



**NATIONAL
INDIGENOUS
LAND AND
SEA
STRATEGY**

Discussion Paper: **Indigenous participation in the carbon industry**



Australian Government
Indigenous Land and Sea Corporation



The ILSC GROUP

PEOPLE. COUNTRY. OPPORTUNITY.

Material for this paper was provided by Sam Johnston (International Savanna Fire Management Initiative), Anna Boustead (Indigenous Carbon Industry Network), Dean Yibarbuk (Warddeken Land Management Ltd) and Shaun Ansell (independent Consultant) and is supported by additional reflections and quotes provided at the inaugural National Indigenous Carbon Forum (NICF) in February 2022. The views expressed are for generating broader discussion and may not represent the position of the ILSC.

Participation in the Australian carbon industry represents a major economic empowerment opportunity for Indigenous people that aligns Caring for Country aspirations and the emission reduction interests of government and business. It does this through a western market system that, in the case of savanna fire management, draws on Indigenous knowledge.

Taking part in a carbon farming project can provide Indigenous landholders with income and enable other environmental, social, and cultural benefits. The Indigenous Carbon Industry Network (ICIN) reports that carbon projects, in particular savanna fire management projects, can:

- Bring Traditional Owners back to their country
- Support the handing down of Traditional Knowledge from Elders to future generations
- Facilitate other land management activities
- Support Traditional Owners to fulfil cultural obligations to look after Country
- Build on both Traditional and western knowledge of Country through opportunities for exchange of cultural and scientific information
- Provide meaningful employment and training opportunities in very remote areas, where jobs are often scarce

The flow-on social benefits from carbon farming projects are not yet fully understood but include greater self-determination of remote communities, improved community cohesiveness and independent resourcing of outstations and communities. Most crucially though, speakers at the February 2022 National Indigenous Carbon Forum (NICF) highlighted that these broader benefits only happen when projects are self-determined and Indigenous people are fully in control. Cissy Gore-Birch, ICIN Co-Chair, also cautioned that it is important for Indigenous people not to get lost in the western system that is the carbon market, and instead work together to elevate Indigenous knowledge and drive Indigenous benefit from the system.

This paper presents a snapshot of current Indigenous participation in the carbon industry, looks at the challenges and opportunities that the carbon industry presents for Indigenous Australians, and offers several ideas for how the ILSC can support improved participation.

1 What Is Carbon Farming?

Carbon farming involves changing the way Country is managed to store carbon or reduce greenhouse gas emissions. Examples include changing the timing of savanna fire management, planting trees, allowing a forest to restore naturally, changing the way livestock are managed, or reintroducing tidal flows. In Australia, every tonne of emissions stored or reduced is rewarded with an Australian carbon credit unit (ACCU), which can be sold or traded on the market overseen by the Australian Government's Clean Energy Regulator (CER).

To earn carbon credits in Australia, a landholder must follow a CER-approved method. The method acts like a recipe for producing carbon, setting out how the land must be managed to store carbon or reduce greenhouse gas emissions. Some methods apply only to specific parts of Australia. For example, the savanna burning method can only be used in northern Australia and the blue carbon method only on the coast.



Ranger performing a controlled burn

2 Indigenous Carbon Industry Snapshot¹

The ICIN estimates the Indigenous carbon industry to be valued at **\$53 million** per year. There are currently **39** Indigenous owned and operated carbon projects across Australia including 35 savanna fire management projects in northern Australia and four vegetation projects outside of northern Australia. Collectively operating across **18 million hectares** of land, these projects are responsible for abating **1.2 million tonnes** of carbon emissions per year and make up **7%** of Australia's total carbon credit units. Indigenous organisations report an increase in their capacity to Care for Country, culture, and communities because of their engagement in the carbon industry.

Indigenous carbon programs are almost always linked to land and rely on the legal ability of Indigenous people to exercise their rights to conduct activities on that land. Combined with the legal right, successful projects are commonly underpinned by well-established Indigenous ranger programs under a wide variety of hosting mechanisms. Sales strategies are as diverse as the organisations that deliver the programs with a combination of Emissions Reduction Fund contracts, private voluntary agreements and spot sales to support either voluntary or compliance offsets.

2.1 Indigenous project ownership

Australia's carbon industry is presently concentrated on the savanna fire management method in northern Australia. Within the savanna burning sector, Indigenous projects are the largest, the highest performing, make up the greatest share of total production and achieve the highest prices per ACCU.

The ICIN reports that **75%** of carbon credits produced by this method are generated by Indigenous owned and operated carbon businesses. By comparison, Indigenous project ownership and operation is limited outside northern Australia and the involvement of Indigenous people in the industry tends to be indirect.

There are four major factors influencing Indigenous carbon project ownership in Australia.

- 1 Type of Indigenous land tenure.** Indigenous land tenure in northern Australia **can** provide Indigenous people with the right to own a carbon project. Outside northern Australia other, more limited forms of tenure, such as non-exclusive native title, are more common.

The type of land tenure held determines the types of rights relevant to:

- Approving a carbon project (on land held); and,
- Ownership and/or benefit rights in the project e.g.royalty type payment, employment, training.

To register a project with the Clean Energy Regulator project proponents must demonstrate:

- a) that they have the legal right to own the carbon project – which may involve a negotiated legal agreement with Indigenous land holders; and,
- b) that they have obtained consent from Eligible Interest-Holders which includes all Native Title holders (exclusive and non-exclusive determined native title).²

- 2 Method alignment with traditional land management.** The development of the savanna fire management method was led by Indigenous people and draws on ancient practices supported by western science. It is aligned with culture and traditional land management responsibilities. Other methods applicable to the rest of Australia have been led by western science, are technically complex and less aligned with culture and traditional land management. The capability barrier to participation is much higher and typically requires third-party support.
- 3 Accessibility of tools and partners.** The savanna fire management method is supported by accessible tools and community development partners dedicated to building the capability of groups to run carbon projects. Other methods use more complex and technical tools which necessitate reliance on technical experts. Often this expertise is found within commercial carbon development companies, which disincentivises the provision of capability-building support.
- 4 Support of ranger teams.** The core staff for many savanna fire projects are often ranger teams funded through a combination of federal and state government grants, private revenue, and other philanthropic sources. Northern Australian ranger teams are more numerous and tend to be larger than southern teams, providing easier access to staff for the development and operation of carbon enterprises. Noting that rangers must manage other multiple responsibilities that are sometimes competing – which can present challenges to ranger groups.

1 ICIN Latest Industry Snapshot, www.icin.org.au/latest_industry_snapshot, accessed February 2022.

2 *Carbon Credits (Carbon Farming Initiative) Act (Cwth)* 2011 (the CFI Act)

3 Challenges

Ninety-three per cent of carbon credits are generated by non-Indigenous people. These are typically generated on lands where native title exists yet limited benefits flow to Indigenous people. Power, knowledge and capacity imbalances across the industry limit Indigenous participation and self-determination. The following areas need to be explored and addressed to strengthen the participation, leadership and power of Indigenous people and businesses in the carbon industry.

This money's coming from our own land so we need to utilise it in a way that is appropriate for our people in our homelands. There's a lot of challenges.

Dean Yibarbuk

3.1 Lack of commitment to free, prior and informed consent and Indigenous rights

There are instances of Indigenous people being provided with misinformation about carbon opportunities on their land and being pressured or rushed by commercial carbon developers to sign up to projects without free, prior and informed consent. Many speakers at the recent NICF noted it is crucial that Indigenous people are fully informed and aware of their rights before entering a carbon project.

3.2 Limited access to independent advice

Carbon can be a complex and confusing industry. It is difficult for Indigenous people to access independent information and advice about their rights and what it means to have a carbon project; likewise, support to assess the potential of their land or their potential to run their own project is limited. Land councils and the ICIN can help. There are also Indigenous specific providers – such as the Aboriginal Carbon Foundation and Aboriginal Carbon Environmental Services – and more DIY-focussed providers emerging, but they are limited. Commonly this service is provided by carbon developers with a commercial interest in the carbon project as they receive a fee or share of carbon credits if the project goes ahead. Without independent advice it is very difficult for Indigenous groups to determine whether they are getting a good deal or not, and typically, given this information is mostly commercial-in-confidence, benefit sharing agreements can be below par and transaction fees can be high.

3.3 Capability requirements are high

Carbon projects are legally, financially, and technically complex. The capability, capacity, and governance required for a carbon project can be a barrier to participation. There are very few organisations that exist to provide capability-building services and exit once a group is prepared to independently own and manage the carbon project. This is more acute outside the savanna zone where Indigenous project ownership and management is limited.

3.4 Competition for land and limitations of land rights

Access to land is a key limiting factor in establishing projects, with interest in carbon projects resulting in increased land acquisition by non-Indigenous entities. With rights and interests across more than 50% of Australia, Indigenous people should be well placed to benefit, but this does not always translate into opportunities to participate in the carbon industry. Non-exclusive native title holders have a consent right, but often limited opportunities to create broader benefit. At the NICF, ICIN Co-Chair Cissy Gore-Birch called for innovation and genuine partnerships with non-Indigenous people to leverage areas with more limited levels of Indigenous land tenure, overcome participation barriers and develop opportunities in these areas.

3.5 Eligible areas are limited with current methodologies

Large areas of the Indigenous estate currently have no eligible carbon methods. This is a particular issue in central and desert areas and on sites that are in good environmental condition. As demonstrated by the savanna fire management method, carbon methods that incorporate traditional practices and knowledge are highly valuable. Numerous NICF speakers identified a desire to develop more Indigenous-led methods that align with and leverage traditional land management and cultural responsibilities. Dominic Nicholls, CEO of Mimal Land Management, spoke on the development of a wild herbivore (feral buffalo and cattle) management carbon method noting 'it's one of our priorities for our land management activities, trying to find a solution to one of our biggest problems.'

While carbon projects offer significant opportunities, without proper consultation and appropriate checks and balances, and a commitment to seeking ongoing free, prior and informed consent, there is a risk of third-party projects contributing to the disempowerment of Indigenous people.

Tyrone Garstone, CEO, Kimberley Land Council at the NICF, February 2022

3.6 Start-up costs are high

Carbon project infrastructure and investment can be expensive and it can take several years before a project generates a profit. Very few Indigenous groups have access to the capital required to independently start up a project. Access to capital is becoming less of an issue due to emerging federal and state government funding programs, increasing interest from private investors and an increasing willingness for banks to lend money to projects. However, securing this funding often requires the forward-selling of credits which can place additional risk on a project – for example, if the project fails to deliver credits – and may limit the potential for groups to maximise on any market increases.

3.7 Market is developing rapidly with limited Indigenous input

The carbon market, and associated co-benefit markets, are developing rapidly and being led by corporates and carbon developers. Indigenous people are under-represented or not included in national policy and market development forums. As a result, their aspirations, knowledge, and culture can be sidelined within the market. At the NICF, Tyrone Garstone (Kimberley Land Council) and Ricky Archer (North Australian Indigenous Land and Sea Management Alliance Ltd) reflected on the need to grow the Indigenous voice and influence, including valuing and strengthening Indigenous rights and interests to build shared understanding and respect for Indigenous land management practices.

3.8 Market lacks transparency

Carbon markets are relatively opaque, making it difficult for early-stage or new market participants to find information on price, supply and demand. Transparency and accountability around buyer, seller and intermediary roles and responsibilities is needed to ensure markets for carbon farming credits are effective, efficient, and liquid. The marketing of Indigenous projects and the lack of narrative control by Indigenous organisations is also of concern. Buyers of Indigenous credits can use Indigenous stories to leverage their own brand often without consultation and consent from the groups producing and selling the credits. This can also occur when selling through a broker.

There's lots of opportunities for Traditional Owners in our future.

Dean Yibarbuk

4 Opportunities

4.1 Growing carbon demand – and for Indigenous-produced carbon

Globally, interest in and demand for carbon is growing as more businesses and governments set targets to reduce emissions. This has resulted in the price of Australian carbon credit units surging from \$16/per tonne in January 2021 to \$57/per tonne by February 2022, which is improving the viability of many carbon projects. Indigenous-produced carbon credits make up 7% of the market and are highly sought after in the voluntary market due to the associated co-benefits, often achieving a significant premium above spot prices (Source: Market Advisory Group, NICF). The ICIN is exploring the potential to brand and certify Indigenous carbon to protect the price premium and the Indigenous intellectual property intrinsic within each credit.

There are people who need help, to support them – it's going to be hard looking into their abatement. If there's something new it's going to take them quite a while.

Dean Yibarbuk

4.2 Emerging biodiversity market

Adjacent to the carbon market, biodiversity markets are emerging that have the potential to provide separate financial rewards for many of the co-benefits generated by carbon projects. Federal and state governments are leading the creation of carbon products that explicitly include a co-benefit component, for example through the Queensland Land Restoration Fund and the Carbon and Biodiversity Program. Entirely separate markets are being developed to support Caring for Country activities and reward improvements to the health of Country. This has the potential to improve the financial viability of projects and directly rewards Caring for Country practices, including those not currently supported by the carbon market (see also the Caring for Country Discussion paper). However, it remains unclear to what extent the market is willing to value co-benefits and whether this additional valuing provides a positive cost benefit for Indigenous proponents; or how other emerging environmental markets interact with carbon co-benefits.



Tiwi Ranger Willie Rioli opening the third annual Savanna Fire Forum at Charles Darwin University.

On a further cautionary note around co-benefits, within the spot market Indigenous savanna burning units are highly sought after and are achieving strong prices generally without formal marketing or agreements being reached regarding co-benefits. As the carbon price increases, the relative value add of co-benefits will likely decrease as a proportion of the total value of each ACCU.

4.3 Expanding eligibility and simplifying participation

There are significant areas of Australia that are yet to take advantage of the opportunities offered by carbon projects and eligible areas are expanding. The CER is striving to support the growth of the industry and increase the supply of credits by making it easier for people to take part and creating new methods to store or reduce emissions.

4.4 Development of new methods

There are several emerging methods that offer potential for Indigenous land and sea managers. These include the:

- blue carbon method (recently released), which supports the restoration of coastal ecosystems;
- whole of landscape or integrated farm method (under development), which aims to count multiple land management activities under one method; and
- updated savanna method (under development), which is predicted to triple the amount of carbon counted by the method.

It is important that there is continued development of new and varied methods that provide opportunities for as many Traditional Owner groups as possible to enter this market, particularly where these align with aspirations to better manage and Care for Country.

4.5 Strengthening Indigenous-led initiatives

Indigenous people have established specialist industry bodies and service providers and are increasing communication and knowledge-sharing to overcome barriers and challenges facing groups within the carbon industry. Examples include the 2022 launch of the ICIN as the Indigenous peak body for carbon and the first NICF.

Held in February 2022 after the North Australia Savanna Fire Forum and hosted by ICIN, the NICF brought together over 250 people to explore the state of the Indigenous carbon industry, market trends, Indigenous rights and interests in carbon, and emerging opportunities for Indigenous land and sea managers through new methods. To support market development and increase benefits for Indigenous people, speakers called for:

- The development of more Indigenous-led methods that align with traditional land management and cultural responsibilities.
- Innovative and genuine partnerships with non-Indigenous people to overcome barriers such as more limited levels of Indigenous land tenure or no eligible methods.
- Stronger platforms to enable high-level policy influence by Indigenous people.
- Greater valuing and respect of Indigenous right and interests.

There's other things coming that can help us out in the future. Already there's blue carbon, there's sequestration coming through – but that's going to be a long road as well and we need to let people know so that they cannot miss out on this opportunity. Feral animal numbers are growing in this community and there's an opportunity here that we should be thinking of too.

Dean Yibarbuk

I want to see ILSC start looking and thinking in the long term. Engaging and listening with Indigenous people out in the bush.

Dean Yibarbuk

Getting companies or government to come in and work with them. Seeing that there is a clear pathway for industries or scientists wherever they are to help these groups, to put them in a better place.

Dean Yibarbuk



Tiwi Ranger Willie Rioli opening the third annual Savanna Fire Forum at Charles Darwin University.

5 The ILSC Role

In this section we provide a snapshot of ILSC involvement and investment in the carbon industry to date, along with some ideas from Indigenous carbon industry experts Dean Yibarbuk and Shaun Ansell on how the ILSC can support Indigenous participation in the future.

5.1 Share knowledge

The sharing of knowledge and experience regarding the carbon industry builds confidence and supports new and emerging groups to enter the market. Regular, well-resourced forums such as the North Australia Savanna Fire Forum and regional ranger forums are a key component of this. More outreach could be achieved through deeper engagement with the ICIN to strengthen the connections between *existing* and *aspiring* carbon projects.

5.2 Support long-term thinking

Funding decisions must be structured to support the long-term engagement of the ILSC in the carbon industry as the lifecycle of carbon projects is significantly greater than any existing funding programs. These projects will, over their lives, have many ups and downs and the ILSC must be able to offer strategic support when required as well as support to groups to develop strong, sustainable governance of their programs.

5.3 Increase engagement with on-ground organisations

Increased engagement of the ILSC with carbon producers is encouraged to provide support to producers and ensure that ILSC decision-making is informed from the ground-up.

5.4 Offer start-up funds

The development of new methods, the future expansion of the carbon industry and the transition of savanna burning programs from abatement to sequestration are all opportunities to unlock significant capacity for Indigenous land managers.

Key to this will be the ability to access the funding necessary to quickly and comprehensively consult on and develop carbon projects. The initial expansion of the Indigenous carbon industry was greatly accelerated and supported by the Australian Government's Indigenous Carbon Farming Fund. As the industry expands and new methods become available a similar funding program would greatly support additional engagement in this industry.

5.5 Support organisational capacity

Well-governed host/ranger programs deliver strong, functional carbon programs that return benefits to Traditional Owners in a fair and transparent manner. Conversely, where governance and capacity are lacking Traditional Owners do not experience the full benefits of these programs and support is lost. Developing and supporting good governance of host/ranger programs is a key area where major improvements can be made both to program functionality and leveraging of carbon opportunities.

5.6 Support new savanna burning methodology development and future uptake

The CER is currently working on a new methodology for savanna burning that will include the additional living biomass carbon pool, hopefully addressing inherent issues in the 2018 methodology. This method is expected to provide a significant potential uplift for existing projects if they transition.

The role [of] ICIN is...to get the information out to our members and to others about your rights and interest in the carbon space, to be able to advocate on our behalf to the federal government, to work in partnership with the other land councils and other groups.

Cissy Gore-Birch,
ICIN Co-Chair at the NICF,
February 2022

Burning has really woken the world up. People around the world want to hear our stories, our pathways. We told our government, we told our scientists: 'This fire stays here. It's been staying here for a long long time – we need to use it.' Our knowledge is very powerful. These fire projects became something that no one has ever done – except for our people.

Dean Yibarbuk

[The launch of ICIN] is a significant milestone in the evolution of this Indigenous-owned and Indigenous-led industry and in supporting more Indigenous groups to benefit from opportunities emerging in carbon markets and carbon methods.

Cissy Gore-Birch,
ICIN Co-Chair at the NICF,
February 2022

Current project registrations establish and demonstrate the right to conduct the project via a number of means (Aboriginal Land Rights Act (Northern Territory) Act 1976 (Cth) s19 Land Use Agreements, Native Title negotiations etc.) depending on the land tenure and are also required to meet any requirements of the state and territory legislation that relates to their project. For some groups this is straightforward, for others it is complex and costly.

To assist Indigenous proponents to capitalise on the opportunity the ILSC could contribute significantly through the scoping of the steps required for each Indigenous proponent with a view to funding the legal and consultative works required to transition these projects to the new method.

5.7 Identify and plug gaps impeding new savanna burning projects

There are still significant areas of Indigenous-held land in northern Australia that do not yet have savanna burning method registered carbon projects. In some cases, this is because the land is too small, the baseline insufficient, or the Indigenous owners do not have the formal capacity to undertake these works (e.g. lacking ranger programs or host organisations).

It would be of significant benefit for the ILSC to identify and scope the gaps for these estates to determine whether or not these carbon projects could be viable and the steps required to support Traditional Owners to establish projects if they want to.

6 Related Discussion Papers

Caring for Country and Climate Change & Environment Discussion papers can be accessed at: www.ilsc.gov.au.

7 Resources

Jon Altman, Jennifer Ansell & Dean Yibarbuk (2020) No ordinary company: Arnhem Land Fire Abatement (Northern Territory) Limited, *Postcolonial Studies*, 23:4, 552-574.

ICIN resources www.icin.org.au



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