

# MAKING SENSE OF ENVIRONMENTAL MARKETS

Territory Natural Resource Management



Australian Government



Territory  
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Management



# What are environmental markets?

**Environmental markets are still developing across Australia. Their relevance and suitability in the Northern Territory can vary depending on location, land use, and climate. This booklet explains the basics of how environmental markets work and what's involved in participating.**

Environmental markets are systems (real or virtual) where people or businesses can buy and sell credits linked to environmental actions.

These markets support activities that improve the health of natural resource assets.

## How do you get involved?

To participate, you must register a project under a recognised scheme using an approved methodology.

A project is a planned activity that helps protect or improve natural resources. For example: changing farming practices, replanting native vegetation, or storing carbon in soil.

Projects must follow a set methodology that outlines how to measure, monitor, and verify outcomes. If successful, your project can generate credits or certificates that may be sold through an environmental market.

Not all environmental markets, schemes or methodologies are suitable for every enterprise, region or climate. Always do your own research and seek advice before getting started.

## Purpose of environmental markets

These markets exist to:

- Encourage adoption of sustainable land management
- Support data collection and long-term monitoring
- Reward actions that improve the environment or reduce emissions
- Enable trading of credits, certificates, or access to premium markets

Credits or certificates can be sold, traded, or retained by the generator. Their value is determined by the environmental market.

Natural resource assets include:

- Carbon (greenhouse gas emissions)
- Water (springs, streams, creeks & rivers)
- Soil (condition & diversity)
- Native vegetation (grasses, shrubs & trees)
- Habitat/land condition (groundcover, 3P species, fire frequency)
- Native wildlife species

# What are environmental markets?

## Guiding principles

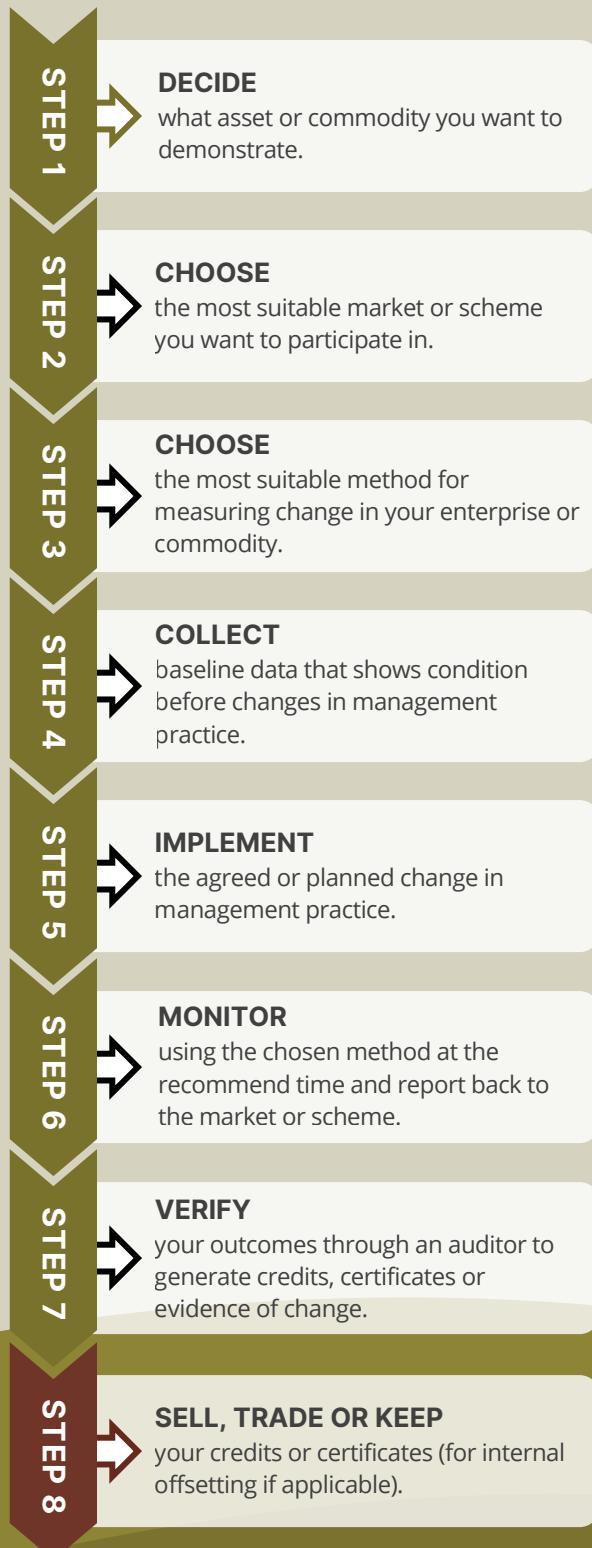
The Australian Government, in collaboration with the National Farmers Federation and other organisations, developed a common set of sustainability principles to guide the agriculture sector (figure1).

Majority of domestic policies, regulations and markets are guided by various national and international strategies and principals. Such as the Australian Agriculture Sustainability Framework.



Figure 1. Australian Agriculture Sustainability Framework sourced from <https://aASF.org.au/>

# How do environmental markets work?



Majority, Australian markets are designed to facilitate the purchase and sale of credits or certificates.

These typically involve:

- Sellers – Land managers or producers who generate the credits or certificates
- Buyers – Governments, companies, or investors

To participate, individuals or businesses generally need to:

- Register their project with the appropriate scheme/market
- Follow an approved method
- Provide baseline data (a starting measure of the asset) using the approved method
- Monitor outcomes over time using the approved method
- Undergo verification or audit
- Sell to market or keep for internal offsetting

It is advised to ensure that the project is applicable to your enterprise and region. Not every methodology will be relevant for each region or commodity within Australia.

# Environmental market opportunities in Australia

The Australian Carbon Credit Unit (ACCU) scheme is an Australian Government scheme. Individuals and/or businesses are encouraged to reduce, avoid or offset their greenhouse gas emissions by participating in this scheme.

Under this scheme:

- 1 ACCU = 1 tonne of CO<sub>2</sub>-e avoided, sequestered, or reduced
- Credits are issued by the Clean Energy Regulator
- ACCUs can be:
  - Traded in the secondary market
  - Sold to the Australian Government via carbon abatement contracts
  - Held to offset your own business or personal emissions.

## Eligible projects

To earn ACCUs, you must:

- Register a project with the Clean Energy Regulator
- Meet the eligibility criteria
- Follow an approved method for carbon abatement (sequestration or abatement of carbon).

The Nature Repair Market Scheme is an initiative by the Australian Government and is administered by The Clean Energy Regulator.

Nature markets are designed to reward landholders for protecting or restoring native ecosystems. This scheme:

- Allows landholders to earn biodiversity certificates
- Certifies measurable improvements to native flora and fauna
- Facilitates voluntary trading of certificates with buyers who want to support nature-positive outcomes.

## Private agreements

These agreements are voluntary, legally binding deals between private entities (landholders, project developers, businesses or investors) that:

- Generate, buy or sell credits or certificates
- Fund on-ground management
- Achieve net zero or sustainability goals

These agreements operate outside of, or alongside formal government schemes. Private agreements should clearly identify the desired outcomes and objectives, and follow an approved methodology for the natural resource asset being measured.

# Premium and co-benefits

A premium is added value placed on an environmental credit or certificate when it delivers co-benefits beyond its core purpose or commodity.

Examples of co-benefits:

- Supporting biodiversity
- Creating jobs in remote or Indigenous communities
- Implementing cultural fire practices
- Improving water quality or habitat condition
- Buyers often pay more for credits or certificates that have co-benefits which align with their environmental, social, or ethical goals.

To access these premiums:

- Identify your potential co-benefits early
- Monitor and collect data to support your claims
- Clearly communicate how your project or commodity delivers these outcomes to buyers or investors

# Bullocks Beef: A story of an environmental market project

## BULLOCKS BEEF

STEP 1

Bullock's Beef pastoralist wants to protect a wetland identified as a valuable natural resource asset due to its diverse migratory birdlife and native vegetation. Currently, the area is impacted by cattle and feral animal access.

STEP 2

The pastoralists find an appropriate market and corresponding methodology to establish a project under.

STEP 3

The pastoralists conduct surveys on the natural resource asset/s following the appropriate methodology to obtain baseline data prior to the change in management practice.

STEP 4

The pastoralists implemented the project's management changes, establishing an exclusion zone around the wetland. They fenced the area to prevent access by cattle and feral animals, creating a firebreak to protect the wetland and surrounding infrastructure.

STEP 5

Based on the market and methodology requirements and conditions the pastoralist remeasures the natural resource asset at the required time for the required duration.

STEP 6

Bullock's Beef decides to sell some of their certificates they generated and keep some of them.

STEP 7

Bullock's beef decides to market their commodity with the explanation of how they are protecting the wetland. This could enable them to access a premium market or receive a premium price for their commodity.



# Measuring and monitoring

The natural resource asset's data being monitored or measured should be collected using a reputable, repeatable method that demonstrates the desired change. Baseline data of the natural resource must be collected prior to the change in management practice. The selected methodology should also meet the requirements of the intended market or industry standards.

Examples of natural resource assessments for baselining or monitoring include:

- Vegetation surveys
- Fire history and frequency analysis
- Land condition assessments
- Habitat condition surveys
- Soil testing
- Biodiversity surveys
- Water quality monitoring

When collecting baseline data on the natural resource asset the associated commodity with the project should be measured as well. This enables comparisons between the condition of the natural resource and commodity condition, to help inform strategic management decisions.

Examples of commodity/enterprise-related data collection include:

- Drone or satellite imagery to assess land condition
- Rainfall records
- Management records (e.g., stocking rate, carrying capacity, feed output vs live weight gain)
- Input and output costs

Measuring both natural resource asset and commodity enable the enterprise to internally and externally benchmark against defined goals or outcomes. This provides a framework to track and evaluate changes in productivity, condition and profitability of the commodity and natural resource asset over time.

Benchmarking supports adaptive & sustainable management which can demonstrate outcomes to relevant stakeholders and markets.

# Measuring and monitoring

## Baselining and monitoring methodology

There are well developed, scientifically backed organisations and not-for-profits which have created methods to measure environmental condition, natural resources and/or co-benefits.

To support transparent accountability of all environmental markets to ensure nature can be measured and valued. These methods have mandatory baseline reporting and monitoring reporting over a certain number of years which demonstrates the change or improvement being measured.

Resources include but not limited for methodology:

- Accounting for Nature
- TERN Ecosystem Research Infrastructure
- ACCU scheme
- Nature Repair Market
- Australian Government. Department of Climate Change, Energy, the Environment and Water.



# Get Involved in environmental markets

## How can you get involved?

- Learn about approved methods and projects under the ACCU and Nature Repair Markets
- Understand what actions the methodology may require from the project
- Consider your landscape — e.g., savanna, rangeland, wetland, native forest
- Start recording your enterprise/commodity data or management practices (for internal benchmarking)
- Talk to aggregators, NRM officers, or trusted advisors

Don't rush — becoming ready requires time, research and resources.

## More information

- Natural Resource Management (NRM) organisations – Often offer free or low-cost, practical support
- Third-party aggregators or service providers – Help set up and manage eligible projects (usually for a fee or share of credits)
- The Clean Energy Regulator – Provides official guidance on eligibility and project registration
- Australian Agricultural Sustainability Framework
- Taskforce on Nature-related Financial Disclosures.

## Taskforce on nature-related financial disclosures

Businesses looking for better quality information for reporting or making strategic decisions on environment or nature can refer to the Taskforce for Nature-related Financial Decisions (TNFD). The TNFD recommendations and guidance enable business and finance to integrate nature into their decision-making processes and meet the growing interest and information needs of regulators, investors and other capital providers.

# Disclaimer and glossary

## Disclaimer

This resource was developed by Territory Natural Resource Management (TNRM) to provide general, impartial information about emerging environmental markets—such as carbon and biodiversity markets—for landholders, Indigenous organisations, producers, and industry in the Northern Territory.

The content is for informational purposes only and does not constitute legal, financial, or professional advice. While TNRM has taken care to ensure the accuracy and relevance of the information at the time of publication, no guarantees are made regarding its completeness, currency, or reliability.

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TERM	MEANING
<b>Abatement</b>	The act of reducing the amount of greenhouse gas emissions released
<b>Baseline</b>	The starting measurement of a natural resource asset
<b>Certificate</b>	Verified recognition of improved biodiversity or environmental condition
<b>Co-benefits</b>	Additional social, cultural, or environmental outcomes of a project
<b>Commodity</b>	A raw material or primary agricultural product that can be bought and sold
<b>Credit</b>	Proof of a verified environmental outcome (e.g., 1 tonne CO <sub>2</sub> removed)
<b>Enterprise</b>	A business or company
<b>Market</b>	A system where people buy, sell, or trade goods, services, or credits
<b>Premium</b>	Extra value added to a credit due to co-benefits
<b>Sequestrian</b>	The action of storing carbon or other elements in soil or substance
<b>Verification</b>	Independent audit or assessment of your data and outcomes



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