Recognising on-farm biodiversity management

Australian Farm Biodiversity Certification Scheme Phase 1 Report

BRIEFING PAPER

This paper contains information extracted from the Australian Farm Biodiversity Certification Scheme Phase 1 Report delivered to the National Farmers' Federation in July 2020.

Background

Deterioration in biodiversity undermines the ecological systems which support all life and form our store of natural capital, and agriculture is more reliant on natural capital than almost any other sector of the economy. As such, biodiversity management is one of the most significant issues that Australian agricultural and environmental policy-makers must address[1].

This report identifies the critical success factors required for consistent, robust and defensible verification of Australian farm biodiversity, and recommends considerations for further investigation and development of a farm biodiversity scheme trial.

This project has reviewed best practice management standards and collated extensive feedback from stakeholders with skin in the game to address the value proposition and potential barriers for adoption of a scheme within farming and NRM communities. More than 500 individuals contributed their thoughts, opinions and expertise to the project. Information gathered in the desk review and consultation was analysed to determine key criteria for success, which in turn have informed recommendations for development of a farm biodiversity certification or verification scheme trial.

Given the breadth of this project's scope, many of the conclusions and recommendations presented here are relevant not only to development of a farm biodiversity scheme, but also to the wider Agricultural Stewardship Package and supporting policy.

It is also important to note that biodiversity is one measurable aspect of a highly complex and interconnected system; a factor frequently raised by stakeholders representing a range of diverse interests during the consultation process.

Findings

Two pervasive themes evident in this research were the need for a scheme to have a **clear objective** to ensure the value proposition to participants is consistent and clearly communicated, and of establishing robust, well-governed **data frameworks** to measure these objectives. In addition,

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[1] In 2019 the Australian Government announced funding for an Australian Farm Biodiversity Certification Scheme to be developed as part of the national Agriculture Stewardship Package, currently in development. The National Farmers' Federation was tasked with development of the Scheme across three phases. The Australian Farm Institute was engaged in March 2020 to conduct Phase 1, namely desktop and consultative research into existing verification or certification schemes, sustainability frameworks and best management practices, both domestically and internationally, and determine their applicability in Australian agricultural systems.

considerable effort on verifying farm biodiversity and sustainability is already underway in the industry, which must be recognised or accounted for in any new scheme.

This report recommends that an Australian farm biodiversity scheme should verify new and existing relevant schemes which deliver the desired outcomes against an **overarching framework or meta-standard of biodiversity and sustainability stewardship**. This should incorporate a level of flexibility to allow for commodity and geographical differences in biodiversity priorities, targets and management strategies, recognising existing systems already in play, and recognise the parallel and additional market benefits that can be realised by farmers delivering multiple sustainability outcomes[2].

Systems intended to incentivise biodiversity improvement cannot succeed without the **solid foundation of data**, to ascertain defensible baseline measurements, evaluate ongoing changes, justly incentivise participants and demonstrate societal value via the improvement of natural capital. As such, the scheme must deliver evidence-based demonstrations of positive social, environmental and economic outcomes within a bespoke, transparent data management framework. Scheme targets should be concordant with global standards to leverage stewardship efforts in the global marketplace and enable progress towards international sustainability reporting obligations.

Consultation for this project confirmed that the **rewards for participation** in the farm biodiversity certification or verification scheme must be clearly defined to alleviate confusion, and that any 'top-down' and/or regulatory approach is likely to alienate farmers and land managers.

Criteria for success

The following 10 criteria have been identified through the desk review and consultation process as necessary to ensure the successful establishment of an Australian farm biodiversity scheme[3]:

1. Clearly and succinctly **define the scheme objective**(s), using SMART goals: specific, measurable, attainable, relevant and time bound.
2. Demonstrate how the scheme's SMART goals **meet relevant global and local standards** used in the target markets and supply chains.
3. Rationalise the **choice of policy instrument** that delivers the scheme objective(s) in the way that provides the least cost pathway for farmers to meet the scheme objective and incentivises participation within the specified time frame.
4. **Account for the participant's track record** in practice, making it easier and more rewarding for them to enrol in the scheme. This will enable participants to **stack benefits** across multiple schemes at a lower cost.
5. Demonstrate a sound process for **measurement, monitoring and evaluation** of goals.
6. **Set out the costs** for delivery, measurement, monitoring and evaluation of scheme goals (i.e. assess which costs are priorities, who bears them, and how they impact on different aspects of scheme design, implementation, monitoring and evaluation).
7. Specify a **time commitment to participation**, to allow an assessment of the return on investment from participation and a process for negotiating an exit plan for participants that ensures the outcomes that have been accumulated by participation are not lost.
8. Ensure the enduring benefit of the scheme by:

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[2] For example, biodiversity outcomes could be rewarded by co-stacking benefits via additional or premium payments extended through existing schemes or programs.

[3] While some of these criteria may seem generic or self-evident, the authors cannot stress highly enough the importance of ensuring there is no room for assumptions or ambiguity in development of a scheme.

a. identifying the management activities where **ongoing maintenance** will be required and making allowances in the scheme design provide for these;
b. encouraging activities that are attractive enough to participants to **continue** after the scheme has ended.
9. Provide evidence on the track record and governance structure for the scheme administrator in delivering similar programs.
10. Assess the **commonality of the management activities** used to meet the scheme objectives at a meaningful landscape scale, within all relevant industries and bioregions.

Conclusions

Farm businesses will deliver biodiversity outcomes and will be rewarded for delivering those outcomes through multiple pathways and schemes. This is already happening at a variety of scales, for example premiums for sustainably certified grain through CBH down to premiums for biodiversity provenance at farmers markets.

Farmers, industry groups and supply chain actors support the need to have a defensible ability to promote Australian agriculture's sustainability credentials, recognising the leverage this offers in trade negotiations, market access, meeting international policy obligations, compliance with SDGs, and access to competitive finance and insurance. A whole-of-agriculture approach to providing the evidence of sustainability and biodiversity management for this context will be more efficient than relying on multiple smaller schemes.

However, support for a certification scheme per se was not evident in the consultation process. The idea of certification rather than verification was not seen as providing direct value to the farmers and only limited value to supply chain actors. The potential negative outcome of a certification scheme – i.e. penalisation for non-participants – was also raised repeatedly. Another consideration raised was the potential of a new scheme to divert capital, resources and energy from existing programs. This could be solved by stacking or bundling credits under an overarching framework for biodiversity and/or sustainability goals.

An Australian agriculture solution must avoid compromising, competing with or counteracting the multiple reward pathways through which farmers may wish to participate in delivering biodiversity and sustainability outcomes. To deliver this solution, the Australian government should focus on **verifying schemes which deliver the desired outcomes against a meta-standard or overarching framework of biodiversity stewardship.**

By verifying schemes rather than certifying farms, the Government will not interfere with supply chains and markets and is more likely to deliver outcomes at scale. In addition, verifying schemes against a meta-standard will enable a wider and more flexible range of potential approaches suitable to different farm businesses across the heterogeneous sectors and AEZs that comprise the Australian agricultural landscape.

Verifying biodiversity schemes under a meta-standard can benchmark outcomes for:

- **Natural capital reporting systems and markets**
- **Certification against hard targets**
- **Schemes that require additionality and/or reporting of existing ecosystem services**
- **Biodiversity measurement systems**
- **Sustainability measurement systems**

To achieve success, land use management policy decisions must **account for the value** of biodiversity via transparent goals and achievements. Data gaps in agricultural systems are impeding the development of evidence-based policy, thus care must be taken to avoid potentially perverse outcomes of proposed biodiversity schemes; a particular risk when data is lacking or opaque.

Adoption of biodiversity schemes in agriculture requires trust from participants, built on a value proposition underpinned by the **evidence-based demonstration of social, environmental and economic benefits**. The systematic collection, aggregation, analysis and synthesis of disparate data sets (both new and existing) will enable a farm biodiversity verification scheme to assess and appropriately reward land managers for natural capital stewardship. To ensure this happens, the scheme's designers should:

- Establish a data lake (e.g. managed by the Australian Research Data Commons)
- Devise a robust framework for decision-making
- Institute a 'meta-standard' or overarching framework under which relevant programs and initiatives can be harmonised

Recommendations

1. An Australian farm biodiversity scheme should verify relevant initiatives (new and existing) which deliver the desired outcomes against an **overarching framework or meta-standard of biodiversity and sustainability stewardship** (Figure 1),
   a. allowing for commodity and geographical differences in biodiversity priorities, targets and management strategies, and
   b. recognising existing systems in play.
2. The scheme must deliver **evidence-based demonstrations** of positive social, environmental and economic outcomes within a bespoke, transparent and structured data management framework, founded on good governance with clear metrics as the outcome.
   a. *Metrics:* A market-based mechanism requires a trusted, tradeable metric.
   b. *Governance*: governance principles for measurement must include data utility (immediacy, accuracy, availability) and life-cycle management (storage, archiving and disposal) as well as security and privacy management.
3. The verification scheme must be **concordant with global standards** to leverage stewardship efforts in the global marketplace and enable progress towards international sustainability targets.
4. As confusion still exists regarding the scheme's intention, the **primary objective** and the rewards for participation must be clearly defined by the scheme's designers.
5. Local and industry knowledge, experience and expertise embedded in existing programs must be recognised and integrated into the scheme, to avoid alienating farmers and land managers via a 'top-down' and/or regulatory approach.
6. A Government-facilitated scheme must **complement (and not disrupt) rapidly emerging commercial opportunities** to be rewarded for agricultural stewardship.
7. The scheme must recognise **parallel and additional market benefits** that can be realised by farmers delivering multiple sustainability outcomes;
   a. for example, biodiversity outcomes could be rewarded by co-stacking benefits via additional or premium payments extended through schemes such as the CSF.
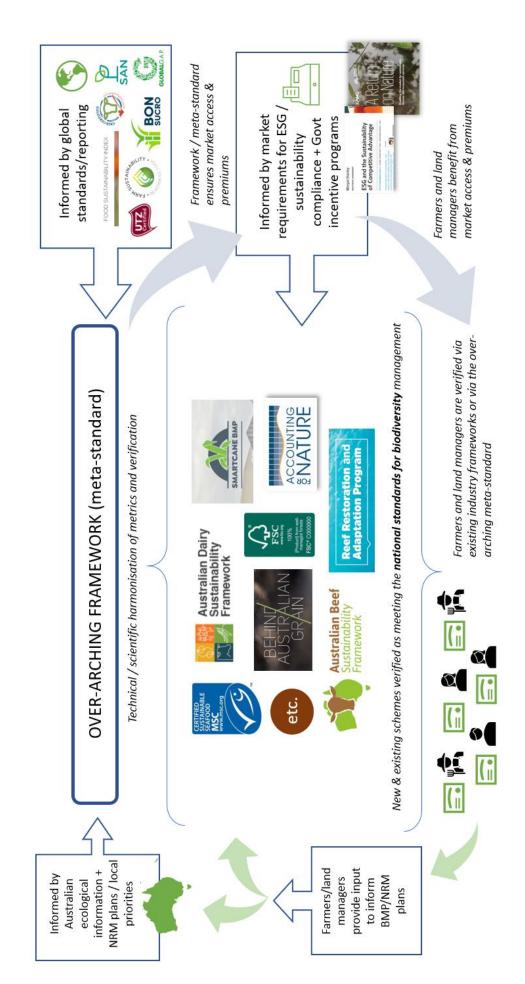
Figure 1: Example of potential farm biodiversity meta-standard feedback loops