



Carbon Farming Initiative: The first 18 months

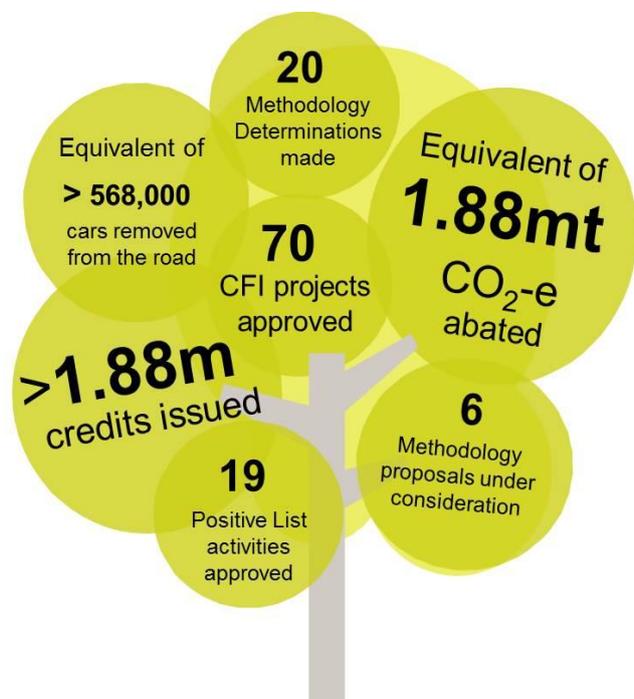
In its first 18 months, the Carbon Farming Initiative (CFI) has credited over 1.88 million tonnes of carbon abatement, worth an estimated \$37 million. This is equivalent to taking more than half a million cars off the road. There are now 70 projects registered under this voluntary offsets scheme.

About the CFI

The Carbon Farming Initiative (CFI) is a carbon offset scheme that provides economic opportunities for farmers, forest growers and land managers while also helping the environment by reducing carbon pollution. Farmers and land managers can generate credits that can be sold to other businesses wanting to offset their own carbon pollution.

The CFI commenced in December 2011. During its first 18 months of operation, the CFI has issued over 1.88 million credits, representing more than 1.88 million tonnes of carbon abatement.

These credits can be sold to businesses with liabilities under the carbon pricing mechanism. They have an expected value to landholders and other project proponents of around \$37 million. They also deliver an environmental benefit that is equivalent to taking more than half a million cars off the road.



What opportunities are there for land managers?

In the 12 months since the first CFI methodology was released in June 2012, the CFI has registered 70 projects across a diverse range of activities and locations. There are now CFI projects located in all States and Territories across Australia. While some are still in the implementation stage, a substantial number of carbon credits have already been generated and sold (see Box 1).

Further opportunities are available in a range of areas, with 20 measurement methodologies currently available, covering:

- permanent environmental plantings and revegetation, including farm forestry (8);
- management of savanna burning (2);
- capture and disposal of methane generated from manure in piggeries and dairies (4); and
- methane capture at landfills and alternative waste treatment (6).

A further 6 methodologies are currently in the pipeline. A new methodology covering feed supplements for dairy cattle has been endorsed; and proposals for the storage of carbon in agricultural soils, rangeland restoration and mangroves are under consideration.

Box 1: CFI case studies

Savanna burning in Northern Australia

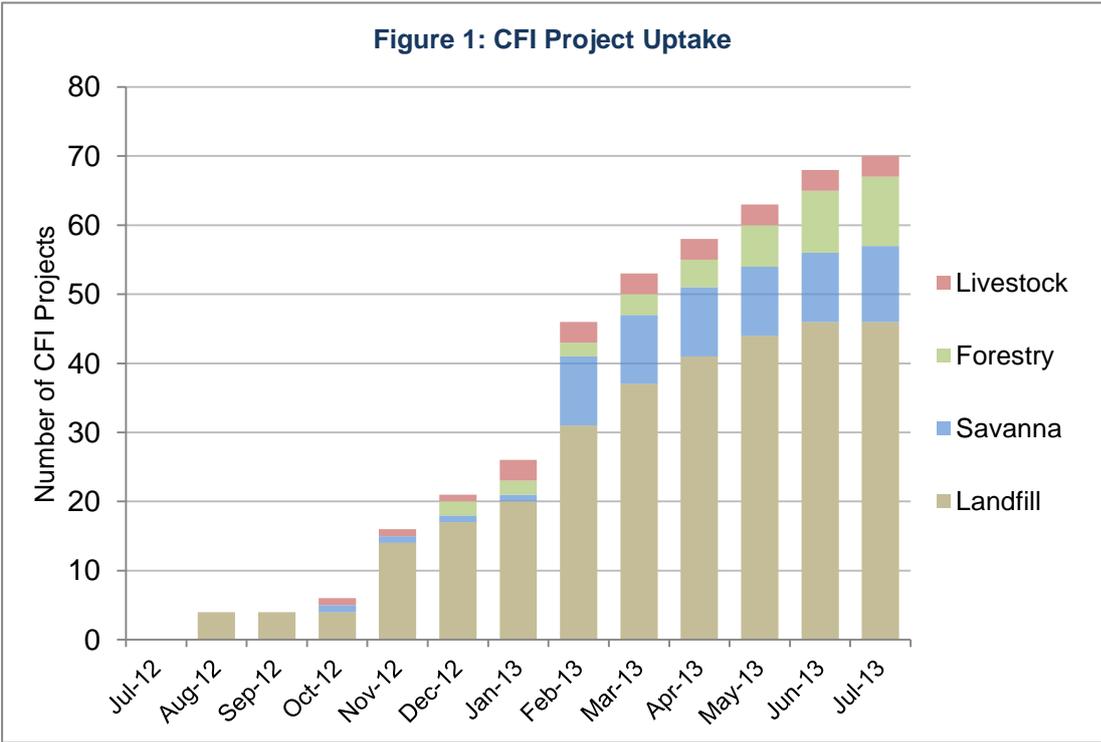
The Indigenous Land Corporation (ILC) has generated credits on its 180,000 hectare property located in the Northern Territory. Uncontrolled fires have been burning approximately 70% of the property each year. By applying a method of controlled burning early in the dry season these fires have decreased to only 3%. In June 2013, the ILC made its first sale of 25,884 credits to Caltex Australia, reportedly earning over \$500,000. This activity generates employment for Indigenous land managers and ILC reports that the money raised from the sale of credits will be reinvested to support Indigenous jobs and environmental land management on the Fish River.

Manure management in New South Wales

The Blantyre Farm was the first piggery in Australia to earn carbon credits. Manure from the Blantyre Farm’s 22,000 pigs are generating more than enough clean energy to power the entire property and the farm no longer pays a cent for electricity. The farm has invested nearly \$1 million on a biogas generator which exports electricity to the grid and generates carbon revenues. The farm has gone from paying \$15,000 in monthly electricity bills to monthly earnings of \$5,000. The Blantyre piggery is not only more profitable, but its operations are now insulated from future electricity costs.

How does the uptake in the CFI compare with other offsets schemes?

Offset schemes vary in their coverage and design making direct comparisons difficult. In general, however, uptake in the CFI compares well to other schemes when we look at how many methodologies have been developed and the number of projects registered. In its first 18 months of operation, the CFI approved 20 measurement methodologies and registered 70 projects, supporting landholder participation across a range of activities (see Figure 1).

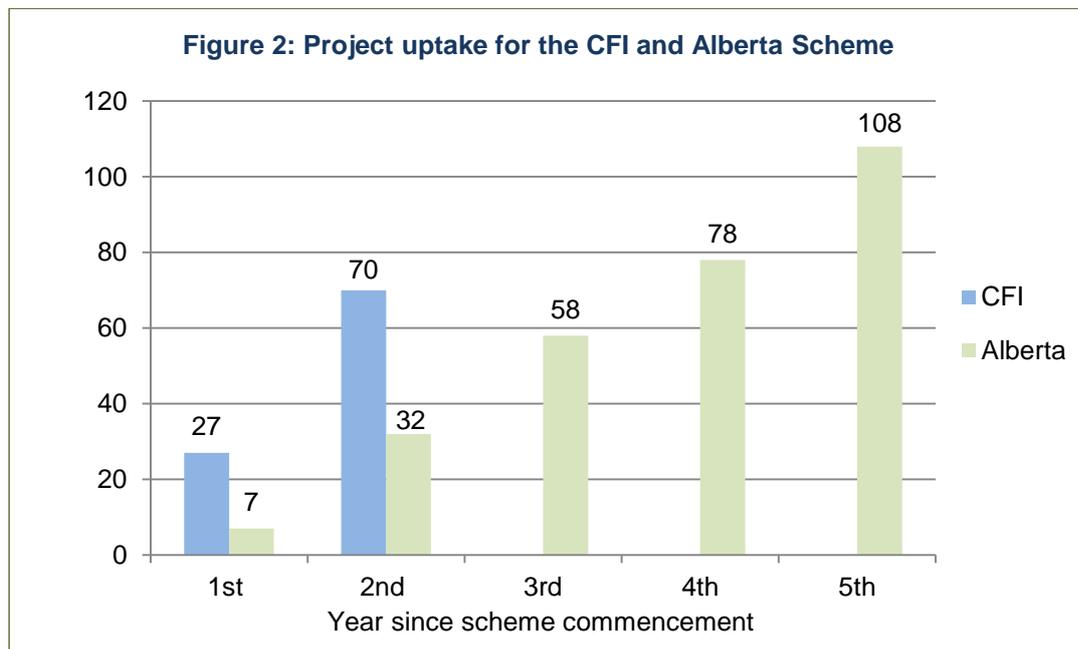


Sustained uptake reflects the design of the CFI, which has a strong focus on reducing participation costs while maintaining a high level of environmental integrity. For example, while many offsets schemes place the onus on participants to demonstrate that projects go beyond common business practice, the CFI publishes a 'positive list' of activities that have been pre-assessed as being 'additional'.

The Australian Government is also investing heavily in methodology development, making it cheaper and easier for landholders to participate.

By way of comparison, Canada's Alberta-based Offset Credit System – which covers a smaller population, but a much broader range of activities, including energy efficiency, renewable energy and fuel switching – signs up an average of 22 projects each year.

As demonstrated in Figure 2, project uptake in the CFI's first 18 months is double that of the Alberta scheme's second compliance year. Further, in only 18 months, the CFI has 20 approved methodologies, while Alberta has 33 approved protocols going into its sixth compliance year.



International offset schemes such as the Kyoto Protocol's Clean Development Mechanism (CDM) and Joint Implementation (JI) – in their thirteenth and ninth years respectively – have broad scope, global coverage and thousands of registered projects, but the first CDM projects were not registered until its fifth year, and only 100 JI projects were registered by its third year.

Most CDM and JI projects involve the energy industry, while forestry and agriculture comprise only 0.6% and 2.5% of total CDM projects respectively. This reflects the scientific and technical challenges associated with estimating abatement in natural systems.

What opportunities will become available in the future?

The CFI has a comprehensive forward work program for methodology development, reflecting a co-operative effort between Government, industry stakeholders and research agencies. Some of the most prospective methodologies are listed in Table 1 below. Many of these methodologies have been initiated by private proponents and a number are supported by the Government's Methodology Development Program, which is one element of the Clean Energy Future Plan land sector package.

It is anticipated that the forward work program will generate a steady flow of new methodology determinations over the next 12-18 months, providing new opportunities for land managers across a range of activities.

Table 1: Prospective CFI methodologies

Methodology	Description	Methodology determination anticipated by:
Livestock	Feed supplements to reduce dairy cattle emissions.	July 2013
	Nitrate feed supplements to reduce grazing beef cattle emissions.	Late 2013
	Feedlot finishing of beef cattle in northern Australia.	Early 2014
	Feed supplements to reduce emissions from grazing cattle and sheep.	Mid 2014
Soil carbon	Building soil carbon.	Early 2014
Biochar	Application of biochar (created from livestock waste) to agricultural soils.	Mid 2014
Fertiliser	Reduced fertiliser use in irrigated cotton crops.	Early 2014
Landfill	Passive landfill gas drainage and bio-filtration for small landfills.	Mid 2014
Revegetation	Rangeland restoration.	Late 2013
Forests	Managed regrowth of native forests.	Late 2013
	Long rotation forestry.	Late 2014
	Avoided harvest of native forest.	Late 2014
	Woodland restoration.	Late 2014
Savanna burning	Extension of the existing methodology to cover new vegetation types.	Early 2014

Further information

To find out about opportunities under the Carbon Farming Initiative visit www.climatechange.gov.au/cfi

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