National Farmers Federation

25 October 2019

Mr Grant King
Carbon Abatement Expert Panel
Department of Environment and Energy
Via email: carbonexpertpanel@environment.gov.au

Dear Mr King

RE: NFF Response to discussion paper examining opportunities for further abatement

The National Farmers Federation (NFF) welcomes the invitation to prepare a submission to the Carbon Abatement Expert Panel discussion paper examining opportunities for further carbon abatement. In the transition towards a low carbon future, the farm sector will play a key role in reducing emissions consistent with the Paris Target Agreement.

The farm sector manages over 50 per cent of the landscape and is therefore well-placed to contribute to reducing emissions. The NFF's 2030 Roadmap aspiration for agriculture to become a $100 billion industry by 2030 will be met by sustainably growing the industry as we seek to be trending towards carbon neutrality by 2030. However, the nature of Australian agriculture presents a unique challenge for the industry shifting towards carbon neutrality, particularly as:

- More than 75 per cent of Australian agriculture produce is exported, and that as a trade exposed sector, we must remain competitive within international markets; and
- Farmers are price takers and do not have the ability to pass on costs, in contrast with other sectors.

The NFF is of the view that ongoing research and development will be necessary to drive innovation, build resilience, and provide the economic incentives for farmers to participate in emissions reduction activities, including the carbon market and others.

Nevertheless, there are existing and potential future opportunities for the agriculture sector to further engage in emissions reduction activities. The Emissions Reduction Fund (now the Climate Solutions Fund (CSF)) is rightly identified as one avenue where the sector has benefited, particularly through vegetation projects. Notwithstanding concerns that the NFF has raised in the past, and also identified in the discussion paper, the CSF remains the primary mechanism for farmers to reduce emissions.

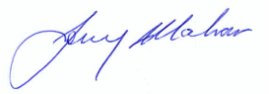
The NFF strongly supports the consideration of new options to be incorporated within the CSF, but note that existing methods can be also be improved to facilitate uptake. For example, under the two forest plantations projects, farm forestry and plantation projects are currently excluded from CSF if they are in areas that receive more than 400 mm (for farm forestry methodology) and 600 mm (for plantation methodology) average annual rainfall. Improving existing methodologies will go some way to address their low uptake. Having 88 per cent of currently contracted abatement being delivered under five methods, of a potential 36, suggests there is major scope for improvement. We believe there are also opportunities to improve the methodology measurement requirements, particularly FullCAM and soils.

A number of organisations support 'banding' or dedicated auctions, where projects of a similar type that offer co-benefits compete only amongst themselves rather than with the broader set of projects that would otherwise participate at the auction. There is a view that projects in some sectors including those more likely to deliver co-benefits experience higher implementation costs than other projects types and are disadvantaged at auctions if the main purchasing criteria is least cost ACCUs.

The NFF also supports the potential for additional energy efficiency projects to be made available under the CSF as it may provide a pathway that farmers could utilise. The Clean Energy Finance Corporation developed a practical guide to lowering on-farm energy use and carbon emissions which the Panel may find useful in considering new options. The guide is available here.

The NFF would be pleased to further engage the Expert Panel on this issue. For further information, please contact Warwick Ragg, General Manager NRM, on (02) 6269 5666.

Yours sincerely



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