

VIEWPOINT

Scheme might offer value for landholders

SAM RICHARDSON

Cowell Clarke law firm director

JUST as more landholders take up carbon farming and reap financial rewards, there's another scheme on the horizon that could open up additional income streams.

A government proposal to encourage local habitat protection and biodiversity is attracting close attention from a variety of stakeholders.

For farmers, it has the potential to provide significant benefit and allow for even greater use of the same parcel of land.

With public consultation due to close off later this month, all eyes will be on what emerges once the dust settles.

How this all progresses will have significant implications for landholders large and small. What is on offer and how does it fit with carbon farming?

The Australian government is proposing to establish a new voluntary 'Nature Repair Market', which incentivises landholders to participate in projects that manage, restore and protect their local habitat.

For example, projects that improve or restore existing native vegetation by activities such as fencing or weeding; plant a mix of local species on a previously cleared area; or

protect rare grasslands that provide habitat for an endangered species.

If introduced, participating landholders will receive one biodiversity certificate for their project, which can be sold to businesses, individuals or the government to help meet biodiversity targets.

The government has released a draft Bill that proposes to introduce the Nature Repair Market, with the existing round of consultation due to close on February 24.

The Bill is set to be introduced before Commonwealth Parliament by the end of this year.

I wrote a column in *Stock Journal* on carbon farming about a year ago and since that time have worked with various landholders operating within the Australian Carbon Market.

It is envisaged the Nature Repair Market will operate in parallel with the existing carbon farming scheme. What does it all mean for a farmer's bottom line?

The intent of this new draft Bill is the same parcel of land could generate both carbon credits under a carbon farming project as well as a biodiversity certificate under a nature repair project.

In my view, this provides potential for

agricultural landholders to further diversify their income streams.

While each project would need to be assessed on its merits, it is quite possible that there could be real benefits in running both carbon farming and nature repair projects simultaneously on the same parcel of land.

One of the areas that is being carefully considered is how the biodiversity certificates will be priced.

An important difference between the existing Australian Carbon Market and the proposed Nature Repair Market is the pricing mechanism used.

A carbon farming project can generate multiple carbon credit units, the value of which are standardised and determined by the spot price or agreed contract price.

By contrast, because only one biodiversity certificate is issued in respect of each biodiversity project, there will likely be different values attributed to each certificate.

Precisely how the value of each biodiversity certificate will be determined is not clear at this point, but it appears to be a matter for the market to decide.

Further clarity from the government on this is needed.

|| Details: srichardson@cowellclarke.com.au