

BCA Submission

Agriculture, Land and Emissions Plan

December 2023

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1. Overview

The Business Council of Australia (BCA) welcomes the opportunity to respond to the Department of Agriculture, Fisheries and Forestry's agriculture, land and emissions discussion paper. We welcome the development of this Agriculture and Land Sector Plan as an opportunity for Australia to pursue its net zero objectives as efficiently, effectively and equitably as possible, and to support our regional trading partners on their pathways to net zero. Agriculture and the land will have an important role to play in helping Australia to transition to a net zero economy. A strong, economically efficient, global effort to reduce emissions is in the interest of Australian producers and land managers.

The BCA supports the government taking a co-ordinated approach across the six sector plans to determine the most effective way to reach our net zero 2050 target, including setting a target for 2035.

2. Context

The emissions and sequestration associated with activity in agriculture and the land make up a significant part of Australia's, and the world's, greenhouse gas emissions. As noted by the Intergovernmental Panel on Climate Change (IPCC) (2018) reducing those emissions and increasing carbon stored in the land is an important part of stabilising global temperatures.

The Australian Government signed the Paris Agreement and committed to ambitious emission reduction goals, including reaching net zero emissions by 2050. Meeting the emission reduction goal will position Australia's export oriented agricultural sector to take advantage of a shift in markets that is expected to flow from the global transition towards lower emissions.

The Agricultural and Land Sector Plan focuses on emissions that come directly from activities in agriculture and on the land (scope 1 emission) and emissions associated with energy, fuel, and electricity use (scope 2 emission). For now, Indirect emissions from manufacturing of inputs (scope 3 emission) is not being addressed by the Plan.

3. Key points

- We strongly believe that the land sector will play a crucial role in providing offsets for the net-zero challenge. Its ability to sequester carbon, preserve biodiversity, and promote sustainable practices will be essential for achieving net-zero emissions.
- The government should ensure a consistent approach for assessing emissions so as to create a level-playing field for all stakeholders, and emissions reporting should be practical, simple, and easy for the various stakeholders involved.
- It may be useful to establish a rating scheme or standardised approach to assess projects aimed at emissions reduction, resilience building, and additional value creation, such as positive social impact. This could prove instrumental in directing capital toward high-quality initiatives.
- State and territory Governments in Australia actively pursue individual climate and agriculture targets with on-ground initiatives; therefore, we advocate for collaboration between State and Federal Governments to align agreed goals and principles for a unified framework.
- Switching to renewable gases, such as biomethane, instead of fossil fuels for energy is effective in cutting carbon emissions. However, there are barriers to the recognition of the emission reductions value of biomethane injected into the gas infrastructure under the current National Greenhouse and Energy Reporting Scheme (NGERS). We strongly recommend addressing these barriers to better acknowledge the environmental benefits of utilising biomethane.
- The digestate obtained in the biogas production can be used as biofertilizer and return organic carbon back into the soil reducing demand for the carbon-intensive production of mineral fertilisers. However, there are regulatory barriers for the end use of digestate and we recommend addressing this issue.
- Modelling, mapping, and data systems would be helpful in making informed decisions on land use and management. Government should play its role in assisting the emergence of recognised and standardised data sets and maps to prevent inefficiencies, such as conflicting data sources with varying numbers.

- The Government should consider funding education programs that teach regenerative farming practices and funding research to prove the benefits of sustainable farming.

3.1 The need for higher ambition

- The core objective of this theme is to promote a comprehensive approach that integrates climate risk reduction, market access, biodiversity conservation and collaboration with First Nations peoples to enhance sustainability, resilience and economic opportunities in Australia's agriculture sector occurring domestically and overseas.
 - It is noted that global agricultural productivity has slowed due to climate change at the same time ABARES (2021) has reported a 23 per cent reduction in profitability for Australian broadacre farms. There is a risk that despite advances, agricultural productivity growth may be outpaced by the impacts of climate change, including more frequent and severe natural disasters, localised changes to growing regions and heightened biosecurity risks. Therefore, the plan should aim to take strong action to mitigate climate change risk and reduce adaptation challenges.
 - Governments worldwide are formulating emissions policies in line with the Paris Agreement, and Australia's agricultural industry is likely to face evolving requirements. Verifiable low-emissions production systems will ensure Australian producers' ability to maintain access to capital and global markets
 - The Government should continue in its efforts to align with international requirements for standardised disclosure of climate and other sustainability related financial risks and opportunities. This will ensure Australia's financial reporting framework is appropriately positioned for the expansion of international standard-setting priorities on climate and sustainability reporting.
 - Investors and corporates have started focusing on ways to demonstrate environmental credentials and achieve positive outcomes for nature. Australia should continue to advance environmental initiatives by aligning its efforts to address climate change and biodiversity decline. The Government's Nature Repair legislation should be a robust and verifiable system, providing a framework to assess and demonstrate improvements to biodiversity.
 - It is noted that Australian agriculture could play an important role as a supplier of lower emissions food and fibre, meeting growing food demand while meeting global emissions goals. The Plan should aim to leverage this opportunity so that Australian producers could displace higher emissions intensive production from other countries.
 - The Plan should also aim to make use of traditional knowledge and include First Nations interests and businesses in order to build a more prosperous community and promote biodiversity conservation efforts on Indigenous protected areas.
 - It may be useful to establish a rating scheme or standardised approach to assess projects aimed at emissions reduction, resilience building and additional value creation, such as positive social impact. This could prove instrumental in directing capital toward high-quality initiatives.
 - One of the key barriers to action could be the risk of low- or no-income during transition years, thus extension and peer support must be supported. Additionally, government involvement in resolving uncertainties surrounding soil carbon sequestration (including factors like depth, management and limits) can contribute to greater knowledge of these issues and actively educating stakeholders.

3.2 Building on existing effort and knowledge

- The Plan aims to build on existing efforts and knowledge to position Australian agriculture as a global leader in sustainability and productivity.
 - Australian agriculture is leading the world with below average emissions for beef and grain production. The agricultural industry has set a goal to reach \$100 billion in farmgate value by 2030 (NFF 2018). Achieving this, while reducing emissions, will likely require greater efficiency and productivity improvements. The plan should recognise and build on the existing effort to reduce emissions.
 - It is useful to build a framework that values and integrates the traditional knowledge of First Nations peoples into the national toolkit for addressing climate change, with a focus on collaboration, respect and empowerment of Indigenous communities.

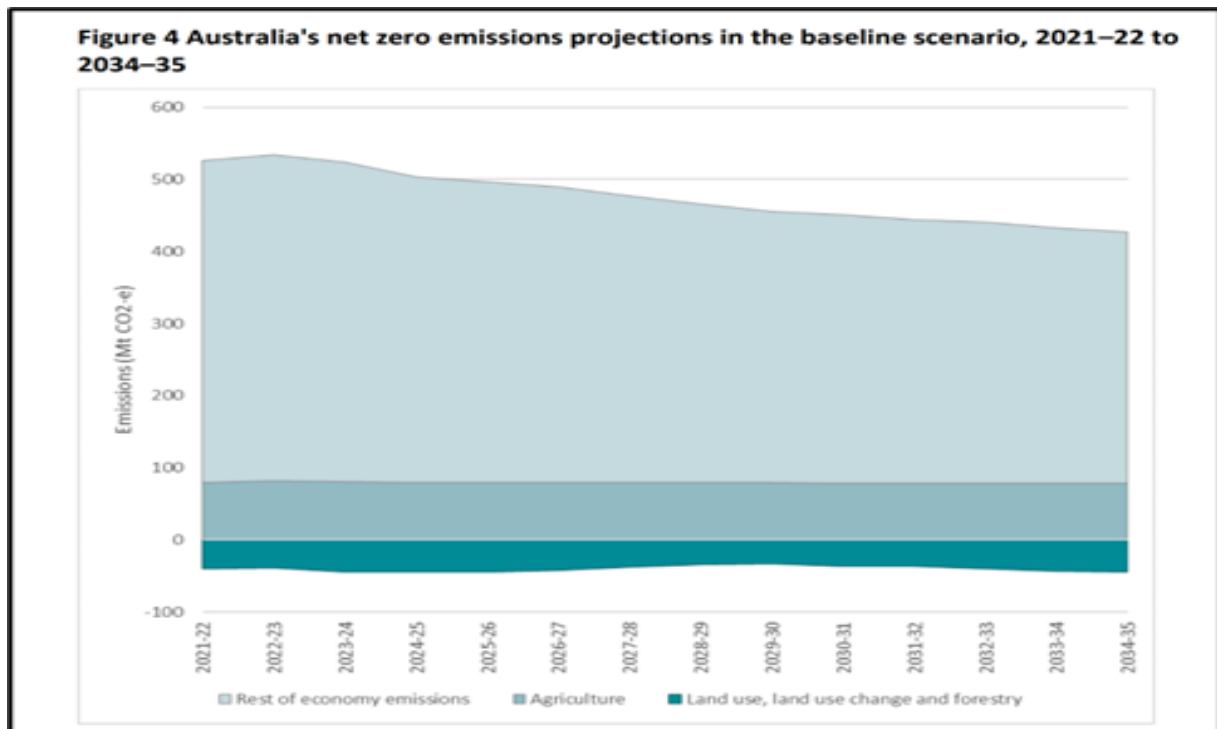
- The Plan should aim to empower local communities and engage with farmers who have successfully transitioned, identify effective strategies and scale proven models.
- It is noted that the state and territory governments in Australia are actively pursuing their own climate and agriculture targets through various on-ground initiatives and comprehensive strategies. It is absolutely crucial for state and Federal governments to collaborate on agreed goals and principles so that there is alignment around a framework.
- The Plan should aim to enhance environmental laws for improved outcomes, empower private landholders to invest in natural capital and implement strategies to expand protected areas. These measures will also likely enhance land-based carbon storage capacity.
- Thought leadership and evidence is also being collected in organisations outside universities, this highlights the need for research to match the rapid transformation in regenerative farming practices.
- The plan should also consider learning from Farming for the Future program that links natural capital and farm profitability.

3.3 Opportunities to reduce emissions

- The Plan aims to address emissions reduction by tapping into established and scalable technologies as well as emerging technologies and practices in livestock, cropping and horticulture, fuel and energy and land-based carbon storage.
 - It is noted that the enteric fermentation in ruminant animals is one of the largest sources of methane emissions. The Plan should focus on established and scalable technologies and practices, and emerging technologies to reduce emissions due to livestock.
 - It is noted that the cropping and horticulture sectors contribute nitrous oxide and carbon dioxide emissions. The Plan should focus on established and scalable technologies and practices, and emerging technologies to reduce emissions in cropping and horticulture. We recommend supporting programs to investigate and implement appropriate use of enhanced efficiency fertilisers and other nutrient management practices to reduce emissions. This requires collaboration between researchers, industry and growers to set the science-base and ‘ground rules’, as well as policy makers to set the appropriate enabling environment.
 - The Government should also encourage the cultivation of healthy soils through diverse plant species that support soil biology for nutrient provision. This involves offering clear case studies of successful outcomes, widespread education on soil biology and demonstrations of profitable farming without heavy input reliance.
 - It is noted that fuel and energy use for agriculture is also a source of emissions. The Plan should focus on increasing renewable energy use, bio energy generation and energy efficiency initiatives. The Plan should also monitor emerging technologies that may reduce emissions. Combining agricultural activities with the production and use of renewable gases may offer decarbonisation opportunities and additional income streams to the agriculture sector providing the right policy settings are in place.
 - The use of renewable gases as substitutes for fossil fuels for energy reduces carbon emissions. However, there are barriers to the recognition of the emissions reduction value of biomethane injected into the gas infrastructure under current National Greenhouse and Energy Reporting Scheme (NGERS) and we recommend these be addressed.
 - The digestate obtained in the biogas production can be used as biofertilizer and return organic carbon back into the soil reducing demand for the carbon-intensive production of mineral fertilisers and potentially generating additional revenue. However, there are regulatory barriers for the end use of digestate and we recommend these be addressed.
 - It is noted that LULUCF is currently net sink in the NGA. The Plan should aim to encourage producers and First Nations peoples, council reserves, coastal reserves and public utilities with land to take up new opportunities that may lead to more land-based carbon storage.

3.4 Developing emissions pathways

- The plan aims to explore different ways for agriculture and land to contribute to whole-of-economy emission goals, whilst also delivering on national priorities that include a profitable and productive future for agriculture, and sustainable management of Australian landscapes.
 - It is noted that The DCCEEW's emissions projections see agriculture's emissions remaining relatively stable to 2035.
 - However, we are concerned that the sector may face challenges in maintaining momentum and achieving the net-zero target between 2035 and 2050 if there is no emissions reduction objective until 2035. We would also like to emphasise there is limited timeframe for action leading up 2030 (only 6 more planting/harvests left between now and 2030).



- It is noted that Australia's agricultural industry is export focused and therefore the global context is very important. In the long-term outlook, the Plan should aim for more mixed farming where producers supply larger volumes of lower emissions food and fibre into global markets, integrated with the provision of carbon and biodiversity outcomes at the farm-scale. The agriculture and land sector can contribute to emissions pathways over the medium and longer term by delivering productivity improvements in parallel with reduced emissions.
- It is noted that there is strong interest from some parts of the industry in exploring alternative goals, as well as differentiated approaches to reporting on greenhouse gases, including methane. Many countries and regions, including the European Union and major agricultural commodity exporters such as the United States, Brazil and Indonesia, are prioritising the reduction of methane. Agricultural methane makes up around 50 per cent of Australia's total methane emissions. The Plan must aim to reduce agricultural methane to help meet Australia's commitment to the Global Methane Pledge, which aims to collectively reduce global methane emissions by 30 per cent on 2020 levels by 2030.

3.5 Supporting and enabling change

- The Plan is aimed at addressing the gap between promising solutions and their commercial-scale availability for adoption on farms. The Plan aims to create a conducive environment for emissions reduction in agriculture by addressing barriers, building capacity and ensuring a supportive system at both national and international levels. It emphasises collaboration and knowledge sharing and incentivises investments in sustainable practices.
 - It is noted that there is a gap between promising solutions and commercial scale availability for adoption on-farm. BCA suggests that this discrepancy be resolved to facilitate broader adoption within the agricultural industry. It is also important to explore alternative and emerging practices, as well as learn from the original and continuing land management practices of Australia's First Nations people.
 - It is noted that building capacity, new skills and roles will be crucial for building a low emissions future.
 - It is noted that a range of potential management options can be difficult for producers to navigate. Existing networks of trusted agricultural extension and service providers could play a strong role in helping producers make decisions on-farm.
 - It is noted that understanding emission profiles for businesses is critical. The BCA supports the Government's role in assuring performance of the carbon calculator and providing standardisation. This would help to create standardisation within the industry, promoting consistency and trustworthiness in emissions measurement tools.
 - It is noted that decisions about land use changes for emissions reduction and carbon storage entail weighing up benefits and trade-offs, spanning agricultural production, biodiversity, water availability and alignment with traditional practices. Modelling, mapping and data systems would be helpful in making informed decisions on land use and management. Government has a role to play in encouraging the emergence of recognised standardised data sets and maps to prevent inefficiencies, such as conflicting data sources with varying numbers.
 - It is noted that Australian producers operate in global supply chains and a global marketplace. Global markets, supply chains and private capital are seeking product and investment options with lower emissions and climate risks. However, these are yet to translate into widespread incentives for on-ground investment in new technologies and practices. The plan should aim to provide greater policy certainty and incentives to unlock private investment and action.
 - Australia also must stay engaged internationally to draw on the international research and development effort, learn from other countries' experiences, and position itself as a trading partner of choice to establish strong leadership and direction.
 - It is noted that there is an increasing expectation that businesses will understand and report on their emissions. The plan must aim to provide standardised approaches to reduce the reporting burden and support interoperability across supply chains. The Government should enable and ensure a consistent approach for assessing and reporting emissions to create a level-playing field for all stakeholders, and so emissions reporting is practical, simple and easy for the various stakeholders involved.
 - The Government may consider funding education programs that teach regenerative farming practices and funding research to prove the benefits of sustainable farming.
 - It is noted that delivering emissions reductions and expanding carbon storage across agriculture and the land will require investment from government, industry and private actors. The BCA supports leveraging existing markets, including the carbon market, investing in technological improvements, and fostering innovation.
 - The Government can play a direct role in easing the burden on landholders and other stakeholders by publishing, in full geo-spatial format, the underlying data used for Australia's LULUCF (i.e. land use change) emissions. This could potentially occur through the newly established Environmental Information Agency.