

Where do I find information about the Pilot?

A: Please visit our webpage for information on the pilot including factsheets, hypothetical scenarios and program documentation. Look for the Carbon + Biodiversity tab on the left side of the [web page](#).

Am I eligible to apply for the Carbon + Biodiversity Pilot?

A: To be eligible, you must satisfy these requirements:

1. your land must be predominantly used for agricultural purposes
2. you must be the owner, leaseholder or exclusive native title holder of the land
3. your project must be contained entirely within one of the six NRM regions noted below
4. your project area must be between 5 and 200 hectares in total
5. you must be able to undertake and register a [new environmental plantings method project](#) under the ERF.
6. You must meet the participant obligations under the ERF as [outlined on the CER's website](#)
7. you must commit to protect and look after your C+B Project for at least 25 years once established.
8. You must act with the utmost good faith in your engagements with the pilot.

Please [visit our website](#) and read the pilot documentation for further information about who is eligible and how to apply.

Why is my region not eligible to participate in the Carbon + Biodiversity Pilot?

A: The six Natural Resource Management (NRM) regions were chosen to test the pilot across a range of farming systems, vegetation types and jurisdictions to generate the necessary data to effectively trial the pilot's key policy objective of informing the development of a voluntary biodiversity market. Other NRM regions may be included in the future but have not been determined at this point in time.

Do I have to participate in the Emissions Reduction Fund to be eligible for the Carbon + Biodiversity Pilot?

A: Yes, an eligibility requirement for participating Carbon + Biodiversity Pilot is to register your project as a new Emissions Reduction Fund (ERF) environmental plantings project, involving reforestation through either planting or direct seeding of native tree and shrub species. The project must satisfy the requirements of the ERF including the eligible offset project registration requirements and must not already be registered. You will be able to do this after (and if) we make you a price offer.

I need help understanding the requirements under the Emissions Reduction Fund. Where do I go for help?

You can find two factsheets about the Emissions Reduction Fund (ERF) on the Carbon + Biodiversity website.

- [Emissions Reduction Fund Application Process](#)
- [Emissions Reduction Fund Eligibility Requirements](#)

The Clean Energy Regulator also has resources available online to help applicants understand the requirements under the ERF:

- [Environmental plantings projects](#)
- [Reforestation by environmental or mallee plantings FullCAM method](#)
- [Eligible interest holder consent](#)
- [Eligibility and newness](#)
- [Interactive Emissions Reduction Fund Questionnaire](#)

- [Feasibility and project planning](#)
- [Legal right](#)
- [Choosing a project proponent for landholders](#)
- [Land based projects – return on investment considerations](#)
- [Proposed new requirements for native vegetation regeneration projects.](#)

If you would like to speak to a professional about the ERF, you can find relevant organisations near your region by using the Carbon Market Institute's [Australian Carbon Market Directory](#).

What is the difference between this program and the Smart Farms program?

A: The [Smart farms program](#) (2017-18 to 2022-23) is a separate Australian Government initiative that is complementary to the aims of the Agriculture Stewardship Package. Part of the second phase of the National Landcare Program, the program supports the development and uptake of best practice, tools and technologies for:

- Farmers and land managers
- Fishers
- Foresters
- Regional communities

How is the Biodiversity Payment calculated and paid?

The Biodiversity Payment rewards you for undertaking a carbon sequestration planting project which also delivers better outcomes for biodiversity. It generally covers a portion of your project establishment costs (but not all).

Up to 80% of the Biodiversity Payment will be provided to you once you provide proof that your project has been unconditionally registered with the ERF. The remaining amount will be paid to you once you provide proof that you have established the plantings.

The biodiversity payment offer will be calculated using a financial model that estimates:

- the projected carbon revenue a project could earn from credited carbon abatement and sale of carbon credits (ACCUs),
- the cost of establishing and maintaining the planting/s (a pricing guide will be published to help applicants estimate their costs),
- the cost of reporting associated with the project.

The model will consider the revenue and cost estimates to calculate a biodiversity payment offer, with the aim of providing efficient participants with an appropriate rate of return on their investment.

Applicants also have the option to make their project more competitive by submitting their own bid price for the biodiversity payment they are willing to accept. If the applicant's bid offer is lower than the calculated biodiversity payment offer, the bid offer will be used for the purposes of the assessment.

What is the Professional advice payment and when is it paid?

A small payment will be provided to successful applicants to offset the costs of seeking professional advice as appropriate for your circumstances (eg. financial, legal and/or project advice). This payment is intended to help you consider the various requirements and opportunities associated with proceeding with your C + B project. All applicants that are made an offer will be able to receive an amount up to \$10,000 (and will need to sign a simple agreement to receive it).

What happens to carbon credits I earn?

Any Australian Carbon Credit Units (ACCUs) you earn under the scheme are administered by the Clean Energy Regulator (CER) under the Emissions Reduction Fund. ACCUs can also be sold to the government or through private markets or can be kept or cancelled as you see fit.

You can find private buyers for ACCUs through the National Stewardship Trading Platform. You can sell to the government by selling ACCUs to Government through the Clean Energy Regulator's auctions.

C+B applicants who register through the CER's [Environmental Plantings Pilot](#) can also choose to sell at a fixed price to the Clean Energy Regulator. This is an optional alternative to the traditional ERF auction process that mitigates administrative barriers and price and success uncertainty. More information about this process can be found on the [Clean Energy Regulator website](#).

What are the key dates and timeframes?

Activity	Timeframe
Applications open	16 December 2021 – 3 March 2022 (11 weeks)
Assessment of applications and notify successful applicants	4 weeks
Successful applicants notified and sign pilot participation agreement.	Participation agreement should be signed within 4 weeks of receiving notice of a successful application.
Seek professional advice	Second quarter 2022 (or April -June 2022)
ERF registration	Registration must be complete to sign the C+B Project agreement and receive the biodiversity payment. Registration can take up to 90 days.
Sign C+B project agreement and receive Biodiversity Payment offer by signing	Within 6 months of receiving notice of a successful application. To sign and receive the first payment evidence of unconditional ERF registration must be provided. <i>Note: An extension to the 6 month period may be granted to participants who are unable to register under the ERF within the 6 month period if reasonable efforts have been made to progress registration.</i>
Undertake plantings	Within 9 months of signing the C+B project agreement, unless an extension is provided due to drought or other factors that are beyond the control of the applicant.
End date of project agreement	25 years after the C+B project agreement is signed.
ERF Permanence end date	25 or 100 years from ERF project start date.

Note: Dates ranges are indicative and are reflective of earliest and latest possible dates.

Can you provide a case study of a Carbon + Biodiversity Pilot project?

Case studies for the Carbon + Biodiversity Pilot Round 2 are coming soon.

How can carbon service providers participate in the Carbon + Biodiversity Pilot?

1. Can carbon service providers apply to participate in the Carbon + Biodiversity Pilot?

- a. No, Section 4.1 of the Carbon + Biodiversity Pilot Round 2 guidelines states that applicants 'must have the legal right to control how the project area is used (e.g. you must hold freehold or leasehold title, or exclusive possession native title, to the land on which your project will be located). If you are a lessee, the term of your lease must run at least for the duration of the C+B agreement, otherwise you must apply jointly with the holder of the freehold title'

2. Can carbon service providers assist farmers in applying for the Carbon + Biodiversity Pilot?

- a. Yes, carbon service providers can provide a range of services to assist farmers in applying for the Carbon + Biodiversity Pilot. However all applications must be made in the farmer's name to satisfy the eligibility criterion at Section 4.1 of the Carbon + Biodiversity Round 2 guidelines.
- b. Carbon service providers could provide services to assist farmers, including but not limited to:
 - i. Application assistance for the Carbon + Biodiversity Pilot
 - ii. Application assistance for the Emissions Reduction Fund (ERF) component of Carbon + Biodiversity Pilot

3. Can carbon service providers bundle multiple Carbon + Biodiversity Pilot applications and register them as a combined Carbon + Biodiversity Pilot project?

- a. No. Applicants to the Carbon + Biodiversity Pilot Round 2 must own the land on which projects are undertaken and be willing to undertake an ERF environmental plantings project in their own name (see sections 4.1 of the Carbon + Biodiversity Pilot Round 2 guidelines).
- b. No, Section 4.1 of the Carbon + Biodiversity Pilot Round 2 guidelines states that applicants must be 'the owner, leaseholder or exclusive native title holder of the land on which the project will be undertaken.

How did you choose the pilot regions?

The six Natural Resource Management (NRM) regions were chosen to test the pilot across a range of farming systems, vegetation types and jurisdictions to generate the necessary data to effectively trial the pilot's policy objectives. Selection criteria identified the best regions to test the applications of the biodiversity measurement protocols that are being applied under the pilot. The choice of regions provides broad geographical spread and will facilitate the testing of the biodiversity measurement protocols in a range of different agricultural environments.

The proposed regions and selection criteria were identified in consultation with the Australian National University, the Agriculture Stewardship Advisory Group (established to provide stakeholder input to the development, implementation and review of components of the Agriculture Stewardship Package) and departmental experts.

What happens if my Carbon + Biodiversity plantings are delayed by events beyond my control and I cannot plant within 9 months of signing my agreement?

If your application is successful and you sign the Carbon + Biodiversity project agreement, you will be legally required to register your project with the ERF then undertake your plantings within 9 months. You should take reasonable steps to minimise delay to planting the vegetation, and will be required to notify the Department of Agriculture, Water and the Environment of any delay. The department has the discretion to grant an

extension to the planting deadline if the project is delayed for reasons beyond the control of the participant, such as drought, the planting season being inappropriate or seedlings being unavailable within that timeframe.

What happens if my Carbon + Biodiversity plantings are destroyed by events beyond my control such as fire or drought?

Your Carbon + Biodiversity project agreement will commit you to maintain your planting for 25 years. If the environmental plantings are impacted due to a natural event that is beyond your control (e.g. drought or fire) so that the biodiversity outcomes are impacted you *should* replant the vegetation to make up the loss but not required to repay your biodiversity payment. The specific details for these Carbon + Biodiversity requirements will be set out in your Carbon + Biodiversity project agreement.

However, if all or part of the plantings die or are damaged or cleared through your deliberate or reckless act or omission; or the ERF registration of your project is cancelled; or you breach the project agreement (for example by not planting in accordance with the planting protocols) you will be *required* to repay or forfeit all of the biodiversity payment to the Department.

As a registered ERF project you are required to proactively protect and manage risks to plantings like fire and drought for the life of the project (25 or 100 years). Participants submit a permanence plan to the CER at registration and in years 8 and 24, to explain the steps they have or will undertake to manage risk to plantings.

In the event of a mortality of at least 5% of the planting area, or if the number of trees per hectare becomes lower than the required, you must notify the CER. If the vegetation is not replanted, you are required to hand back any relevant carbon credits received prior to the mortality event. If no carbon credits have been issued then the CER's permanence requirements are not activated, and you will need to decide whether to replant and continue with the project. If you have taken reasonable action to prevent the harm to your planting you may not be required to relinquish carbon credits or replant, for example where you implement a plan to allow the carbon stores to grow from post-fire regrowth or restratify your project to remove damaged areas.

For further information, see Section 4.2 of the Carbon + Biodiversity Round 2 guidelines.

Information on making changes to your ERF project can be found at [Making changes to your project \(cleanenergyregulator.gov.au\)](https://www.cleanenergyregulator.gov.au).

What is the closing time for C+B applications on 3 March 2022?

Applications received by 5:00 pm (AEDT) on 3 March 2022 will be considered. We cannot guarantee that applications received after 5:00 (AEDT) will be considered.

Where can I review the template funding contracts?

Preparation of these documents is underway. Successful applicants will be able to sign the participation agreement and lock in the option of agreeing to their biodiversity payment offer, giving them time and funding to receive legal advice on the project agreement and seek professional advice on other aspects of their project. The biodiversity payment offer will expire 6 months after it is made.

How does the C+B pilot work with the CER's Environmental plantings pilot?

Carbon + biodiversity pilot participants should be eligible for the Clean Energy Regulator's (CER) Environmental plantings pilots. The CER's Environmental plantings pilots has made it easier for farmers and landholders to directly participate in the Emissions Reduction Fund (ERF). The environmental plantings pilot removes the cost

of project audits for certain plantings, simplifies project registration and crediting processes, and introduces an easier way to sell Australian carbon credit units (ACCUs) to the Australian Government. More information about can be found on the [CER website](#).

When do I receive the funding for my successful Carbon+Biodiversity project?

When you receive notice that your project was successful you will receive a biodiversity payment offer and a participation agreement. This agreement should be signed within 4 weeks. Signing the participation agreement will lock in your ability to accept the biodiversity payment offered for 6 months, and will commit you to providing us information to assist us with future design and evaluation of the Pilot. Once both parties have signed the participation agreement you will be paid \$10,000 to support you to seek professional advice on your project. Relevant professionals would include lawyers, carbon specialists, financial advisors, and agronomists.

We will also provide you with a project agreement which sets out the commitments you will make in order to receive the biodiversity payment offer. You will have 6 months to sign the project agreement, during which time you will be able to access professional advice and register your project with the Clean Energy Regulator. Once your project is unconditionally registered and both parties have signed the project agreement 80% of your biodiversity payment will be paid to you.

You will then have 9 months in which to complete your planting (unless this period is extended by us). Once you notify us that you have completed your planting we will pay you the remaining 20% of the biodiversity payment.

Will the biodiversity payment cover all of the establishment costs of my project?

No. The biodiversity payment that is offered to successful applicants is intended to ensure that your project can provide to you a reasonable rate of return on the investment when combined with carbon revenue. The biodiversity payment is calculated using a financial model that estimates:

- The projected carbon revenues projects could earn from credited carbon abatement and sale of ACCUs.
- The cost of establishing and maintaining the plantings (a pricing guide has been published to help applicants estimate their costs).
- The cost of reporting associated with the project.

All of these can vary substantially from project to project and between NRM regions, but the payment will generally only cover part of your upfront costs. The model will consider the revenue and cost estimates to calculate a biodiversity payment offer, with the aim of providing efficient participants with an appropriate rate of return on their investment.

If you do not have the financial capital available to make up the shortfall in the establishment costs of your project you may wish to consider options which include:

- A loan from a financial institution (some banks are now offering loans that could be applicable)
- Advertising your project on the trading platform for sale. You may be able to find a private buyer who is willing to buy your ACCUs and biodiversity outcomes that is willing to pay a share your establishment costs up-front.

Successful applicants that sign the participation agreement can also receive up to \$10,000 to assist with the costs of seeking professional advice in relation to the involvement in the pilot.

How do the proposed requirements for limiting carbon planting projects relate to Carbon + Biodiversity?

They are not relevant to the Carbon + Biodiversity Pilot.

The Government is proposing to amend the Carbon Credits (Carbon Farming Initiative) Rule 2015 to enable the Agriculture Minister to stop projects on agricultural land that are over 15 ha in size or take up more than a third of a farm where the Minister determines the project will have a material adverse impact on agricultural production and the local community.

The proposal relates only to two Emissions Reduction Fund methods (Human-induced Regeneration and Native Forest from Managed Regrowth). These methods have been commonly used for carbon projects in rangeland regions in WA, Qld and NSW but are not methods applicable to the Carbon + Biodiversity Pilot. Further information can be found [here](#).

Does the biodiversity payment cover the cost of Tasmanian Forestry Practices Plans?

Most people who want to carry out forest practices on private land in Tasmania need a certified forestry practices plan (FPP) first. The [Forest Practices Authority website](#) provides further information.

If you need an FPP, a Forest Practices Officer (FPO) can prepare and certify one for you. The cost is based on how complicated the FPP is, as most FPOs charge a daily rate. FPPs usually take five to ten days to prepare. There is also a fee for lodging FPPs, which varies according to the class of plan.

Reasonable costs of \$3,500 for the preparation and lodgement of your FPP will be added to your project costs by us when we evaluate your application and determine your biodiversity payment ranking (which is based on a cost-benefit score for your project).