



## **Agriculture, land and emissions**

Submission from the Labor Environment Action Network

13 December 2023

LEAN welcomes the Government's commitment to reducing greenhouse gas emissions, including through specific sectoral plans. We particularly welcome the Government's acknowledgement of the need to address emissions from the land sector, which was the subject of a LEAN campaign in the lead-up to the 2023 ALP National Conference.

LEAN understands the Government's decision to prepare sectoral plans for emissions reduction is grounded in its intention to meet its overall emissions reduction target across the economy, to avoid any one sector bearing a disproportionate burden. LEAN is, however, concerned that separate sectoral plans risk embedding unnecessary inefficiencies in the economy. Moreover, to ensure that each sector bears a proportionate share of the emissions reduction burden, the Government will need to allocate sector targets to ensure that the plans overall deliver at least the legislated floor commitment to a 43% reduction in 2005 emissions levels by 2030.

LEAN notes that an economy-wide carbon price, or a broad-based carbon levy, would avoid the inefficiencies inherent in keeping emission reduction strategies discrete to each sector. Such an approach would also solve the dilemma of farmers who must choose between using their carbon drawdowns to offset their on-farm emissions, and selling them onto the market. An economy-wide pricing system would mean they would get the same value for those offsets on- or off-farm.

The Government's discussion paper outlines some welcome initiatives to promote innovation and encourage adoption of emissions-reducing technologies and practices on Australian farms.

But the paper also has significant lacunae.

In the year to June 2023, emissions from forest logging and clearing and agriculture together were around 120 Mt CO<sub>2</sub>-e,<sup>1</sup> which was 79% of the emissions from the entire electricity sector (152 million tonnes), or around 6 of Australia's largest coal-fired power plants. Unlike other sectors (notably electricity) where emissions are decreasing, Australia's land sector emissions rose 3.8% in the year to June 2022.<sup>2</sup>

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<sup>1</sup> Quarterly Update of Australia's National Greenhouse Gas Inventory: June 2023, Australian Government Department of Climate Change, Energy, the Environment and Water,

<sup>2</sup> Based on a 2,000 kW coal-fired power plant emitting an average of 0.9kg CO<sub>2</sub> per kWh generated. The estimated emissions are from the Energy Council of Australia, 'Will coal play a role in the NEM', February 2017, <https://www.energycouncil.com.au/analysis/will-coal-play-a-role-in-the-new-nem/>

Excluding avoided deforestation (forests remaining forests at 40Mt CO<sub>2</sub>-e) and forest restoration (land converted to forest at 50Mt CO<sub>2</sub>-e), Australia's total greenhouse gas emissions in the year to June 2023 were around 555 million tonnes, or around 22%, similar to the IPCC's 2019 estimate that around 22% of global greenhouse gas emissions came from the land sector.<sup>3</sup> A McKinsey/World Economic Forum report<sup>4</sup> from 2021 estimates that nature-based solutions globally can contribute one third of cost-effective solutions to stabilise warming within the 1.5 degree threshold.

Australia's land sector emissions have historically been so high that avoided land clearing due to changes to NSW and Queensland state regulations were sufficient to deliver all of Australia's commitment under the Kyoto Protocol,<sup>5</sup> largely because of the operation of the 'Australia clause' which allowed countries where land use change and forestry were a net source of emissions to count those towards its baseline.<sup>6</sup>

The largest areas of clearing occur in Queensland (417,000 ha 2019-20<sup>7</sup> and 680,000 2018-19), followed by New South Wales and Northern Territory. A 5 year study<sup>8</sup> of Queensland government data found that clearing for livestock pasture accounted for 92% of all forest clearing. Clearing for forestry, crops, infrastructure, mines and settlements accounted for 7% of all woody vegetation clearing. Of the 92% clearing for pasture, 73% was for beef. According to NSW Government figures, agriculture and infrastructure were responsible for 21,500 ha of clearing in 2020.<sup>9</sup>

Between 2000 and 2017, an estimated 7.7 million hectares of threatened species habitat was cleared.<sup>10</sup>

Despite these significant contributions to Australia's overall greenhouse gas emissions, the paper does not propose policy proposals to address the emissions either from broadscale clearing of agricultural land, nor from continued logging of native forests.

The paper does note the potential carbon drawdown benefits of encouraging greater tree planting and mixed cropping on farms for farm incomes (including by taking advantage of new markets for carbon and biodiversity credits), for biodiversity protection and restoration, and for

<sup>3</sup> IPCC, 2022, *Climate Change 2022, Mitigation of Climate Change*. Working Group III contribution to the sixth assessment report, sourced from [https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC\\_AR6\\_WGIII\\_SummaryForPolicymakers.pdf](https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_SummaryForPolicymakers.pdf)

<sup>4</sup> World Economic Forum in collaboration with McKinsey and Co, *Nature and Net Zero*, 27 May 2021 [www.weforum.org/reports/nature-and-net-zero](https://www.weforum.org/reports/nature-and-net-zero)

<sup>5</sup> *National Inventory Report 2014 and Revised Kyoto Protocol National Inventory Report 2013 Volume 1*, Commonwealth of Australia 2016, xi, Table ES.01

<sup>6</sup> *Kyoto Protocol to the UN Framework Convention on Climate Change 1997*, Article 3.7

<sup>7</sup> <https://www.qld.gov.au/environment/land/management/vegetation/slots-analysis>

<sup>8</sup> Queensland Conservation Council and Wilderness Society, *What's at Steak, Deforestation for Beef Widespread in Queensland*, 2022. Found at [https://www.researchgate.net/publication/366166437\\_What's\\_at\\_Steak\\_Deforestation\\_for\\_beef\\_widespread\\_in\\_Queensland](https://www.researchgate.net/publication/366166437_What's_at_Steak_Deforestation_for_beef_widespread_in_Queensland)

<sup>9</sup> NSW Department of Planning and Environment, *Woody vegetation change, State wide landcover tree study*, 2020 <https://www.environment.nsw.gov.au/research-and-publications/publications-search/woody-vegetation-change-statewide-landcover-tree-study-summary-report-2020>

<sup>10</sup> Ward MS, Simmonds JS, Reside AE, Watson JEM, Rhodes JR, Possingham HP, Trezise J, Fletcher R, File L & Taylor M (2019). *Lots of loss with little scrutiny: the attrition of habitat critical for threatened species in Australia*. Conservation Science and Practice 1(11):e117, cited in 2021 State of the Environment Report at <https://soe.dcccew.gov.au/biodiversity/pressures/industry>.

agricultural productivity. It does not, however, address the bigger issue of how to discourage or prevent land clearing that damages both the climate and biodiversity.

Similarly, the paper notes (in passing) the potential benefits of agroforestry without addressing the bigger issue for both the climate and biodiversity of preventing emissions from native forest logging.

To address these lacunae, LEAN offers the following proposals.

### **Preventing harmful land clearing**

LEAN supports the discussion paper's proposals to provide research and extension for farmers to ensure a broad understanding of emissions-reducing technologies and practices that can increase farm productivity and incomes and protect and restore biodiversity. LEAN supports the Government considering ways to reduce the risks of investment in innovation to these ends.

At the same time, though, given the scale of land clearing in Australia and its significance for overall greenhouse gas emissions, LEAN sees a national interest in discouraging or preventing damaging activities.

The federal government must work with its state and territory counterparts to develop a mix of carrots and sticks, including a focus on education and shifting attitudes and behaviour.

Financial incentives must be weighted against significant land clearing. LEAN supports the use of carbon and emerging biodiversity markets not only to incentivise restoration, but also to protect existing vegetation cover. Methodologies to reward farmers for protecting and enhancing existing vegetation should be prioritised for both the carbon and new nature repair markets. The 'avoided clearing' methodology allowed under the previous system saw credits issued for bushland not at risk of clearance. An Australian Carbon Credit Unit (ACCU) methodology that effectively incentivises farmers to maintain legally clearable vegetation cover is an immediate priority.

New market investments as well as government grants and incentives to avoid clearing must be guided by an investment strategy that identifies the most important locations and actions for biodiversity and carbon. The absence of such a strategy in the past has diluted the efficacy of carbon outcomes. A biodiversity and carbon investment strategy should ensure the protection and restoration of areas large enough to ensure resilience, including from fire and other threats. The conservation planning proposed under new federal environment laws must integrate these investment priorities.

Federal policy also needs to provide effective regulatory protection for carbon sinks on farms. The primary regulatory tool for the federal government is the national environment laws, which are currently under active review. In order to capture clearing with a significant impact on matters of national environmental significance (as defined in the laws), LEAN proposes the

Government create a strict liability offence to cause a significant impact to a matter of national environmental significance, unless specific approval has been sought and obtained.

In many cases, individual landholders may not be aware of their obligations to protect matters of environmental significance on their property. LEAN therefore proposes the Government create an ancillary liability offence of assisting or inducing a person to cause a significant impact to a matter of national environmental significance, unless a specific approval has been sought and obtained. This will ensure that, even if the landholder is unaware of their obligations, their financial institution will alert them to the need for approval.

Furthermore, the federal government needs to ensure the federal environment laws maintain full scrutiny over clearing that is approved under state legislation, in line with Australia's treaty obligations.

While the focus of the national environment laws is rightly the protection and restoration of nature and biodiversity, the Government has acknowledged that climate change is a key threatening process to all matters of national environmental significance. In this context, it would be appropriate for the Government to include a mandatory consideration of a proposed action's impact on the climate, which would cover the direct impact of land clearing, which in turn has a direct impact on the Government's ability to achieve the objects of the *Climate Change Act 2022*, including its target to reduce emissions by 43% from 2005 levels by 2030.

Finally, the Government has committed to ensure the national environment laws also address cumulative impacts to matters of national environmental significance. Implementation of this commitment could be done through regional planning or national biodiversity and land use mapping to identify priorities for consideration of cumulative impacts.

These measures together - strict liability for unapproved significant impact on a matter of national environmental significance, ancillary liability for assisting or financing such an impact, and a mandatory consideration of climate impacts and the achievement of Australia's climate commitments - would ensure land clearing is properly regulated, including for its climate impact.

### **Reducing emissions from forestry**

The discussion paper ignores the impacts of native forest logging on our most carbon rich landscapes. Given the contribution of forest clearing to Australia's emissions and the potential for healthy native forests to draw carbon out of the atmosphere, this must be addressed. Recent research shows ending logging of native forests could save around 9 million tonnes of carbon emissions every year.<sup>11</sup> This does not include the carbon drawdown from continuing healthy native forest ecosystems.

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<sup>11</sup>Sanger J, The Carbon Benefit from Protecting Australia's Public Native Forests, sourced at <https://www.linkedin.com/feed/update/urn:li:activity:7031078401469800448/>

In addition to their carbon drawdown benefit, natural ecosystems provide important services including purification of air and water, detoxification and decomposition of waste, regulation of climate, and regeneration of soil fertility. Forests play a critical role in regulating the water cycle, including mitigating floods and droughts, and protection against erosion.<sup>12</sup> Undisturbed native forests have a higher resilience to fire.<sup>13</sup>

The Albanese Labor Government has three current policy commitments relating to forestry that need to be integrated into the strategy.

Firstly, the Australian Labor Party, at its 2023 National Conference, committed to update the 1992 National Forest Policy Statement to take into account contemporary market conditions for wood fibre products and natural capital values within forests, including carbon and biodiversity values.

The Government needs to accelerate its implementation of this commitment, in particular in planning for new industries that will meet the world's growing need for sustainable wood fibre products while reducing emissions from native forest logging and providing secure skilled employment and economic opportunity for workers and communities.

In doing so, the Government must take fully into account the needs of workers and communities that currently rely on logging, and take genuine measures in consultation with affected communities to create alternative economic and employment opportunities that recognise their skills and experience and that provide the levels of income and security they currently enjoy.

Secondly, the Government has committed to removing the exemption of the Regional Forest Agreements from the application of federal environment law. The application of the federal government's responsibilities to protect critical habitat of threatened species and ecological communities will affect the harvest area available to native forest logging and is likely to deliver major structural impacts on the industry. The removal of significant parts of the harvest area will have positive impacts on Australia's emissions profile.

Finally, the Government's implementation of the review of Australian Carbon Credit Units must be accelerated and new methodologies approved to ensure that state forestry corporations can benefit from the carbon drawdown potential of ending native forest logging and generate income for the conservation and restoration of those forests and habitats.

The Government must also work with the states and territories to create a nationwide accounting system and revive the cooperative national vegetation management framework. For transparency and proper accountability, the Government should publish separate accounts for emissions abatement and emissions drawdown.

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<sup>12</sup> Daily, Gretchen C et al, *Ecosystem Services: Benefits Supplied to Human Societies by Natural Ecosystems*, Issues in Ecology No 2, Spring 1997, <https://www.esa.org/esa/wp-content/uploads/2013/03/issue2.pdf>

<sup>13</sup> Lindenmayer, D.B., Kooyman, R.M., Taylor, C. et al. 'Recent Australian wildfires made worse by logging and associated forest management', *Nat Ecol Evol* 4, 898–900 (2020)

### **First Nations land**

The development of a land industry based on carbon and biodiversity values also provides opportunities for income generation and employment opportunities on land controlled and managed by First Nations people that is not currently economically active. It provides the opportunity for First Nations people to generate income from their own intellectual property, skills and endeavour in a way controlled by them.

### **Conclusion**

The Government's proposals for addressing emissions in the land sector are laudable but insufficient. The agriculture and land sector plan for emissions reductions must directly address the issues around land clearing for agriculture and native forest logging, and include concrete and credible plans.