Winton Wetlands Co-benefit Due Diligence Report - *Piloting the Carbon and Co-benefits Co-Investment Guide*

vA.1

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Prepared for:

VIC CATCHMENTS
A Collaboration of CMAs

Supported by:

GOULBURN VALLEY WATER

North East Water

VICTORIA State Government | Energy, Environment and Climate Action

Acknowledgements

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The assessment contained has been deeply enriched through the input and support of the Winton Wetlands Committee of Management. The authors would particularly like to thank Winton Wetlands staff Sue Lebish, Chief Executive Officer, Dr Lisa Farnsworth, Restoration Manager, and Nikki James, Koorie Cultural Officer, for sharing their time and knowledge that has deepened this assessment.

Thank you also to Jim Begley from Goulburn-Broken Catchment Management Authority for sharing his knowledge regarding the history and context of Winton Wetlands within the broader Goulburn-Broken catchment.

0.1 Contents

1.0 Executive Summary

1.1 Executive Summary: Overview and Key Finding

Overview

North East Water and Goulburn Valley Water are pursuing the development of an Environmental Plantings carbon sequestration project under the Emissions Reduction Fund (ERF) at Winton Wetlands, Victoria. The site is located within the Goulburn Broken catchment and comprises 33 ephemeral wetlands. Carbon potential assessments includes a recent feasibility study by the Market Advisory Group (MAG) that mapped plantable areas as low, medium and high-risk from the perspective of an Environmental Plantings carbon project.

Winton Wetlands hold significant environmental and cultural values that were historically degraded due to their inundation for the creation of Lake Mokoan in 1971. A considerable restoration investment was initiated by the 2005 decommissioning of Lake Mokoan. In 2010 the Winton Wetlands Committee of Management (WWCoM) was given statutory responsibility for restoring the site. Their strong vision and continuing effort has resulted in significant progress including the return of more than 30 endangered or vulnerable flora and fauna.

This Due Diligence report identifies and evaluates the potential co-benefits (CoB) that could be generated from an Environmental Plantings carbon project at the site, with a view to attracting additional investment. Further, relevant frameworks are identified that could underpin CoB claims or even nature credits alongside carbon credits.

This assessment also forms pilot study of the **Carbon + CoB Co-Investment Guide** that has been prepared to support Victorian water sector entities with self-generation of carbon to meet their 2035 emissions reduction obligations. The Due Diligence process implemented in this report aligns with, and has tested, the process set out in the Guide.

Key Findings on CoB Co-Investment at Winton Wetlands

Winton Wetlands offers a rare opportunity for carbon project scale in Victoria. This report identified strong potential for associated uplift to the site's ecological and cultural richness. Even at these early stage of the nature market, these CoBs have potential be certified by number of relevant CoB frameworks/programs may be harnessed to generate associated hard claims as a return on co-investment. Consultations on investor appetite and government funding opportunities are both worth pursuing.

Lessons Learnt for the Carbon + CoB Co-Investment Guide

Important lessons from this piloting of the Guide are summarised as follows:

1. Stakeholder Engagement: Involvement of key stakeholders is critical to a successful project. The importance of early and comprehensive stakeholder identification as a first step cannot be overstated, with CMAs playing a critical role for both this step and subsequent engagement.

2. Target site selection: Numerous considerations must be integrated, ranging from carbon project feasibility and CoB potential through to existing and future vision for the use of a site. Consultation with key stakeholders and on site analysis provide important insight regarding site suitability.

3. Identification of CoB options: Trade-offs may be required between maximizing carbon and maximizing CoBs, as was the case for this pilot, however activities to strengthen CoBs may offer opportunities to de-risk a carbon project.

4. Project Risk Identification and Management: This pilot encountered process-related risks that must be managed and may be anticipated by conducting an early risk assessment.

1.2 Executive Summary: Environmental CoB Opportunities

Key environmental assets identified at Winton Wetlands comprise native vegetation, fauna and freshwater. Environmental CoBs resulting from a potential environmental plantings carbon project at Winton Wetlands were identified as listed in Table 1.1.

As shown in the colour key, options and CoBs were identified for a) a carbon project at Winton Wetlands on the low-risk planting area, and b) moderate/high-risk planting areas within the Boggy Creek Swamp pilot site.

Colour key
Options for low-risk planting areas
Options for moderate/high-risk wetland areas

Potential activities, and their expected benefit to environmental asset condition, are informed by knowledge shared during the site visit and a comprehensive review of documents, including the carbon project feasibility assessment prepared by MAG.

Ndevr Environmental's review also revealed the strong alignment of pursuing those listed CoBs with the strategic vision for the site held by the WWCoM.

Table 1.1: Environmental CoBs opportunities and suggested outcomes

Benefiting Environmental Asset	Project Activities and Outcomes	Environmental CoB Opportunities	Aligned Vision and Strategic Programs
Native vegetation	• Protection of seedlings – replacement of grazing lease income • Planting Design – greater density of stems, select inundation and salinity-resilient species • Funding ongoing project and biodiversity monitoring	• Stronger establishment of native vegetation coverage via seedling protection and removal of a vegetation suppression agent (browsing, trampling by livestock). • Planting of a more climate-resilient and biodiverse habitat than required for a carbon project. • Improved information, responsive management and sustained involvement of the WWCoM in the carbon project could support stronger native vegetation condition long-term.	• Ecological excellence • Sustainable future
Native vegetation and Fauna	• Protection of seedlings – fencing	• Protection from native vegetation and fauna from browsing and competition by ferals, allowing greater ecosystem recovery and therefore enhanced biodiversity.	• Ecological excellence
Native vegetation, Fauna and Freshwater associated with on site wetland habitat	• Planting Area – Pilot expansion of carbon project to moderate and high-risk zones • Planting Area – Fund non-carbon project planting of wetlands • De-risking carbon project – Risk of reversal guarantee • De-risking carbon project – Drought resilience	• Expansion of Red Gum Swamp EVCs, within a carbon project or independently, thereby expanding higher-value freshwater wetland ecosystems and habitat for fauna.	• Ecological excellence • Sustainable future
Improvement in condition of Winton Wetlands Fresh water assets. Potential benefit to other wetland assets nationally.	• Teal Carbon method development in partnership with the WWCoM, research, government and industry • Freshwater wetlands AfN method development in partnership with the WWCoM, research, government and industry	• Directly, funding for Winton Wetlands as the pilot site for development and implementation of new methods. • Indirectly, expansion investment in of freshwater assets (inland wetlands) leading to improved condition and biodiverse habitat.	• Community and regional partnerships • Ecological excellence • Sustainable future

1.3 Executive Summary: Socio-cultural CoB Opportunities

A comprehensive document review and stakeholder engagement, conducted with the support of GBCMA, revealed the socio-cultural CoB opportunities presented in Table 1.2 for a carbon project at Winton Wetlands.

The site has an extensive network of stakeholders and the CoBs have been matched with the most likely stakeholders to support and/or benefit from the given opportunities.

Ndevr Environmental's review also revealed the strong alignment of pursuing the listed CoBs with the strategic vision for the site held by the statutory WWCoM.

CoB opportunities shaded in blue are identified as priority focus areas in terms of the strength of CoB impact; those shaded yellow indicate that ability to realise those CoBs depends on early activation of further engagement.

Colour key
CoBs for early activation
High impact CoBs

Table 1.2: Socio-cultural CoB opportunities and stakeholders

Project Activities	Socio-cultural CoB Opportunities	Potential Stakeholders	Aligned Vision and Strategic Programs
Project Design – species mix, project site location at Winton Wetlands	• Traditional Owner involvement • Strengthening cultural connection with Country and tapping into Cultural Knowledges • Build base for education and knowledge sharing programs • Recognition of use and cultural customary rights to Country	• Yorta Yorta People • WWCoM and Cultural Liaison Officer	• Community and regional partnerships • Ecological excellence • Extraordinary visitor experiences • Sustainable future
Physical Site preparation – weed and pest control Ongoing Site management	• Community and Traditional Owner involvement • Employment opportunities • Recognition cultural customary rights	• Yorta Yorta People • WWCoM and Cultural Liaison Officer • Corrections Victoria	• Community and regional partnerships • Ecological excellence
Seed and Seedling supply	• Economic opportunities for local nurseries and Indigenous Organisations	• Euroa Arboretum • Goulburn Broken Indigenous Seedbank • AirSeed • Local nurseries	• Community and regional partnerships
Planting activities	• Community and Traditional Owner involvement and/or employment • Recognition of use and cultural customary rights to Country	• Yorta Yorta People • Local community and neighbours • Connected Interest Groups (Friends of Winton Wetlands)	• Community and regional partnerships • Ecological excellence
Fire risk management	• Include cultural burning protocols • Education and training • Platform for knowledge sharing and community/visitor education • Recognition of cultural customary rights	• Yorta Yorta People • WWCoM and Cultural Liaison Officer • Fire Management Authorities • DEECA • GBCMA	• Community and regional partnerships • Ecological excellence • Extraordinary visitor experiences
Project monitoring and reporting	• Education and training of university students	• Universities • WWCoM	• Community and regional partnerships
Environmental outcomes – including for threatened species etc.	• Community amenity and connection • Education and training of university students and visitor education	• Universities • WWCoM • Benalla Rural City Council	• Ecological excellence • Sustainable future • Extraordinary visitor experiences

1.4 Executive Summary: Relevant CoB Programs

For the proposed carbon project, the assessment identified two program most relevant for making associated environmental CoB claims (Table 1.3), and a further two programs most suited for supporting associated socio-cultural CoB claims (Table 1.4).

The RAMSAR-listing claim would need to be confirmed as an option by the WWCoM in the context of their existing partnerships supporting this goal.

The first item in Table 1.4 presents two similar programs as alternatives. Both the CBVF and CCAF (once finalised) as well as the AfN methods for environmental CoBs are all frameworks providing a certified claim to CoBs that could support a price premium for carbon credits.

Cultural Fire credits, while styled as a 'credit', are better described as a funding mechanism under which investors 'forward buy' the credit to fund the burning activities. This approach may be intuitive to investors despite the credits not being tradeable.

Currently, no relevant socio-cultural or environmental CoB programs are issuing credit units that could be traded separately to the carbon credits generated by the project. Unless the carbon credits were shared, investor return would therefore be solely the claim of contribution to CoB uplift and the associated 'story', or potentially the premium uplift in carbon credit price due to CoB certification.

Pending establishment, the proposed Nature Repair Market could enable (potentially AfN-aligned) generation of an independently tradeable certificate for the environmental CoBs only. In the meantime, government grants should also be considered.

Table 1.3: Suitable environmental CoB Programs

CoB Program	Claim type	Assessment of suitability
Accounting for Nature (AfN) – Native Vegetation or Fauna methods *Published*	Hard claim	The hard claim gained by the investor is either a badge of Self-Verification, or Certification, from the AfN. This claim type is highly suited to Winton Wetlands given the extensive restoration and protection of native vegetation ongoing across the site, and strong existing monitoring program. Carbon project alone, or a combination of the identified environmental CoB activities, is expected to improve asset condition. AfN methods could demonstrate benefits to native vegetation, terrestrial mammals and/or aquatic vertebrate species occurring alongside carbon project planting.
RAMSAR List of Wetlands of International Importance (UNESCO)	Soft claim, potentially hard claim	Activities for restoration of in-wetland vegetation, boosting the biodiversity significance of the site, could contribute to achieving RAMSAR Wetlands listing. The soft claim for an investor would be a public framing as a supporter to the addition of a 13th Victorian wetland. If the bid was successful, this would be a hard claim verified by a UNESCO public listing and ongoing reporting requirements regarding ecological status and change. This claim may be attractive to investors seeking to demonstrate their sustainability credentials rather than a monetary return on investment.

Table 1.4: Suitable Socio-cultural CoB Programs

CoB Program	Claim type	Assessment of suitability
Core Benefits Verification Framework (CBVF) by Aboriginal Carbon Foundation Cultural Assets Condition Assessment Framework (CCAF) by AfN *under development*	Hard claim	These two programs may be considered as alternative options. Both are geared towards assessing CoBs from a Traditional Owner perspective. Only the scope of CBVF has been clarified thus far, and covers all CoB domains. In considering the desirability of applying either of the frameworks the following stands to be considered: • The level of involvement in the carbon project by Yorta Yorta People. • The desirability of a mechanism for stapling CoB claims to carbon credits. • Differences in verification and certification approaches and costs between the two frameworks. CCAF is currently being piloted and there could be opportunity for Winton Wetlands to become a pilot site. Further investigation of both frameworks is recommended subject to a commitment to pursue strong Traditional Owner involvement.
Cultural Fire Credits By Firesticks Alliance and Aboriginal Carbon Foundation	Unitised claim, not a tradeable credit	This Program offers a funding pathway to mentor and support communities to implement cultural burning activities. This could be valuable in the context of what we understand to be complex requirements around cultural burns on state-owned land such as Winton Wetlands. This Program is strongly recommended for further investigation.

1.6 Executive Summary: Next steps for Winton Wetlands

Next steps

The findings of this pilot suggest the following steps are necessary to progress a carbon + CoB project at Winton Wetlands:

1. **Certainty on the carbon project, its location and extent:** Engage with DEECA on pathways for securing rights to develop a carbon project on state-owned land. The WWCoM should be a critical partner in those discussions, as well as to define the precise location of the carbon project at Winton Wetlands
2. **Consider carbon project design approach and associated CoBs:** Consider, in consultation with WWCoM, the various CoBs that could be generated as set out in this report, their viability and priority. This should include considering the nature and extent of involvement sought from Traditional Owners
3. **Lay foundations for verification and/or certification under the suitable CoB Programs:** For socio-cultural CoBs this will involve further investigation and consultation with administrators of the programs to understand which is most suitable for the Winton Wetlands context. This should also involve consultations with DEECA around cultural burning at Winton Wetlands
4. **Build the business case and financial model:** Alongside the financial model for the carbon project, CoB project activities and participation under the available Programs should be costed too.
5. **Engage with Investors:** Once greater clarity has been achieved around which CoB opportunities to prioritise on the basis that they align with stakeholder priorities, commence the process of consulting with investors that might be interested to fund specific CoB activities

Engaging with investors on the type of return sought will be key to unlocking finance. The nascent state of the current market for CoB claims, and limited opportunity to create unitised nature/social credits, means that return must be found more directly in the outcomes themselves and in a right by the investor to claim and tell that story. Alternatively, a negotiated share of the carbon credits generated may be considered.

As well as discussions with private investors, guidance on government grant funding opportunities may be sought from support from GB CMA given that outcomes of a carbon + CoB project at Winton Wetlands would contribute against multiple federal and state biodiversity objectives.

2.0 Overview and Assessment Approach

2.1 Introduction and Background

Victorian Catchment Management Authorities (CMAs) are keen to support Victorian water utilities with carbon project development that aligns with strategic environmental objectives for catchment areas. To this end, a practical process guide was commissioned to facilitate identification and development of carbon projects that may be able to generate significant environmental, economic and social benefits (termed carbon project co-benefits) and attract co-investment into the co-benefit (CoB) component specifically. The resulting **Carbon + CoB Co-Investment Guide** (the Guide) was completed in early 2023.

North East Water and Goulburn Valley Water are pursuing the development of an Environmental Plantings carbon sequestration project under the Emission Reduction Fund (ERF) at the Winton Wetlands in north-east Victoria. This site is known to hold significant environmental and cultural values and provides habitat for threatened and vulnerable species including the Growling Grass Frog and Regent Honey Eater bird. Winton Wetlands is one of the largest ephemeral wetlands in Victoria and is recognized as a Wetland of Distinction by the Society of Wetland Scientists.

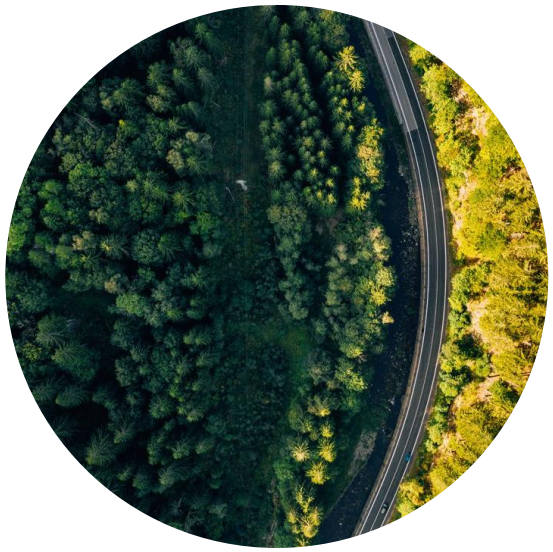
The Winton Wetlands has undergone a carbon project feasibility assessment by the Market Advisory Group (MAG) which identified low, medium and high-risk areas from a carbon project perspective. Although the site has a rich recent history of ecological restoration and much work continues via numerous stakeholder partnerships, the ability of a carbon project and associated activities to deliver CoBs in alignment with the site's strategic objectives has not been formally assessed. Further, there are a range of existing and emerging frameworks that might facilitate tangible claims or even credits to be created based on these CoBs, alongside the carbon. This opportunity has not yet been explored.

In partnership with the Winton Wetlands Committee of Management (WWCoM), the Winton Wetlands was therefore proposed as a unique opportunity for a pilot study to test the **Carbon + CoB Co-Investment Guide** for Stage 1 up to Stage 4. This pilot will:

- Engage with stakeholders;
- Use the steps set out in the Guide to assess the environmental and socio-cultural CoB opportunities and relevant claim frameworks that could be of interest to investors; and
- Identify lessons learnt to integrate within the final version of the Guide.

250 ha at Boggy Creek Swamp was selected in consultation with the WWCoM as the specific pilot area for CoB assessment, in the context of the 4,818 ha considered for a potential carbon project, with reference to how it can contribute within the overall 8,750 ha Winton Wetlands site.

2.2 Content of this Report



This report presents the findings of applying the **Carbon + CoB Co-Investment Guide** at the pilot site, followed by an assessment of lessons learnt and subsequent recommendations for finalization of the Guide.

Section 3 demonstrates implementation of the Carbon + CoB Co-Investment Guide Steps 1 through to 4. It aims to provide a practical example for replication and identification of lessons learnt to improve the Guide. This Section 3.0 is therefore structured by step, rather than sub-section. Findings set out:

- Outcomes of the CoB identification and evaluation process for both environmental and socio-cultural CoB; and
- Identification of suitable CoB frameworks/programs to generate associated claims or credits that are potentially investable.

Section 4.0 sets out the lessons learnt identified via the Section 3.0 assessment process, leading to:

- Next steps for Winton Wetlands to progressing carbon and CoB project development, and ultimately engage with investors; and
- Lessons learnt for improving the Guide and effectively harnessing the expertise and support of CMAs to support the project development process.

The recommended revisions were subsequently incorporated into a final version of the Guide, with a new section summarising the findings of this pilot study.

2.3 Winton Wetlands - Property Location & Key Information

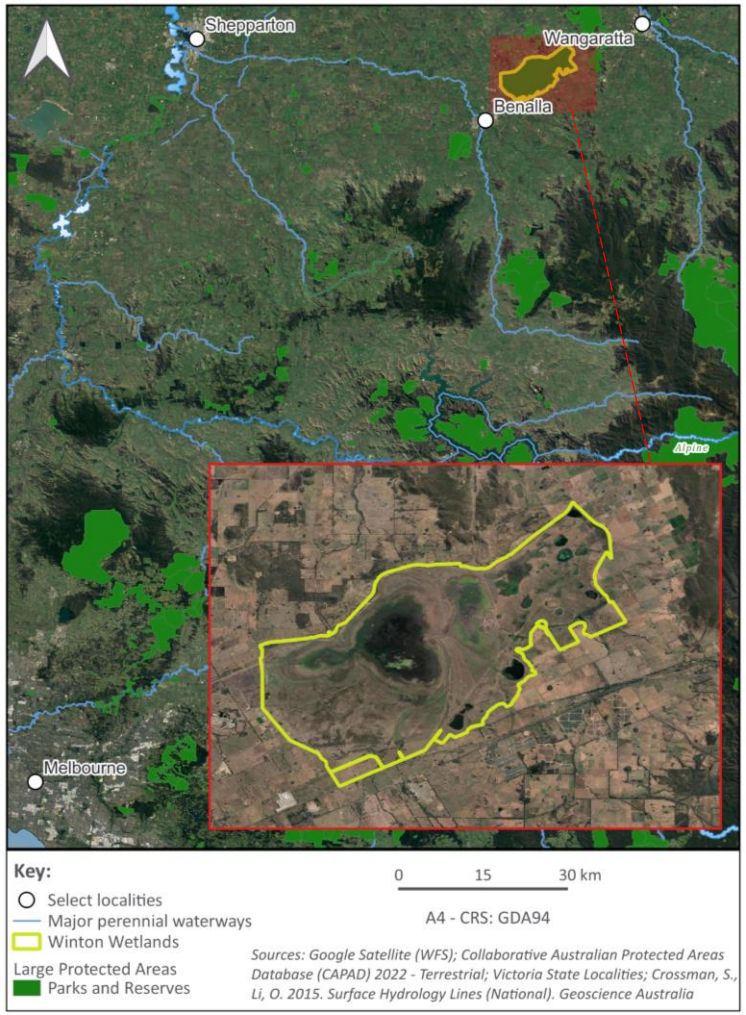


Figure 2.1: Winton Wetlands location

Location

Winton Wetlands is located to the east of Shepparton (Figure 2.1) at 652 Lake Mokoan Road, Winton North, Victoria

Region and Catchment Management Authority

Winton Wetland Committee of Management, Benalla Rural City Council, and Goulburn Broken CMA.

Site History and Context

Originally, the site was a natural wetland system and place of importance for Indigenous Peoples. Europeans then settled in the area and transitioned the site to a farming community of 12 families. It was subsequently dammed to become Victoria's fifth largest water storage, supplying irrigation water to farms in the region and providing water recreation opportunities (boating, swimming, water skiing, fishing and duck shooting). Lake Mokoan was decommissioned in 2010 and the 8750 ha Winton Wetlands Reserve was established.

Ownership and Management

Winton Wetlands is owned by the Victorian State and forms part of the traditional lands of the clans of the Yorta Yorta nation. It is managed by a statutory, not-for-profit Committee of Management (CoM) established alongside designation of the Winton Wetlands Reserve. The CoM is tasked with the environmental stewardship and restoration of the Site following the decommissioning of Lake Mokoan, which had significantly altered the natural state of the Site.

Value and Vision for the Land

The Winton Wetland CoM (WWCoM) has strong aspirations to restoring the cultural and environmental significance of this nationally significant Site with a focus on education, research, tourism, recreation and community development.

Property Size and Pilot Study Area

The Winton Wetlands site covers 8,750 hectares. Within this property, the WWCoM has identified 250 hectares at Boggy Creek Swamp as the specified pilot study area for this assessment of co-benefit opportunities.

2.4 Winton Wetlands – Boggy Creek Swamp Pilot Site

Pilot site selection

North East Water and Goulburn Valley Water identified Winton Wetlands for assessment of ERF Environmental Plantings Method project feasibility and viability.

The Winton Wetlands Committee of Management (CoM) was next contacted to discuss a site for focused assessment of co-benefit opportunity, within the plantable carbon project area, as a pilot for the Guide.

Following consultations, the WWCoM specified a focus on the approximately 250 hectares covering Boggy Creek Swamp as the pilot study area (Figure 2.2).

Pilot site objectives

Boggy Creek Swamp (also referred to as Boggy Bridge Swamp) is a smaller, ephemeral, upper wetland located to the east of the three main wetlands (Sergeants, Winton and Greens). Observation of Sea Eagle nests is a main attraction noted.

Currently there is a large number of River Red Gum stags located in Boggy Creek Swamp from prior to its inundation under Lake Mokoan. The Winton Wetlands Masterplan (2012) identifies Boggy Creek Swamp for restoration of the former River Red Gum overstory live canopy, as needed to support return of a shaded understorey of grasses, herbs and waterplants.

The identified pilot site also partially overlaps with the identified Feral-Free Protected Area (see 2020 Sanctuary Prospectus).

Figure 2.2: Boggy Creek Swamp pilot site of approximately 250 hectares

2.5 Carbon and Co-benefit Development Process and Application to Winton Wetlands

Overview

The Carbon + CoB Co-Investment Guide presents a stage-wise process for developing carbon projects that incorporate CoBs as a design parameter from the earliest stages possible. This process is depicted alongside.

The process is based on 7 stages. Discrete steps are provided within each stage to guide organisations from initial regional identification of a suitable land portfolio through to the detailed, site-specific assessment, engagement and implementation requirements. The process is flexible and can be picked up at any stage according to the preparedness of a given organisation.

If a target site has already been selected for consideration as a carbon project, the steps may be adapted but the overall process remains the same.

Application to Winton Wetlands

The assessment process follows the steps and stages within the Carbon + CoB Co-Investment Guide, up to Stage 4. Several steps in this process were not directly applicable, however, to pilot the process in its entirety commentary is provided throughout this report on all relevant stages and steps in the project development process.

The application of the process to Winton Wetlands has resulted in some revisions to the steps in the project development process. The diagram alongside pictures the revised process.

Stage 1 - Target Site Identification

1.1 Leverage existing data to build a land portfolio

1.2 Maximising CoB potential: Matching study area with high potential project types to identify target sites

1.3 Early stakeholder identification, mapping and ongoing engagement

Stage 2- Carbon Framework Identification and Carbon Project Eligibility and Feasibility

2.1 Choosing a Carbon Credit Framework: National and International

2.2 Selecting an ERF Project Type

2.3 Undertake Carbon project Eligibility and Feasibility Assessment:

- Eligibility
- Forward abatement estimate
- Financial modelling
- Risk assessment

Stage 3 – Co-benefit Evaluation

3.1 Detailed Co-benefit evaluation:

- Environmental
- Socio-cultural

3.2 Identify suitable CoB Programs and Claim Options:

- Environmental
- Socio-cultural

Stage 4 – Investor Engagement and Funding

4.1 Investor Engagement

4.2 Developing an Investment Proposal

4.3 Identify Government Funding opportunities

3.0 Applying the Carbon + CoB Co-Investment Guide

Stage 1. Target Site Identification

Develop a land portfolio of potential sites, assess for and select sites capable of delivering on twin objectives of generating carbon credits and co-benefits.

Step 1.1 Target Site Identification

Target Site Identification

Step 1.1 of the Guide involves building a land portfolio of potential sites for carbon and CoB project development as the first critical step.

Step 1.2 of the guide involves the early identification of project types and land that holds high intrinsic CoB potential, as well as high carbon potential to refine down the study area to the target site level.

Since the target site of Winton Wetlands, and more specifically Boggy Creek Swamp, was identified at the outset, the implementation of these two step as per the **Carbon + CoB Co-Investment Guide** was not strictly required. Instead, the regional context of biodiversity and other environmental CoBs was reviewed in relation to the Site. This reflects the type of assessment that could support selection of a target site from a regional portfolio.

Analysis

The project area was overlaid against Victoria's NatureKit mapping in support of Victoria's Environment - Biodiversity 2037 (Bio2037) Strategic Management Plan (Figures 3.1 to 3.6) to review:

- Strategic Biodiversity Value
- Current land use
- Conservation Cost Effectiveness Ranking
- Presence of threatened species
- Checked for revegetation priority, and identified cost-effective management strategies
- Pre-1750s Ecological Vegetation Classes.

As an indicator of biodiversity significance, the site was also assessed using the CSIRO Screening tool for Australia - International Finance Corporation (IFC) Performance Standard (PS) 6 Biodiversity Asset Register.

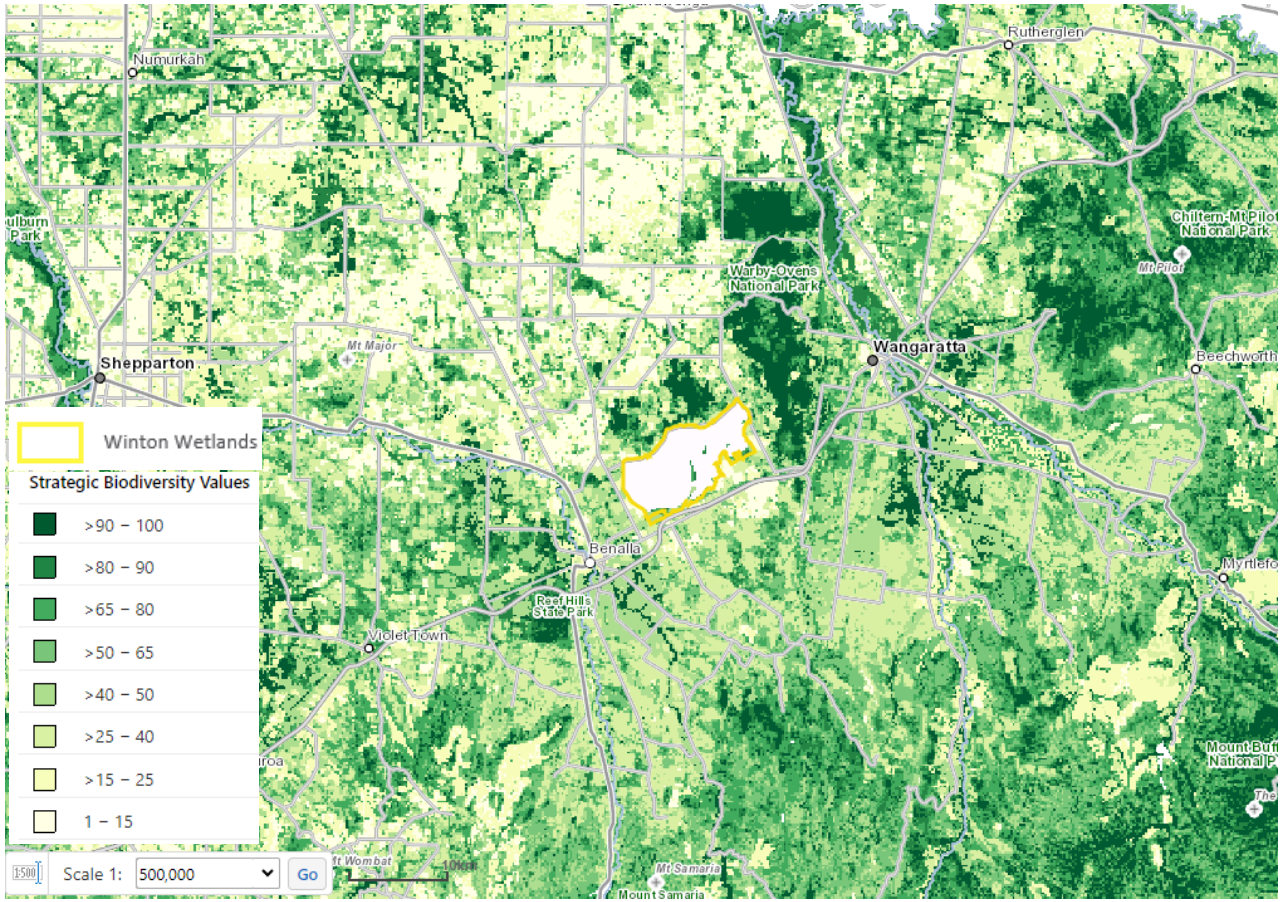


Figure 3.1: NatureKit Victoria - Strategic Biodiversity Values

Step 1.1 Target Site Identification

Target Site Identification

NatureKit Victoria (biodiversity.vic.gov.au)

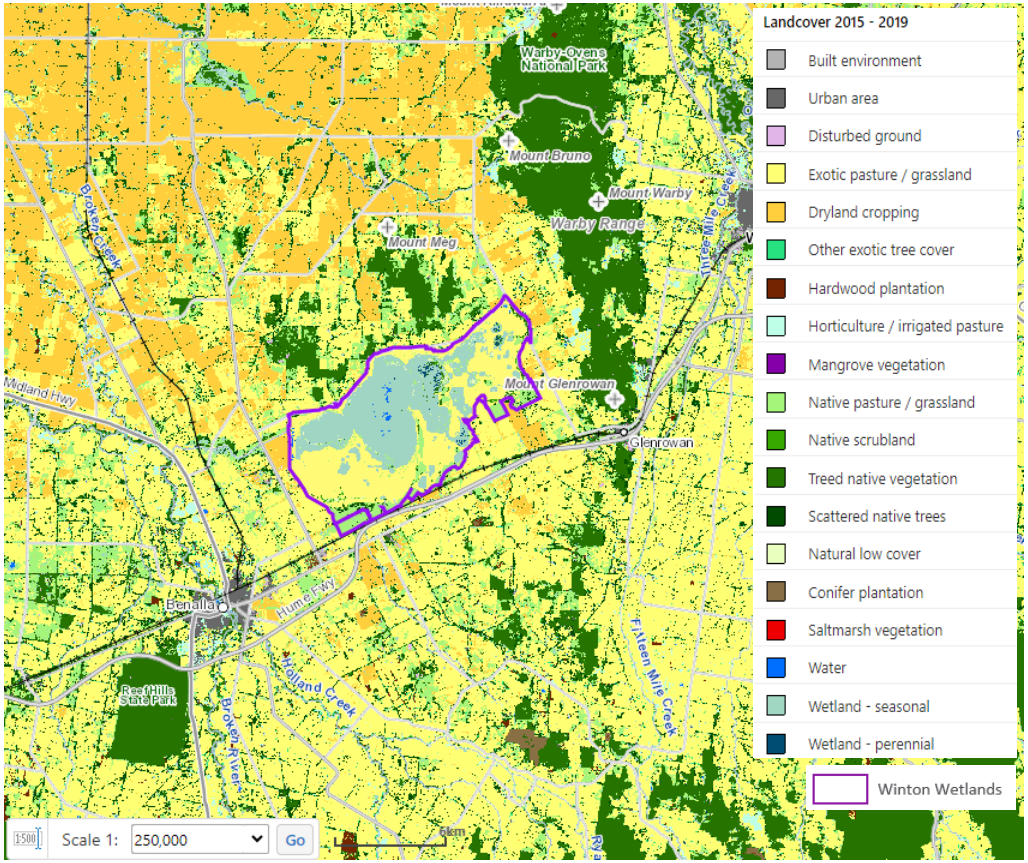


Figure 3.2: NatureKit Victoria – Regional Land Cover

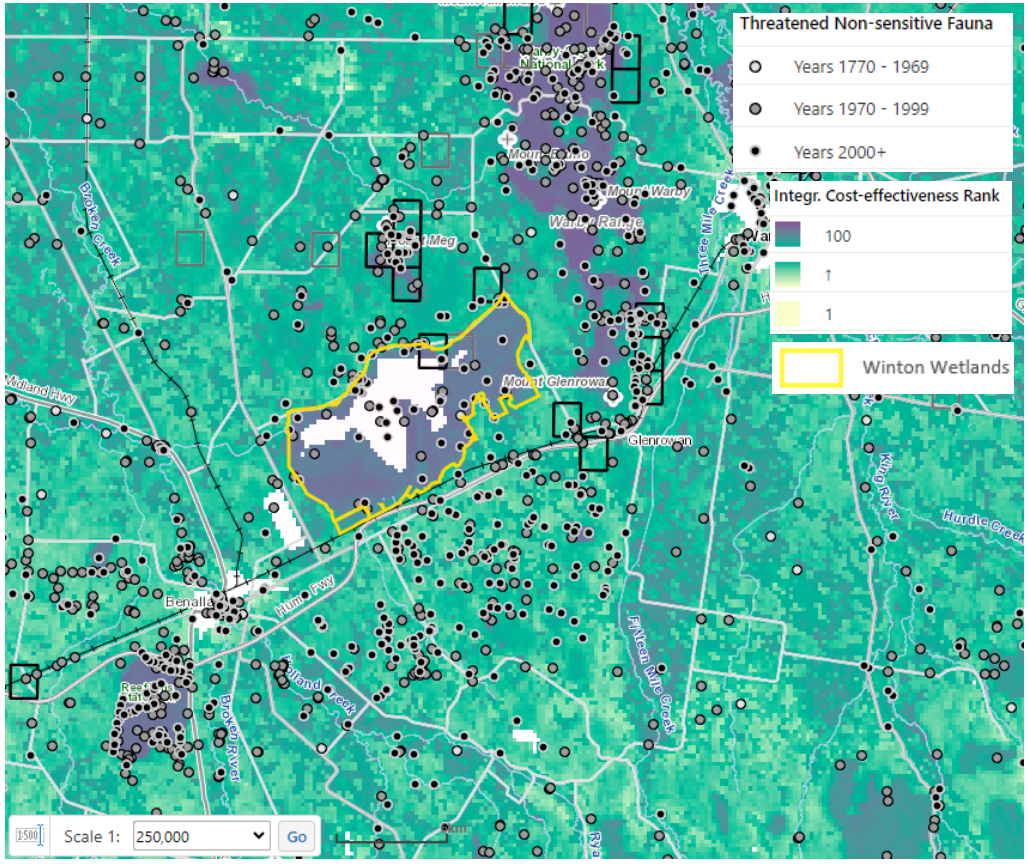


Figure 3.3: NatureKit Victoria - BushBank Cost Effectiveness & Surveyed Threatened Fauna

Step 1.1 Target Site Identification

Target Site Identification

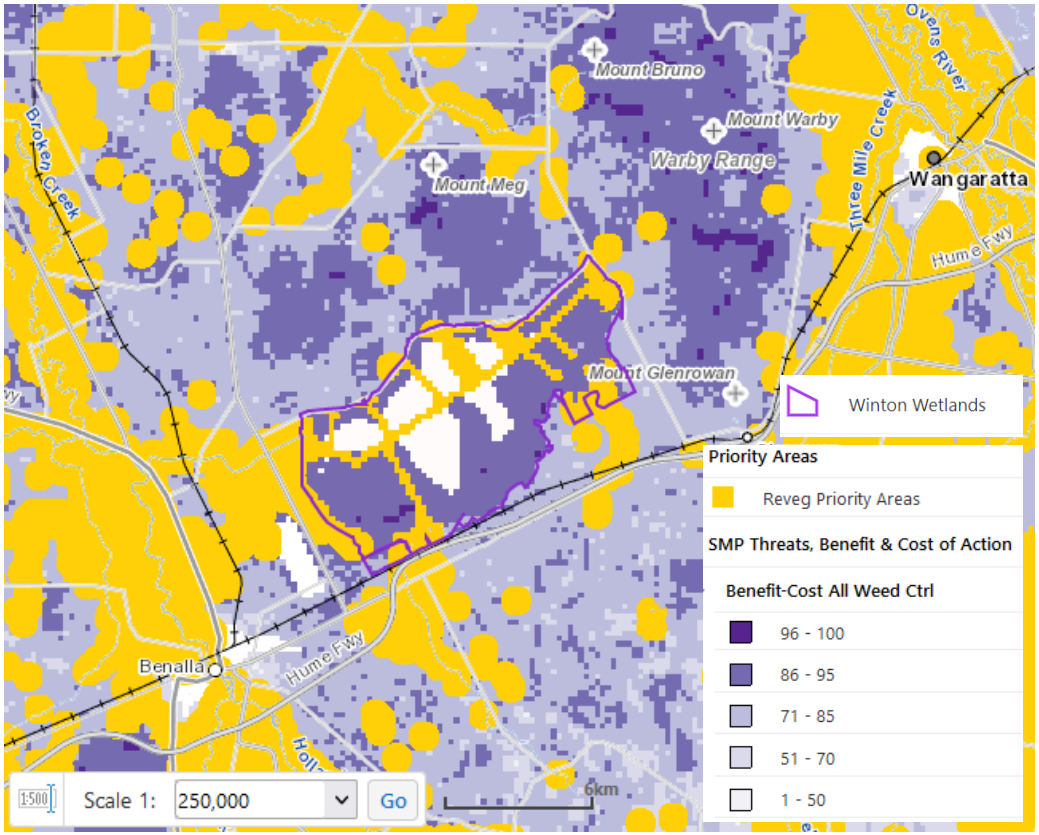


Figure 3.4: NatureKit Victoria – Biodiversity2037 Priority Revegetation Areas and Weed Management Cost-Benefit

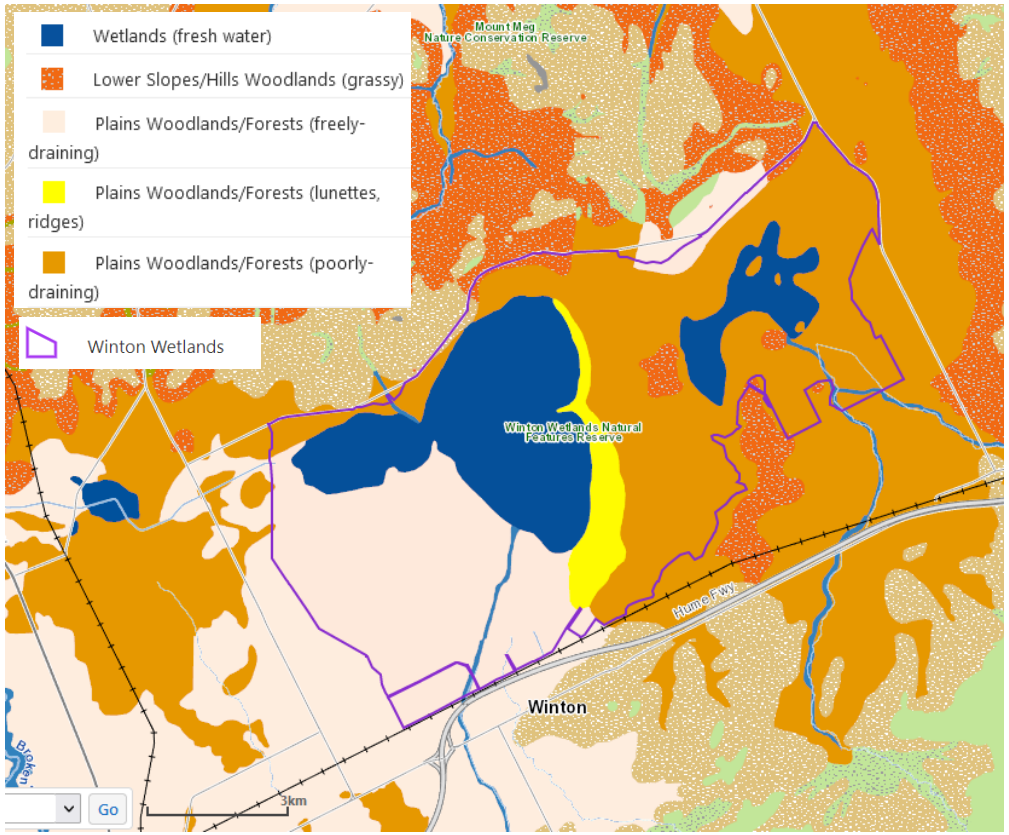


Figure 3.5: NatureKit Victoria – Pre-1750s EVCs by sub-group

Step 1.1 Target site selection

Target Site Identification

Findings

Winton Wetlands is within the Victorian Riverina bioregion, with available benchmarks for vegetation quality assessments. In the regional context, the site is mapped as follows:

- Figure 3.1: Strategic Biodiversity Value is not mapped over the majority of Winton Wetlands as mapped by Bio2037. Identified within the site are narrow lines of high-value area. Nearby are large high-value areas at Mount Meg Nature Conservation Reserve to the north, Warby-Ovens National Park to the east and Reef Hills State Park to the west.
- Figure 3.2: Land Use is mapped as Wetland, surrounded by grazing land/grassland. Neighbouring properties are mapped as dryland cropping and treed native vegetation.
- Figure 3.3: Cost-effectiveness mapping indicates where Bio2037 has identified potential to achieve the most biodiversity benefit from investment in management actions. Winton Wetlands scores highly, although the main wetland areas are excluded from mapping. Surveyed presence of threatened fauna indicates a higher frequency at the nearby National Parks and State Forests. Sightings at Winton Wetlands suggest an opportunity for connectivity between nearby protected areas.
- Figure 3.4: Some Bio2037 priority area for revegetation are mapped within the wetlands, however the pattern of identified areas requires review and refinement. The whole site (excluding main wetlands) expects a high benefit-to-cost ratio due to weed management activities specifically.
- Figure 3.5: The Pre 1750s Ecological Vegetation Classes (EVCs) show the prevalence of grassy Lower Slopes/Hills Woodlands and Plains Woodlands/Forests (mix of freely-draining, poorly-draining and ridges) around the freshwater Wetlands.
- Figure 3.6 Screening for biodiversity assets suggests the site probably meets six criteria of biodiversity significance (maximum assessed by this tool, see Appendix 1 for a list), with five 'likely' and one 'known'.

These indicators offer a picture of high potential for biodiversity at Winton Wetlands within the regional context, and highlight revegetation and weed control as important activities.

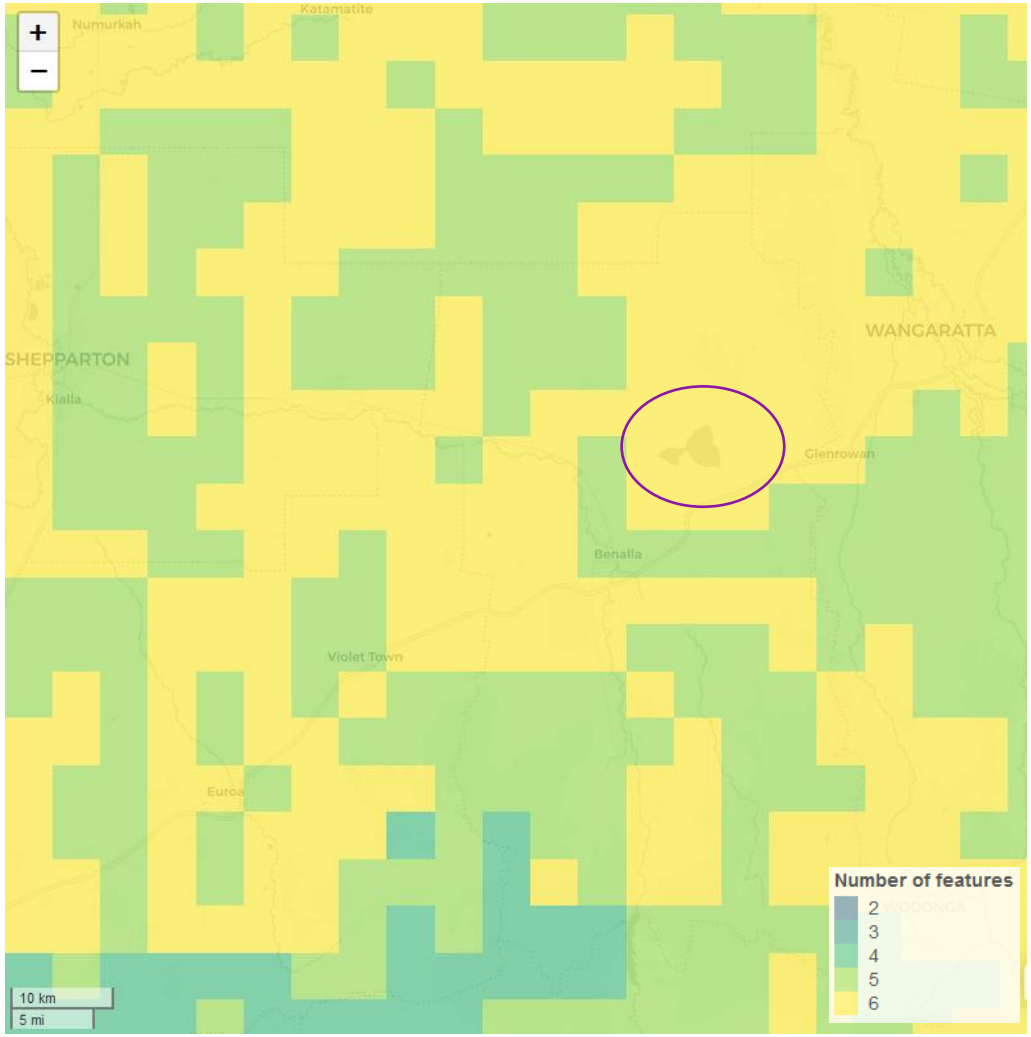


Figure 3.6: Screening tool for Australia - Number of CSIRO International Finance Corporation (IFC) Performance Standard (PS) 6 criterion met - Probably

Step 1.2

Maximising CoB Potential with the Target Site

Target Site Identification

This step considers how the specified pilot site rates against the target site selection criteria suggested in Part B: Supplementary Guidance Material for Step 1.2. This directs that target sites are considered against considerations listed in Table 1 of the Guide, as are reflected here in the first column of Table 3.1.

Key factors for CoBs have been matched up to the broader Winton Wetlands, and Boggy Swamp Creek Site and summarized alongside.

Findings

Opportunity for CoBs is strong, whilst the carbon project opportunity looks moderate given the large potential plantable area yet maximum low above-ground biomass (an indicator of carbon abatement potential).

Note that CSIRO is also developing the LOOC-B tool that provides valuable insight for this step by assessing the potential uplift in habitat condition due to various types of carbon project. This tool is not yet launched for commercial application.

Table 3.1: Target site selection criteria assessment

Target site selection considerations	Site Opportunity	Information source	Boggy Creek Swamp pilot site considerations
Contiguous nature or sites in close proximity	High	NatureKit Biodiversity2027 mapping	Winton Wetlands provides a stepping stone between nearby protected areas and national parks. Boggy Creek Swamp expands the habitat adjacent to the main wetlands, boosting this refuge within the broader landscape.
Size of the planting area	High	NatureKit current land use; MAG report	Plantable area exists where Lake Mokoan inundated the prior open woodland vegetation structure. This makes it a rare opportunity for larger-scale replanting.
High-level CoB opportunity	High	GB CMA Catchment Strategy 2021-27; Winton Wetlands Strategic Plan; IFC PS6 Biodiversity Asset Register	The wetlands hold cultural value for the Yorta Yorta people, as well as historical value to European migrants. The wetlands are also currently host to a range of environmental education activities, and numerous research and community partnerships. The Step 1 target site selection indicates a high biodiversity value and future potential within the regional context. At the site level, GB CMA and WWCoM hold a wealth of data and information due to the extensive monitoring accompanying the decommissioning of Lake Mokoan. The wetlands are home to numerous threatened and vulnerable species of birds and reptiles, with pre-inundation vegetation structures that are also quite rare across Victoria.
Current land use patterns, potential project type	Moderate	NatureKit current land use; Winton Wetlands Masterplan; MAG report; Victorian EVC mapping.	Current land use is Wetland, surrounded by agricultural land use including grazing activities. The pre-European EVC is grassy woodlands, river red gums. Given the restoration objectives of the site, mixed environmental planting is the only suitable ERF carbon project type.
High-level carbon abatement estimate	Poor	Max Biomass 2019 map; LOOC-C tool; MAG report	Maximum above-ground biomass potential is low, both on national and state-level comparison.
Costings for project implementation	Poor-Moderate	MAG report	Low carbon yields suggest budget would need to be on the lower end for a viable carbon project.

Step 1.3 Early Stakeholders Identification and Ongoing Engagement

Target Site Identification

Step 1.3 in the Guide recommends early identification of stakeholders and highlights the ongoing nature of engagement and consultation with stakeholders throughout the project development process.

The achievement of CoBs, particularly socio-cultural CoBs, is dependent upon the ability to match desired CoB outcomes with stakeholder groups that can support this outcome and/or who may be the beneficiaries of the outcome. Those stakeholders must be consulted and engaged, and depending on their level of interest, activated or motivated to participate at the right juncture in the carbon project development process.

For Winton Wetlands, early engagement with GBCMA as recommended in the Guide, coupled with a document review revealed an extensive existing network of stakeholders (Appendix 2). In such circumstances, stakeholder mapping can help crystallise the timing, intensity/level and style of engagement for different stakeholders.

Figure 3.7 alongside presents a common way to map stakeholders developed by Ndevr Environmental from various sources for this carbon + CoB context. This mapping exercise can help prioritise timing of engagement and the most appropriate style and objectives for engaging with those different stakeholder groups.

Applied to the project scenario this yields three categories of stakeholders, with the strategic stakeholder group including both stakeholders that have high power of influence with current low levels of interest and vice versa.

Detailed descriptions of the three groups is provided overleaf.

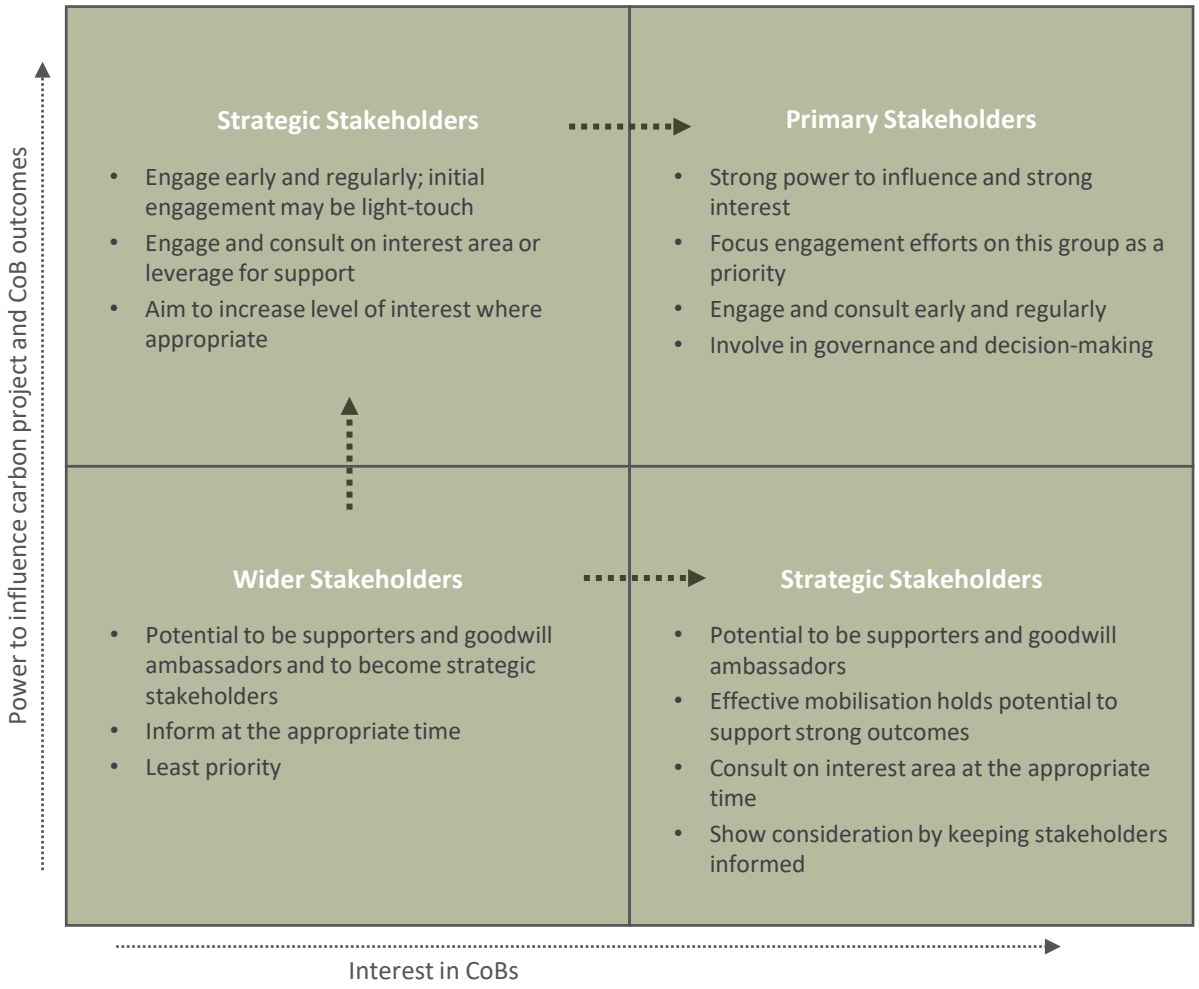


Figure 3.7: Stakeholder map

Step 1.3 Early Stakeholders Identification and Ongoing Engagement

Target Site Identification

For Winton Wetlands, the long list of stakeholders was segmented into the three categories as presented in Figure 3.8:

- **Primary stakeholders –** including the site owner, Traditional Owners and Site Managers. This group should be prioritised for the earliest engagement and involved strongly in decision-making around design and outcomes of the project. Failure to establish buy-in could have significant adverse implications either for the carbon project as a whole or its socio-cultural outcomes.
- **Strategic stakeholders -** organisations that have ties to the site and/or special knowledge, interests or capabilities that can support the project. For Winton Wetlands, GBCMA holds knowledge of the strategic environmental regional context of the site, and relationships to support outcomes. Euroa Arboretum and the Seedbank could be critical partners to supporting seed supply and connections to Country, while Fire Management Authorities could play a role in facilitating and supporting cultural burning activities.
- **Wider stakeholders -** wider network of stakeholders which could have an interest in the project and/or support its outcomes. This could include community organisations that may support planting activities, universities that participate in student education or training opportunities, as well as unique opportunities, such as continuing relationships with Corrections Victoria. These may be engaged later in the more advanced stages of carbon project planning and design.

It is noted that the list of stakeholders provided here is based on the limited review and engagement within the scope of this project. Stakeholders should be reviewed closely with the CoM.

Primary Stakeholders

- Site owner: DEECA
- Statutory Committee of Management: Winton Wetlands CoM
- Traditional Owners: Yorta Yorta Nations Aboriginal Corporation, members and individual Traditional Owners.

Strategic Stakeholders

- Connected Interest Groups: Birdlife Australia (BLMG), Friends of Winton Wetlands, Regent Honey Eater Project
- Euroa Arboretum and Goulburn Broken Indigenous Seedbank and AirSeed
- Forest Fire Management Victoria and Country Fire Authority
- Goulburn Broken CMA, the Benalla Rural City Council.

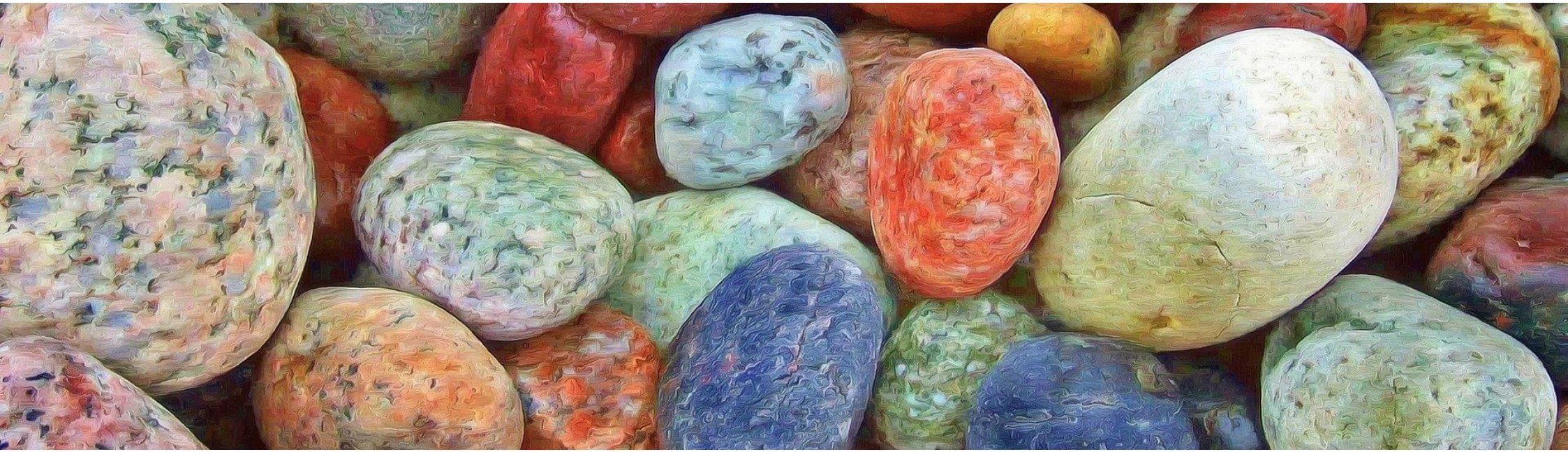
Wider Stakeholders

- Local community including neighbouring landowners, businesses, and Interest Groups that may establish new links to the Site
- Universities and philanthropic organisations
- Unique opportunities: Corrections Victoria (existing involvement in weed and pest management).

Figure 3.8: Identification of the key stakeholders to the Winton Wetlands based on stakeholder category

Stage 2. Carbon Framework Identification and Eligibility and Feasibility Assessment

Target sites must be eligible to generate carbon credits under a legislated or voluntary framework. The framework and project type chosen must harness the CoB value of the site. The site must be eligible and hold sufficient abatement potential.



Step 2 Selecting a Carbon Framework, Project Type and Eligibility & Feasibility

Carbon Framework Identification

Step 2.1 of the Guide involves selecting the framework through which carbon credits will be generated. **Step 2.2** provides guidance on the key requirements to discern the most suitable project type for the target sites(s) under consideration. Once these two steps have been achieved the next phase is to assess the eligibility and feasibility of the target site under the chosen framework and project type

This step was originally included as Step 3.1 of the Guide. However, this pilot implementation suggests this step is a better fit as Step 2.3 rather than 3.1 and has been included as that in the revised version of the Guide**.**

As the Winton Wetlands has already undergone a Feasibility Assessment by the Market Advisory Group (MAG), dated 6 April 2023, undertaking Steps 2.1 to 2.3 again was not part of the scope for this pilot. Instead, a summary of the MAG report findings has been presented for Step 2.3 to illustrate how the carbon feasibility assessment can inform the CoB identification. This focuses on specific risks associated with the Boggy Creek Swamp site, the pilot area for this assessment nominated by CoM.

The following Risk Assessment framework has been applied:

Risk Indicator	Description
High risk	Highly likely to not be eligible
Medium risk	Further work required to assign risk
Low risk	Highly likely to be eligible

Eligibility assessment

Based on the baseline forest cover and forest potential findings, the site offers a rare Victorian opportunity for scale for an environmental plantings carbon project under the ERF. A mixed environmental planting project would establish native vegetation community and is therefore strongly aligned with objectives for the site.

A summary of eligibility risks is provided in Table 3.2 and is consistent across Winton Wetlands, including Boggy Creek Swamp specifically. In terms of CFI Act and Rule, further assessment is required to confirm key aspects such as legal right, eligible interest holder consent. Additionality must be carefully considered given the mix of restoration activities and funding sources relevant to the site. For example, the MAG report excluding replanting only within the Biodiversity Zone, while the site visit suggests other areas have subsequently been replanting. Careful mapping would be required to exclude such ineligible areas from the project planting area.

Planting area and Scale

MAG identified 2,874 ha of lowest-risk planting area, 377 ha of moderate risk and 1,567 ha of highest risk from a carbon project perspective. Only the lowest-risk areas are recommended for inclusion. Piloting of planting in the moderate/highest risk areas is recommended to assess survival and inform potential future inclusion in a carbon project. The site visit confirmed that the WWCoM has already been independently conducting such experiments within the swamp areas.

Table 3.2: Summary of the key Eligibility Risks associated with the Winton Wetlands

Eligibility – Environmental Plantings Method	Risk
5-year Baseline forest cover	
Demonstration of Forest Cover Potential	
No illegal clearing (7 years prior)	
Eligibility – CFI Act and CFI Rule	**Risk**
Legal right	Requires further assessment
Eligible Interest Holder Consents (EIHC)	Requires further assessment
Additionality: Government Program requirement	Some areas excluded
Additionality: Newness requirement	Requires awareness
Eligibility - CFI Rule Requirements	**Risk**
Consistency with Natural Resource Management Plan	
Permanence plan & Disturbance events	Some areas excluded
Eligibility - Local/State Laws and Planning	**Risk**
Property zoning & Development approvals	NA but likely
Title restrictions	Unknown
Aboriginal Heritage and Commonwealth Heritage Sites	
Mining tenements	Unknown
Areas of environmental sensitivity	Requires assessment

Step 2 Selecting a Carbon Framework, Project Type and Eligibility & Feasibility

Carbon Framework Identification

Carbon potential

The MAG assessment found Winton Wetlands overall to be low yielding for carbon abatement, with an average rate between 114 to 139 ACCUs/ha. It is highly likely that Boggy Creek Swamp's carbon yield is at the lower end of this range. This indicates a high cost of ACCU production, even before costing risk management options, however some efficiencies can be made for projects of scale such as this.

Permanence and disturbance risks

Numerous establishment and permanence risks are identified for a carbon project at Winton Wetlands, yet they are considered as manageable with additional investment, given the presence of an active CoM.

Establishment-stage risks can result in a project not achieving the required canopy cover which affects eligibility under the ERF and increases project costs to infill planting as a form of mitigation. Other key identified risks were browsing damage from kangaroos and other fauna, and the potential but unassessed risk of soil salinity damaging the seedlings. Mitigating management options identified were:

- Mesh tree guards around new plantings,
- Infill plantings, and
- Selection of inundation-tolerant species.

Also identified is the need to halt leased grazing in the area for the first 1-5 years to allow the plantings to establish. This is standard practice for Environmental Plantings projects in order to assist planting survival.

Permanence issues could result in a risk of reversal event, which is a financial risk to the project proponent and the sustainability of project maintenance.

The primary permanence risks identified are disturbances due to climate hazards.

Climate risk

Table 3.3 summarises key areas of risk identified by MAG's feasibility assessment. Under the current climate, flood risk is indicated as moderate for those low-risk carbon project areas, and high for the moderate/high-risk carbon project areas within the wetlands themselves. Bushfire risk is rated as moderate, given the significance of impact should it occur across the site. Frost is a moderate risk that can be managed according to timing of planting, and protective measures.

Freshwater wetlands are particularly vulnerable to climate change, rainfall at Winton Wetlands is observed to be increasingly variable. The risk of drought or flood damaging carbon project vegetation, and subsequent abatement, may therefore increase under future climate. Drought poses a particular risk to survival of River Red Gums as a species reliant on regular inundation or groundwater access.

Table 3.3: Summary of key climate risks for Winton Wetlands

MAG-identified Climate Risk	Risk
Fire	
Flood	High
Drought	
Weeds	
Frost	
Browsing pressure & Pests	High
Planting Survival	

Carbon project potential of Boggy Creek Swamp

The pilot site identified for this assessment, the Boggy Creek Swamp pilot site, is located within the zone of high-risk for a carbon project. It is one of the smaller wetlands on the Winton Wetlands site. It is subject to the same permanence and disturbance hazards identified across the site, however as a wetland – rather than surrounding well-draining woodlands – it experiences greater flood hazard and vulnerability to the water security hazards of drought and poor water quality.

Extensive and prolonged inundation within the swamp area poses establishment risks to seedlings, which could drown if significant inundation occurs in the first 1-2 years. Drought also poses a particular risk to long-term survival of in-wetland vegetation that are more water-reliant species. Such climate risks to freshwater wetland areas are expected to be increasing given projected changing climate. The 2012 Winton Wetlands Masterplan also identifies the turbidity of incoming water as a risk to suffocation of wetland vegetation.

Inclusion of Boggy Creek Swamp within an Environmental Plantings carbon project is not found to be feasible by MAG but could miss opportunities to achieve the CoM's desired environmental objectives for the site. The wetland replanting survival experiments could however facilitate future inclusion in a carbon project area, pending a better understanding of suitable depth, timing, method and species.

Another option is to instead reserve this area for potential inclusion within a 'Teal Carbon' method project, pending development of an ERF method suited to inland freshwater wetlands.

Stage 3. CoB Evaluation

Detailed assessment of site-specific environmental assets, identification of potential CoBs to environmental and socio-cultural values that may be strengthened via implementation of the selected carbon project type, and review of potential claims.

Step 3.1 Detailed CoB Evaluation

CoB Evaluation | Project Feasibility

Step 3.1 of the Guide involves the detailed evaluation and assessment of CoB opportunities to identify suitable CoB Programs and funding opportunities. This step follows from the identification of CoB opportunities in Stage 1.

The assessment in Stage 3, which is the primary focus of this pilot study, deepens the assessment of CoBs. The assessment approach in this report followed the Implementation recommendations in the Guide, noting that the CoB evaluation is presented sequentially for environmental and socio-cultural opportunities.

The process of evaluation and assessment entailed the following two steps.

1) Initial desktop identification

CoB evaluation requires assessment of the CoB opportunities presented at the target site level. This can be achieved through an initial analysis of the environmental risk and opportunities.

For Winton Wetlands this involved a review of a wealth of existing information in the form of documentation (see Appendix 3) for both socio-cultural and environmental CoBs.

For environmental CoBs, biodiversity assets were identified and opportunities for condition uplift associated with the selected carbon project type were assessed.

2) Ground-truth on site

The desktop assessment was then followed by a site visit during which Points of Interest were explored, and for which facilitated discussions with the WWCoM were held. Follow-on engagement with the Cultural Liaison Officer also occurred.

The findings of the evaluation are provided on the following pages, sequentially first for environmental and then socio-cultural CoBs.

Support by GBCMA in identifying key individuals with knowledge of the site and in setting up initial contact with stakeholders was key to enabling and mobilising stakeholders to engage with the investigations for this pilot study.

Step 3.1 Detailed CoB Evaluation: Environmental CoBs

CoB Evaluation | Project Feasibility

Native vegetation

Native vegetation is a major environmental asset on the site, with the 2012 Masterplan noting 1) 5,000 hectares of woodland and 2) the potential for restoration of the approximately 200,000 River Red Gums killed due to the creation of Lake Mokoan in the early 1970s (now stags).

The 2012 Masterplan notes that "widespread [River Red Gum] re-establishment will be required in order to provide sufficient shading to begin the vegetation transition back to the former structure… it would take a further 10-15 years before sufficient shading is re-established for notable change in the vegetation community to occur."

The 2019-2022 Strategic Plan identifies 7 rare/vulnerable species of plant on the site. Dominant EVCs are:

- Box grassy woodland (threatened),
- Wetland mosaic formation, and
- Red Gum Swamps and Grey Box.

Tree stags at Boggy Creek Swamp. Source: Michaela Young

Fresh Water

Winton Wetlands comprises 33 ephemeral wetlands, with a small contributing catchment area within the larger Broken River catchment. It is designated by the Society of Wetland Scientists as a 'Wetland of Distinction' and is currently seeking RAMSAR listing.

Boggy Creek Swamp is connected to Greens Swamp under a road embankment. Both dry faster than the main wetlands due to shallow depth and higher elevation (2012 Masterplan).

Current water quality is good and supports re-introduction of Growling Grass Frog. Turbid water incoming from the Lake Mokoan Inlet Channel poses a risk to survival of re-establishing wetland vegetation however this does not connect to the Boggy Creek Swamp directly.

Water views at Boggy Creek Swamp. Source: Michaela Young

Fauna

Winton Wetlands is home to icon fauna species including:

- Growling Grass Frog
- White Bellied Sea Eagle
- Diamond Firetail
- Eastern Long-neck Turtle
- Regent Honey Eater (threatened bird).

The site provides habitat for 168 different bird species, including Latham's Snipe & other migratory waterbird species. Boggy Creek Swamp specifically is a noted Sea Eagle Nest Area (2019-2022 Strategic Plan).

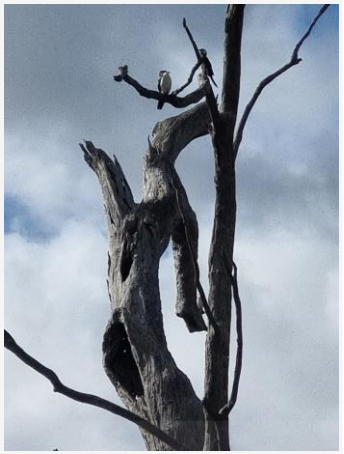


Photo of Birds on stag trees at Boggy Creek Swamp. Source: Michaela Young

Also surveyed are occurrences of listed species (mostly state-listed, some federally):

- 2 vulnerable/near-threatened species of fish,
- 4 State or Federally-listed vulnerable or endangered species of reptiles & frogs, and
- 18 vulnerable, near threatened or endangered species of bird.

Soil is not identified as a key environmental asset of interest at Winton Wetlands, given the wealth of high-value native vegetation, water and fauna.

Step 3.1 Detailed CoB Evaluation: Environmental continued

CoB Evaluation | Project Feasibility

The final step in the mapping process was to match carbon project-aligned CoB opportunities to natural asset condition. This is presented in Table 3.4 while noting that the experienced team at the WWCoM is well-placed to expand upon, detail, and budget this list. The adjacent list of activities and outcomes is relevant to a carbon project undertaken anywhere within the MAG-identified planting area (which includes the Boggy Swamp pilot area).

A mixed environmental planting project across the whole site would restore native vegetation and is therefore strongly aligned with objectives for Winton Wetlands. With time, the improvement in native vegetation and forest cover is expected to improve water quality and habitat for the numerous and growing vulnerable and threatened species found at the site, thereby uplifting the condition of freshwater and fauna assets.

At minimum, an Environmental Plantings project must reflect the local vegetation structure and achieve forest cover (at least 20% canopy cover). Planting of diverse species, and other ecosystem components such as grassland or understory vegetation species, is therefore a voluntary additional investment.

The MAG report identified low carbon abatement potential of the site, even on areas deemed low-risk for an environmental plantings carbon project. Activities to manage the significant climate and pest risks to the carbon project offer broader benefits to environmental CoBs, however could hinder project viability. Co-investment in such activities could therefore both boost CoBs and de-risk the carbon project.

Such investments above and beyond business-as-usual carbon project activities could strengthen CoB while enhancing alignment of the project to the WWCoM's strategic objectives, de-risking carbon project implementation and potentially attracting co-investment or grant funding to the project.

Table 3.4: Potential environmental CoBs relevant to whole-of-site carbon project

Project Activities and Outcomes	Environmental CoB Opportunities	Key Benefitting Environmental Asset
Protection of seedlings – halting of grazing	Leasing for grazing purposes would need to be halted for at least 5 years so that seedlings can establish. This measure may have broader benefits to biodiversity and fauna habitat condition by removing a suppression agent (browsing, trampling by livestock). Given the current leasing arrangements provide some income to the CoM, a co-investor could consider replacing this income during the establishment phase of the project – or even its full crediting period –to ease the implied income loss for the CoM.	• Native vegetation
Protection of seedlings – fencing	Fencing of the whole carbon project area would be infeasible for protecting seedlings from grazing and pests. Given the feral-free fenced Sanctuary investment targeted by the WWCoM at the east of the site, an investor could consider funding broader its expansion to encompass the majority of the Boggy Creek Swamp site (if found to be consistent with the WWCoM's long-term vision). This would benefit not only native vegetation but also fauna assets. Mesh tree protectors would still be required to deter wallabies and kangaroos, as recommended by MAG.	• Native vegetation • Fauna
Planting Design – greater density of stems, select inundation and salinity-resilient species	Biodiversity-focused plantings typically recommend a higher stem density than a carbon-focused project, with replanting of a multi-story habitat as opposed to canopy cover establishment only. Selection of inundation and salinity-resilient species may also be more costly to access. Co-investment in the cost of carbon project plantings could therefore facilitate creation of a more climate-resilient and biodiversity-strengthening habitat than would otherwise be required for a carbon project.	• Native vegetation
Funding ongoing project and biodiversity monitoring	WWCoM already conducts extensive monitoring, however, due to changes in current government funding, as well as grants and ecotourism trends, securing funding into the future is challenging for the WWCoM. Co-investment in carbon project plantings and associated CoB monitoring across the project life, could support more responsive management and potential enhancement of native vegetation condition. Assuring the sustainability and long-term management presence of the WWCoM could also indirectly drive environmental and social CoBs in non-carbon project areas of the site.	• Native vegetation

Step 3.1 Detailed CoB Evaluation: Environmental continued

CoB Evaluation | Project Feasibility

Further project activity options and CoB opportunities presented in Table 3.5 are suggested specifically with reference to planting of the pilot site of Boggy Creek Swamp.

The Boggy Creek Swamp pilot area was previously River Red Gum Swamp, a critical EVC for restoration as identified by the 2012 Winton Wetlands Masterplan. Return of canopy cover shade is described as supporting in-wetland vegetation recovery, as a key restoration objectives that would strengthen uplift to freshwater and fauna asset condition in addition to the native vegetation uplift associated with replanting non-wetland parts of the site. It would also critically support the Winton Wetland's pursuit of RAMSAR-listing for the wetlands.

The MAG report suggests that Red Gums can achieve the required 20 percent canopy cover, however the inclusion of swamp areas within an ERF carbon project raises risks to establishment and permanence. Due to the investment risk, it is not recommended to include the Boggy Creek Swamp pilot site within an ERF carbon project area. Future inclusion is proposed as a possibility, pending investment in planting experiments to better-assess risk management potential. The CoB-focused activity options identified here could drive investment that both supports this possibility and generates immediate benefits to environmental asset condition.

If a carbon project on this area remains infeasible, cost savings opportunities from parallel investment in carbon project development on areas with low risk of inundation, together with in-wetland revegetation funded from alternative sources, could be explored. Such an approach would require careful negotiation and attention to ensuring newness for the carbon project.

Table 3.5: Potential environmental CoBs relevant to Boggy Creek Swamp inclusion in carbon project

Project Activities and Outcomes	Environmental CoB Opportunities	Expected Natural Asset Uplift
Planting Area – Pilot expansion of carbon project to moderate and high-risk zones	MAG proposes pilot planting to test seedling survival in frequently-inundated areas. As identified at the site visit, the WWCoM has already conducted such experiments with mixed results and has a wealth of lessons learnt to offer. Co-investment in further piloting and confirmation of a successful wetland planting design would unlock the Red Gum Swamp ecosystem to inclusion in a carbon project area, benefitting native vegetation, freshwater and fauna asset condition whilst generating ACCUs from non-pilot areas.	Restoring larger areas of Red Gum Swamp drives habitat condition improvement, benefitting: • Native Vegetation • Water quality • Fauna presence, including icon wetland species such as the Growling Grass Frog and Latham's Snipe.
Planting Area – Fund non-carbon project planting of wetlands	Co-investment in in-wetland restoration, in parallel to a carbon project implementation around the wetland perimeter, could enable cost efficiencies of both planting, risk management and maintenance whilst expanding coverage of a critical ecosystem at Winton Wetlands.	
De-risking carbon project – Risk of reversal guarantee	Given the risk of an infeasible carbon project if swamp areas are included, yet a significant CoB uplift, a co-investor could consider reducing project risks by committing to financial support measures like back-stopping ACCU loss in the event of a change to the project area (most likely in the first few years of the project) or disturbance event. This could enable greater expansion of carbon project area and therefore native vegetation restoration.	
De-risking carbon project – Drought resilience	Given the particular vulnerability to climate change of in-wetland plantings, a co-investor could commit to supporting water security measures in the event of drought. Such investment could range from works to further re-naturalise the hydrology of Winton Wetlands, catchment-scale nature-based solutions to improve rainfall infiltration upstream, or water quality improvement measures to reduce turbidity associated with existing inlet infrastructure. This could enable greater survival and improved ecosystem condition for Red Gum Swamp, with flow-on benefits to native vegetation, fresh water and fauna assets.	

Step 3.1 Detailed CoB Evaluation: Environmental continued

CoB Evaluation | Project Feasibility

Alternatively, given the evolving biodiversity market, co-investors may be interested to partner for transformational, flagship initiatives to harness the strong carbon and CoB potential of wetland areas as identified in Table 3.6.

In particular, the proponent-led ERF method development pathway is anticipated to open for applications as of 2024. Development of a 'teal carbon' method (carbon in vegetated freshwater bodies such as inland wetlands and farm dams) could enable inclusion of the 1,944 ha of moderate-high risk areas of Winton Wetlands in a more feasible manner. Across Victoria there are more than 35,000 non-tidal wetlands that are likely not eligible for carbon project investment under existing ERF methods.

Co-investment could be sought to lead development of such a Teal Carbon method for the ERF, and associated freshwater wetlands AfN method, to unlock the potential of Australia's inland wetlands on both the carbon and nature markets. Winton Wetlands could be proposed as the pilot site for method development or registered as its first project.

Such investment could build on the Victorian state government and catchment management authority's previous partnership such as with Deakin University to assess carbon sequestration in Victoria's inland wetlands and with the Arthur Rylah Institute for Environmental Research to review success factors for inland wetland restoration.

Benefits could be expected to extend far beyond the Winton Wetlands site, situating co-investors as leaders of biodiversity and ecosystem restoration investment innovation in Australia.

Table 3.6: Potential environmental CoBs activities relevant to transformational carbon + CoB initiatives, based on Winton Wetlands

Project Activities and Outcomes	Environmental CoB Opportunities	Expected Natural Asset Uplift
Freshwater wetlands AfN method development	Thus far there are no registered AfN freshwater asset methods relevant to the Winton Wetlands, limiting the opportunity for holistic biodiversity accounting across its wetlands. AfN will release guidance on proponent-led development of methods within 2023. Given the numerous existing research partnerships, there is an investment opportunity to catalyse development of a wetland-specific method to enable hard claims under the AfN. This could lead to future unitisation what like GreenCollar is undertaking for native vegetation AfN methods.	Increased investment in inland wetlands, driving improvement in Fresh water assets.
Teal Carbon method development	Currently there is no Teal Carbon (freshwater inland wetlands) method under the ERF. Following the 2022 Chubb Independent Review of Australian Carbon Credit Units, the federal Department of Climate Change, Energy, the Environment and Water (DCCEEW) has halted development of new methods and instead the ERF will release guidance on proponent-led method development. The Carbon Market Institute's ERF Method Development Priorities for 2022 report identified Teal Carbon as a priority.	Improvement in condition of Winton Wetlands Fresh water assets + other national wetland assets

Step 3.1 Detailed CoB Evaluation: Socio-cultural

CoB Evaluation | Project Feasibility

To evaluate the socio-cultural CoB opportunities, project activities and outcomes typically associated with an environmental plantings carbon project were reviewed against the opportunities to create CoBs from those activities, or the CoBs that could be generated through project outcomes.

As an additional layer of analysis, these generic CoBs were considered against the vision for Winton Wetlands and the Strategic Programs and actions identified by the WWCoM to realise that vision (see Appendix 4).

Consideration of this latter component holds particular value to help prioritise socio-cultural outcomes to be pursued through the carbon project and to identify opportunities to leverage existing activities at the site that could enable or support realisation of a CoB from the carbon project.

The findings are presented in Table 3.7 alongside an analysis of the potential socio-cultural CoBs associated with an environmental plantings project specifically at Winton Wetlands.

Table 3.7: Potential socio-cultural CoBs associated with the Winton Wetlands

Environmental Plantings Activities and Outcomes	Associated Socio-cultural CoB Opportunities	Aligned Vision and Strategic Programs
Project Design – species mix, project site location at Winton Wetlands	• Traditional Owner involvement • Strengthening cultural connection with Country and tapping into Cultural Knowledges • Build base for education and knowledge sharing programs • Recognition of use and cultural customary rights to Country • Strategic selection of key native species	• Community and regional partnerships • Ecological excellence • Extraordinary visitor experiences • Sustainable future
Physical Site preparation – weed and pest control and ongoing site management	• Community and Traditional Owner involvement • Employment opportunities	• Community and regional partnerships • Ecological excellence
Seed and Seedling supply	• Economic opportunities for local nurseries and Indigenous Organisations • Strategic selection of key native species	• Community and regional partnerships • Ecological excellence
Planting activities	• Community and Traditional Owner involvement and/or employment	• Community and regional partnerships
Fire risk management	• Include cultural burning practices • Education and training • Platform for knowledge sharing and community/visitor education	• Community and regional partnerships • Ecological excellence • Extraordinary visitor experiences
Project monitoring and reporting	• Education and training of students • Traditional Owner involvement and/or employment	• Community and regional partnerships
Environmental outcomes – including for threatened species	• Community amenity and connection • Education and training of university students and visitor education	• Ecological excellence • Sustainable future • Extraordinary visitor experiences

Step 3.1 Detailed CoB Evaluation: Socio-cultural continued

CoB Evaluation | Project Feasibility

Drawing on the stakeholder identification process undertaken in Stage 1, the CoB opportunities were then matched to potential stakeholders that might support and/or be the beneficiaries of the CoB.

This is presented alongside in Table 3.8. Note that this analysis is preliminary and as the carbon project unfolds, engagement with key stakeholders will develop and additional, different or more specific partners may emerge.

Activating stakeholders in relation to any of these CoB opportunities will also be a critical step, and CMAs can play an important supporting role in this endeavour. In relation to Winton Wetlands, GBCMA has indicated

Table 3.8: Matching the CoB opportunities with the identified stakeholders of the Winton Wetlands

Project Activities and Outcomes	Socio-cultural CoB Opportunities	Potential Stakeholders
Project Design – species mix, project site location at Winton Wetlands	• Traditional Owner involvement • Strengthening cultural connection with Country and tapping into Cultural Knowledges • Build base for education and knowledge sharing programs • Recognition of use and cultural customary rights to Country	• Yorta Yorta People • CoM and Cultural Liaison Officer • GBCMA
Physical Site preparation – weed and pest control and ongoing Site management	• Community and Traditional Owner involvement • Employment opportunities • Recognition cultural customary rights	• Yorta Yorta People • CoM and Cultural Liaison Officer • Corrections Victoria • GBCMA
Seed and Seedling supply	• Economic opportunities for local nurseries and Indigenous Organisations	• Euroa Arboretum • Goulburn Broken Indigenous Seedbank • AirSeed • Local nurseries • GBCMA
Planting activities	• Community and Traditional Owner involvement and/or employment • Recognition of use and cultural customary rights to Country	• Yorta Yorta People • Local community and neighbours • Connected Interest Groups (such as Friends of Winton Wetlands) • GBCMA
Fire risk management	• Include cultural burning protocols • Education and training • Platform for knowledge sharing and community/visitor education • Recognition of cultural customary rights	• Yorta Yorta People • CoM and Cultural Liaison Officer • Fire Management Authorities • DEECA • GBCMA
Project monitoring and reporting	• Education and training of university students	• Universities • CoM • GBCMA
Environmental outcomes – including for threatened species	• Community amenity and connection • Education and training of university students and visitor education and citizen science opportunities	• Universities • CoM • Benalla Rural City Council • GBCMA

Step 3.2 Identifying suitable CoB Programs

CoB Evaluation | Project Feasibility

Step 3.2 of the Guide is geared towards identification of CoB programs matching to the identified CoBs and through which CoB claims can be verified, certified, or in more limited circumstances, credited with fungible, tradeable units.

The assessment under this pilot study in this section of the report presents the CoB Programs that hold potential for Winton Wetlands, first for environmental and then for socio-cultural CoBs.

The purpose here is to develop a short-list of programs for further consideration, first by the project developer/owner and then with investors. The opportunities identified may be presented to investors in the Investment Proposal.

Typology of CoB Claims under CoB Programs

As presented in the Guide, nature (and social) credit markets are in a nascent state of development, with programs generating unitised claims similar to a carbon credit being very limited.

Traditionally, CoB claims have been made on a soft claims-basis as presented alongside. Increasingly, the CoB Programs that are emerging present opportunities to create hard claims, with a trend now towards ability to staple such hard claims to individual carbon credit units through a label, rather than only presenting a hard claim at the project level.

The Figure 3.9 diagram sets out the terminology used to categorise CoB claims in the Guide and in this report in the Program review that follows.

Figure 3.9: Typology of CoB Claims

Step 3.2 Identifying suitable CoB Programs: Environmental

CoB Evaluation | Project Feasibility

As identified in the Supplement to the Guide (Step 3.2), Environmental Plantings carbon projects and associated activities can facilitate a broad range of CoB claim types. Those considered most relevant and suited to the Winton Wetlands site are described for environmental CoBs in Table 3.9 and for socio-cultural CoBs in Table 3.10.

Table 3.9: Environmental CoB Programs

CoB Program*	Scope of CoB activities	Claim type	Assessment of suitability	Recommendation
RAMSAR List of Wetlands of International Importance	Restoring canopy cover within the wetland areas. May or may not be associated with a carbon project.	Soft claim or Hard claim	The soft claim for an investor would be a public framing as a supporter to the addition of a 13th Victorian wetland to the RAMSAR Wetlands list. If the bid was successful, this would be a hard claim verified by a UNESCO public listing and ongoing reporting requirements regarding ecological status and change. Soft claims could be made regarding benefit to the site's long-term ecological integrity as a result of increased Federal requirement to fund the site under Australia's obligations as a signatory to the RAMSAR Convention on Wetlands. This claim may be attractive to investors seeking to demonstrate their sustainability credentials rather than a monetary return on investment, and would likely require activities for restoration of in-wetland vegetation to boost the biodiversity significance of the site.	Discuss the CoM's level of interest for additional investment specifically relating to this claim.
Accounting for Nature - Native Vegetation Methods *Published*	All activities improving extent, survival and condition of native vegetation. May or may not be associated with a carbon project. Requirement to monitoring indicators of native vegetation condition, according to AfN Methods.	Hard claim	The hard claim gained by the investor is either a badge of Self-Verification, or Certification, from the AfN. To be eligible, the project must demonstrate uplift in native vegetation condition, according to level of scientific confidence (Level 1, 2 or 3) in the change per asset or sub-asset. Part, or the whole, of the carbon project area may be included in an AfN Environmental Account according to the definition of environmental assets at a project or property scale. This claim type is highly suited to Winton Wetlands given the extensive restoration and protection of native vegetation ongoing across the site, and strong existing monitoring program. Further, Victoria already provides reference benchmarks for the EVCs across the site as are the foundation of the AfN habitat condition assessment approach. Relevant registered methods are: NV-02: Australia Native Vegetation Econd Method, NV-06: AfN and Landcare Native Vegetation Method plus the two Bush Heritage-branded methods (NV-07 and NV-10, cost required for corporate). Carbon project alone, or a combination of the identified environmental CoB activities, is expected to improve asset condition. Pending selection of a specific native vegetation method, a gap analysis of existing monitoring indicators – and investment in additional monitoring activities as requirements – would also be needed.	Further investigation is recommended, particularly as the existing monitoring activities may fulfil much of the need under this framework.
Accounting for Nature – Fauna Methods *Published*	All activities improving extent, survival and condition of fauna. May or may not be associated with a carbon project. Requirement for monitoring aligned to specific AfN Methods.	Hard claim	Assessment of suitability is largely the same as for an AfN Native vegetation method claim. Currently there are two registered fauna methods suited to the project/property-scale methods that may suit: • F-01 AfN Mammal Condition Method (covering arboreal and ground-dwelling mammals monitored by wildlife camera/GIS); and • F-05: EnviroDNA Aquatic Native Vertebrate eDNA Method (covering aquatic vertebrate species, including birds, fish, amphibians, reptiles, and mammals detected using environmental DNA (eDNA) analysis).	Further investigation is recommended, particularly as the existing monitoring activities may fulfil much of the need under this framework.

Step 3.2 Identifying suitable CoB Programs: Environmental continued

CoB Evaluation | Project Feasibility

Table 3.9 continued: Environmental CoB Programs

CoB Program*	Scope of CoB activities	Claim type	Assessment of suitability	Recommendation
GreenCollar NaturePlus™	Activities in addition to those activities required for a carbon project. Monitoring of asset condition indicators at Confidence Level 1 or 2 according to AfN method.	Unitised	The product is a NaturePlus™ credit that can be sold or maintained on a registry, calculated according to uplift in asset condition as measured using AfN methods. Currently there is one relevant method registered: NV-03: GreenCollar Native Vegetation Condition Monitoring Method. Carbon project activities alone are not sufficient to generate credits; additional biodiversity-specific activities must be undertaken. This product is in the testing and validation phase and no credits have yet been issued by GreenCollar. In light of the Nature Repair Market development, it is currently unclear how a private crediting organisation like GreenCollar may be regulated in future. Further, likely investment return-sharing agreements with GreenCollar may dilute the interest of co-investors at least until such time as the price of, and demand for, NaturePlus™ credit can be articulated and assessed to offer a compelling return.	Recommend to await clarity on the status of the Nature Repair Market prior to committing to a privately-owned unit product.
Nature Repair Market *Under development by the DCCEEW (Australian Government)*	Scope and type of CoBs to which the Nature Repair Market will apply includes: • improving or restoring native vegetation through activities such as fencing or weeding; • planting a mix of local native species; or • protecting rare grasslands that provide habitat for an endangered species.	Hard claim	Certificate The demand for the market is expected to come from various sources, including: • carbon market participants developing projects that also have other environmental CoBs; • philanthropic and Environmental, Social and Corporate Governance (ESG) motivated investment, driven by reporting and disclosure requirements such as the Taskforce for Nature Related Financial Disclosures. The market will be designed to operate in parallel with the Emission Reduction Fund and carbon markets, so that landholders can get certificates from carbon projects that create biodiversity improvements. Whilst developed by the Department of Climate Change, Energy, Environmental and Water (DCCEEW), the Nature Repair Market will be regulated by the ERF administering body, the Clean Energy Regulator, whose aim will be to help align carbon and biodiversity markets and make participation for landholders more streamlined.	Further investigation is recommended. Whilst the scheme is still under development, the most recent National budget has allocated $7.7 million in 2023–24 to continue developing the foundations of a Nature Repair Market, including detailed rules (methods) for different types of projects.

* See Appendix 5 for detailed information on the individual Programs

Step 3.2 Identifying suitable CoB Programs: Socio-cultural

CoB Evaluation | Project Feasibility

Table 3.10: Socio-cultural CoB Programs

CoB Program*	Scope of CoB activities	Claim type	Assessment of suitability	Recommendation
Core Benefits Verification Framework (CBVF) *Developed by Aboriginal Carbon Foundation*	All CoBs arising from Traditional Owner-led land management activities associated with a carbon project. Tracks all domains of CoBs (social, cultural and environmental) from the perspective of Traditional Owners (no external indicator bank).	Hard claim	Certification of CoBs predicated upon the direct and deep involvement of Traditional Owners in the carbon project. May be possible to achieve such a level of involvement by the Yorta Yorta People in the carbon project if certification through this framework is desired. If this is the case, consideration must be given to initiating engagement on the project as early as possible and also engaging directly with the Aboriginal Carbon Foundation to explore design and implementation requirements to facilitate application of the framework to measure CoB outcomes.	May be considered for further investigation, if deep Traditional Owner involvement in the carbon project is both an interest to Yorta Yorta People, and the project developers. CCAF (refer to below) may hold advantages over CBVF but this framework is not ready for application as yet.
Cultural Assets Condition Assessment Framework (CCAF) *under development by Accounting for Nature*	Scope and type of CoBs to which CCAF will apply not clear as framework under development. It may be similar to CBVF in facilitating all domains of CoBs or could be more focused in scope on the cultural and social outcomes of land management activities.	Hard claim	This present an alternative pathway for verification and certification of cultural CoBs to the CBVF. The verification and certification process is currently not clear, but Ndevr Environmental understands the intention is for this to be Indigenous-led. The benefit that accrues from application of the CCAF is also similar to the CBVF; giving rise to certification but not a unitised claim. Unlike CBVF however, Accounting for Nature (AfN) is currently also developing carbon offset stapling rules, which would enable the labelling of individual carbon credit units with an AfN label. This will likely include the creation of a separate Registry, which would provide enhanced transparency of linking between carbon credits and cultural outcomes compared to CBFV, but this remains to be seen. Also to be explored when the Framework is released is the level of Traditional Owner involvement in the carbon project that would need to form the baseline for applying CCAF.	Further investigation recommended, noting AfN is piloting application of CCAF and may be open to explore further pilot sites. Note, CBVF and CCAF are alternative options.

* See Appendix 6 for detailed information on the individual Programs

Step 3.2 Identifying suitable CoB Programs: Socio-cultural continued

CoB Evaluation | Project Feasibility

Table 3.10 continued: Socio-cultural CoB Programs

CoB Program*	Scope of CoB activities	Claim type	Assessment of suitability	Recommendation
Cultural Fire Credits	Cultural burning practices	Unitised claim but not tradeable	While the product is styled as a credit, the framework is essentially a funding mechanism that supports the activities giving rise to the credit. Credit represents a 'forward buy' that funds cultural burns. CoM has identified a strong interest to support cultural burning activities both for environmental and cultural outcomes. Program offers a funding pathway to mentor communities that need to build capacity to undertake cultural burning. This could be valuable in the context of what we understand to be complex requirements around cultural burns on state-owned land.	Strongly recommended for further investigation as an opportunity to support priorities for Winton Wetlands identified by the CoM, that also creates linkages between carbon project implementation and broader site management.
Climate, Community and Biodiversity Standard (CCBS) Sustainable Development Verified Impact Standard (SD Vista)	Assesses climate, community, and biodiversity benefits from land management activities.	Hard claim but only for VCS units Hard claim but only for VCS units	Both frameworks operated by Verra at the international level. Projects listed in Verra's project registry and labels may be attached to carbon credits under a framework that supports labelling. The only carbon framework that currently supports labelling for CCBS and SD Vista projects is Verra's carbon framework (VCS Program). Verra's project registry reflects VCS units that are also labelled under CCBS or SD Vista. Both frameworks provide manuals and methodologies for monitoring and tracking CoBs and this may be of value to support soft claims. SD Vista may be preferable if this is pursued as for CCBS, there is no mechanism to recognise climate benefits assessed under the domestic ERF framework. This would mean assessment of climate benefits through the framework and under the ERF to earn ACCUs (i.e. duplicate effort). Ndevr Environmental is not aware of any projects having been verified through CCB where the carbon credit is not also generated by Verra.	Careful consideration required as to the value and attractiveness of international frameworks. Internationally appears primarily used as a label on carbon credits (VCS units). There is no mechanism for labelling (or stapling) ACCUs with the CCB or SD Vista labels. Frameworks could present alternatives to CBVF or CCAF. Attractiveness should be investigated carefully with individual investors.

* See Appendix 6 for detailed information on the individual Programs

Stage 4. Investor Engagement and Funding

Identify investor and government funding opportunities, assess alignment and commence engagement process

Steps 4.1 and 4.2 Investor Engagement and the Investment Proposal

Investor | Funding

Stage 4 in the Carbon + CoB Co-Investment Guide entails activating the investor and funding opportunities.

Investigation of funding avenues does not form part of the scope for this project, but it is noted that WWCoM is pursuing a wealth of funding opportunities for Winton Wetlands as a whole. There may be synergies between carbon project development that could help unlock funding or vice versa. This should be pursued further with the WWCoM.

In relation to investor engagement and development of an investment proposal, in order to unlock investment, it is critical that the carbon project and the CoBs to be delivered are presented as an attractive investment proposition, meaning that the CoB claims must meet the investor needs. Early engagement with potential investors can help to identify those needs, then enabling an investment proposal to be prepared that responds to those needs.

The Guide (see Step 4.2) presents an overview of the information that could be provided in an investment proposal. Critical elements of that proposal include the following:

- Proposed CoB Programs – the Programs that have been assessed as suitable based on site conditions
- CoB Investment return – including the type of claim associated with the CoB program(s)
- Investment scale - Indicative range of investment sought.

High-level detail of the opportunities for Winton Wetlands are presented in Table 3.11 and Table 3.12 for environmental and socio-cultural CoBs claim programs respectively. Investment scale guidance is provided here on known cost items.

Steps 4.1 and 4.2 Investor Engagement and the Investment Proposal continued

Investor | Funding

Table 3.11: Indicative Costs and Potential returns for different CoB pathways

Environmental CoBs		
Program	Investment return	Investment scale – Indicative Cost Items
RAMSAR (UNESCO)	• Hard or soft claim possibilities, with return being the reputational advantage of supporting ecological restoration; • No associated revenue • No mechanism to staple to carbon credit	• Activity cost varies according to the selected CoB activity; may be solely carbon project-related activities. • Negligible administrative costs are expected to apply for RAMSAR listing; some administrative costs would result from reporting requirements regarding the ecological character and changes to the site. • Acceptable level of investment to make a public claim of contribution would need to be negotiated with the WWCoM and would likely be significant.
Accounting for Nature (AfN) Environmental Assets	• Hard claim, product is a badge from AfN according to the nature of verification/certification and confidence in asset condition. • No associated revenue, however other revenue-generating programs are harnessing this framework (Queensland Landscape Restoration Fund, GreenCollar) so opportunities may grow. • Mechanism to staple a label to carbon credit under development.	• Activity cost varies according to the selected CoB activity; may be solely carbon project-related activities. • Monitoring costs (unknown, to be assessed by the WWCoM according to their current projects) could be either funded in full to meet AfN needs, or gap-filled according to existing monitoring by the WWCoM to achieve a higher level of confidence under the AfN. • There may or may not be a cost associated with corporate use of an AfN method, depending on its licence and developer. AfN-developed methods are typically free for use. • There is a fee to register and certify a project with AfN, as well as for technical assessment ($950-$2,200) at least every 5 years. There are annual fees to maintain registration ($440-$880) and certification ($500-$5,000) ranging according to the type of organisation making the claim*. • Depending on the selected claim, verification costs (audit costs ~$40,000 every 5 years).
GreenCollar	• Unitised claim, the product is a NaturePlusTM credit that can be sold or retired on a registry; • Revenue provided by sale (or saved cost for self-retirement) of unit, providing a monetized investment return. • No mechanism established yet to staple to a carbon credit; will likely be developed in future.	• Activity costs must be beyond solely what is required to implement an associated carbon project. • Pricing currently not available but expect differentiation according to biodiversity significant (international, national, state). • Monitoring costs likely similar to AfN, requires Level 1 or 2 confidence. • Verification and certification costs likely similar to AfN Certification route • Delivery model still in development, typically GreenCollar would be co-proponent. Expect that return-on-investment would require some split with GreenCollar.
Nature Repair Market	• Hard claim, the product is a non-fungible project-specific certificate. • Revenue generated by sale and/or cost saving self-retirement of the certificate, providing a monetized investment return. • No mechanism proposed to staple to a carbon credit; will likely be developed in future.	• Expect similar registration and certifications costs to ERF (i.e. negligible). • Expect ballpark similar costs to AfN for monitoring and auditing.

* Prices listed by the AfN Fee Schedule as of February 2023

Steps 4.1 and 4.2 Investor Engagement and the Investment Proposal continued

Investor | Funding

Table 3.12 Indicative Costs and Potential returns for different CoB pathways

Socio-cultural CoBs		
Program	Investment return	Investment scale – Indicative Cost Items
Cultural Fire Credits	• No revenue from credit trades, credits not tradeable • No mechanism to staple label to carbon credit • Investor return lies solely in the reputational advantages of socio-cultural and environmental CoB outcomes themesleves (e.g. investor seeking to make a claim of support under a RAP).	• Credits are priced at $55 per unit. • Funding level dependent upon assessment by Firesticks Alliance of the number of credits required to implement burns. Costs may include: - Training and mentoring of Yorta Yorta People in cultural fire practices depending on their level of readiness - Other (formal) training and certification required from a state regulatory perspective - Fire planning and mapping - Monitoring costs - Verification costs (to be clarified with Firesticks Alliance)
Core Benefits Verification Framework (CBVF) – Aboriginal Carbon Foundation	• No revenue from trade as certificate not tradeable • No mechanism to staple a label to carbon credit. • Investor return lies in the CoB outcomes themselves as above.	• Activity costs: costs associated with implementation of specific activities that give rise to desired cultural CoBs • Monitoring costs, noting that expectations on monitoring protocols is set low. • Verification cost: 5-day process to be attended by community and verifier team (2-3 people). Verifier fees unknown at this stage, noting a stated goal to keep costs to communities low. • Certification fee: unknown if an additional fee is payable and if so, the amount.
Cultural Assets Condition Assessment Framework (CCAF) - AfN	• No revenue from trade as certification does not result in a tradeable certificate • Mechanism to staple a label to carbon credit under development. Carbon credits expected to trade at a price premium but no decoupling mechanism to trade separately in the certified CoB outcome and carbon. • Future Registry could create basis for a separately tradeable certificate. • Investor return lies in the CoB outcomes themselves as above and certification through a Registry listing.	• Activity costs: costs associated with implementation of specific activities that give rise to desired cultural CoBs • Verification and certification costs: costings specific to CCAF unknown, verification and certification costs for AfN provided in Table 3.11.
Climate, Community and Biodiversity Standard (CCBS) and/or Sustainable Development Verified Impact Standard (SD Vista)	• As above, no revenue from trade separate from the carbon credit as label is stapled to the carbon credit. • Project could be registered in Verra Registry separately, without being stapled to a carbon credit, facilitating a separate claim to the CoB outcome • But no tradeable certificate currently arises. • Investor return lies in the CoB outcomes themselves as above and certification through a Registry listing.	• Activity costs: costs associated with implementation of specific activities that give rise to desired CoBs. • Monitoring and reporting costs – i.e. tracking of benefits that accrue and reporting on those changes in the formal required by the framework. • Framework fees SD Vista*: - Project listing fee: USD 2,500 - Evaluation fee: USD 1,500 - Label fee: USD 0.5 (applied per carbon credit unit to which label attached) - Auditing fees: not tracked by Verra. * Only SD Vista fees are listed as this Standard is more likely to be suited than CCBS. CCBS fees are available online.

Steps 4.1 and 4.3 Investor Engagement and Identifying Government Funding Opportunities

Investor | Funding

Winton Wetlands shows strong potential for a carbon + CoB project, offering scale, ongoing management and monitoring activities, a wealth of stakeholder relationships, and alignment with numerous natural and social benefit certifying programs.

This assessment has focused on identifying opportunities to attract new, typically private co-investment in a project that could offer either hard or soft CoB claims as a return on investment alongside generation of carbon credits. Whilst the business case for investing in CoB claims of this style is still evolving, and demand is not yet clear, ESG commitments across the private sector could be reviewed to prepare a long list of potential investors to screen for potential interest in Winton Wetlands.

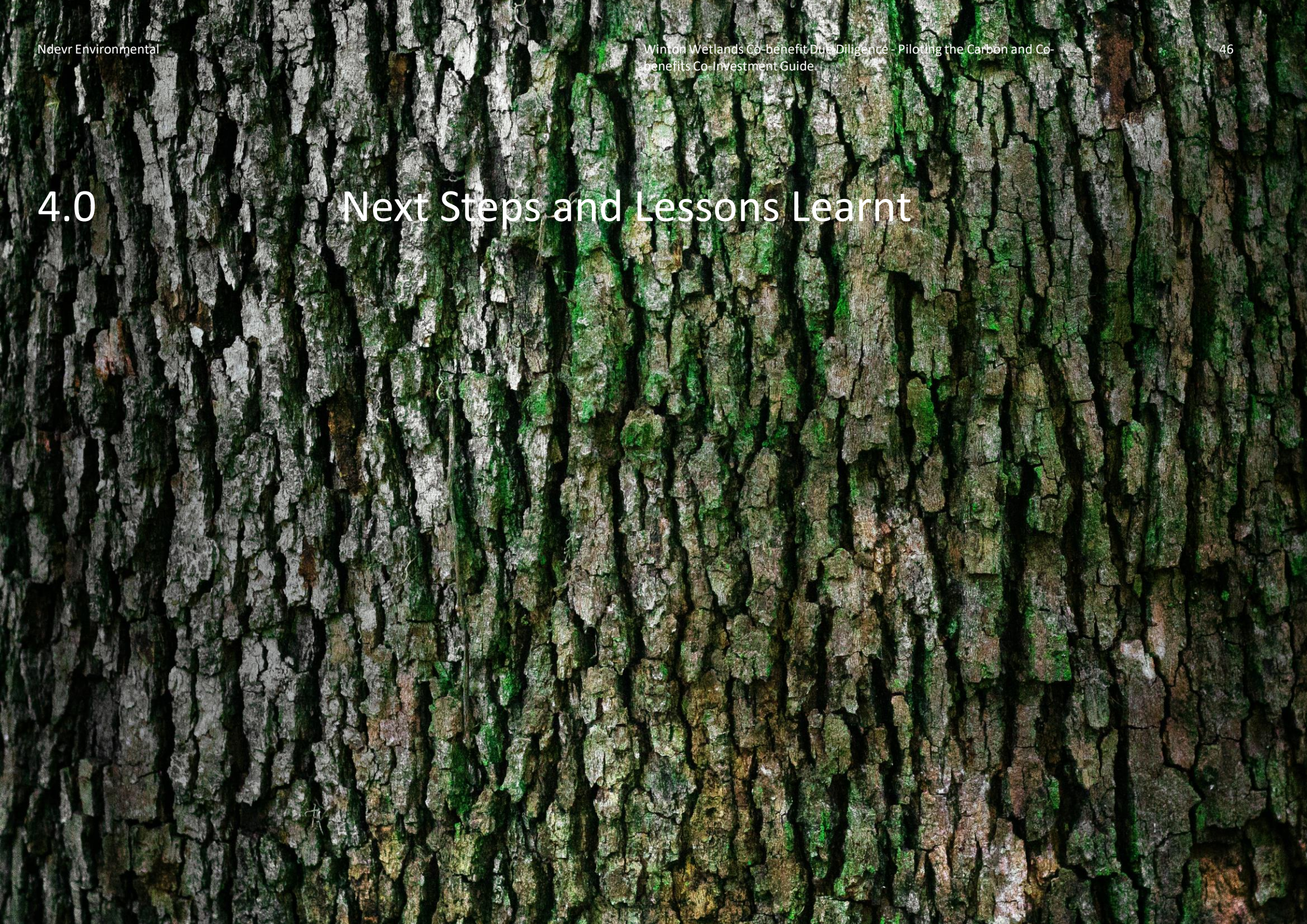
These opportunities aside, a carbon + CoB project at Winton Wetlands could also make a significant contribution to achieving the government's biodiversity and nature positive objectives.

Coupled with various CoB-enhancing activities identified by this report, a Winton Wetlands carbon project could contribute to as many as nine of ten targets set by Victoria's Biodiversity 2037 Strategy. This alignment holds potential to be leveraged to access funding.

As assessed at Step 1.1, the Bio2037 mapping on NatureKit Victoria shows the site contains priority revegetation areas, offers strong cost-effectiveness from investments in management, and holds high-value biodiversity. The Victorian government's Bush Bank program also aims to revegetate and restore at least 20,000 hectares of native habitat however this focuses only on private land, and is therefore not relevant to Winton Wetlands as Crown land.

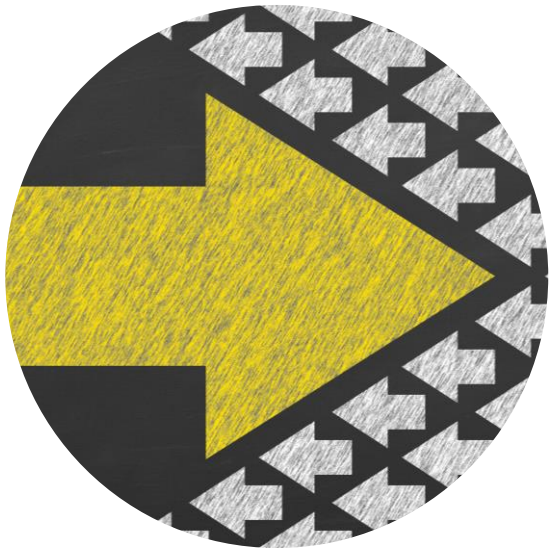
At the federal level, opportunities to pursue include new iterations of the now-ending Environment Restoration Fund grants (with a priority of *protecting threatened and migratory species and their habitat*), the Communities Environment Program that Winton Wetland has previously received funding from, and the National Landcare Program.

Catchment management authorities are well-positioned to offer insight into federal and state government funding priorities, and experience preparing associated funding proposals such as for consideration within upcoming Biodiversity 2037 budgets.



4.0 Next Steps and Lessons Learnt

4.1 Recommended next steps



The following recommendations emerged from this Due Diligence Assessment as next steps for progressing a carbon + CoB project at Winton Wetlands:

1. **Certainty on the carbon project, its location and extent:** Engage with DEECA on pathways for securing rights to develop a carbon project on state-owned land. WWCoM should be a critical partner in those discussions. Consultations with WWCoM are also critical to define the precise location of the carbon project at Winton Wetlands, so as to maximise alignment with WWCoM future vision and planned restoration activities. Clarity on the project area for the carbon project will be critical to maximising abatement (and hence credits) and environmental outcomes.
2. **Consider carbon project design approach and associated CoBs:** Consider, in consultation with WWCoM, the various CoBs that could be generated as set out in this report, their viability and priority. This should include considering the nature and extent of involvement sought from Traditional Owners. This carbon project has a strong potential to involve Yorta Yorta People from the early design stages right through to implementation. In addition, there are existing ties to Euroa Arboretum and the Indigenous Seedbank, and given seed supply restrictions, engagement with those organisations should take place as soon as possible.
3. **Lay foundations for verification and/or certification under the suitable CoB Programs:** For socio-cultural CoBs this will involve further investigation and consultation with administrators of the programs to understand which is most suitable for the Winton Wetlands context. This should also involve consultations with DEECA around cultural burning at Winton Wetlands. For environmental CoBs this will particularly involve a review of existing and program-required monitoring activities. Guidance on these programs is provided on pages 37-40.
4. **Build the business case and financial model:** Alongside the financial model for the carbon project, CoB project activities and participation under the available Programs should be costed too.
5. **Engage with Investors:** Firstly, greater clarity should be sought from stakeholders regarding which CoB opportunities are best-aligned to their priorities. On this basis, commence the process of consulting with investors that might be interested to fund specific CoB activities. High level guidance regarding proposed returns from CoB opportunities, and development of the investment case, is provided on pages 43-44. Matching available returns to investor needs will be critical to unlocking any investment support.

4.2 Lessons learnt

Application of the Carbon + CoB Co-Investment Guide to the Winton Wetlands pilot site yielded important lessons for its future use. These lessons can be classified under four categories as follows:

1) Stakeholder engagement
2) Target site identification
3) Identification of CoB options
4) Risk identification and management.

1. Stakeholder Engagement

Involvement of key stakeholders is critical to successful project development. The importance of early and comprehensive stakeholder identification as a first step cannot be overstated.

Key stakeholder buy-in is required for numerous reasons, including to:

- Gather baseline information about the site, its history, its current condition and use and the vision for its future use by managers and owners.
- Establish access rights and ultimately support for the project.
- Explore synergies and/or risks of conflicting visions or use requirements for a given site.

The value of involving CMAs in project development early was readily apparent for the pilot study. GBCMA's involvement was invaluable for establishing site context and identifying stakeholders with management responsibilities for the site.

GBCMA also facilitated discussions with key individuals holding knowledge of the site. These early engagements unearthed critical information for the carbon project, including:

- The site has been subject to previous carbon feasibility assessments;
- CoM has a comprehensive vision and plan for the future of the Winton Wetlands, and consideration of funding avenues that enable the effective management and future restoration of the site is critical to the CoM;
- The site has a complex use history including dispossession which has resulted in equally complex relationships of different users with the site and managers (such as community frustrations with decommissioning of Lake Mokoan) and these should be considered in shaping interactions with the community into the future.
- The Traditional Owners of the site, the Yorta Yorta People, have a strong desire to connect with their Country. The WWCoM and their Cultural Liaison Officer are actively seeking to support and enhance those ties to Country.

What also emerged very clearly is the desire on the part of Traditional Owners to be consulted early. This ties in with likely future regulatory changes under the ERF for Native Title Holder consent as a result of the Chubb Review. Although Winton Wetlands is not subject to a Native Title Determination, early consultation is considered best practice by carbon industry standards and has the potential to unlock design of a carbon + CoB project in a way that materially enhances cultural outcomes.

4.2 Lessons learnt continued

Recommendations for stakeholder engagement

- Undertake a stakeholder mapping exercise – this is a practical tool that can support the process of identifying different stakeholder types, and help decide on the timing, and level of engagement with different stakeholders. Figure 4.1 shows the different stakeholder categories to be identified and mapped to guide the timing, purpose and level of engagement. This mapping process has been applied to Winton Wetlands based on Ndevr Environmental's investigations (see Step 1.3 on pages 23-24).
- Involve CMAs in the process of building an early understanding of the site and its connected stakeholders.
- Consider appointing a coordinator to manage stakeholder relations and data sharing for the project, from the start. That coordinator should conduct strong data management to avoid multiple requests over time to the same stakeholders for datasets/information from various consultants engaged through the process.
- Consult early with Traditional Owners on their involvement in the carbon project, and associated opportunities, such as implementing cultural burning practices.

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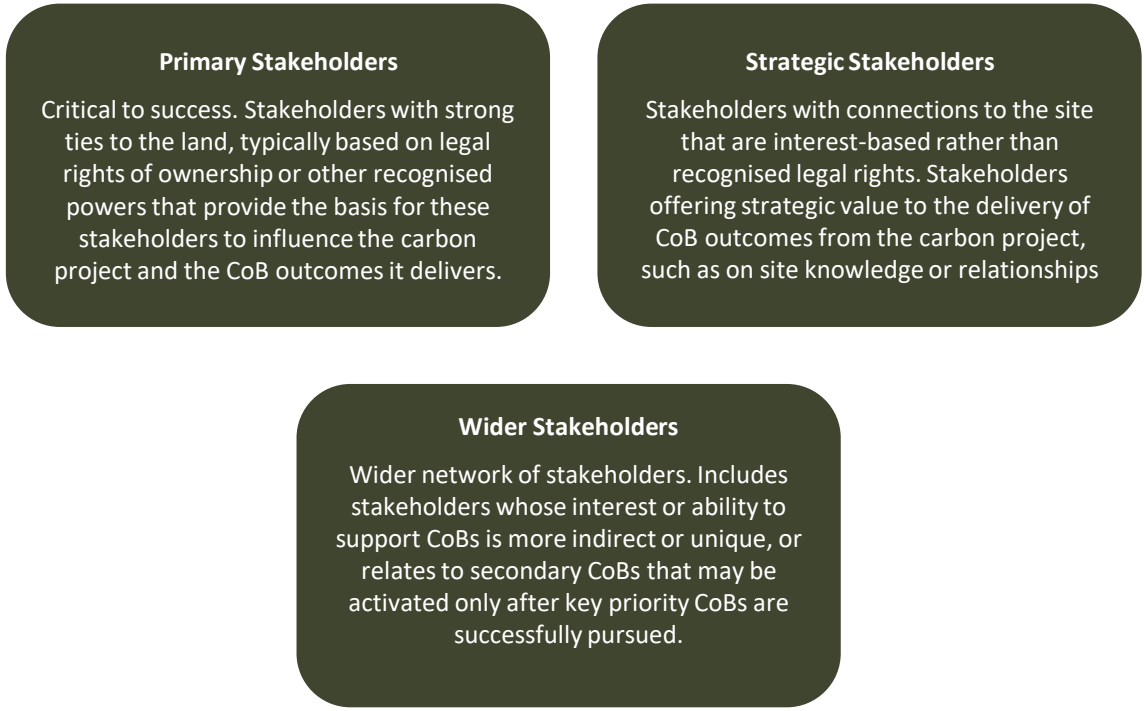

Figure 4.1: Stakeholder categories

4.2 Lessons learnt continued

2. Target site selection

An ideal target site displays both high carbon potential and high environmental and socio-cultural value. Regional-scale Victorian mapping tools can give some indication of these criteria, however desktop-based assessments can be deepened tremendously where assessors can tap in early to the site-specific knowledge of land managers.

The target site for this pilot study (Boggy Creek Swamp) is located within the zone of high risk for a carbon project as identified by MAG, rendering it infeasible for inclusion. However, it is an area of priority for the WWCoM with strong potential for environmental CoBs. Some areas originally considered feasible for carbon project inclusion were noted by the WWCoM to already be subject to replanting (making it ineligible under the ERF) or already allocated to meet other strategic objectives (such as hosting solar farm development).

As set out in the Guide, matching a target site to available ERF Methods and the CoB potential of the site is a critical step. Opportunities are constrained to the Methods that exist at any given point in time. Notably absent from the currently available Methods is a teal (inland, freshwater wetland) carbon method, as well as Methods that allow for discrete activities to be undertaken in various areas of a larger site under the banner of one Method. Future expansion of available methods is an important opportunity to boost investment in Victorian carbon projects.

Recommendations for target site selection

- Location and size of area to be included in a carbon project is critical to its feasibility. Early consultation with and capacity-building regarding any carbon and CoB trade-offs is recommended with land managers to guide selection of a target site that is feasible for a carbon project, a critical factor driving investment. Whilst carbon project studies may have an element of confidentiality, at minimum this can be supported by public domain maps such as maximum above ground biomass (an indicator of carbon abatement potential).
- Early integrated assessment of the carbon + CoB potential may help to settle on a target site that holds the strongest potential for CoB co-investment. There should be some preparedness for compromise and accommodation of differing views about future site priorities.
- Early consultation on site selection can also help to drive efficient funding allocation from the land manager's point of view. For a site such as Winton Wetlands with multiple funding sources, newness must be carefully communicated and maintained such that investment efficiencies can be achieve on site. Feasible areas can be allocated to carbon projects, while other incoming funding may be directed to areas that are risky or ineligible for inclusion.
- The Integrated Farm Management ERF Method currently under development could enable new opportunities for this Site. This upcoming opportunity should be borne in mind as project development proceeds, alongside investigation into the status of any inland wetland/teal carbon method development.

3. Identification of CoB options

Whilst the target site of Boggy Creek Swamp is not necessarily suited to a carbon project, brainstorming options for its inclusion did identify a range of CoB options that could provide the added benefit of de-risking carbon project environmental plantings in more marginal area and unlocking new methods.

The site visit for this pilot study revealed that WWCoM has valuable experience from having piloted plantings in the swamp area previously. This information would have been valuable to include within the carbon feasibility assessment by MAG however as a not-for-profit, Winton Wetlands is under-resourced and staff time must be allocated highly efficiently.

Recommendation(s) for identification of CoB options:

- Consider how strengthening of CoBs can de-risk carbon project implementation to facilitate cost-sharing.
- Aim to have a single point of contact facilitating exploration of carbon + CoB project opportunities, including collate and distribute site-specific information and data to minimise repeated requests between not-for-profit stakeholders and other parties.

4.2 Lessons learnt continued

4. Project Risk Identification and Management

The lessons that crystallised through our assessment on stakeholder engagement, identification of the target site and identification of CoB options also highlight a series of risks that are worth calling out separately even if they may be captured elsewhere in the project development process. These include the following:

- Misalignment of visions for the Winton Wetlands resulting in lack of buy-in from key stakeholders and/or sub-optimal project and CoB performance.
- Restrictions on site use due to its status as Crown Land. This relates to two aspects, namely potential restrictions around a carbon project proceeding at all on state land, and restrictions around cultural burning on state land.
- Ineligibility under the ERF due to inability to demonstrate compliance with the newness criteria, which requires a proponent to demonstrate that the project activities have not started prior to project registration. Given that the WWCoM has a continuing restoration plan, it is critical to settle on the suitable site in consultation with the WWCoM and ensure no activities take place in the area set aside for the carbon project.
- Seed supply issues. Restrictions on seed supply are an issue across the state. This means that contact with suppliers should be made at the earliest time possible.

Recommendations for Project Risks:

- Develop and risk matrix and management plan for risks to project success.

5. Appendices

5.1 Appendix 1 – Environmental Significance Criteria

The CSIRO National Biodiversity Asset Register and Performance Standard 6 Assessment Tool (BAR-PS6) assesses the known, likely and probable occurrence International Finance Corporation (IFC) Performance Standard (PS) 6-identified criteria on a gridded basis across the Australian landscape.

Source: Stewart, Stephen; O'Grady, Anthony; Brooks, Shaun (2022): National Biodiversity Asset Register and Performance Standard 6 Assessment Tool (BAR-PS6). v1. CSIRO. Data Collection. https://doi.org/10.25919/1kzh-gd17

IFC PS-6 criteria:

- (i): Habitat of significant importance to Critically Endangered and/or Endangered species.
- (ii): Habitat of significant importance to endemic and/or restricted-range species.
- (iii): Habitat supporting globally-significant concentrations of migratory species and/or congregatory species.
- (iv): Highly threatened and/or unique ecosystems.
- (v): Areas associated with key evolutionary processes (not screened due to importance of expert elicitation and application of local knowledge)
- A: Other recognised high biodiversity values.
- P: Areas protected by regional, national or international legislation or agreements.

5.2 Appendix 2 - Winton Wetlands Committee of Management Identified Stakeholders

Listed alongside are the organisations that have existing ties with the WWCoM and Winton Wetlands site, as identified in the Winton Wetlands Annual Report 2021/22.

National and State

- Australian Federal Government
- Office of Helen Haines, Federal Member for Indi
- Turtles Australia
- Victorian State Government
- Department of Environment, Land, Water & Planning
- Regional Development Victoria
- Country Fire Authority
- Goulburn Murray Water
- Goulburn Broken Catchment Management Authority
- North East Catchment Management Authority
- Zoos Victoria
- Parks Victoria
- VicRoads
- Department of Education
- Corrections Victoria
- Wildlife Victoria

Regional and Local

- Yorta Yorta Nation Aboriginal Corporation
- Friends of Winton Wetlands
- Regent Honeyeater Group
- Swamps Rivers Ranges Swanpool Environmental Film Festival Tourism North East Conservation Volunteers Australia Beechworth Landmate Team
- Benalla Rural City
- Rural City of Wangaratta
- Visit Wangarattta
- Winton North Community History Group
- Enjoy Benalla
- Benalla Festival
- Benalla Business Network
- Astronomy Benalla
- Wildlife Rescue Benalla
- Wall to Wall Street Art Festival

Philanthropic and Academic

- Wettenhall Environment Trust
- WildArk
- Australian Geographic
- Canine Ecological Ross Trust
- University of Melbourne
- Charles Sturt University
- La Trobe University
- University of Western Sydney
- Deakin University
- Monash University
- Federation University
- Sandhurst Catholic Diocese
- Department of Education (North Eastern Region)

5.3 Appendix 3 - Document Review

The following documents were reviewed to inform this report:

Current

- Winton Wetlands 2020-21 Annual Report
- Winton Wetlands Strategic Plan 2019-2022
- Winton Wetlands Masterplan (2012)
- Fire Management Plan 2020-2022
- Land Management Plans, including:
  - Invasive Plant Management,
  - Kangaroo Survey, Kangaroo Management Plan,
  - Predator Management Plan, and
  - Grazing Policy.
- Mokoan Sanctuary – Creating a Conservation Estate (2022)
- Winton Wetlands Ecological Renewal Program (2022)

Historic

- Cultural Heritage Survey (2010)
- Future Land Use Strategy (2006)
- Winton Wetlands Restoration and Monitoring Strategic Plan (2011)

5.4 Appendix 4 - Winton Wetlands Vision and Strategic Programs

Provided here is an overview of WWCoM's 100-year vision for the Winton Wetlands the Programs and related activities to support that vision.
Source: the Winton Wetlands Strategic Plan 2019-2022

Vision:

For the restoration of the site to be a project of national scientific, cultural and environmental significance with a focus on education, research, tourism recreation and community development.

The restoration project will be known for its wide local, regional and national support and consistent use on contemporary methods to achieve the highest conservation, human and cultural ambitions for the community.

Programs and activities:

Ecological excellence

Supporting the conservation, restoration and transformation of the site to provide healthy ecosystems and sustainable habitats.

- *Developing innovative flora and fauna protection solutions*
- *Identifying and controlling threats to native species*
- *Prioritising strategic re-introduction of native species*
- *Engaging young people in conservation challenges.*

Community and Regional Partnerships

Enable community engagement and involvement, build on relationships and act as a catalyst for building networks and partnerships. Build capacity, and positivity within the community.

Extraordinary Visitor experiences

Deliver new and engaging experiences in line with restoration and education objectives, draw in volunteers, deliver authentic cultural experiences. Leverage the marketing campaigns of broader tourism and industry entities to gain exposure and increase the conservation knowledge of visitors.

Sustainable Future

Maintain financial stability, align commercial activities with restoration objectives, establish innovative funding sources. Future proof the organisation with practical and permanent solutions including the development of long-term income streams.

Respond to Climate Change through restoration works and committing to improve the carbon neutral status.

5.5 Appendix 5 – Environmental CoB Programs

Accounting for Nature® Verified Claim (Native Vegetation or Fauna)
Launched in 2020

Accounting for Nature (AfN) facilitates tracking of change in nature asset condition over time. Becoming "Certified" (Tier 1) or "Self-verified" (Tier 2) by AfN enables use of Trustmarks and associated public and private claims to be made regarding an asset's Environmental Account. Claims can be Level 1, 2 or 3 according to the associated level of accuracy in tracking asset condition.

Types of activities:
Any project activity associated with a natural asset.

Type of scheme (verification, certification, credit units) and Product:
Verification and certification; no credit units but 'stapling' rules under development that will enable application of a label to individual carbon credit units

Framework purpose:
Develop an Environmental Account to track condition of natural assets using an Econd® asset condition aggregate score, calculated by comparing a set of indicators to reference thresholds.

Verification process:
Third-party verification by an independent, registered AfN auditor at least once every five years.

Accreditation authority:
Accounting for Nature®

Registry:
The Accounting for Nature® Environmental Account Registry.

GreenCollar NaturePlus™ Credits
Launched 2022

A NaturePlus credit equates to 1 hectare of habitat or species improvement or maintenance. Credits are calculated via preparation of a publicly available environmental account according to one of GreenCollar's methods accredited with Accounting for Nature Framework. It is likely that more accredited methods will be released over time.

Types of activities:
Project activities in a high conservation value landscapes.

Underlying framework:
Accounting for Nature methods, specifically:
- Native Vegetation Condition Monitoring
- Koala Population and Habitat Condition

Certification process:
Third party audit required. Certified by Accounting for Nature. Credits are issued by GreenCollar.

Accreditation authority
Accounting for Nature and GreenCollar.

Registry
Not yet specified.

5.6 Appendix 6 – Socio-cultural CoB Programs

Cultural Condition Assessment Framework (Accounting for Nature) *Under development*

Accounting for Nature (AfN) facilitates tracking of change in nature asset condition over time. Currently under development is a framework that will enable tracking of changes in the cultural conditions of a given site. Key design elements and how this framework will integrate with natural capital accounting under AfN is still unclear. Some commentary on known elements is provided.

Types of activities
Details unknown but expected likely to be capable of application to any land management project

Type of scheme (verification, certification, credit units and Product):
Verification and certification; no credit units but 'stapling' rules under development that will enable application of a label to individual carbon credit units.

Framework purpose:
Track conditions of natural (and cultural) assets.

Verification process:
Third-party verification by an independent auditor for natural assets; cultural condition assessment intended to be Indigenous-led but details unknown at this stage.

Accreditation authority:
Accounting for Nature®

Registry:
The Accounting for Nature® Environmental Account Registry.

The Climate, Community & Biodiversity (CCB) Standard *Launched 2005*

CCBA certification offers assurance that a given land management project is delivering tangible climate, community, and biodiversity benefits. The product is a label on carbon credits, indicating that they were generated during a CCB-verified period.

Types of activities:
Any land management project, such as agriculture, forestry and land-use activities.

Underlying framework:
Climate, Community & Biodiversity Standard.

Type of scheme (verification, certification, credit units and Product:
Verification and certification and label to carbon credits; no credit units

Certification process:
Verified by desk and field audits by qualified independent third parties.

Accreditation authority:
Managed by Verra but developed through a multi-stakeholder process by the Climate, Community & Biodiversity Alliance.

Registry:
Issued on the Verra Registry.

5.6 Appendix 6 – Socio-cultural CoB Programs continued

Core Benefits Verification Framework (Aboriginal Carbon Foundation)
Launched 2019

A methodology for Indigenous peer-to-peer evaluation and verification of environmental, social and cultural values associated with community and economic development programs as part of carbon projects. This framework supports Indigenous skills development and self-determination in evaluation of project outcomes.

Types of activities:
Projects requesting core-benefits verification must be registered with the Emissions Reduction Fund (ERF).

Type of scheme (verification, certification, credit units and Product:
Verification and certification; no credit units. The product is a Verification Certificate valid for 2 years.

Framework purpose:
Verification of multiple CoBs (social, cultural, and environmental). CoBs are identified at the local level, rather than prescribed by externally-defined indicators.

Verification process:
Self-led monitoring and verification supported by third-party, peer verification teams of Indigenous experts.

Verification authority:
The Aboriginal Carbon Foundation (AbCF) and the Core Benefits Verification Advisory Body

Cultural Fire Credit (Firesticks Alliance and Aboriginal Carbon Foundation)
Launched June 2022

A credit framework that support Indigenous communities to implement cultural fire on country their way; to be able to fully demonstrate traditional cultural fire knowledge and its multiple benefits.

Types of activities:
Cultural fire burning activities

Type of scheme (verification, certification, credit units) and Product:
Produces cultural fire credits.

Framework purpose:
Create a platform to channel investment to activate cultural fire practices

Verification process:
Self-led monitoring and third-party, peer verification by different Indigenous groups.

Verification authority:
Firesticks Alliance and the Aboriginal Carbon Foundation.

Registry:
Firesticks Alliance; Credits sold via the Catalyst Market Trading platform operated by the Aboriginal Carbon Foundation.

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Thank you for the opportunity
to provide these important services.

Contact

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