

# FACT Sheet: Carbon Farming Initiative<sup>1</sup>

The Carbon Farming Initiative<sup>2</sup> is a carbon offsets scheme that will provide new economic opportunities for farmers, forest growers and land managers (hereinafter collectively referred to as Landholders) while also helping the environment by reducing carbon pollution. Landholders will be able to generate credits that can then be sold to other businesses wanting to offset their own carbon pollution.

## Agriculture and forestry sectors vital to Australian abatement

Australia, under the second commitment period of the Kyoto Protocol (2012 – 2020), has committed to create 160 million tonnes of carbon abatement by 2020 from sequestration, emission avoidance or emission reduction activities (Kyoto Target). With agriculture and forestry currently accounting for about 18 per cent of the nation's emissions, Landholders have an important role to play in Australia's commitment under the Kyoto Protocol.

The CFI, which opened for business in December 2011, gives Landholders the opportunity to develop abatement activities on their land that sequester carbon, avoid and/or reduce emissions and earn additional income from the sale of carbon credits. Under the CFI, carbon credits are called "Australian Carbon Credit Units (ACCUs).

## What are carbon credits or ACCUs?

Carbon credits represent reductions in greenhouse gases in the atmosphere through:

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

## Types of ACCUs

Abatement activities of a type that count towards Australia's national target under the Kyoto Protocol are known as Kyoto projects. These include reforestation, revegetation, crop and grazing land management, savanna burning and reducing emissions from livestock reducing emissions from waste deposited in landfills

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<sup>1</sup> Source: Clean Energy Regulator

<sup>2</sup> [Carbon Farming Initiative \(CFI\)](#)

before July 2012. All other types of abatement activities are known as non-Kyoto projects and include feral animal management (see table below).

*Table 1: Summary of activities covered under Kyoto Target*

<b>Kyoto Projects</b>	<b>Non-Kyoto Projects</b>
Reforestation, afforestation and avoided deforestation	Feral animal management
Agriculture e.g. soil carbon, biochar, non-forest revegetation, crop and grazing land management.	Wetland restoration
Reducing emissions from livestock, fertilizers and waste deposited in landfills before 1 July 2012.	
Savannah burning	
Improved forest management – Reducing emissions for deforestation and forest degradation (REDD).	

The *Carbon Farming Initiative Act* provides for two types of credits: Kyoto ACCUs generated from Kyoto projects and non-Kyoto ACCUs generated from non-Kyoto projects; each having different characteristics as explained below.

*Table 2: Summary of characteristics of ACCUs created by Kyoto and non-Kyoto projects.*

<b>Characteristic</b>	<b>Kyoto ACCUs Kyoto project</b>	<b>Non-Kyoto (voluntary) Non-Kyoto project</b>
Can be surrendered under the Carbon Pricing Mechanism (CPM) or sold to the proposed Emission Reduction Fund (ERF)	Yes	No
Able to be sold on the voluntary market	Yes	Yes
Able to be converted or exchanged for international emissions units	Yes under CPM No under ERF	No

More information about Australian carbon credit units is available in the [Concise Description of Australian carbon credit units](#)<sup>3</sup>.

More information about future developments in climate politics is available in the Regulatory Framework Fact Sheet.

More information about proposed amendments to the CFI Act and Regulations is available in the Amendments to the CFI Act and Regulations Fact Sheet.

<sup>3</sup> <http://www.cleanenergyregulator.gov.au/ANREU/Concise-description-of-units/Australian-carbon-credit-units/Pages/default.aspx>

## How can buyers be sure carbon credits represent real emissions reductions?

Offset projects established under the CFI will need to use methodologies approved by the Government.

An independent expert committee, the Domestic Offsets Integrity Committee, will assess methodologies and give advice to the Government on their approval, ensuring they lead to real and measurable emissions reductions.

The CFI legislation also includes measures to minimise fraud and dishonest conduct and ensure that consumers can have confidence that credits are genuine. These include crediting only after emissions reductions have occurred, a test to ensure project developers are 'fit and proper' persons, issuing and tracking credits in a central national registry, requirements for project information to be published, appropriate enforcement provisions to address non-compliance, and regulation of the issuance, transfer and retirement of credits as financial products.

## Examples of activities

### **Destruction of methane generated from manure in piggeries.**

Enhanced manure management will enable farmers to reduce emissions from intensive livestock such as piggeries. The emissions can be captured and flared or used to produce heat and electricity.

### **Reforestation**

Land managers can increase the amount of carbon stored on their land through reforestation. Integrating trees into agricultural systems can protect soils, prevent erosion, and provide biodiversity habitat, as well as protect livestock from wind and heat, potentially increasing survival rates and increasing milk, wool and meat production.

### **Savanna burning**

The frequency and severity of savanna fires can be reduced by carrying out controlled burning earlier in the dry season, when there is less fuel on the ground. This will lead to reduced greenhouse gas emissions in the savannas of Australia's tropical north. Such activity has biodiversity benefits and will provide new employment and economic opportunities for Indigenous Australians.

## **Further Information**

For further information, please contact CarbonQuest Australia on [info@carbonquestaustralia.com.au](mailto:info@carbonquestaustralia.com.au)