto ACCUs using the revenue collected through the implementation of the carbon price and through a tender process. The amount that the Government will pay for non-Kyoto ACCUs will not be higher than the price of Kyoto ACCUs.

The Australian Government has indicated that during the fixed price period a carbon credit could be valued at around \$23. In the flexible price period the value of carbon will be set by the market.

### Carbon Price

On 1 July 2012 the Australian Government introduced a carbon price. The carbon price started at \$23 a tonne. On 1 July 2013 the price will rise with inflation to \$24.15 and on 1 July 2014 to \$25.40 a tonne. From 1 July 2015 the carbon price will no longer be fixed but will be a fully flexible emissions trading or cap and trade scheme and as such will be set by the market.

The carbon price applies to Australia's largest emitters. Australia's largest polluters will need to report on their carbon pollution and surrender a carbon unit to the Government for every tonne of carbon pollution they produce. The aim of this is to create economic incentives for businesses to reduce their pollution.

For more information about the carbon price visit the Clean Energy Regulator website at <http://www.cleanenergyregulator.gov.au/Pages/default.aspx>.





## The Clean Energy Regulator

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The Clean Energy Regulator is an independent statutory authority that has the role of administering the CFI. The Clean Energy Regulator approves CFI projects, issues CFI credits, and manages the holding, transfer, retirement, relinquishment and cancellation of ACCUs. The Clean Energy Regulator carries out compliance action when CFI rules are broken.

## Project proponents

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There are a number of ways that landowners may wish to manage or participate in CFI projects that include managing projects independently, managing projects cooperatively, contracting another agency to undertake the CFI project on your land, as well as selling carbon rights to land to another person or agency.

### **Independently managing CFI projects:**

Independent landowners such as LALCs can undertake CFI projects on their land themselves. In order to undertake CFI projects the LALC would need to become the 'recognised offsets entity' and must pass the fit and proper person test. It is considered that most LALCs would pass the test. However, it is recommended that LALCs consult with the Department of Climate Change and Energy Efficiency to confirm that they meet the required landowner criteria. The eligibility criterion takes into account issues of bankruptcy and insolvency.

A recognised offsets entity is the project proponent who has the responsibility for the project and has the legal right to carry out the project. Recognised offset entities are issued with a registry account and number, retain all responsibility for the project and receive all of the ACCUs.

### **Cooperatively managing CFI projects:**

Landowners (such as LALCs) may choose to form informal cooperatives to undertake a CFI project. It is required under the CFI that an informal cooperative is facilitated by a natural resource management organisation or a government agency. All members of the cooperative are recognised offsets entities.

### **Contracting a provider to undertake CFI projects:**

Landowners may choose to engage an agency to undertake parts of a CFI project. For example, the LALC as a landowner would be the recognised offset entity and would as a result have responsibility for the project and receive the ACCUs. The landowner would then subcontract certain tasks to the agency to undertake under separate contract arrangements.

### **Selling carbon rights:**

Landowners may choose to sell their carbon rights to another person, such as a project aggregator. Under this arrangement the aggregator would be the registered offset entity, would be responsible for the project and would receive the ACCUs. There are potential risks with these arrangements, such as the possibility that aggregators become insolvent. As a consequence the landowner would be responsible for the carbon maintenance obligations.

## Activities that earn carbon credits

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Activities that earn carbon credits are diverse and include sequestration projects such as revegetation projects and the development of carbon sinks as well as emissions avoidance projects such as reducing methane from livestock and reducing agricultural emissions.

### Sequestration projects

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Sequestration is the process of capturing carbon dioxide and storing it to slow the accumulation of greenhouse gases in the atmosphere. Sequestration projects under the CFI include activities such as reforestation, revegetation, restoring rangelands, increasing soil carbon and protecting native forests or vegetation that is at imminent risk of clearing.

Sequestration projects under the CFI have *permanence obligations* as carbon stored in vegetation or in the soil can be released to the atmosphere if the project ceases to be maintained, which reverses the environmental benefits of the sequestration project. Under the CFI permanence is assumed to be 100 years.

For sequestration projects under the CFI, proponents must hold the carbon sequestration right created under state and territory legislation for the relevant project area. Consent must be obtained from anyone with an interest in land registered on title for the project area (e.g. - the bank would have to give consent if there is a mortgage over the property).

As at July 2012 there is an environmental plantings methodology approved for CFI projects involving environmental plantings as well as native forest protection projects and reforestation and afforestation methodologies under consideration.

### Emissions avoidance projects

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Emissions avoidance projects include projects that generate greenhouse gas abatement by reducing or avoiding the emissions of methane and nitrous oxide, or by converting methane into carbon dioxide (which is a less potent greenhouse gas). The CFI has three types of emissions avoidance projects that are eligible – agricultural emissions avoidance projects, introduced animal emissions projects and landfill emissions avoidance projects.

#### **Agricultural emissions avoidance projects:**

These include projects that avoid emissions of;

1. Methane from the digestive tract of livestock
2. Methane or nitrous oxide from the decomposition of livestock urine or dung
3. Methane from rice fields or rice plants
4. Methane or nitrous oxide from the burning of savannas or grasslands
5. Methane or nitrous oxide from the burning of crop stubble in fields, crop residues in fields or sugar cane before harvest
6. Methane or nitrous oxide from soil.

#### **Introduced animal emissions avoidance projects:**

These include projects that avoid the production of emissions of methane from the digestive tract of an introduced animal or avoid the production of methane or nitrous oxide from the decomposition of livestock urine or dung.



## Landfill legacy emissions avoidance projects:

These include projects that avoid emissions of greenhouse gases from the operation of a landfill facility, where the emissions are attributable to waste accepted by the facility before 1 July 2012.

As at July 2012 there are currently methodologies approved for the destruction of methane generated from manure in piggeries and the capture and combustion of landfill gas. There are also methodologies under consideration including avoided emissions from diverting waste from landfill through composting alternative waste treatment technology, the destruction of methane from piggeries using engineered biodigesters, the diverting of waste to an alternative waste treatment facility, the avoided emissions from diverting waste from landfill for process engineered fuel manufacture and the management of large feral herbivores (camels) in the Australian rangelands.

To view the current approved offset methodologies visit the Department of Climate Change and Energy Efficiency website at <http://www.climatechange.gov.au/government/initiatives/carbon-farming-initiative/methodology-development.aspx>.

## Eligible offsets projects

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The CFI has developed offset integrity standards that are designed to ensure that carbon credits can genuinely offset emissions. The offsets integrity standards outline that any abatement using the CFI must be measurable and verifiable, that the measurement methods employed must be supported by peer reviewed science and consistent with Australia's international accounts, that measurement methods must account for leakage and variability and use conservative assumptions, that abatement must be additional to what would occur in the absence of the project and that sequestration must be permanent.

## Methodologies

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Projects established under the CFI need to have methodologies that underpin them that are approved by the Minister for Climate Change and Energy Efficiency. Methodologies include the rules for implementing and monitoring activities and the generation of ACCUs under the CFI.

Individuals, companies, non government organisations and the government can all develop methodologies that are submitted to a Domestic Offsets Integrity Committee for approval.

The [Domestic Offsets Integrity Committee](#) is an independent expert committee that has been established to assess offset methodologies and advise the Minister for Climate Change and Energy Efficiency as to whether they should or should not be approved. The Domestic Offsets Integrity Committee aims to ensure that methodologies lead to real abatement of greenhouse gas emissions.

The Domestic Offset Integrity Committee assesses proposed offset methodologies and advises the Minister for Climate Change and Energy Efficiency as to whether the proposed methodologies will lead to abatement of greenhouse gas emissions. As a part of the approval process, any proposed methodologies are publicly released prior to their approval for public comment. To view proposed offset methodologies visit <http://www.climatechange.gov.au/government/initiatives/carbon-farming-initiative/methodology-development/methodologies-under-consideration.aspx>.

CFI methodologies vary depending on the different types of abatement activities, however they all contain:

- A description of the activity and how it reduces emissions or stores carbon;
- A list of the emissions sources affected by the project;
- Instructions for determining a baseline that represents what would occur in the absence of the project;
- Procedures for measuring or estimating abatement; and
- Project specific data collection, monitoring, reporting and record keeping requirements.

## Additionality

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CFI projects must deliver new and additional abatement and must not have adverse environmental impacts. As a result, to set up a CFI project and gain ACCUs, the project must pass an additionality test.

The concept of additionality seeks to show whether the proposed activity would have occurred in the absence of the CFI. If the activity would not have occurred then it is additional.

The CFI is based on principles of offsetting. This means that an emitter buys ACCUs from a CFI project proponent (who undertakes activities to reduce greenhouse gas emissions) to offset their emissions. If the project proponent would have undertaken the activity anyway, then the activity does not cancel out the extra emissions that will be released.

Only activities that are additional provide an environmental benefit that can cancel out emissions. If the activity would have happened anyway then there will be an overall net increase in emissions.

Activities that are considered additional are listed on the 'positive list'.

## The positive list

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To pass the additionality test, a project must not be required by law and the activity must be on the 'positive list'. The positive list sets out activities that are considered to go beyond common practice in the relevant industry or environment. Anyone can propose an activity for the positive list through processes outlined at <http://www.climatechange.gov.au/government/initiatives/carbon-farming-initiative/activities-eligible-excluded/additional-activities-positive-list/positive-list-guidelines-proposal-form.aspx>. These processes include filling out a Positive List Proposal Form.

The Minister for Climate Change and Energy Efficiency recommends what activities are to be added to the positive list following a consultation process and receiving advice from the Domestic Offset Integrity Committee.

## Permanency

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For any CFI sequestration project there are permanency requirements. Permanency requirements ensure that carbon is stored permanently and is not released back into the environment. Carbon that is stored in vegetation or in soils can only offset emissions if the storage of these emissions is done in accordance to permanency obligations.

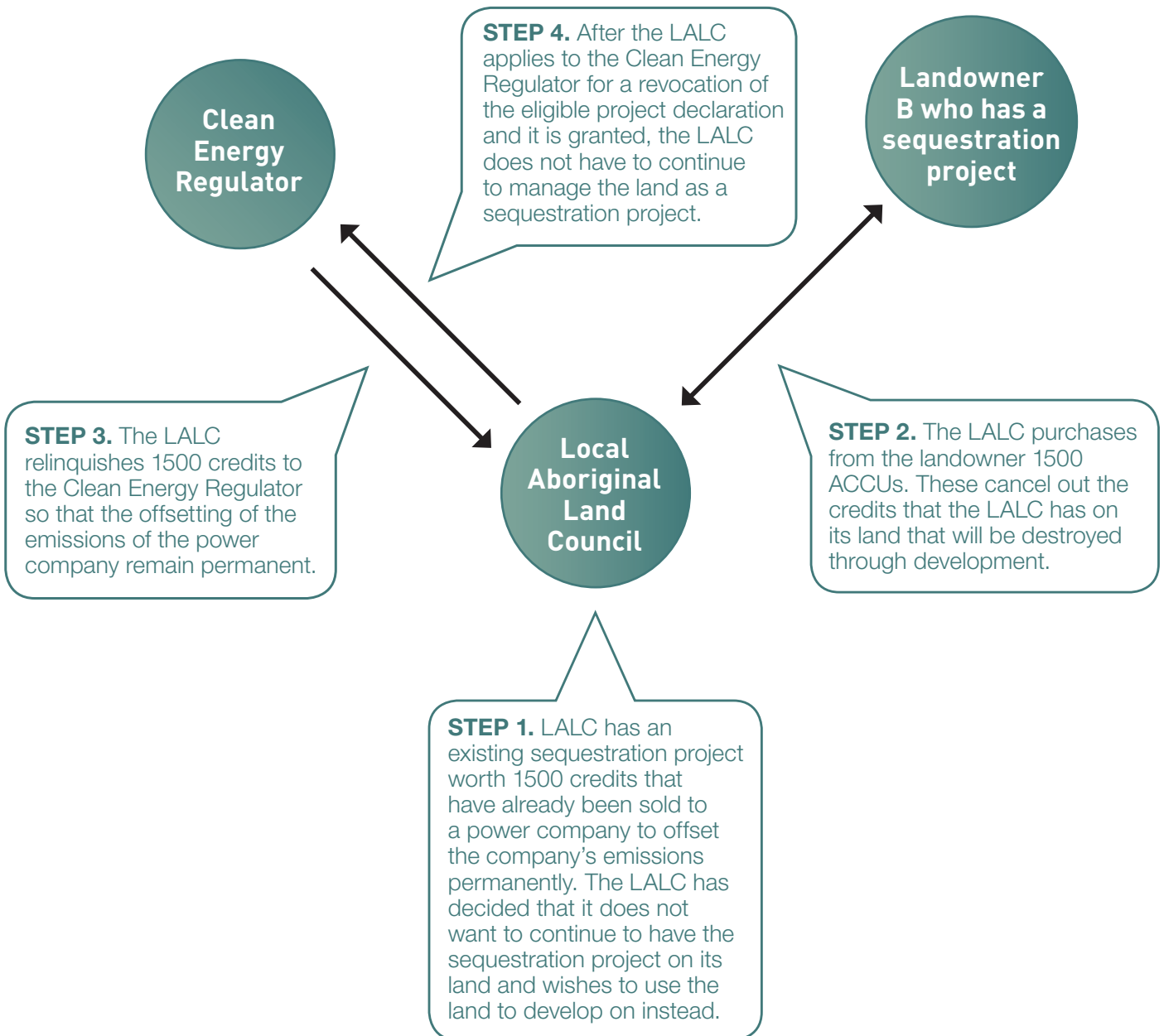
The permanence obligations for CFI sequestration projects is at least 100 years. This means that landowners who set up carbon sinks or other sequestration projects to store carbon and trade with an emitter to offset their emissions must ensure that their carbon sink or other sequestration project is managed in accordance with the relevant methodology for at least 100 years. If the management of a carbon sink or other sequestration project cannot be undertaken in accordance with permanency requirements then the LALC must trade with another landowner, individual or company who will set up a sequestration project to offset emissions. This is explained further below.

It is likely that over 100 years the land that has the sequestration project on it may be either transferred to new owners, or a LALC may decide that it would like to undertake different activities on it. As a result the LALC may wish to cancel the sequestration project and cease engaging in the CFI. In order to do this the LALC can relinquish (hand back) ACCUs to the Clean Energy Regulator where the project is voluntarily terminated, where the project has been revoked by the Regulator or where carbon stores have not been restored following a natural disturbance (such as flood or fire) and where carbon stores have been affected by the natural disturbance.



**For example:** A LALC owns land and decides to set up a CFI sequestration project that involves the management of Kyoto compliant forest regrowth. The LALC has received 1500 Kyoto ACCUs and sold them to a power company at \$15 a credit.

Sometime later the LALC decides that it is in the community and financial interest to develop on the land. The LALC finds a group that has set up a CFI sequestration project on their land and buys 1500 Kyoto ACCUS from that group for \$20 each. The LALC then relinquishes these ACCUs to the Clean Energy Regulator. The LALC then applies for a revocation of the eligible project declaration, which is the formal requirement of concluding a CFI project. As a result of the relinquishment of the ACCUs the LALC can develop their land and are free from any obligations under the CFI.



## What are the potential risks?

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There are potential risks associated with engaging in the CFI. The risks can be the same whether a small or large land dealing is proposed. Consequently, it is important that LALCs are aware of these risks and put safeguards in place to manage them. It is also important to note that the risks for LALCs may not be limited to the ones identified within the Guide.

### Market and trading risks

There are potential risks in engaging in the CFI without fully understanding the political climate and debate that has shaped discussion regarding the initiative and related policy, such as the carbon tax. It remains ambiguous whether, after the Federal election in 2013, the carbon tax will be maintained. It is therefore unclear as to whether the market will be affected as a result of potential changes to the carbon tax as it may be that the companies that have a mandatory obligation to pay for or offset their direct emissions will no longer have a mandatory obligation. Like any market based system, there are inherent risks in trading relating to whether the market is strongly established and the potential demand for the purchasing of credits. It is recommended that independent financial and market advice is sought prior to engaging in the CFI.

### Natural disasters

Changes in environmental conditions due to natural disasters or climate change may alter the extent of a CFI projects maintenance. For instance if a carbon store is lost due to bushfire or drought, landowners are required to ensure that carbon stores are re-established. In some situations active management to restore carbon stores would be required such as replanting. While the carbon stores are recovering the landowner will not receive credits, however once the store exceeds prior disaster levels then credits will begin to be issued to the landowner. This has implications as some carbon stores may take some time to be restored and the income of landowners will, as a result, be affected.

### Risk of reversal buffer

The risk of reversal buffer is a five per cent (5%) buffer that is applied to all sequestration projects. The risk of referral buffer essentially means that for every 100 tonnes of carbon that is stored, only 95 credits will be issued. This is an insurance strategy for any residual risks that cannot be managed through permanence obligations such as natural disasters, as well as landowners and managers who do not re-establish carbon stores contrary to permanence obligations. The risk of reversal buffer is insurance for carbon stores but does not cover any financial compensation for loss of income.

One option that landowners may wish to investigate is taking out/purchasing private insurance of CFI projects.

### Permanency

Sequestration projects have permanency obligations of at least 100 years. As a result, careful consideration should be undertaken regarding the appropriateness of setting up a CFI project on a parcel of land for more than 100 years. Issues of intergenerational equity may need to be explored.

### Maintenance obligations

If the landowner wishes to terminate or transfer the CFI project (for example if the landowner wishes to cancel their project or sell the land without the project attached to the land title), the landowner must relinquish (hand back) credits to the Clean Energy Regulator. This is similarly the case if the landowner does not allow carbon credits to be regenerated (such as after a natural disaster).

When a landowner fails to meet relinquishment obligations then a carbon maintenance obligation will apply. This obligation prevents the destruction of carbon stores that have been awarded ACCUs under the CFI. The obligation requires landowners to maintain the existing carbon stock, but not add to it and is attached to the title of the land where the land passes to another landowner. Maintenance obligations will also



apply where the previous landowner failed to comply with requirements of the CFI and as a result would potentially negatively impact on the sale price of the land.

### **Reporting, monitoring and verification**

Reporting and monitoring requirements are set out in methodologies and CFI legislation sets out project requirements. Generally, CFI project managers must submit reports at least once every five years and not within 12 months of a previous report. It is important to note that there are different reporting requirements for different types of projects. Landowners should be aware of reporting requirements, as penalties exist for failing to adhere to such requirements.

### **Opportunity costs**

LALCs need to consider the opportunity costs for using land for CFI projects, particularly if the proposed project is a sequestration project that has permanence obligations. The opportunity cost is the value of an alternative use of land forgone because of the decision to set up a CFI project. Ecological, cultural and economic considerations should be taken into account within the opportunity cost.

### **Social and cultural risks**

Some CFI projects may limit the access to Country for Aboriginal communities and the ability to engage in traditional practices. All decisions which affect access to and use of Country should be carefully considered by LALCs. In particular, as CFI sequestration projects have implications into the future, the consistency of participating in the CFI with cultural practices, traditions and identity should be carefully considered. Community support should be sought prior to engaging in the CFI.



## Participating in the Carbon Farming Initiative

### Steps involved in participation

The steps involved in engaging in the Carbon Farming Initiative are listed in the following figure:

Research and preliminary assessment of the suitability of a CFI project on parcels of land. Independent legal, property and financial advice should be sought.

Undertake all requirements of the *Aboriginal Land Rights Act 1983 (NSW)*, the *Aboriginal Land Rights Regulation*, and the *Policy on the Approval and Assessment of Local Aboriginal Land Council Land Dealings*.

**Apply to join the CFI as a Recognised Offsets Entity:** LALCs must meet requirements of the 'fit and proper person' test as well as provide information about the organisation. Open a registry account and be awarded a 'recognised offsets entity' number by the Clean Energy Regulator.

**Apply for a project (Eligible Offsets Project):** A project application should be submitted and declared eligible by the Clean Energy Regulator. After approval the Clean Energy Regulator will issue the LALC with a Declaration of Eligible Offsets Project and record the project on the Register of Offsets Projects. The Clean Energy Regulator will notify the NSW land title officials when a sequestration project is approved, allowing for a note to be included on the land title register altering future buyers that CFI obligations may apply.

**Undertake the approved abatement project:** Activities are undertaken by the LALC as set out in the chosen methodology. Records of project monitoring must be kept by the LALC. If the LALCs circumstances change then the Clean Energy Regulator must be notified in writing.

**Submit offsets and audit reports:** Offsets reports contain information such as the activities undertaken and management practices, a greenhouse gas assessment baseline, calculations of estimated abatement and information required under the relevant methodology. Reports will most likely need to be reviewed by a greenhouse gas and energy auditor prior to submission.

**Apply for credits:** LALCs need to apply for a 'certificate of entitlement' from the Clean Energy Regulator which specifies the number and type of ACCUs that the LALC is entitled to.

**Credits are issued to you:** When the LALC has received the 'certificate of entitlement', ACCUs will be issued by the Clean Energy Regulator into the LALCs registry account.

### PROJECT CLOSURE

For more information regarding processes involved in engaging in the CFI, please contact the NSW Aboriginal Land Council.





## How does carbon farming work with other legislation?

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### Carbon farming and the *Aboriginal Land Rights Act 1983 (NSW)*

In the ALRA, some activities including those that require a development application (particularly sequestration activities that have permanence obligations) are included within the definition of “land dealings” or “dealing with land”. This means that all the legislative processes applicable to “land dealings” are applicable to engaging in such activities. In this case, for some carbon farming activities initiated by a LALC, approval would be required from NSWALC prior to entering into any agreement. Without LALC and NSWALC approval the agreement or carbon farming initiative will be void under the ALRA.

It is recommended that LALCs seek individual advice from NSWALC regarding whether or not a certain CFI project is a land dealing before entering into any carbon farming initiatives, projects, or agreements.

LALCs are required to improve, protect and foster the best interests of all Aboriginal people in the area. Depending on the individual characteristics of the land, carbon farming may or may not be considered the best use of the land for the community.

## Community Land and Business Plans

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The ALRA establishes the requirements for the preparation and approval of a LALC’s Community Land and Business Plans (CLBPs). Each LALC must prepare and implement a CLBP which must include ‘the identity of, and particulars of any encumbrance affecting, any parcel of land of the Council’ (section 83(2)(a) of the ALRA).

Where a LALC seeks to engage in the CFI through the development of sequestration and emissions avoidance projects and its existing CLBP does not provide for this land use decision, the CLBP may require amendment. For information regarding the amendment of CLBPs see page 51 of the NSWALC *Guide for LALCs on Preparing a Community, Land and Business Plan*, [http://www.alc.org.au/media/10100/Community%20Land%20&%20Business%20Plan%20\(2008\).pdf](http://www.alc.org.au/media/10100/Community%20Land%20&%20Business%20Plan%20(2008).pdf)

## Carbon farming and other legislation

The interactions between the Carbon Farming Initiative and other selected legislative instruments are summarised in the table below. Please note that this table only provides a brief summary of some of the legislation that interacts with the CFI.

Name of Act	Interaction details
Carbon Credits (Carbon Farming Initiative) 2011 (Cth)	The Carbon Farming Initiative is administered by under the Carbon Credits (Carbon Farming Initiative) 2011 (CFI Act).
Carbon Credits (Carbon Farming Initiative) Regulation 2011 (Cth)	The Carbon Credits (Carbon Farming Initiative) Regulation 2011 (Cth) covers requirements of eligible offset projects, recognised offset entities, credits reporting, requirements to relinquish ACCUs, record keeping and project monitoring and the Domestic Offsets Integrity Committee.
Carbon Credits (Carbon Farming Initiative) Amendment Regulation 2012 (Cth)	The Carbon Credits (Carbon Farming Initiative) Amendment Regulation 2012 (Cth) outlines that Aboriginal Land Councils are the eligible interest holders over any successfully claimed land, even if this land has not yet been registered on a Torrens system of land registration due to the lengthy process of final registration.
Australian National Registry of Emissions Units Regulations 2011 (Cth)	Australian National Registry of Emissions Units Regulations 2011 sets out the legislative regime for Australian National Registry of Emissions Units and Kyoto Units.
Native Title Act 1993 (Cth)	An Aboriginal Land Council must not deal with land vested in it subject to native title rights and interests under sections 36(9) or 36(9A) of the ALRA unless the land is the subject of an approved determination of native title as defined by the Native Title Act.
National Parks and Wildlife Act 1974 (NSW)	Under s42A of the ALRA, an Aboriginal Land Council must not deal with land that is vested in it and that is reserved or dedicated under Part 4A of the NP&W Act, except in accordance with that Act.



## The Indigenous Carbon Farming Fund

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The Indigenous Carbon Farming Fund commits \$22 million over 5 years to assisting Aboriginal and Torres Strait Islander peoples engage in the CFI. The Indigenous Carbon Farming Fund consists of two streams – a research and development stream and a capacity building and business support stream.

The research and development stream directs funding towards supporting and developing low cost methodologies and provides funding specifically for research and reporting tools for CFI methodologies. Funding for this stream totals \$5.2 million over 5 years. The Department of Climate Change and Energy Efficiency delivers this stream of funding.

The capacity building and business support stream provides funding for training and assessing project opportunities which includes the development of governance arrangements for CFI projects particularly where there are multiple land interest holders. The capacity building and business support stream is delivered by the Department of Sustainability, Environment, Water, Population and Communities and totals \$17.1 million.

For more information visit: <http://www.climatechange.gov.au/government/initiatives/indigenous-carbon-farming-fund.aspx> or <http://www.environment.gov.au/cleanenergyfuture/icff/>.

## Other funding sources

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### Biodiversity Fund

The Biodiversity Fund is a \$946 million over 6 years fund that supports landowners and land managers in storing carbon and protecting biodiversity on both public and private land. The Biodiversity Fund supports the establishment of new carbon stores or the management of existing carbon stores. The Biodiversity Fund provides support for projects that include biodiverse plantings, protecting and enhancing native vegetation and managing threats to biodiversity. For more information visit: <http://www.environment.gov.au/cleanenergyfuture/biodiversity-fund/index.html>

### Carbon Farming Futures Fund

The Carbon Farming Futures Fund is a \$429 million fund designed to fund research into new practices for land managers to reduce greenhouse gas emissions, to assist industry and farmers test and apply research outcomes in farming situations, to provide information and support in participating in the CFI and provide a 15 per cent tax offset for new eligible conservation tillage equipment. For more information visit: <http://www.daff.gov.au/climatechange/carbonfarmingfutures/>

## What other land management options are there?

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Carbon farming may not always be the land use option which is most suited to the landowner's circumstances.

NSWALC has produced a series of information sheets on sustainable land uses that may be helpful for LALCs. The information sheets cover the following topics:

- Carbon emissions schemes;
- Hydropower schemes;
- The establishment of carbon sinks;
- Wind power schemes;
- Solar power schemes;
- Biofuel cultivation;
- Conservation schemes;
- Biobanking; and
- Ecotourism.

The information sheets can be accessed at <http://www.alc.org.au/publications/fact-sheets.aspx>. For hardcopies of the information sheets contact the Policy and Research Unit on 02 9689 4444 or [policy@alc.org.au](mailto:policy@alc.org.au).

## I'm interested, what do I do next?

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It is advisable that independent legal, financial and property advice is sought prior to any engagement in the CFI.

Any LALC interested in carbon farming should also contact NSWALC. NSWALC will be able provide you with further information about what steps should be taken to investigate the potential for carbon farming on your land. As the costs of engaging in carbon farming can be substantial it is important that LALCs make sure that carbon farming is a wise option for their site as early as possible.



## Links and resources

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There are a number of resources available for individuals and Aboriginal organisations wishing to find out more about the CFI. In addition to this guide, the Department of Climate Change and Energy Efficiency has produced a Carbon Farming Initiative Handbook, available <http://www.climatechange.gov.au/en/government/initiatives/carbon-farming-initiative/handbook.aspx> as well as a suite of information available at the Department's website, <http://www.climatechange.gov.au/government/initiatives/carbon-farming-initiative.aspx>.

The Department of Sustainability, Environment, Water, Populations and Communities has documented a series of CFI case studies specific for Aboriginal lands around Australia and reforestation projects. The case studies can be found at <http://www.environment.gov.au/cleanenergyfuture/icff/case-studies.html>.

## NSW Aboriginal Land Council

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The Policy and Research Unit at NSWALC has developed resources for Aboriginal landowners in relation to the CFI, other sustainable land use options and Aboriginal culture and heritage protection.

For more information regarding NSWALC or the CFI please visit the NSWALC website or speak to the Policy and Research Unit.

### NSWALC contact details

Phone: (02) 9689 4444

Email: [policy@alc.org.au](mailto:policy@alc.org.au)

Web: <http://www.alc.org.au>



## Contact Details

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### **Department of Climate Change and Energy Efficiency Carbon Farming Initiative:**

GPO Box 854  
Canberra ACT 2601  
Australia

Phone: 1800 057 590

Email: [enquiries@climatechange.gov.au](mailto:enquiries@climatechange.gov.au)

Web: [www.climatechange.gov.au/government/initiatives/carbon-farming-initiative.aspx](http://www.climatechange.gov.au/government/initiatives/carbon-farming-initiative.aspx)

#### **This website provides access to the following resources:**

- The CFI Handbook
- Indigenous Australians and the CFI including:
  - CFI methodologies
  - Information about applying for a CFI project
  - Project support
  - Information about business development
  - Education and training information.
- Eligible and excluded activities of the CFI including:
  - The positive and negative lists
  - Kyoto and non-Kyoto activities
  - Permanence obligations and requirements
- Methodologies
- Various fact sheets

### **Department of Sustainability, Environment, Water, Population and Communities:**

GPO Box 787  
Canberra ACT 2601  
Australia

Phone: 1800 803 772

Web: <http://www.environment.gov.au/cleanenergyfuture/icff/index.html>

This website has information regarding the following:

- The Indigenous Carbon Farming Fund
- The Biodiversity Fund
- The carbon price

### **The Environmental Defenders Office Ltd**

Level 1, 89 York Street  
Sydney NSW 2000  
Australia

Phone: (02) 9262 6989

Fax: (02) 9262 6998

Freecall: (NSW only) 1800 626 239

**The Environmental Defender's Office Ltd, (EDO)**, is a not-for-profit community legal centre specialising in public interest environmental law. The EDO assists individuals and community groups who are working to protect the natural and built environment. The EDO is part of a [national network](#) of centres that help to protect the environment through law in their States. The EDO undertakes [casework](#), provides [scientific assessment and advice](#), education and [law reform](#). The EDO also provides [free initial legal advice to the community](#).



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