



## Carbon farming on pastoral lease lands

On 5 December 2019, the State Government announced it would consent to pastoralists earning carbon credits via the Commonwealth Government's Emissions Reduction Fund.

State consent will initially be limited to the "Human-Induced Regeneration" method of carbon farming. This methodology involves pastoralists undertaking activities such as managing the timing and extent of livestock grazing to allow for the regeneration of native vegetation in degraded areas. Measured increases in native vegetation over time are then used to calculate the extent to which additional carbon has been sequestered, with carbon credits issued accordingly by the Commonwealth Government.

### Impacts on the resources sector

In making the decision to provide consent, the State Government conducted an extensive consultation process in order to assess the impact on the resources sector. Consequently, State consent will only be provided to carbon farming projects that exclude:

- granted and pending mining leases, and associated general purpose leases and miscellaneous licences (unless the tenement holders agree);
- Petroleum Production Licence areas >1 block; and
- State Agreement areas.

Any impacts on holders of mineral exploration and prospecting licences will be addressed through commitments by the State Government to:

- pay compensation to carbon farming proponents as a result of low-impact mining and exploration activities; and
- require the Department of Water and Environmental Regulation to develop guidance material for the grant of Native Vegetation Clearing Permits.

The State Government has also committed to a rolling five-year review of the implementation of this carbon farming methodology, which will include input from the resources sector.

Following the provision of the State's consent, pastoral leaseholders will not be required to exclude further mining tenements or petroleum titles from carbon farming project areas. Mining activities on future mining leases may therefore result in compensation<sup>1</sup> being payable by mining leaseholders to carbon farming proponents for impacts on native vegetation.

### Eligible pastoral leases

Strict criteria must be met prior to the provision of State consent.

Prior to the State Government's announcement regarding the provision of State consent, pastoral leaseholders had registered 43 carbon farming projects with the Commonwealth's Emissions Reduction Fund.

It is currently estimated that about 20 per cent of these projects have, on average, areas with forest potential<sup>2</sup>. These areas are known as "Carbon Estimation Areas".

The Department of Primary Industries and Regional Development has developed a map that demonstrates the location of pastoral leases registered as carbon farming projects. The map also indicates the extent of the land that may be suitable for carbon farming.

Details of the status of the projects are published on the Clean Energy Regulator's website.

### **Further information**

For more information on compensation for exploration or low-impact mining activities, contact the Department of Primary Industries and Regional Development.

For queries regarding the eligibility of pastoral leases to undertake carbon farming via the HIR methodology, visit the Department of Planning, Lands and Heritage website.

### **Notes:**

<sup>1</sup> There are two potentially applicable heads of compensation under the *Mining Act 1978*, section 123(7)(c) and section 123(7)(d).

- Section 123(7)(c) refers to "any loss suffered by the lessee" resulting from damage to improvements on the land by mining activities. Loss, in this instance, could mean potential loss.
- Section 123(7)(d) refers to "any substantial loss of earnings suffered by the lessee". In this case, the "lessee" is the pastoral leaseholder.

<sup>2</sup> As defined under s. 3 of the Carbon Credits (Carbon Farming Initiative) (Human-Induced Regeneration of a Permanent Even-Aged Native Forest–1.1) Methodology Determination 2013: forest potential – a particular area of land has forest potential if:

- (a) the land has an area of at least 0.2 of a hectare; and
- (b) the land has trees that, having regard to the location and characteristics of the land, are reasonably likely to:
  - i. reach 2 metres or more in height; and
  - ii. provide crown cover of at least 20% of the land