

On-Farm Natural Capital Accounting Demonstration



The On-Farm Natural Capital Accounting Demonstration and associated extension activities aim to demonstrate the process of undertaking a natural capital account on a working dairy farm and explore the drivers which are increasing interest in and scrutiny around the management of on-farm natural capital.

What is natural capital?

'Natural Capital' or 'Natural Assets' are a re-branding of our natural resources – such as soil, water and living things – so they can be better recognised and valued in an economic sense.



What: An on-farm natural capital account developed utilising a rigorous scientific framework to measure and track changes in natural capital condition over time. This includes:

- a baseline assessment of soil and vegetation condition
- implementation of practical actions to improve natural capital
- on-going monitoring and re-evaluation to track outcomes
- Registration and certification through Accounting for Nature (AFN) methodologies

Where: TIA Dairy Research Facility, Elliott, Tasmania

Who: This demonstration is led by Cradle Coast NRM in partnership with the Tasmanian Institute of Agriculture (TIA) and supported by Fonterra and Dairy Tasmania.

When: Initial natural capital data was gathered in February 2025. On-farm natural capital improvement actions will be undertaken from early 2026 through to early 2028, when the condition of the farm natural capital will be again reassessed through the AFN framework. Communication and extension activities are being delivered throughout with the demonstration to be completed by June 2028.



Our Natural Advantage

Key objectives of the demonstration:

- Demystify Natural Capital Accounting and demonstrate how it can be used by farmers and industry in north-west Tasmania
- Demonstrate and implement targeted management practice to improve environmental health and align with Australian Dairy Sustainability Framework and supplier sustainability aspirations (Fonterra)
- Monitor changes over time to track improvements and resilience benefits for farms.
- Provide a practical model for farmers to integrate improved natural capital management into their operations
- Identify market opportunities, such as biodiversity and carbon credits, to create new revenue streams for farmers
- Bring north-west farmers along, so farmers can decide how accounting for and better managing on-farm natural capital could support their farm

What is a natural capital account?

There are emerging standards and frameworks for businesses and landowners to use to measure, assess and report on nature in a consistent and verifiable way, so they can manage their natural capital assets to make informed decisions on environmental risks and opportunities.

This on-farm demonstration is developing accounts through the certified Accounting for Nature methodologies, aligning with disclosures under the Taskforce on Nature-related Financial Disclosures and consistent with the United Nation's Standard for Environmental Economic Accounting.

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<https://cradlecoast.com/projects/climate-smart-agriculture>



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