

Landcare CarbonSMART

Australia's Biodiversity Conservation Strategy 2010-2020
Public Submission on Strategy Draft

Introduction

The Landcare CarbonSMART pool is a conservation-based carbon sequestration program that offers landholders ongoing income in return for growing and maintaining native, biodiverse vegetation on their land. CarbonSMART is based on the concept that vegetation planted since 1990 is already sequestering carbon, thus reducing the level of greenhouse gases in the atmosphere. CarbonSMART gives farmers the opportunity to trade this carbon and receive an income in return.

CarbonSMART was initiated in 2007 by Landcare Australia Limited, a not-for-profit organisation that supports landcare, the country's biggest environmental volunteer movement. The project has been supported by the Australian Government Department of Agriculture, Fisheries and Forestry through the Native Vegetation Regional Pilot Program. It has achieved the highest accreditation possible in Australia. CarbonSMART is an important market based instrument which will contribute to biodiversity conservation on privately owned land in Australia.

CarbonSMART and biodiversity

The Draft Biodiversity Conservation Strategy raises the importance of using market-based approaches to achieve value for money outcomes and protecting and improving biodiversity values. CarbonSMART is a significant market-based approach to biodiversity available to farmers. Its development is encouraging new planting of native vegetation and rewarding landowners who have existing biodiversity plantings established since 1990.

CarbonSMART supports conservation projects on private land, which address the causes of salinity, soil erosion and declining water quality, while creating native habitat and improving Australia's biodiversity. However, many farmers and land managers are still not aware of the potential for earning an income from their biodiversity plantings. For this reason Landcare CarbonSMART believes it is extremely important for the existence of market based instruments related to carbon trading for farmers to be explicitly acknowledged in Australia's Biodiversity Conservation Strategy.

CarbonSMART's role in protecting biodiversity in association with carbon credits has emerged as one of the most attractive aspects of the program, with strong support for biodiversity conservation found on both the demand and supply side of the carbon equation. Under CarbonSMART, biodiversity plantings will have long term security (100+ years) through Restriction on Use of Land Agreements. Further, annual payments to landholders, in return for the carbon sequestered, incentivises the ongoing maintenance and management of forest patches.

How CarbonSMART works

Through Landcare CarbonSMART, farmers and landholders can earn money simply by planting and maintaining vegetation for biodiversity. The CarbonSMART project makes it possible for landholders to secure a regular income for up to 30 years. This is achieved by calculating the amount of carbon absorbed by the vegetation and selling the carbon to individuals and businesses to help them take responsibility for their carbon emissions.

CarbonSMART is the first accredited carbon credits program from a not-for-profit organisation (Landcare Australia Ltd) to support biodiversity, having been formally accredited to trade carbon under the NSW Greenhouse Gas Abatement Scheme (GGAS). CarbonSMART uses carbon sequestration accounting systems consistent with the Kyoto Protocol and the Australian Government (i.e. the National Carbon Accounting System), and is monitored by the Independent Pricing and Regulatory Tribunal of NSW.

Farmers are already earning money under the 'Pay as you grow' CarbonSMART scheme, which pays them for existing biodiversity plantings established after 1990. In 2009 CarbonSMART is

piloting an innovative new program called 'Pay as you sow' in which the value of the carbon that is sequestered in growing forests will be used to fund the establishment of new, biodiverse, indigenous plantings throughout Australia.

The benefits of carbon pooling for biodiversity plantings

Carbon pooling is where multiple sites are administered by a single body or organisation. By pooling, landholders reduce pool management costs and reduce risks such as fire by having sites in various locations. Pooling also allows landholders with smaller sites that might otherwise be less attractive to purchasers to access the market. Pooling can also reduce transaction costs by using standard forms and agreements. CarbonSMART operates as a pool and charges a fee on the sale of carbon from the pool with a percentage paid to the landholder, a percentage to a reserve fund and a percentage to the management and operation of the pool.

By combining many sites into one large pool, CarbonSMART provides cost savings, as well as the advantages for risk management, operational efficiencies and security to landholders.

CarbonSMART manages the pool on behalf of the landholders by undertaking administration, accreditation, compliance reporting, record keeping, site assessment, sales and marketing, risk management, monitoring and registration.

CarbonSMART suits farmers

CarbonSMART works on a partnership approach with landholders where it undertakes the management, accreditation and monitoring on behalf of the landholders. In establishing the project, Landcare Australia carried out community consultation, product design and business modelling to gauge the market before launching the pool. As a result of the consultations, the business model was developed with the following features:

- Landcare CarbonSMART is a wholly-owned subsidiary of Landcare Australia, creating a buffer between the carbon market and landholders.
- It is low risk for Landcare Australia, participants and the landcare movement
- It is low cost for participating landholders
- It has low management needs from participating landholders
- It has 10-year Carbon Sequestration Rights Deeds, allow landholders to opt out each 10 years
- Its marketing includes an environmental premium. Carbon is only sold to companies that are actively working to reduce their carbon footprint.
- Through working to federally and state backed standards and methodologies (including being accredited to such standards), Landcare CarbonSMART takes advantage of the best market price.

What is the return to landholders?

Based on current prices, it is estimated that a typical 10 hectare area of trees with mixed species could yield \$20,000 over a 30-year period. Actual returns will vary per project and are dependent on many parameters, such as location, species, management practices and age of vegetation. If the price of carbon rises, the farmers will still benefit, as CarbonSMART will pass on any increases in carbon prices to landholders.

What land is eligible?

CarbonSMART generates carbon credits from revegetation undertaken for conservation activities including, but not limited to, erosion control, salinity reduction and streamside rehabilitation. The areas of interest are sites that landholders consider permanent plantings, such as areas of the property that have been rehabilitated because they are unsuitable for ongoing agricultural use. Landholders can use areas as small as 0.2 hectares, provided they have been planted since 1990 and meet other eligibility criteria. CarbonSMART doesn't simply count the number of trees that have been planted. It calculates the total carbon stock on site. Each site is calculated individually.

The basic criteria which landholders must meet to participate in the CarbonSMART NSW Pool ensure that the land and revegetation meet the GGAS requirements. The criteria are:

- The site must have been predominantly clear of vegetation (that is, have had less than 20% tree cover) on 31 December 1989.
- The site must have been revegetated after 1 January 1990.
- The site must have been revegetated by seeding or other human action.
- When mature, the vegetation must attain a height of at least two metres.

- When mature, the vegetation's top layer must reach a crown (shade) covering of greater than 20%.
- The site must be at least 0.2 hectares.
- The carbon will remain on site for at least 100 years after the final trade of that carbon.

Other criteria include that the landholder has the rights to the carbon in the trees and that the amount of carbon can be accurately measured. Receiving other grants or payments for the revegetation will not necessarily exclude a site. As part of the management and brokerage fee, CarbonSMART assists landholders by providing advice and specialist services that assist in satisfying the eligibility criteria.

What are the landholder's responsibilities?

The primary responsibility of the landholder is to manage the eligible vegetation so that it continues to grow and store carbon. To create NGACs, the Greenhouse Gas Abatement Scheme (GGAS) requires that CarbonSMART and the landholder enter into agreement to create carbon (forestry) rights and transfer them to the CarbonSMART Trust. To avoid the loss of carbon on the site in the future, the GGAS also requires a Restriction on Use of Land to be registered. It is also a requirement of GGAS that these agreements are registered on land titles. This is seen as the only register that will allow for agreements to survive land ownership change.

Landholders must notify CarbonSMART if their site experiences a depletion event, such as bushfire or pestilence. CarbonSMART can calculate the impact and adjust future payments to reflect estimated storage. The CarbonSMART pool minimises the risk to current and future landholders by undertaking risk management and providing assistance in recovery from unexpected depletion events.

Landholders must provide CarbonSMART access to monitor projects at least once every five years. Monitoring ensures consistency with project expectations and carbon sequestration rates. If for any reason the landholder does not choose to continue with the Pool, the stored carbon must be kept on site for the required period.

Conclusion

CarbonSMART receives hundreds of queries from landholders every month about revegetation and carbon sequestration. Over 450 properties are in the process of being assessed, mapped, modelled and protected, representing over 2,500 hectares of eligible biodiversity plantings from all over Australia. Payments to landholders for carbon sequestered on their properties have begun, which will further aid stewardship of these areas.

CarbonSMART is Australia's leading carbon trading program for biodiversity planting on private land and as such, it should be explicitly included in Australia's Biodiversity Conservation Strategy 2010-2020. Landcare CarbonSMART would be happy to assist this process in any way possible, for example by providing a landholder case study for inclusion in the final draft of the strategy.

Further information More information about Landcare Australia is available at www.landcareonline.com. More information about CarbonSMART is available at www.carbonsmart.com.au.