

# Generating Income Through Carbon

Farmers can increase and diversify income through the carbon market.

**Global economies are moving towards net zero emissions, offering multiple opportunities for farmers to increase their income through trees.**

Supply chains, markets and consumers have increasing expectations of sustainable industries. Farming businesses that reduce emissions through tree planting can capitalise on these expectations, generate income and remain competitive in an evolving market.

## The carbon economy

The carbon economy – also known as the ‘low-carbon economy’ or ‘carbon-neutral economy’ – is based on the principle of reducing greenhouse gas emissions. Often, this is towards a target of ‘net zero’, where the volume of emissions produced is balanced by carbon sequestration activities.

Domestic and international buyers of Tasmanian agricultural products have announced targets to lower the carbon footprint within their supply chains; state, national and international governments have pledged to achieve net zero emissions in the coming decades; and consumer preference means people are willing to pay more for carbon-neutral products.

By taking action to move towards net zero, farmers can capitalise on these market opportunities while remaining competitive in the face of emerging regulatory obligations.

**Countries and trading blocks are increasingly imposing border tariffs on imports from high-emissions industries.**

Plans to achieve carbon neutrality should include activities to:

- Reduce the rate of emissions (e.g., switching to renewable energy sources)
- Increase the rate of sequestration (e.g., planting trees and improving forests).

For information on reducing carbon and other emissions through trees on farms, see Fact sheet 11 – Farm emissions and trees

## A CARBON-NEUTRAL AUSTRALIA

Australia’s Long Term Emissions Reduction Plan is a whole-of-economy plan to achieve net zero emissions by 2050.

As part of the plan, the government is investing in technologies, infrastructure and incentives to support industries to reduce their carbon footprint. This includes revegetation and planting programs within farm systems.

*‘Land-based [forest and soil] offsets provide new revenue streams for farmers and improve agricultural productivity. Our modelling shows this can occur with minimal land use change.’*

*Australia’s Long-Term Emissions Reduction Plan*

The Tasmanian government is also taking steps to facilitate and promote carbon market opportunities across the state. This includes a range of programs that support farmers to engage in carbon farming and participate in the market.

## Carbon credits

Carbon trading is a core component of Australia’s emission-reduction efforts, which involves generating carbon credits to be bought and sold at government-run auctions or on the voluntary market. In Australia, carbon credits come in the form of Australian Carbon Credit Units (ACCUs).



**One ACCU represents one tonne of carbon dioxide equivalent (CO<sub>2</sub>e) stored or avoided as a result of a project.**

Landholders can register emissions-reduction projects (such as tree planting) to earn ACCUs from the outcomes of their project activities. ACCUs can then be sold to generate income, or be used to comply with government regulations or supply chain standards.

**GENERATING CARBON CREDITS**

There are many ways farmers can earn ACCUs. Australia's Clean Energy Regulator publishes a list of eligible methodologies, which includes a range of vegetation, soil and livestock activities. Vegetation activities include:

- Establishing and maintaining trees on land that has previously been used for grazing or cropping (non-forested land)
- Converting an existing short rotation plantation to a long rotation plantation
- Avoided conversion of forested land to non-forest land
- Reforestation by environmental plantings.

**SELLING CARBON CREDITS**

For some industries (e.g., aviation, shipping and some energy sectors), it's not possible to reduce emissions through currently available practices and technologies. These 'hard-to-abate' industries instead purchase carbon credits to offset their carbon footprint and meet their emissions obligations.

Landholders who have generated carbon credits can sell them to boost and diversify their income. As with any market, commodity prices vary according to conditions; however, the value of ACCUs has been forecast to increase as industries are obliged (by market demand and government regulations) to move towards net zero.

**CARBON INSETTING**

Another option for landholders is to use their emissions-reduction activities to achieve carbon neutrality within their own operations.

Landholders planning emissions-reduction projects can undergo an auditing process to formally measure their emissions baseline and demonstrate the results of their activities. With reduced emissions, farmers can retain market access for their products, and safeguard the profitability of their operations as expectations and regulations evolve. This may include mechanisms such as net zero certification schemes.

**Who can help?**

Participating in the carbon market is a complex process that requires demonstrable carbon savings as a result of eligible, registered activities. Landholders and businesses generally require support to complete this process:

- Carbon project developer/aggregator – works with landholders to identify opportunities, and support the design and delivery of carbon projects
- Carbon broker – provides financial services and advice regarding the carbon market and related transactions
- Adviser – offers advice including legal, technical or commercial advice to facilitate carbon farming opportunities. This could include a forester or a specialist carbon project manager.

Landholders considering the carbon market as a way of diversifying and increasing their income should seek advice by contacting Private Forests Tasmania to learn more about the process and what's possible. It's best to do this early in the planning process to maximise the potential of your activities.





**Income is just the start.  
There are many carbon benefits  
of trees on farms, including  
environmental and productivity  
outcomes.**

## References

Agriculture Victoria, 2024. Making cents of carbon and emissions on-farm. Victorian State Government.

Carbon Market Institute, 2024. Factsheets. Carbon Market Institute. <https://carbonmarketinstitute.org/resource-category/factsheets/>

Clean Energy Regulator, 2024. Emissions Reduction Fund, Australian Government. <https://www.cleanenergyregulator.gov.au/ERF>

Commonwealth of Australia, 2021. Australia's Long-term Emissions Reduction Plan: A whole-of-economy Plan to achieve net zero emissions by 2050, Australian Government.



## Next Step



### CALL THE FREE HELPLINE

Ask a question or connect with a forestry consultant.

**1300 661 009**



### VISIT THE KNOWLEDGE HUB

Find info on each stage of growing trees on farms.

**[www.treealliance.com.au](http://www.treealliance.com.au)**



### ARRANGE AN APPOINTMENT

Talk about your goals and find out what's possible.

**[admin@pft.tas.gov.au](mailto:admin@pft.tas.gov.au)**



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Tasmania is one of the best places in the world to manage forests for sustainable and profitable outcomes. To learn more about your options for renewable native forest management, contact the team at Private Forests Tasmania on their Tree Alliance hotline or through their general enquiries.

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