Australian Government

cleanenergyfuture

FACT SHEET

Carbon Farming Initiative

The Carbon Farming Initiative (CFI) is a carbon offsets scheme that will provide new economic opportunities for farmers, forest growers and land managers while also helping the environment by reducing carbon pollution. Farmers and land managers 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

Reducing greenhouse gas emissions from the land is important in Australia since agriculture and forestry currently account for about 23 per cent of the nation's emissions.

Without a contribution from these sectors it will be increasingly difficult for Australia to achieve its long-term emissions reduction target of at least 80 per cent below 2000 levels by 2050.

The CFI will create incentives to reduce emissions from agriculture and increase carbon storage in soils and vegetation.

What are carbon credits?

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.

Carbon credits

Credits generated under the CFI that are recognised for Australia's obligations under the Kyoto Protocol on climate change can be sold to companies with liabilities under the carbon price. This includes credits earned from activities such as reforestation, savanna fire management and reductions in pollution from livestock and fertiliser.

The ongoing CFI non-Kyoto Carbon Fund will provide incentives for other activities, including revegetation and soil carbon projects. Australia will continue working to develop new international rules that recognise a wider range of action on the land to reduce pollution.

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.

Practical examples

Practical examples of CFI projects could include:

- 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.
- Manure management could 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.
- Some farmers may have the opportunity to reduce the amount of nitrogen fertiliser they use, while still maintaining optimal crop production. This could lead to a reduction in nitrous oxide emissions from their land and generate carbon credits under the CFI. Reductions in nitrous oxide can be achieved by synchronising the application of fertilisers with plant needs and the use of nitrogen inhibitors.
- Activities that improve productivity in the beef and dairy industries can also reduce methane emissions from the animals. For example, optimising cattle breeding and stocking rates, faster turn-off of sale cattle and improvements to diet quality in beef and dairy systems, can lead to significant reductions in methane emissions. Farmers may have the opportunity to gain productivity and abatement benefits simultaneously.
- Landfill operators have the opportunity to reduce greenhouse gas emissions and generate carbon credits through changes to landfill gas management. Landfill gas can be captured, preventing the release of greenhouse gasses into the atmosphere. The captured methane can be flared or used to produce electricity.
- Land managers may increase the amount of carbon stored on their land through vegetation. Revegetation along waterways for example can improve water quality and have biodiversity benefits. 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.

Supporting participation in the CFI

Over $1.7 billion of carbon revenues will be invested in the land sector, through an integrated and comprehensive package as part of the Clean Energy Future plan. These measures will complement the CFI and encourage participation. The government will invest in new and innovative ways for Australian land managers to reduce carbon pollution and improve productivity. Funding will be available for extension services so land managers have information about CFI opportunities. In addition, grants will be available for land managers to demonstrate and test these new abatement techniques on their farms. Indigenous Australians' participation in the CFI will get a boost, through new methodologies and outreach tailored to their needs.

Almost $1 billion will also be available to deliver biodiversity and environmental co-benefits, ensuring that CFI and other projects deliver protection and enhancement of Australia's natural resources. This will be complemented by support to enhance regional NRM plans with up to date climate science, and provide guidance to land managers on the type and location of CFI projects so they deliver maximum social and environmental benefits. .

Further Information

For further information on the CFI go to www.climatechange.gov.au/cfi.

For further information go to the Clean Energy Future website at www.cleanenergyfuture.gov.au/
or call 1800 057 590.