

Monday, September 26, 2022

To Professor Ian Chubb and distinguished review panel members,

The Soil Carbon Industry Group (SCIG) commend the work of the Independent Review of Australian Carbon Credit Units (ACCU's). SCIG is proud to provide input into the review to ensure the integrity of ACCU's.

SCIG is the Industry Body for stakeholders in soil carbon in Australia. SCIG represent project developers, farmer groups, technology suppliers, seed companies and input suppliers into the business of building soil carbon. Soil carbon is an emerging agricultural industry.

Soil Carbon is the largest pool of carbon over which we have control in Australia and the world (circa 150GT opportunity for Australia). Managing this stock well is important for a changing global climate and whether soil acts as a source or a sink. The 2021 ERF Soil Carbon Methodology [Carbon Credits (Carbon Farming Initiative – Estimation of Soil Organic Carbon Sequestration using Measurement and Models) Methodology Determination 2021.] is noted as one of the world's best soil carbon methodologies.

(Ref <https://carbonplan.org/blog/soil-protocols-added>) This Methodology is used to measure and manage soil carbon increase and CO2 emissions abatement from soil. It allows for a mixture of direct measurement and modelled approaches to soil carbon stock estimation. The direct measurement of soil carbon is vital for integrity of estimating and managing this complex pool.

Very large co-benefits in productivity, biodiversity and sustainability are associated with increasing soil carbon;

- Agricultural productivity: Soil biology is a frontier driver of productivity gains for agricultural industries. Increased agricultural productivity can take pressure off biodiversity from expansion of agricultural land areas. Less land, more food and fibre, more biodiversity.
- Biodiversity management: Most of Australia's biodiversity is in the soil. Soil carbon underpins a highly biodiverse ecosystem. SCIG represents people working to protect and build this biodiversity.
- Drought resilience, with all the associated community benefits: Higher levels of soil carbon are associated with drought resilience and faster emergence from drought.

Some specific comments on aspects of your review are included below.

We wish you well with this important review.

Regards



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## Specific comments from SCIG for the Independent Review of Australian Carbon Credit Units.

-Government ACCU purchase through Powering the Regions Fund.  
Suggestion: consider price floors.

In moving beyond 'lowest cost abatement', SCIG notes that projects in soil carbon, as a pool, have ACCU price investment thresholds. A lowest cost abatement approach may underprice ACCU's below this threshold. Pool specific price floors could be a way to give certainty to pool specific investments. With a suitable price floor, the soil carbon pool could be managed to its potential and co-benefits would be realised. Co-benefits would be a consideration when setting these floor prices.

-Offsets Integrity Standards reform.  
Suggestion: keep it simple.

SCIG endorses the Offsets Integrity Standards legislated under Section 133 of the Carbon Credits (Carbon Farming Initiative) Act 2011. Other integrity standards run to many pages. If there is a need for reform, SCIG encourages maintaining the current level of clarity and simplicity.

- Allocation and separation of governance roles and responsibilities.  
Suggestion: keep it practical.

SCIG doesn't think there is a governance problem with Soil Carbon Methodology development but would not oppose more structural independence more widely in the ERF.

Practical aspects need to be considered in method development. This experience can come from market regulation and from consultation with project proponents. The co-design approach between the Regulator and the industry helps to achieve this balance. Methods developed in this way will be more likely to be adopted and achieve abatement potential. SCIG experience with ERF co-designed method development is that complex issues are easily understood and resolved with the CER managing the method development process. The reality is an effective process.

SCIG members understand that the reality is different from the perception of independence. To enhance the perception of independence, SCIG supports the enquiry into options for increasing the structural independence of method development activities from market regulation across the system.

-Transparency and accessibility.  
Suggestion: annual system integrity scorecard, not project data.

SCIG support the Chubb review as a really important process in ensuring transparency and good governance. There is however a limit to the utility of transparency in building system integrity. SCIG oppose the wholesale release of detailed project level data, especially for soil carbon projects.

An annual national scorecard of ACCU integrity against a set of indicators could grow public confidence in the system. Transparency in method development, method take up and the project register enables public scrutiny.

The legislative nature of the established methods allows for clear and detailed access to and transparency of the Methods and Integrity Standards.

Providing project level data in detail would present privacy issues and complicate project development. Data from the internal results of individual projects involve significantly private and farm management information. The complexities in making this data available would significantly limit uptake of the Soil Carbon Methodology. Audit provides the



required assurance that the methods have been followed and the calculations completed correctly.

-Checks and balances.

Suggestion: nurture effective institutions.

SCIG advocates a framework for ministerial decision making that nurtures ACCU's as a credible institution to contribute to efforts to stabilize the climate. This includes a generally 'hands off' approach to the mechanisms of regulation. However, method development needs adequate funding.

Ministerial focus should include a proactive agenda in global soil carbon credit trading, given ACCU's are a source of new wealth in the broadest sense. We now value land for many things as well as agricultural production. This represents economic growth through a non-consumptive mechanism. This is a key to future prosperity.

The ERF could be a special institution in the world for its effectiveness in achieving carbon abatement. The scrutiny provided by this review can make it stronger. The 2021 Soil Carbon Methodology in particular leads the world. We have a responsibility and opportunity to make this capability available in every jurisdiction. Expanding this capacity will contribute to GDP growth and wellbeing.

In developing this submission SCIG acknowledge the specialist work of the Carbon Market Institute Soil Carbon Taskforce in framing analysis, and feedback from SCIG membership. Expressed views belong to SCIG as a group. Individual members may have different views.