

Achieving Net Zero through Nature

Case studies from the Nature-
based Solutions Taskforce of the
Net Zero Futures Policy Forum

**Net Zero
Futures.**
Policy Forum



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Net Zero Futures.
Policy Forum

Executive Summary

The Net Zero Futures Policy Forum is a voluntary international collaboration that sits under the Under2 Coalition.

It is open to subnational and other interested governments that have, or wish to, position themselves at the forefront of global decarbonisation efforts through the scope of their ambition and innovation. Participating jurisdictions share learnings on successful policies, projects, or programs and collaborate on common climate-related policy obstacles.

Nature-based solutions is one of the Forum's policy priorities, and a Nature-based Solutions (NBS) Taskforce was established under the Forum in 2022.

This compendium brings together six case studies that highlight how Taskforce members are deploying different programs, investment strategies, or policies to support net

zero and nature positive outcomes in their jurisdictions. It also includes key lessons and common themes from across the case studies.

The case studies collated in this compendium showcase just some of the many approaches sub-national governments are already adopting to support net zero and nature positivity. They are a reminder that there is no "one size fits all" approach to the challenging policy issues, particularly around carbon and nature accounting and disclosure, and that there are many opportunities for sub-national governments to learn from one another through sharing what is – and isn't – working.

The six case studies are:



Case Study A

Insights for Government-led Taskforce for Nature related Financial Disclosures (TNFD) work: pilot climate disclosure statements by **New South Wales** government entities



Case Study B

Sustainability Advantage – **New South Wales** supporting business



Case Study C

Queensland's Land Restoration Fund – delivering carbon abatement alongside benefits for nature



Case Study D

Western Australia's first regional scale Natural Capital Account: Insights from South Coast Natural Resource Management



Case Study E

Accounting for the environment in **Victoria**: robust accounting and ambitious climate action



Case Study F

Harnessing the Nature-Carbon Nexus: **Victoria's** Bushbank Program

The following 4 common lessons emerged from case study comparative analysis:

Lesson 1

Just get started – smaller projects and the use of “imperfect” methodologies develops carbon and natural capital accounting capabilities

In the early stages of development, small-scale projects or pilots, or using simpler nature accounting frameworks than the United Nations' System of Environmental-Economic Accounting (SEEA), can support the development of natural capital accounting capabilities by building initial foundations that allow for future complexity and sophistication.

Similarly, there is value in getting started on the disclosure journey, despite steep learning curves. Further, one key learning found that starting a disclosure journey with carbon, specifically climate-related financial disclosures, can serve as a useful gateway into the more complex area of nature-related financial risks.

Lesson 2

Strong foundations in both carbon and nature accounting together enable action that maximises benefits for both

As jurisdictions develop their natural capital accounting capabilities and begin to “catch up” to their carbon accounting capabilities, it will enable future policies and programs to more effectively target carbon and nature outcomes simultaneously.

Lesson 3

In the evolving disclosure landscape, there is a role for government to set domestic standards and establish the enabling environment for disclosure

Standards, practices, and methodologies for climate and nature-related risk disclosures are emerging at rapid pace around the world. The costs associated with disclosures can be prohibitive and daunting, especially data requirements for assessing and tracking nature-related risks and developing a baseline of dependencies on natural assets. Governments can play a key role in helping reduce these barriers by taking a leading role in developing publicly available baselines for natural capital, signalling preferences for science-based indicators, and providing official guidance on disclosure standards and practices.

Lesson 4

Climate and nature frameworks should ‘talk to each other’ to ensure consistency and avoid disqualification of benefits between schemes

Ensuring carbon and nature-related measurement and reporting frameworks acknowledge the overlaps between biological sequestration and actions that restore nature (e.g. land restoration, tree plantings, etc.) is particularly important for managing challenges around double-counting, upholding additionality, or overlooking carbon abatement that may have occurred to achieve nature-positive outcomes. Developing different sets of metrics or standards for measuring biomass in both climate and nature applications could lead to confusion both for agencies and the public as to which set of metrics to use under what circumstances.

The NbS Taskforce hopes that this compendium can contribute to the growing body of knowledge on carbon and nature accounting and disclosure, and in particular may serve as a source of ideas and useful information for sub-national jurisdictions.

The Net Zero Futures Policy Forum

Established in 2022, the Net Zero Futures Policy Forum (the Forum) is an Under2 Coalition international partnership designed to bring together subnational jurisdictions and devolved governments to collaborate on and share learnings from practical policy challenges related to climate change. The Forum provides a venue for governments to share and source the best global net zero policy solutions with a focus on practical collaboration through shared learnings and insights, and connecting government officials with their counterparts with experience or mutual interest in a policy area.



The Nature-based Solutions Taskforce

The Nature-based Solutions Taskforce (the NbS Taskforce) includes members from New South Wales, Queensland, Western Australia, Victoria, Tasmania, South Australia, Scotland, and Wales. It provides a space for participants to share learnings on successful policies, projects, or programs and to collaborate on common climate-related policy obstacles. Breaking down barriers and policy siloes by connecting subnational governments across the globe can accelerate action on climate change by bringing together solutions from the diverse experiences, knowledgebases, and skillsets of our global climate policy community.

This year, the NbS Taskforce is focussed on understanding how each of its member jurisdictions is supporting the uptake of carbon or natural capital accounting frameworks or disclosure requirements. This topic emerged from a shared inter-jurisdictional interest in aligning climate and nature goals and learning how different levers available to government, such as disclosure or natural capital accounting, can support efforts designed to simultaneously restore nature and reduce emissions. In anticipation of COP28 this year, the NbS Taskforce decided to publish a compendium available to the public to share its findings.

About this compendium

This compendium provides six case studies that highlight how a subset of the NbS Taskforce members are deploying different programs, investment strategies, or policies to support the adoption in the public or private sectors of:

1. Carbon or natural capital accounting frameworks, tools, or practices,
2. Climate- or nature-related financial disclosure frameworks, or
3. Programs or policies that leverage private investment to generate carbon and nature outcomes.

Section 2 of this compendium provides six case studies from across the NbS Taskforce that demonstrate how subnational governments are progressing towards net zero and nature positivity, with a particular focus on how they're supporting the uptake of carbon and nature accounting and disclosure frameworks within their jurisdictions.

Section 3 offers a brief analysis of the case studies, drawing insights from the varied experiences and approaches across jurisdictions and proposing key lessons for the future.

Section 4 offers next steps for the NbS Taskforce and conclusions.

Carbon and Nature:

the evolving landscape of accounting and disclosure

Two global crises: climate change and nature loss

The global community is facing the double crises of climate change and the accelerating depletion of natural ecosystems. As the world grapples with increasingly severe droughts, heat waves, floods, and bushfires, it is simultaneously losing at rapid pace healthy, resilient, and diverse natural ecosystems. These crises are linked, and their interdependent effects are becoming more pronounced.

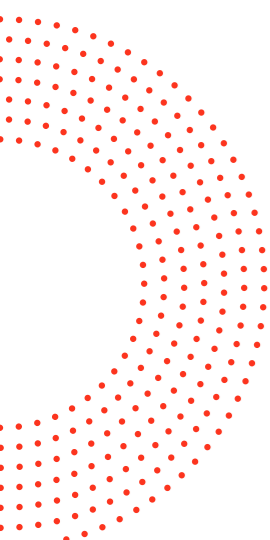


The degradation of natural systems is a significant contributor to climate change, with land-use change (especially deforestation) responsible for an estimated 19% of global CO₂ emissions over the past 40 years.¹ As the impacts of climate change increase, ecosystems and species that are unable to adapt reach critical tipping points. This results in extinction events and biophysical system collapse that, through the loss of significant natural buffers, further accelerate the severity of climate change. Restoring and increasing biodiverse habitats or ecosystems can both mitigate and support adaptation to the effects of climate change.

In addition to their other provisioning, regulating, and cultural services, natural systems play a key climate change mitigation role through their capacity to store carbon. Maximising biomass, both aboveground in forests, wetlands, mangroves, and marine seagrasses, as well as in soils, simultaneously restores ecosystems and the critical services they provide and removes atmospheric carbon dioxide.² Using Nature-based Solutions (NbS) to guide policy design, national and sub-national governments within Australia, and internationally, can both restore and strengthen the resilience of natural and human systems, and in turn the resilience of social and economic systems, while also mitigating climate change.

Nature-based solutions (NbS) are actions to protect, sustainably manage, and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously benefiting people and nature. They are estimated to provide 37% of the mitigation needed until 2030 to achieve the targets of the Paris Climate Agreement, and can help financial institutions mitigate risks arising from nature loss and climate change.³

1 data.jncc.gov.uk/data/6de7bf27-055e-4407-ad29-4814e1613d90/nature-positive-2030-evidence-report.pdf
2 assets.publishing.service.gov.uk/media/602e92b2e90e07660f807b47/The_Economics_of_Biodiversity_The_Dasgupta_Review_Full_Report.pdf
3 www.unepfi.org/nature/nature/nature-based-solutions/



There are clear climate co-benefits in setting nature positive goals and designing policies that will protect and restore natural systems. The inverse is also true: if designed to consider nature outcomes, policies that aim to increase carbon sequestration in natural landscapes can produce nature co-benefits in the form of ecosystem growth and resilience. They deliver socioeconomic benefits for communities and people, ranging from new economic opportunities from emerging industries, through to improved health and wellbeing. However, to reach these goals will require a suite of consistent tools and frameworks capable of letting governments quantitatively baseline, benchmark, and assess both 1) how they are tracking towards climate and nature targets and 2) how this progress is generating both costs and benefits to nature. Tools and frameworks enabling this quantification are emerging across the globe at rapid pace, and two that have gained significant traction and attention from public and private actors are natural capital accounting frameworks and risk disclosure requirements. By comparison to natural capital accounting and disclosure frameworks, carbon accounting frameworks are well established and can likely offer useful lessons for natural capital and disclosure.

Unlocking the environmental, economic, and social benefits of nature positivity

The term 'nature positivity' refers to setting an economic and policy pathway towards reversing the current trends of nature depletion so that species and ecosystems are regenerating and being restored.⁴ The concept of nature positivity is not new. The Aichi Biodiversity Targets⁵ established in 2011 also identified the need to address the underlying causes of biodiversity loss and integrate biodiversity values into national accounting systems. Action to address biodiversity loss and value nature has only grown more urgent. Alongside global climate targets to achieve the goals of the Paris Agreement, nature positivity is a parallel, and equally critical, global environmental target.⁶ Recently, the UN Biodiversity Conference (COP15) in Canada produced a landmark agreement to guide global action on nature through to 2030.⁷

Nature sustains our economies, livelihoods, and overall wellbeing, but it is not adequately accounted for in our financial systems. As more than half the world's economic output – US\$44 trillion – depends on nature, establishing policy and investment frameworks for achieving nature positivity will be critical for ensuring future global



environmental and economic prosperity.⁸ Current indicators like GDP fall short in capturing its value and fail to acknowledge and link our dependence on nature to economic growth.

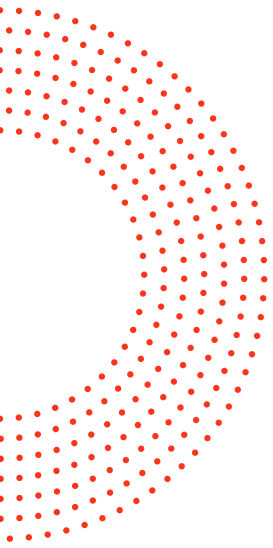
The World Economic Forum estimates that between \$722 billion and \$967 billion per year would be needed to halt global biodiversity loss. In 2019, however, the total annual global flow of funds towards biodiversity protection amounted to approximately \$124-143 billion.⁹

Less than 1% of global GDP is required to halt biodiversity loss and restore nature.¹⁰

This funding gap cannot be filled by public funds alone. There is a clear need for businesses to focus on investing in environmental management and conservation. This change needs a new approach to valuing nature, requiring a large-scale shift away from a generally extractive way of operating to one that is planet and people positive.

4 www.nature.org/content/dam/tnc/nature/en/documents/NaturePositive_GlobalGoalCEO.pdf
5 www.cbd.int/sp/targets/
6 www.consilium.europa.eu/media/50363/g7-2030-nature-compact-pdf-120kb-4-pages-1.pdf
7 COP15: Nations Adopt Four Goals, 23 Targets for 2030 In Landmark UN Biodiversity Agreement | Convention on Biological Diversity (cbd.int)

8 www.unepfi.org/publications/unboxing-nature-related-risks-insights-from-the-unep-fi-led-tnfd-piloting-programme/
9 www3.weforum.org/docs/WEF_Biodiversity_Credit_Market_2022.pdf
10 www3.weforum.org/docs/WEF_Nature_positive_CEO_Briefing.pdf



Valuing nature requires better understanding the connections between economic activity and nature. Governments and businesses have begun the process of identifying and quantifying specific dependencies of their economic activities on natural ecosystems, or 'natural capital', and the risks they face should natural capital degrade without replacement or restoration. The Australian and American Governments are already taking action to address this gap. In December 2022, Australia and the United States signed a bilateral agreement at COP15 in



Montreal that pledged to work together to better measure the economic value of nature.¹¹

The latest United Nations Environment Programme (UNEP) State of Finance for Nature 2022 report notes that at least US\$11 trillion in investment in NbS will be required to complement non-nature-based investment in mitigation actions to achieve the 1.5 degrees Celsius target outlined in the Paris Agreement.¹² More investment will be required to properly mitigate the risk of continued nature decline, a trend which, as outlined above, also has knock-on effects for climate change.

The business case for investing in nature, as well as the tools and frameworks for quantifying the channels through which nature contributes to economic output, are theoretically clear, but the practical measurement and valuation of these interrelationships remains difficult. This key challenge for governments will require a concerted and coordinated effort across all levels of government and the private sector.

¹¹ [minister.dccceew.gov.au/plibersek/media-releases/media-statement-australia-and-united-states-work-together-measuring-economic-value-nature](https://www.minister.dccceew.gov.au/plibersek/media-releases/media-statement-australia-and-united-states-work-together-measuring-economic-value-nature)
¹² wedocs.unep.org/bitstream/handle/20.500.11822/41333/state_finance_nature.pdf?sequence=3



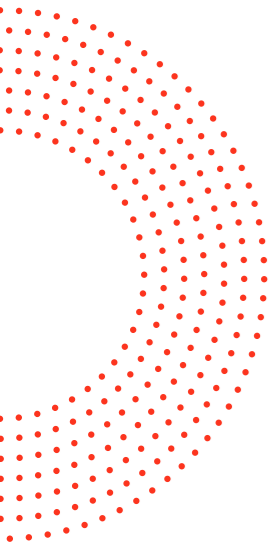
Pursuing nature positivity

As renewed international goals are established through processes such as the Convention on Biological Diversity, governments are looking to identify how to embed natural capital considerations into economic and financial decision making.

Metrics, standards, and frameworks for measuring carbon and nature stocks and translating these measurements into actionable national macroeconomic accounts are essential to help governments understand the dependencies between carbon, nature, and economic activity in their jurisdictions.

Accounting

Carbon and natural capital accounting frameworks can establish a foundation for unlocking the necessary private investment in natural assets required to reverse net nature loss. These accounting frameworks are also anticipated to enable governments to craft policy aimed at internalising environmental externalities that is informed by evidence-based trends in natural capital growth and depletion.



Currently, the *System of National Accounts* (SNA), a framework for measuring national economic activity¹³, does not include the value of natural capital, though myriad frameworks (such as the *System of Environmental-Economic Accounting 2012 (SEEA)* put forth by the UN) have been developed to account for the interrelationships between the environment and the economy. While many countries, including Australia, are either adopting or actively considering adopting SEEA or similar accounting systems, many efforts remain nascent due to remaining methodological and measurement challenges. Different metrics will involve different costs to measure, differing levels of accuracy, may be more or less up-to-date with recent scientific developments, or more or less consistent with established practice in the sector.

With incentives to measure natural capital depending on the level of public benefit, and whether it is a government or private sector decision, there may be a role for government to require or incentivise measurement of natural capital to support decision-making that accounts for these values. Therefore, accounting frameworks for measuring natural capital will likely form the bedrock for many governments endeavouring to incorporate nature into their SNA,

which would then incorporate value fluctuations of natural capital assets into economic assessment and decision-making.

Disclosure

Disclosing both climate and nature-related risks is becoming a leading tool for both public and private entities to understand their contributions to increasing or reducing greenhouse gas emissions and driving or reducing nature-negative trends. The Taskforce for Climate-related Financial Disclosures (TCFD) and the Taskforce for Nature-related Financial Disclosures (TNFD) have emerged in recent years as instructive frameworks for helping public and private entities understand, quantify, and report on their climate or nature related financial risks.

To disclose on climate or nature risks, public and private entities must first have a foundational understanding of the relationships between their economic activities and their greenhouse gas emissions and impacts to natural systems. Similar to natural capital accounting, this requires tracing through supply chains activities associated with their greenhouse gas emissions and impacts to natural systems, as well as generating methods and metrics for monitoring impact trends over time.



In many jurisdictions, this work remains nascent and the incentive to voluntarily disclose very weak.

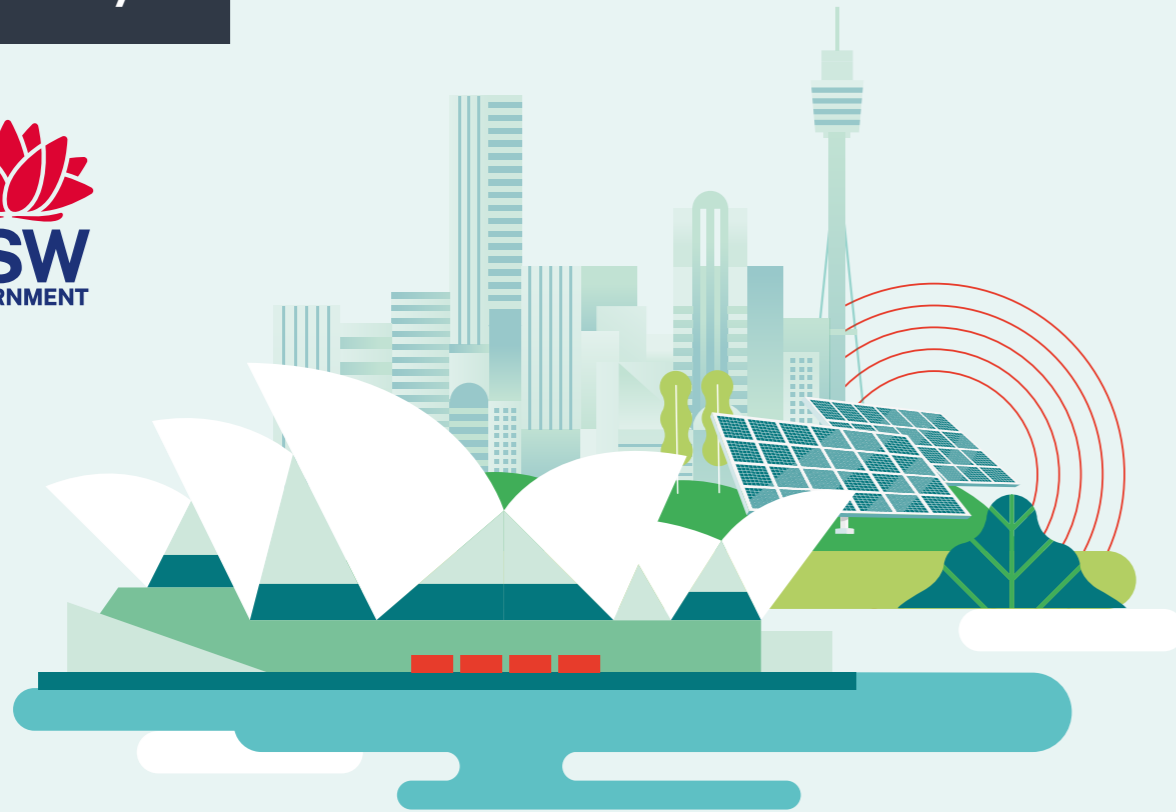
The role of governments

Given the significant time pressure to act quickly, there is a risk that governments may develop metrics, standards, and frameworks in isolation, both within and across agencies and departments, and independently from efforts made by the private sector. Without coordination, a fragmented approach can lead to confusion over which metrics to use for the same ecosystem service requiring quantification; can increase transaction costs when adopting carbon or natural capital

accounting and/or disclosure frameworks; and can produce misalignment between different systems of measurement, resulting in reporting inconsistencies, errors, and unreliable foundations for policy design and decisions.

Government can play a role in providing clear signals on 1) what metrics, standards, and frameworks to use for carbon and natural capital accounting and disclosure; 2) which metrics, standards, and frameworks are high integrity and fit-for-purpose; and 3) how to harmonise and integrate metrics, standards, and frameworks with pre-existing systems across climate- and nature-focused activities in both the public and private sectors.

¹³ See United Nations Statistics Division, System of National Accounts 2008–2008 SNA, unstats.un.org/unsd/nationalaccount/sna2008.asp



New South Wales



Insights for Government-led Taskforce for Nature related Financial Disclosures (TNFD) work: pilot climate disclosure statements by NSW government entities

Background

In September 2021, in the *Net Zero Plan Stage 1: 2020–2030 Implementation Update*, the NSW Government committed to piloting entity-specific Taskforce on Climate-related Financial Disclosures statements for the NSW Environment Protection Authority (EPA), National Parks and Wildlife Service (NPWS), and Essential Energy (the entities). The three entities published their statements (the Pilots) at the end of 2022.

These Pilots were a collaboration among the Office of Energy and Climate Change (OECC), NSW Treasury, and the entities. The entities prepared their pilot statements in alignment with the TCFD framework and NSW Climate Risk Ready Guide, using the best data available to them. Statements were peer-reviewed by Point Advisory, a qualified sustainability and climate change auditor and assurance provider.

The Pilots: next steps

- Insights from the Pilots are being used to develop guidance to support mandatory climate-related disclosures by NSW government entities from the financial year 2024/25.
- This guidance and training to support entities in preparing their disclosures will be informed by the recently released International Sustainability Standards Board (ISSB) standards and relevant Australian standards, once these are released.

How have the disclosures driven changes?

While climate-related disclosures have been primarily a focus of private sector entities, stakeholders are now seeking similar information from governments. In the global race to a lower carbon economy, completion of the Pilots will help the government:

- meet market participants' growing demand for clarity on how the government is managing climate related risks and opportunities.
- attract investment and capital flows to support government climate-related objectives.

- provide transparency and meet the information needs of the community and other stakeholders.
- drive the actions on climate change and related accountability across the NSW public sector.

Through the Pilots and introduction of mandatory climate-related disclosures for public sector entities, the NSW Government is leading by example in delivering one of the few global public sector disclosures of climate risks and opportunities.





Insights for TNFD

Whilst recognising that there are different challenges and opportunities that arise from TNFD disclosures, there are several insights which can be drawn from the NSW's pilot disclosures.

The experience gained from the Pilots highlights several valuable insights.

1. It underscores the importance of learning from experience. Embarking on a disclosure journey provides an opportunity to learn by doing. Developing a disclosure allows an organisation to benefit from developing an understanding of climate-related impacts on the organisation and gaining exposure to analytical tools, processes, and data. There is value in getting started even where an organisation is still establishing the systems and developing information for the disclosures. This learning will help improve the quality of disclosures over time and is in line with processes recommended by the TCFD.
2. There is significant momentum towards increased climate-related disclosures both at the national and international levels. Staying ahead of these changes can help meet the demand for climate-related information and raise awareness of climate change impacts within an organisation to drive climate action in a timely manner.
3. Data governance and availability play a pivotal role in all disclosures. Robust data systems are imperative, but the lack of perfect data should not justify not disclosing. Where data may be incomplete this should be disclosed, alongside intended

processes to address identified gaps and enhance the quality of the data. This is important to ensure credibility of disclosures.

4. Clarity regarding the target audience and purpose of this type of disclosure in a public sector context can help identify the right parts of an organisation to be involved in developing a disclosure. This will ensure information is disclosed according to the audience's needs and expectations.
5. In light of evolving disclosure standards, frameworks and leading practices, organisations need to keep abreast of ongoing developments and changes in the global community's expectations, and ensure they remain adaptable throughout their disclosure journey.

The insights from the Pilots serve as a valuable roadmap for organisations seeking to navigate the evolving landscape of climate and nature-related disclosures.

Practical tips for undertaking a climate or nature-related financial disclosure.

- Gain executive buy-in early in the process.
- Clarify roles in the project, as disclosures rely on input from across multiple areas of the organisation that may not traditionally work together.
- Upskill existing staff in how to incorporate consideration of climate or nature into organisational risk assessment processes.





New South Wales



Sustainability Advantage – New South Wales supporting business

Sustainability Advantage

Sustainability Advantage is the NSW Government’s business support program partnering with large and medium organisations to nurture and create sustainability leaders and speed transition to net zero emissions and a circular economy.

The membership-based program is designed to work with high (or potentially high) impact organisations, to increase their commitment, raise their ambition and accelerate their sustainability

action. Over the last 17 years, the program has established an active and ever-growing network of over 800 businesses, not-for-profits, and government agencies across NSW.

The program works with its partners across four strategic pillars, challenging and supporting members to achieve or exceed net zero emission targets, commit to circular economy principles and projects, understand and improve their partnership with

nature, and contribute to achieving the United Nations Sustainable Development Goals. Impact at scale is achieved by supporting good practice, catalysing collaborations, building capacity, and strengthening leadership.

Members also rely on Sustainability Advantage to be kept abreast of international trends and to hear inspiring case studies and innovation updates on topics of shared interest.

The emerging space of nature was incorporated into Sustainability Advantage strategic priorities to help NSW organisations better understand how to explore their impacts and dependencies on nature in response to global advances in disclosure for climate and nature related financial risks.

Although the climate change and biodiversity emergencies present enormous risks to businesses, there are also major opportunities

to increase competitiveness and drive innovation while helping restore balance to nature.

Supporting a nature positive journey

Under its nature positive pillar, Sustainability Advantage aims to increase the awareness of target setting, disclosing, and providing support to its members as they embark on their nature positive journey.

Businesses are increasingly recognising the connection between their own prosperity, the health of nature, and their social license to operate. They are inquiring about what they need to be aware of and seeking guidance on first steps.

Sustainability Advantage set out to help organisations start their nature positive journey and consider nature as an important partner in their business.





In partnership with a select cohort of Sustainability Advantage members and specialist expertise, Sustainability Advantage developed **Partnering with Nature**, an interactive web-based tool to help an organisation understand their relationship with nature and develop an action plan to improve their organisation's resilience.

Broadly, the objective is to build knowledge and highlight the risks and opportunities for businesses to address their partnership with nature and create a pipeline of actions they can implement. It is specifically designed for organisations who do not have compliance obligations.

Often, the Partnering for Nature tool serves as a conversation starter in the organisation. Modelled on Sustainability Advantage's general sustainability diagnostic, the Partnering with Nature discovery session deliberately engages

a broad range of people in an organisation - including senior management and team leaders representing operations, finance, risk, procurement, corporate strategy and sustainability - as it takes the entire organisation to manage nature-related risks and opportunities.

Natural capital accounting to commence their nature journey

Through this engagement and knowledge building, Sustainability Advantage facilitated the initiation of natural capital accounting projects for several of its members.

A local government area developed accounts for a specific development area, with the intention of bolstering development planning and decision-making processes, as well as providing direct assistance to ongoing conservation initiatives.

The establishment of these accounts has allowed the council to both aggregate conservation data for decision makers and disaggregate data for land managers, all while lending credibility to their decisions.

An organisation wanting to conserve biological diversity and to set meaningful nature-related targets, created natural capital accounts for a single site to establish a biodiversity baseline and identify opportunities for improvement. They started with four measures, and through the project now have a single metric to measure and report progress. This resulted in inclusion of a site-specific biodiversity target in their Sustainability Plan and led to them expanding this work to baseline their supply chain's impact on nature, to identify science-based actions to align with global nature targets, and prioritise mitigation scenarios.

A state government agency responsible for the development of a new city centre in western Sydney initially undertook a Partnering with Nature assessment. They then integrated a 'Nature Positive' target for the new city, with the aim of increasing the type, quality, and diversity of species, whilst building a new city. They are now commencing a natural capital accounting project to establish an ecological baseline, with the aim to develop effective programs, report on progress, and support healthy outcomes for urban-based ecological systems.

Key insights from these projects include:

- Perfect data does not come quickly, likely a series of iterations is necessary. Nevertheless, this initial data often proves enough to guide decision-making and initiate prioritisation of next steps.
- The importance of starting now. By initiating work on a modest scale, such as focusing on a specific site or one facet of their supply chain, organisations can gather valuable learning experiences. This includes refining the data collection methods, clarifying necessary steps, improving stakeholder engagement, ultimately allowing them to progressively broaden their efforts.

These projects have provided the organisations with important information to support decision making and preparing for the establishment of targets aligning with the Science-Based Targets for Nature, and disclosure in accordance with the Taskforce for Nature Related Financial Disclosure (TNFD), as well as bolstering their overall sustainability objectives.

Businesses that understand and manage their relationship with nature will be able to mitigate the worst effects of climate change and reduce adverse effects on biodiversity while improving resilience and profitability.





Queensland



Queensland's Land Restoration Fund – delivering carbon abatement alongside benefits for nature

Background

The Land Restoration Fund (LRF) is a \$500 million commitment from the Queensland Government to grow the state's carbon farming industry by supporting land management projects that deliver carbon offsets and co-benefits. Co-benefits are the positive environmental, socio-economic, and First Nations outcomes that can be delivered by well-designed and located carbon farming projects in addition to greenhouse gas abatement.

Queensland is Australia's most naturally diverse state with significant environmental values including the Great Barrier Reef, diverse ecosystems, and threatened species. Queensland's large land mass makes it well placed to be Australia's major source of premium land sector carbon credits. A robust carbon farming industry will help to manage Queensland's emissions, create regional jobs, provide habitat for threatened species, and improve the health of the land and waterways.

The LRF aims to:

- Facilitate a pipeline of high-integrity Queensland carbon offset projects with co-benefits for biodiversity, threatened species, regional communities, First Nations engagement and employment, including through private sector investment,
- Invest in research and development into emerging carbon farming areas where Queensland has an advantage.



The LRF supports projects that allow grazing and carbon farming to co-exist on the same property.

To do this, the LRF program has two parts:

1. Commercial

The LRF invests in on-ground projects that:

- deliver carbon abatement in the form of Australia Carbon Credit Units (ACCUs) by following a verified land-sector carbon method;
- deliver LRF co-benefits by completing activities and reporting as per the LRF Co-benefit Standard, and;
- are in an area of priority for LRF investment as detailed in the LRF Priority Investment Plan.

As of September 2023, the LRF has contracted 21 carbon farming projects in Queensland with a total commitment of over \$80 million AUD. Over 1.2 million ACCUs have been contracted which will deliver over 1.2 million tonnes of carbon abatement. Examples include:

- **The Beef and Conservation for the Future (BC4) Project**, which is regenerating areas of a Central Queensland grazing property where vegetation has previously been suppressed. Project activities are increasing carbon abatement and storage while providing habitat for threatened species and improving water quality flowing to the Great Barrier Reef.
- **The Northern Aurukun Savanna Burning Project**, which will deliver emissions avoidance in the Cape York Peninsula through traditional burning practices. The project will support jobs, skills, and socio-economic opportunity for Traditional Owners.

In addition, the LRF has invested \$45 million to seed the establishment of the Queensland Natural Capital Fund, which will invest alongside private capital in sustainable agriculture, including environmental markets.

The LRF seeks to ensure that the important co-benefits that carbon farming projects can provide for First Nations peoples are recognised and valued.



Carbon projects that protect and enhance native vegetation can provide important habitats for near-threatened wildlife species.

2. Research, Innovation and Market Development

The LRF is building capacity across Queensland's land sector to help more of the state's landholders participate in the carbon market. Key activities and achievements include:

- The advancement of new methods and activities that support carbon farming in Queensland, such as the Blue Heart initiative on the Maroochy floodplain, which is trialling an innovative blue carbon project that can lead to the re-establishment of mangrove ecosystems;

- The Cassowary Credits Scheme, which will allow land managers to generate tradable units of habitat restoration; and
- The delivery of regional workshops, tools, resources, and rebates to help landholders access expert advice and information on carbon farming.





Carbon farming in Australia

The LRF invests in land-sector carbon methods that can generate ACCUs, including agricultural, savanna burning, and vegetation methods. In Australia, carbon farming activities are regulated by the Australian Government under the *Carbon Farming Initiative (Carbon Credits) Act 2011* through the Clean Energy Regulator (CER). The CER issues ACCUs for carbon farming activities that comply with

approved carbon methods. ACCUs are a tradable financial product equal to one tonne of carbon dioxide equivalent (greenhouse gas) that is either stored or avoided from being released into the atmosphere. ACCUs can be sold to any domestic government or private entity who may trade or surrender their ACCUs to meet their own emission reduction commitments.

Advantages of recognising co-benefits

The LRF is using co-benefits as the key driver to attract well-designed carbon farming projects. These projects are encouraging sustainable land and agricultural management practices and delivering on priorities that might otherwise involve multiple sources of public and private investment.

In the case of carbon projects that may not be financially viable based on carbon abatement alone (i.e. the carbon price does

not cover the project costs), the valuing, quantifying, and pricing of the co-benefits associated with the carbon project may improve project feasibility.

The LRF has driven the development of carbon projects in areas of the state where uptake has previously been low, but potential co-benefits can be very high, including for instance, the Great Barrier Reef catchment.

LRF Co-benefits Standard

The LRF's main innovation is to measure, value, and pay for the additional benefits generated by carbon farming activities in addition to carbon. In this way, the LRF pays for both ACCUs and the co-benefits generated by a project.

To support this model, the LRF developed its Co-benefits Standard to ensure LRF projects have a strong evidence-base for measuring, reporting and verifying co-benefits. Projects supported by the LRF must deliver co-benefits from at least one of these categories:

- **Environmental co-benefits** – improved biodiversity, habitat for threatened species and healthier soils, wetlands, and water;
- **Socio-economic co-benefits** – improving the resilience and prosperity of regional communities by supporting jobs and skills and generating economic benefits for local communities; and
- **First Nations co-benefits** – a broad range of co-benefits including customary, cultural, economic and business development benefits, such as providing new on-country and service delivery business opportunities and supporting cultural and customary connections.

LRF projects may verify co-benefits using either:

- **Proponent assurance** – Co-benefits are verified based on annual reporting of basic information and photo points to the LRF, or
- **Third party assurance** – Co-benefits are verified based on evidence certified by an approved third-party framework including the Core Benefits Verification Framework for First Nations co-benefits, and certified environmental accounts under the Accounting for Nature® Framework for environmental co-benefits.





Department of **Water and Environmental Regulation**
 Department of **Primary Industries and Regional Development**

Western Australia



Western Australia's first regional scale Natural Capital Account: Insights from South Coast Natural Resource Management

Background

The Western Australian (WA) Government Department of Primary Industries and Regional Development, Department of Water and Environmental Regulation and Department of Biodiversity, Conservation and Attractions identified a case study from South Coast Natural Resource Management (South Coast NRM) as a Western Australian example of a regional scale Natural Capital Account. While

the WA Government departments have identified the case study, they do note the project has just commenced and any information in the case study or project is the responsibility of South Coast NRM.

South Coast NRM is one of seven regional natural resource management (NRM) organisations in Western Australia. It is an independent organisation working with extensive regional experience

Noongars know what has happened to the land and we know what needs to be done to start to heal it. We just need a chance to get started.

Gnowangerup Noongar (First Nations) Elder

in natural resource planning, managing natural capital, and fostering strong relations with First Nations communities, agricultural stakeholders, local communities, businesses, and government entities.

Western Australian Natural Capital – Valuing, Protecting and Restoring Unique and Rich Biodiversity and Cultural Heritage

South Coast NRM is initiating WA's inaugural regional Natural Capital Accounts (NCA) and cultural accounts. South Coast NRM is committed to empowering First Nations organisations and regional communities to lead this initiative, with an eye towards scalability across Western Australia.

History

The South Coast region includes 8.6 million hectares, with a rich blend of environmental, cultural, and economic significance. It forms the heart of the Southwest Australia Biodiversity Hotspot, home to the highest concentration of rare and endangered species

in Australia, many of which exist nowhere else on the planet. With unique mountain ranges that are more than 570 million years old and breathtaking red tingle and karri forests, the South Coast region is a highly valued natural environment surrounded by prosperous and productive agricultural land, comprising internationally recognised Ramsar wetland sites, the UNESCO Fitzgerald Biosphere, and an ancient sandplain formed 40 million years ago.



Methodology

Key steps to deliver the project are:

- 1. Building alliances and nurturing relationships.**
- 2. Roadmap Development:** South Coast NRM worked with the Institute for Development of Environmental-Economic Accounting (IDEEA) Group to complete the roadmap for the region's natural capital approach and development of the NCA in October 2023.
- 3. NCA Creation:** Currently working to identify and seek suitable investors to establish the first trial sites for the development of natural capital accounts across the region with Aboriginal Corporations, NRM groups, Landcare and with Accounting for Nature. The Accounting for Nature® Framework provides a system for measuring, verifying, certifying, and publicly reporting Environmental Condition Accounts. As recognised by the Taskforce on Nature-related Financial Disclosures (TNFD), the Accounting for Nature® Framework is used to develop Environmental Accounts that summarise the condition of an environmental asset into a single core metric – the 'Econd®' – an index between 0 and 100, where 100 describes the reference condition of an Environmental Asset or undegraded state. The Econd® is used to communicate the condition of the Environmental Assets consistently and can be used to inform land management practices, for due diligence when

incorporating Environmental Condition in financing decisions, to access new markets or to report on sustainability progress with confidence, transparency, and scientific credibility. The Framework also enables users to include an optional 'Pcond' (production condition index) for some assets, which describes the condition of an asset relating to its potential to produce a defined set of goods or services.

- 4. Nature Risk and Opportunity Assessment:** A comprehensive assessment of nature-related risks and opportunities within the South Coast region will be undertaken, which will align with guidelines from the TNFD.
- 5. Nature Positive Transition Plan and Natural Capital Investment Plan:** The plans will seek to maximise natural capital investment and on-ground outcomes while supporting a culturally appropriate transition within the region and across Western Australia, clearly identifying the roles and benefits of key stakeholders including First Nations organisations and catchment partners.

Outcomes and Benefits

Regional NCAs and local NCA pilots on key wetlands, estuarine environments, and cultural landscapes will provide a

baseline against which changes in ecosystems can be measured. This will articulate the impact on our wellbeing, our economy, and our natural environment. South Coast NRMs natural capital approach will enable long established regional Aboriginal Corporations, conservation-minded catchment and Landcare groups, land holders and managers, and local environmental groups to participate in emerging nature markets in a way that is accessible and aligns with their own land management and conservation objectives.

Natural systems work meaningfully on a regional, catchment scale, making NRM organisations perfectly placed to facilitate

regional, landscape scale natural capital account development and management. Financial markets also prefer to invest on a large scale. This provides the opportunity for natural capital investment on a regional scale to achieve a nature positive economy.

The first set of WA regional natural capital accounts and a natural capital investment plan by South Coast NRM will enable contributions to a nature positive future, including increased investment in on-ground cultural and land management works, innovation of business models, data and risk management strategies and nature-focused finance and investment products that benefit regional communities.





Victoria



Accounting for the environment in Victoria: robust accounting and ambitious climate action

In 2012, the United Nations launched an environmental accounting system that has been utilised by Victoria as a framework for linking the quantity and quality of environmental assets to related socio-economic benefits.

The System of Environmental-Economic Accounting (SEEA) is an internationally accepted standard, with a set of accounting principles that can help recognise the interdependence of societies, economies and the environment.

The Victorian Government has developed accounting applications based on the SEEA framework to provide better, integrated and more consistent information and analysis on our environmental assets in Victoria – information about which assets have been depleted or lost, which are declining in condition, and how the health of these assets affects our well-being as a society.

Victoria has already applied the SEEA framework to assess the impacts of the 2019-20 bushfires in eastern Victoria, providing valuable

information about the impacts of fire on Victorian landscapes. An environmental economic account for urban Melbourne (soon to be released) measures the economic contribution of Melbourne’s natural assets to climate regulation.

The Independent Expert Panel advising the Victorian Government on its 2035 climate change targets highlighted the links between robust accounting frameworks and taking ambitious climate action in the land sector:

Clear, comprehensive and public information about the state’s natural capital creates a baseline that will facilitate private investment – investors are seeking a verifiable way to track improvements in an environmental area over time, and natural capital accounting provides that investable foundation.





Accounting for the environment

Recognising the benefit our environmental assets contribute to our communities and the economy

Environmental-economic accounting A framework for decision-making

Traditionally, our measures of progress have focused on economic activity (e.g. gross domestic product, labour)

But these measures don't take into account the state of environmental assets and our reliance upon them

To account for environmental assets and the benefits they provide, the System of Environmental-Economic Accounting (SEEA) has been developed as an international accounting standard

Advantages of environmental-economic accounting

Government and stakeholder decision-making recognises the benefits from protecting and investing in the environment

Victorians appreciate the interdependencies between our wellbeing and the environment

Parties active in the natural resource management sector share a common language and improve coordination

Investors can compare the outcomes of management actions and develop benchmarks

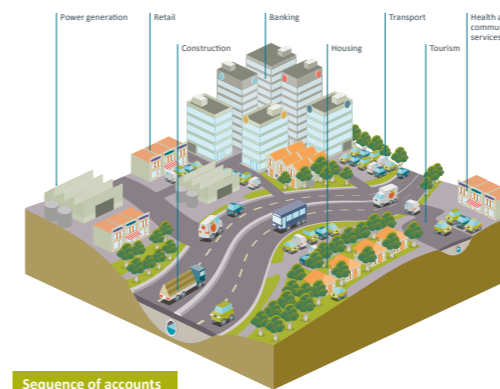
Planning agencies, businesses and communities improve their management by using a common organising framework to respond to changes in environmental assets

Communities' decision-making capacity improves with more consistent and coherent information about the environment

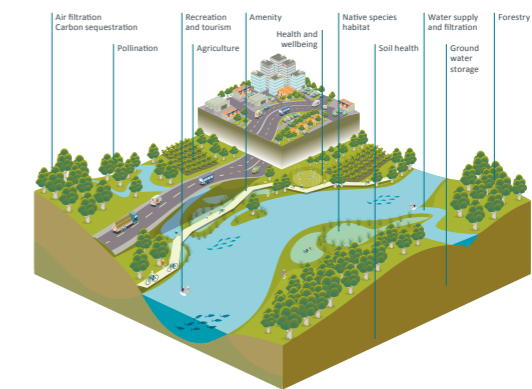
Scientists have access to more coherent data over time and provide access to asset condition measures to a broader audience

Agencies can identify and better balance trade-offs when making policy, planning and investment decisions, and can better communicate these decisions to others

Economic accounting



Environmental-economic accounting



Sequence of accounts

1 Asset extent accounts	2 Asset condition accounts	3 Ecosystem service accounts	4 Benefit accounts
Report on the area of environmental assets and assess how they are changing over time	Report on the health of environmental assets and assess how policies, climate and economic activity are impacting on them	Report on the flow of goods and services that environmental assets provide and assess how changes in asset extent and condition affect these flows	Report the market and non-market benefits that people obtain from ecosystem services and support social and economic analysis
<ul style="list-style-type: none"> North east forest Eastern waterways South west wetlands North east catchment South east coastal dunes South central marine 	<ul style="list-style-type: none"> North east forest Eastern waterways South west wetlands North east catchment South east coastal dunes South central marine 	<ul style="list-style-type: none"> Air filtration, carbon sequestration and storage, habitat for wildlife, primary production Habitat for wildlife, primary production, recreation, water supply Carbon sequestration and storage, flood regulation, habitat for wildlife, water purification Habitat for wildlife, primary production, water filtration Coastal protection, habitat for wildlife Amenity, habitat for wildlife, primary production, recreation, waste assimilation 	<ul style="list-style-type: none"> Clean fresh air, climate change mitigation, biological diversity, timber products Biological diversity, freshwater food, enjoyment and tourism, water for consumption and irrigation Climate change mitigation, reduced flood impacts, biological diversity, clean water, reduced pollution Biological diversity, local food products, clean fresh water Reduced impact of storm surges, biological diversity Enjoyment and tourism, biological diversity, fish products, views and relaxation, reduced pollution

After accounting for the services and benefits our environment provides it's easy to see why a healthy environment is the foundation of a healthy economy.



Image credit: www.environment.vic.gov.au/_data/assets/pdf_file/0028/49807/DELWP-environmental-accounting-d7.pdf

SEEA accounts have been recognised internationally as useful for informing policy decisions about climate change:

By providing a multipurpose view of the interrelationships between the economy and the environment, the SEEA can help identify the drivers and impacts of climate change. Importantly, the SEEA can also provide information on the effectiveness of policy responses to climate change, which is essential for meeting the targets under the Paris Agreement.

United Nations, 2020, [Natural Capital Accounting for Integrated Climate Change Policies](#).

The use of this framework in Victoria has supported government policy, planning and investment decisions affecting the environment. It can also strengthen the ability of local government, business, not-for-profit and community stakeholders to recognise the benefits of protecting and investing in the environment.





Victoria



Harnessing the Nature-Carbon Nexus: Victoria's Bushbank Program

Victoria's Land Use, Land Use Change and Forestry Pledge

In 2021, the State of Victoria released its first Climate Change Strategy, which provides a foundation for Victoria's pathway to net-zero emissions by 2045. The Strategy sets out climate action policies and programs to reduce emissions across the economy. This included the Land Use, Land Use Change and Forestry Pledge (the Pledge) for 2021-25, the first in a progression of five-yearly emissions reduction pledges. The Pledge sets out two primary goals:

restoring degraded lands and planting millions of new trees.

Recognising that the landscape's natural ability to store carbon can also have positive impacts for nature, this Pledge provides the enabling environment for establishing land-based projects that will reduce emissions and generate environmental and socio-economic co-benefits. These co-benefits include enhanced biodiversity, reconnection and healing of Country for Traditional

Owners, improved water and air quality, and a strengthened capacity to adapt to and manage the impacts of climate change.

Ahead of the Pledge, in 2017, Victoria set out its long-term vision for biodiversity in *Protecting Victoria's Environment – Biodiversity 2037*. *Biodiversity 2037* establishes two goals:

- 1. Victorians value nature:** Victorians understand that their personal wellbeing and the economic wellbeing of the state are dependent on the health of the natural environment.
- 2. Victoria's natural environment is healthy:** Victoria has functioning plant and animal populations, improved habitats and resilient ecosystems, even under climate change.

Biodiversity 2037 is Victoria's plan to reverse Victoria's trend of nature loss and to recover threatened species that are at risk from a range of pressures, including climate change. This plan promotes collaboration and improved alignment across government, business, communities, Traditional Owners, Aboriginal Victorians, and private land managers, to restore Victoria's biodiversity and strengthen the economy. It includes a target to revegetate 200,000 hectares to increase habitat connectivity by 2037.

The Pledge will help Victoria build on this ambitious plan to improve biodiversity by supporting the restoration of habitat. The Pledge also helps secure a sustainable, long-term future for Victoria's plantation forestry industry.



The BushBank Program

The Victorian Government's \$77 million AUD BushBank program is a key measure set out in the Pledge and is aligned with the goals set out in *Biodiversity 2037*. BushBank is the most ambitious restoration program in Victoria's history and is planting millions of native trees and shrubs to pull carbon from the air and restore wildlife habitat across more than 20,000 hectares of private land. The Victorian Government has allocated \$30.9 million AUD for habitat restoration on private land. The Government has partnered with Cassinia Environmental – a land management company with specialisation in environmental protection, ecological restoration, regenerative agriculture, and social investment – to manage projects in partnership with landowners.

Cassinia Environmental will source and secure co-funding from various partners, particularly from carbon markets and philanthropic biodiversity-focused partners as native vegetation planting occurs across degraded and marginal private land.

BushBank includes \$14.5 million AUD to support Traditional Owners to heal country, increase Traditional Owner participation in restoration and revegetation markets, including carbon markets, and to practice self-determination.

BushBank also provides grants for public land restoration. So far \$2.7 million AUD has been committed for public land restoration projects and planting at 12 locations across the state.



Restoring nature and reducing emissions

By designing the program to deliver emissions abatement and land restoration, BushBank exemplifies how climate and nature outcomes can go hand in hand. Strengthening the resilience of Victoria's ecosystem services and natural capital assets will be critical for adapting to the effects of climate change, as they can play a key mitigating role in drawing down atmospheric carbon and reducing the risk of severe riparian zone erosion, among other benefits.

Key insights

- Ensuring alignment between, and entrenchment of, nature and climate goals within program design can maximise the benefits of land restoration grant programs such as BushBank.
- A legislated framework in Victoria's *Climate Change Act 2017* drives continuous action in the land sector to sequester emissions and deliver biodiversity co-benefits. The release of a Climate Change Strategy and emissions reduction actions every five years provides this foundation for ongoing policy improvement, planning, and implementation.



Common challenges and lessons learned

Lesson 1

Just get started – smaller projects and the use of “imperfect” methodologies develops carbon and natural capital accounting and disclosure capabilities

The data and associated governance systems, metrics, analytical tools, and processes to support carbon and nature-related risk disclosures are complex, differ across jurisdictions and the private sector, and require sophisticated understanding of standards, frameworks, and leading practices, which can be overwhelming for newcomers. However, there is value in getting started on the carbon and nature accounting and disclosure journey, despite these steep learning curves.

Key performance indicators and data collection for nature are far more difficult to define compared to climate change, which has two obvious KPIs: greenhouse gas emissions and global temperature. There is no scientific

consensus on an ecosystem health indicator.¹⁴ Methods for natural capital accounting include the System of Environmental-Economic Accounting (SEEA), Accounting for Nature, and the Natural Capital Protocol.

A key theme that emerged from the case studies and through NbS Taskforce discussions was that smaller projects or pilots, or using simplified accounting frameworks, is incredibly valuable to support the development of natural capital accounting capabilities. For example, trialling natural capital accounting projects that use simplified accounting methods. In Case Study B, the NSW Sustainability Advantage program supported one of their partner organisations to

set science-based biodiversity targets by starting with four natural capital-related measures that can be expanded upon in the future as the organisation’s accounting capability grows.

In Western Australia, South Coast Natural Resource Management (South Coast NRM) is initiating the state’s inaugural regional Natural Capital Accounts (NCA) and cultural accounts (Case Study D). Regional NCAs will provide a baseline against which changes in ecosystems can be measured, and are an example of building natural capital accounting capacity within the jurisdiction by first targeting a smaller area.

Similar to natural capital accounting examples, in Case Study A, the NSW Government found that commencing disclosure on climate-related financial risks provided an environment that allowed officials to learn by doing. As a still relatively new concept, both public and private actors will need to be open and adaptable to a process of discovery when developing disclosures. NSW found that even while it was still developing the necessary data and systems to support disclosures, its pilots opened a process of learning by doing that built internal capacity and skills, strengthened officials’ understanding of climate-related impacts across diverse

organisations, and allowed for early mapping of organisational climate-related risks that established a foundation upon which future disclosures could build.

Simply getting started with disclosure with a narrower scope based on the data available is a valuable first step. The key learning of starting small or narrowly leads into how carbon, and climate-related financial disclosures, can serve as a useful gateway into the more complex area of nature-related financial risks. Having completed its TCFD pilots, NSW now has key learnings on data collection and governance, inter-departmental climate risk mapping, and disclosure best practices that are applicable to undertaking future TNFD pilots, should it opt to do so. While preliminary disclosure pilots or tests don’t have to focus on climate change, keeping the initial bounds achievable and narrow in the early development state can provide the enabling environment for governments to grow into more sophisticated and comprehensive forms of disclosure that nature-related risks would require.



3

¹⁴ seea.un.org/sites/seea.un.org/files/how-nca-can-help-accelerate-finance-for-nature.pdf

Lesson 2

Strong foundations in both carbon and nature accounting together enable action that maximises benefits for both

In addition to strong and urgent emissions reduction at the source, sequestration through Nature-based Solutions is recognised as an important climate change mitigation strategy for almost all jurisdictions if the world is to achieve the goals of the Paris Agreement.

Jurisdictions are also increasingly concerned with achieving nature outcomes, which in many cases will result in climate-positive outcomes, but not always. Projects may require trade-offs between potential carbon abatement and nature restoration, including as jurisdictions (and the private sector) grapple

with the extent to which the carbon market should be focused on nature co-benefits, and how trade-offs with respect to values such as water, biodiversity, land use, and First Nations' priorities for how country should be managed. A common challenge faced by jurisdictions is how to practically integrate the two overlapping, but not totally aligned, objectives of climate change mitigation/adaptation and nature positive outcomes.

In Case Study C, the QLD Government's Land Restoration Fund (LRF) provides an example of government action that

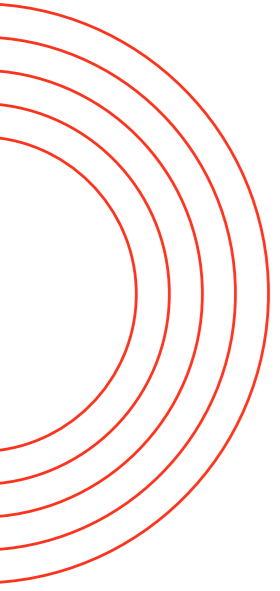


simultaneously supports the realisation of both carbon and nature benefits by supporting carbon projects with particular, verifiable co-benefits.¹⁵ A key aspect that enables the QLD Government to target both carbon and nature together effectively is robust frameworks to verify both carbon and nature benefits. As jurisdictions develop their natural capital accounting capabilities and begin to “catch up” to their carbon accounting

capabilities, it will enable future policies and programs to more effectively target carbon and nature outcomes simultaneously.

Similarly, Victoria's Bushbank program (Case Study F) exemplifies how a program can be designed with carbon and nature objectives aligned in such a way that regulations around emissions reduction additionality are upheld (see Lesson 4) and co-benefits for nature are achieved.

¹⁵ As well as socio-economic and First Nations benefits.



Lesson 3

In the evolving disclosure landscape, there is a role for government to set domestic standards and establish the enabling environment for disclosure

Standards, practices, and methodologies for climate and nature-related risk disclosures are moving at rapid pace around the world. Given the scientific and economic complexity of translating ecosystem services into measurable indicators that inform standardised disclosures, many organisations (both private and public) have to make strategic choices over how to disclose their risks, and in particular for government, which agencies should disclose. The myriad frameworks available or under

development on disclosure metrics, practices, and standards makes these strategic decisions even more difficult, where public and private entities must decide whether to develop their own disclosure metrics or to use pre-existing frameworks offered by third parties. The costs associated with carrying out disclosure can be prohibitive and daunting, especially regarding data requirements for assessing and tracking nature-related risks and developing a baseline of dependencies on natural assets.

Governments can play a key role in helping reduce these barriers by taking a leading role in developing publicly available baselines for natural capital, signalling preferences over science-based indicators, and providing official guidance on disclosure standards and practices. Case Study A exemplifies how piloting TCFD in preparation for mandatory whole-of-government disclosure in NSW sent a clear, directional signal to industry and other public peers on how to disclose and that climate-related risks are a critical consideration for the NSW

Government's financial operations. Where possible, Governments can work within existing frameworks to avoid duplication and adding to an already-crowded space. In terms of further fostering an enabling environment for disclosures for public and private entities, providing direction on standards and methods, as well as baseline datasets for natural capital accounts and monitoring tools, governments have a significant – and likely unique – role to play in generating disclosure adoption.

Governments can play a key role in helping reduce these barriers by taking a leading role in developing publicly available baselines for natural capital



Lesson 4

Climate and nature frameworks should 'talk to each other' to ensure consistency and avoid disqualification of benefits between schemes

Storing carbon through the establishment of new vegetated areas, avoiding clearing of vegetated areas, and restoring degraded lands are well-known biological mitigations for reducing atmospheric greenhouse gases. New 'nature positive' goals set down by governments aimed at restoring the health of biodiversity and ecosystems will also likely increase the amount of stored carbon in biomass. A systems view of nature includes carbon, which is reflected in how natural capital accounting, ecosystem

services, and disclosure frameworks incorporate carbon. It therefore follows that accounting or disclosure frameworks for both climate and nature goals should be joined up to ensure consistency and credibility of reported outcomes for biological carbon sequestration or land-based emissions and nature gains.

In response to the urgency of the climate and biodiversity crises, metrics, standards, and frameworks for carbon or climate-related goals are being developed in parallel with metrics, standards, and frameworks



disclosure frameworks for both climate and nature goals should be joined up to ensure consistency and credibility

for natural capital. It is important for governments not to lose sight of the importance that these systems inform and 'talk to' one another, given their clear interdependencies and overlaps. This lesson emerged from Case Studies B, D, E, and F, demonstrating that frameworks for accounting and disclosure of both climate and nature risks recognise and account for the interdependencies between carbon and nature.

Particularly on the carbon side, ensuring that these frameworks acknowledge the overlaps between

biological sequestration and actions that restore nature (e.g. land restoration, tree plantings, etc.) is particularly important for challenges around double-counting, upholding additionality, or overlooking carbon abatement that may have occurred to achieve nature-positive outcomes. Developing different sets of metrics or standards for measuring biomass in both climate and nature applications could lead to confusion both for agencies and the public as to which set of metrics to use under what circumstances.

Where to from here?



Future work for the NbS Taskforce

Broadly, the connection between climate and nature and the role Nature-based Solutions can play in moving jurisdictions towards their Net Zero and nature positive goals will remain a focus for the NbS Taskforce.

The NbS Taskforce is planning to focus on how government can support consistent inter-departmental understanding of the identification and applications of natural capital accounts. The aim is to initiate a process of breaking down policy siloes across departments and agencies as natural capital continues to become more relevant and commonplace in governmental operations. Building consistent terminology, definitions, methodologies, indicators, and metrics for natural capital accounting can ensure a coordinated, well-understood, and readily applicable whole-of-government approach to supporting net zero and nature positivity.

Future Engagement

The NbS Taskforce plans to update this compendium prior to the first Global Nature Positive Summit to be held in Sydney next October 2024. At the Summit, the NbS Taskforce is tentatively planning to hold a panel session on the lessons and themes contained in this publication. As the Taskforce members continue to progress towards their Net Zero and nature positive goals, new case studies or learnings may be added, along with any new jurisdictions who may join the NbS Taskforce next year.

Open call

The NbS Taskforce welcomes other international jurisdictions that would like to join these important conversations and policy dialogues on the nexus between climate and nature. Diverse membership enriches shared learnings and widens the breadth of experiences to which other jurisdictions can look for blueprints on future policies or programs. We are eager to hear from you if you wish to participate.

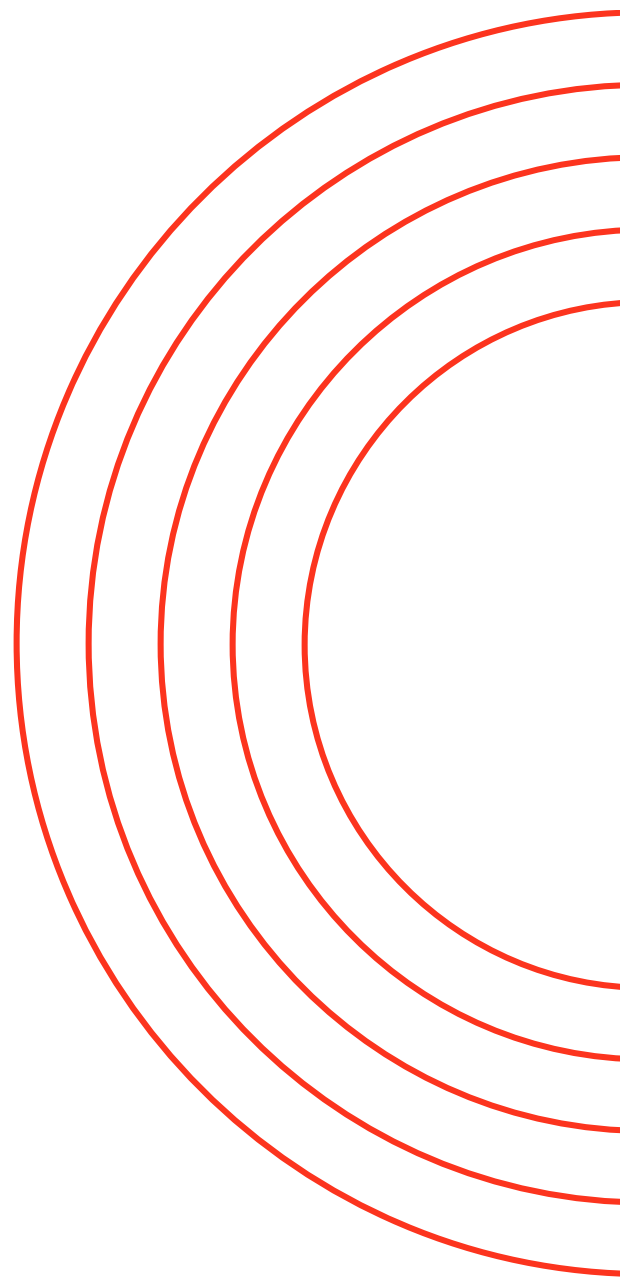
Get in touch

If you would like to reach out to the NbS Taskforce, please contact the Net Zero Futures Policy Forum mailbox at: NZFPolicyForum@environment.nsw.gov.au

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We would also like to thank the Climate Group for their support in producing the final document and publicising its launch at COP28 in Dubai this year.



Secretariat

CLIMATE GROUP