LRF Getting Started Guide

First steps towards a carbon farming project

About the guide

Carbon farming is complex, so it’s important to be well-informed about the risks, benefits and opportunities a carbon farming project can offer your business before you start.

This guide contains tools and tips on how to:

- Consider the risks and benefits of starting a carbon farming project
- Options for carbon project management
- Questions to ask carbon industry experts to make sure you get advice customised for your situation.

Section 1: Readiness self-assessment

The self-assessment consists of three questions to help you clarify how you see carbon farming working within your business:

1. Why do I want to start a carbon farming project?
2. How much time and effort am I willing to put into a carbon project?
3. What do I know about the carbon market?

Answering these three questions will give you a clear idea of what you want to achieve with a carbon farming project and help you to seek advice that’s relevant to your property and business.

Section 2: Questions to ask Approved Advisers

Land Restoration Fund (LRF) Approved Advisers are experienced professionals who can provide carbon farming support to landholders. The Approved Adviser Directory includes the details of solicitors, accountants, carbon project developers, environmental consultants and agribusiness Advisers who’ve been accredited by the LRF.

This section suggests key questions to help you ensure you have all the relevant information when choosing an Adviser and seeking more information about a carbon farming decision.

Section 1: Readiness self-assessment

Question 1: Why do I want to start a carbon farming project?

There are many possible reasons to start a carbon farming project, all with their own risks, benefits and opportunities.

To help you clarify which benefits are most important to your business, and which options you are most interested in pursuing, consider the following scenarios and how they may apply to your circumstances.

Reasons to start carbon farming	Carbon farming benefit	Carbon farming risk
Create a new revenue stream	Landholders can sell ACCUs, creating an income stream in addition to their core business.	Like any other crop, carbon farming projects are not immune to price fluctuations or natural disasters, which impacts the revenue carbon projects can generate.
Become a carbon neutral farm to achieve certification or market advantage	By sequestering carbon on your property, you can choose to keep the ACCUs generated to offset your own farm activities. By reducing your carbon output to zero, you may be eligible to be certified as carbon neutral, which can make your products more valuable.	By keeping ACCUs to certify your carbon neutral status, you cannot sell those ACCUs for a profit.
Regenerate native landscapes to increase biodiversity and improve the health of the environment	Some buyers will pay more for carbon projects that produce extra environmental benefits. These are called co-benefits and can significantly increase the amount of money available to the landholder to conduct the project.	Not all land is created equal, and some parts of the country will have more conservation value than others. The conservation value of the land influences how much the market will pay for co-benefits that conserve habitat.
Reduce greenhouse gases in the atmosphere to reduce global heating	All carbon farming methods are designed to either avoid the release of greenhouse gases or sequester existing atmospheric carbon in the soil or in trees.	The permanence period* is crucial to maintaining the carbon captured for the long term. Ensure you understand how this may impact any future farm plans, including the sale of the property.
Improve productivity by introducing regenerative agriculture practices	Landholders can generate Australian Carbon Credit Units (ACCUs) while improving their regenerative agricultural practices at the same time.	Regenerative agriculture practices alone to do constitute a carbon farming method, even if they reduce a farm's emissions. Landholders must follow approved methods under the ACCU Scheme to receive credits for any carbon stored through regenerative practices.

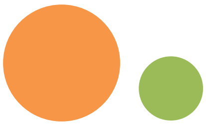
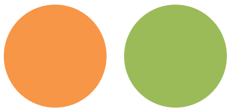
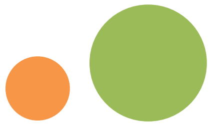
* A permanence period is the amount of time carbon stocks must be maintained – e.g. by keeping trees in the ground. Project proponents can choose a permanence period of either 25 or 100 years. The period starts when a project is issued its first ACCUs.

Question 2: How much time and effort am I willing to put into a carbon project?

As a land manager, you need to weigh up how much of the work required to set up and maintain a carbon project you are prepared to do yourself, and how much you are willing to contract out. The balance of this will determine how much money you can make from a project.

The following scenarios show the impacts of different approaches and their varying outcomes.

Landholder Contractor

Scenario 1 **DIY**	**Scenario 2** **Assisted DIY**	**Scenario 3** **Outsource**
		
Landholder takes on almost all responsibility for the development and delivery of the carbon project, with the exception of employing a third-party auditor. Requires significant expertise and investment of time and capital, but landholder retains control and the largest share of any profit made.	Landholder manages the project with specialist expertise as required. Requires less time and knowledge than scenario 1. This option still allows for landholders to control the project, but the profit margin is reduced as a result of paying for more assistance.	Landholder agrees to a carbon service provider developing and managing the project on their land with little to no involvement beyond the legal agreement. Requires the least amount of time and effort for the landholder compared to the other scenarios, but offers less control and a smaller financial return.

Question 3: What do I know about the carbon market?

Like any market where a landholder sells goods, carbon and environmental markets have their own terms, important players and rules.

A basic understanding of how carbon and environmental markets work, how prices are set, and what factors influence market change is critical to making fully informed decisions.

Explore the resources on the LRF's Information for Landholders page to learn more.

Section 2: Questions to ask Approved Advisers

The Approved Adviser Directory contains details of experienced professionals ready to help landholders navigate carbon farming and guide them through the LRF application process.

1. **Which methods are most suitable for my property?**
   Not all carbon farming methods are suitable for all properties. In fact, some properties will not be able to support a project unless specific conditions and carbon prices align.
   Be sure to ask what factors could affect the value of any ACCUs generated or increase their value, noting that adding co-benefits to the ACCU can command higher prices.

2. **Can you assess my property for co-benefits?**
   Co-benefits can add a significant margin to the value of your ACCUs. The LRF and other buyers will pay extra for carbon credits that also support biodiversity, First Nations' participation and other additional benefits. Not all properties are able to add co-benefits to their ACCUs, but without an assessment you may miss an opportunity to increase your return.

3. **Have you ever worked on a project that included co-benefits before?**
   Co-benefits add value, but they also require more work to verify and claim the additional benefits. By working with an Adviser who has experience in this process, you can gauge whether the effort to sell your co-benefits stacks up financially.

4. **How many landholders in this region has your company worked with?**
   Although most Advisers can give general advice regardless of your property's location, some Advisers will have greater knowledge of certain regions than others. Finding an Adviser who has a detailed knowledge of your specific bioregion can help you obtain tailored advice.

5. **What is your rate for a desktop assessment versus an on-ground assessment?**
   The potential for a given area to host a carbon farming project is assessed in multiple ways, one of which is via Geographic Information System (GIS) mapping with software that estimates certain values like soil moisture, soil type, vegetation cover and land category. This type of analysis is called a 'desktop assessment' as the Adviser does not need to visit your property.
   This is a less expensive option for the Adviser than incurring the costs of visiting the property and making a visual inspection. It may not be necessary to do both to gather the information you require, however it is important to ask the difference in price to ensure you receive value for money.

6. **Does seeking advice from your company come with any future obligations?**
   Some Approved Advisers ask landholders to sign contracts committing to future carbon farming projects before they provide advice. This is not standard practice. If you are not willing to be locked into any future projects, visit the Approved Adviser Directory and find an Adviser who'll work with you on an obligation-free basis.

Any questions should be directed to: carbonfarming@des.qld.gov.au

For more information visit: www.qld.gov.au/LandRestorationFund