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Agriculture Stewardship package

Carbon + Biodiversity Pilot



Australia's agriculture industry depends on a biodiverse and well-managed natural resource base.

The \$34 million Agriculture Stewardship package aims to incentivise adoption of improved on-farm land management practices and develop a mechanism where farmers are rewarded for their efforts in delivering biodiversity and sustainability services that benefit their farms and the broader community.

TECHNICAL CASE STUDY

Environmental Planting Project near Campbell Town, Tasmania

Rowena owns a (hypothetical) 1,000 hectare property near Campbell Town, in Tasmania's Midlands, where she runs sheep. To help reduce lambing mortality and diversify her income, Rowena decides to participate in the pilot and apply for a biodiversity payment. She plans to undertake a 15 hectare environmental planting, comprised of a mix of shelter belts and block plantings.

Under average climate conditions, tree plantings are likely to sequester approximately 280 tCO₂ per hectare over 25 years. After considering the applicable ERF requirements, Rowena decides on a 100-year permanence period, thereby avoiding the need to apply a 20% permanence period discount when calculating the ACCU entitlements associated with the project.

Considering the ERF requirements, including the need to apply a 5% risk of reversal buffer, and other factors, Rowena and her advisers calculate that the present value of the ACCUs from the project is likely to be around \$3,400 per hectare, or \$51,000 for the whole project.

The area where Rowena wants to put the plantings is reasonably hilly. After consulting with her local Natural Resource Management Group, NRM North, Rowena decides the best way to establish the plantings in this hilly area is through manual tubestock plantings. She also decides to use tree guards in some areas to protect the seedlings from feral grazing impacts. Rowena plans to spot spray the site and source the tubestock from a local nursery. All up, she estimates the plantings will cost \$4,200 per hectare to establish, or \$63,000 in total.



Rowena estimates she will need to spend around \$60 per hectare per year (\$900 per year total, in present value terms) on managing the plantings (weeding and pest control) and reporting under the ERF and C+B Pilot. In addition, in making her business plan, she accounts for the need to pay for three third party audits under the ERF.

Using the planting area and cost data that Rowena submits, the department provides her with a biodiversity payment offer of \$3,500 per hectare, or \$52,500 in total. If Rowena goes ahead with the project, she can receive \$26,250 upfront after she registers the project under the ERF and the remaining \$26,250 in the following 2-3 years if she satisfies the program requirements.

Be Informed

For more information, visit our website at agriculture.gov.au/agriculturestewardship. Enquiries about the program can be directed to agstewardship@awe.gov.au or the department's contact number at **1800 900 090**.

