Local Land Services

Questions to ask a carbon service provider

Are you considering a carbon farming project to generate and sell carbon credits on your property? Carbon farming can be complex, with both opportunities, risks and challenges to navigate. Working with the right carbon service provider can help ensure the success of your project.

To help you make an informed decision, you could use the following questions as a guide when evaluating potential providers. This list of questions is not exhaustive, and it is not intended to cover all questions that you may like to ask a provider. It is intended to get you thinking about what may be involved.

1. Project ownership

- [ ] Who will be the legal owner of the carbon project (the project proponent) — will it be me as the landowner, or the carbon service provider?
- [ ] What legal protections are in place for my rights and obligations?
- [ ] Will my land management or land ownership be impacted by the project, and can I still sell it if needed?
- [ ] Are there other stakeholders (e.g., banks, co-owners) that need to approve the project?

2. Costs, fees, and income

- [ ] How will costs and revenue be shared? Will you use an Australian Carbon Credit Units sharing arrangement, a fee-for-service, or a combination?
- [ ] What is included in the cost? Are there any extra charges (e.g., audits, sampling)?
- [ ] Will I need to pay upfront costs, and if so, how will these be repaid?
- [ ] What is the estimated carbon income, and how is this calculated?
- [ ] What are the financial risks if the project underperforms or if something goes wrong?
- [ ] How will this affect my farm's overall profitability?
- [ ] Have I considered informing the provider that I will seek legal and financial advice before entering any agreement?

3. Services provided

- [ ] What services does the carbon service provider offer (e.g., project design, registration, monitoring)?
- [ ] Who is responsible for ongoing project management, audits, and regulatory compliance?
- [ ] What happens if I need to end the partnership or if the project fails?
- [ ] How will risks be managed (eg. fire, flood, inadequate management and who will bear the cost of any actions like replanting)?
- [ ] Does the service provider offer support if I need to sell my property during the project?

4. Selecting the right provider

- [ ] Are they a signatory to the Carbon Market Institute Code of Conduct?

- [ ] Do they hold an Australian Financial Services Licence?
- [ ] What experience do they have in my region or with my type of carbon project?
- [ ] Can they provide examples of successful projects or connect me with other landholders?
- [ ] Do they have the technical experts (e.g., soil scientists, ecologists) needed for my project?

5. Carbon sequestration potential

- [ ] How will they evaluate the carbon sequestration potential of my property?
- [ ] What data and assumptions do they use to estimate the amount of carbon that can be stored?
- [ ] Will their team conduct on-site assessments of my property to gather data?

6. Project particulars and farm management

It's important to ensure the carbon project aligns with your goals. Carbon projects require management changes ('additionality') that impact land use, carbon measurement, and farm management.

- [ ] What methodology will you use, and does it consider all carbon pools (vegetation, soil, etc.)?
- [ ] How has your project been mapped? Have you excluded areas you don't want in the project (e.g., infrastructure, farm tracks, holding paddocks)?
- [ ] Does the provider offer a tailored land management plan and ongoing support for monitoring?
- [ ] How will the project impact your farm's natural capital, profitability, and biodiversity?
- [ ] Does the project align with your region's Natural Resource Management Plan, a requirement for approval?

8. Legal and financial considerations

- [ ] Do I need to get approval from my bank if I have a mortgage on my land?
- [ ] What happens if I want to exit the project before its end?
- [ ] What legal documents or agreements will I need to sign?
- [ ] Will I need additional legal or financial advice before proceeding?

For further information

Clean Energy Regulator: https://cer.gov.au/schemes/australian-carbon-credit-unit-scheme

Local Land Services: www.nsw.gov.au/regional-nsw/primary-industries-nsw/natural-capital/support-services

Carbon Market Institute: https://carbonmarketinstitute.org/

NSW Department of Primary Industries: www.dpi.nsw.gov.au/dpi/climate/Low-emissions-agriculture/On-farm-Carbon-Advice

Need Expert Guidance? Connect with a Natural Capital Advisor

Local Land Services has Natural Capital Advisors across the state, offering tailored advice to help land managers make informed decisions about managing natural capital on their properties.

Scan the QR code to find out more!

The information provided in this checklist is of a general nature and does not take your specific needs or circumstances into consideration. Please ensure that you review your own situation, objectives and requirements, and seek professional advice before making any business or financial decisions.