



**TRUST FOR
NATURE**

Address 5/379 Collins Street
Melbourne VIC 3000, Australia
Phone +61 (0)3 8631 5888
Freecall 1800 99 99 33 (Aus only)
Email trustfornature@tfn.org.au
Web www.trustfornature.org.au
ABN 60 292 993 543

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Department of Agriculture, Fisheries and Forestry

Submitted via online survey

To whom it concerns

Agriculture and Land Sectoral Plan

Trust for Nature welcomes the opportunity to make a submission to this consultation pm the Agriculture and Land Sectoral Plan (the Plan).

About Trust for Nature

Trust for Nature (the Trust) is Victoria's dedicated private land conservation agency, established under statute, and responsible for ensuring the long-term restoration, management and protection of biodiversity on private land in Victoria. Among others, it works with farmers, First Nations groups, conservation organisations and environmental market managers. It has helped protect more than 110,000 hectares of important habitat on private land, principally by entering into voluntary permanent legal agreements on title, with more than 1,600 committed landowners.

Summary

The Trust supports a high ambition approach to achieving net zero in the land and agriculture sector, including ambitious approaches to building carbon in the land and linking this to benefits for landholders and the broader public. We consider the climate and nature crises to be inextricable, particularly in agricultural landscapes, and so many of our recommendations support nature-based solutions to reaching net zero.

We note that, in addition to conventional on-farm considerations, the Plan considers 'activity on conservation lands, Indigenous Protected Areas, and other types of public and privately held land'. Our response is informed by this scope.

The Trust has responded to relevant questions below. In summary we recommend that:

1. Land valuations should recognise the value of restoration and conservation management efforts as an important risk mitigation tool on farms, and their important contribution to public carbon and nature targets.
2. The federal tax regime be reviewed such that it encourages and rewards nature conservation and carbon-friendly activities on private land.

3. Investment in nature-based solutions is required to minimise Australia's vulnerability to climate impacts and ensure government is providing clear strategic and investment direction.
4. Public sector initiatives that drive co-investment from the private and philanthropic sectors into carbon and biodiversity solutions and reward best practice should be identified and implemented.
5. Mainstream biodiversity actions within government and across the farming sector, and increase private sector capacity to achieve climate and nature-based solutions.
6. Develop a new ERF method that recognises the carbon carrying capacity of intact native forests.
7. Support on-ground stewardship and relationship building on farms and support conservation agencies and Traditional Owners to share their expertise with farmers in a cooperative way.

Q1: Opportunities and barriers to reducing emissions and building carbon stores in agriculture and the land

There are a range of barriers to reducing emissions on agricultural land. These include:

1. Land valuations

The current conventional approach to land valuation is on a \$/per head basis, eg \$/Dry Sheep Equivalent (DSE). In our experience land is typically devalued if it is perceived as 'unproductive', eg in remnant bush or revegetation areas. This approach is in our view outdated and fails to take account of the ecosystem services provided by natural or conservation areas on farms. It further actively disincentivises conservation, land restoration and carbon-friendly activities.

Recommendation: Land valuations should recognise the value of restoration and conservation management efforts as an important risk mitigation tool on farms, and their important contribution to public carbon and nature targets.

2. Tax incentives

Landholders managing their land for conservation (in contrast to primary production) are not eligible to claim capital expenditure for their management expenses – even if they are undertaking similar activities (e.g. weed and pest control). Many of these activities are helping to build landscape-level resilience that benefit farms.

There is an urgent need for a review of Australia's federal tax code, to remove barriers to nature positive actions, and in recognition of the public benefits of these activities, particularly for agricultural lands. For example:

- a. expand the 'Landcare operations' deductions under s.40.630 of the Income Tax Assessment Act (ITAA) to include 'ecological management and restoration' or 'management and restoration of ecosystem goods and services'

- b. remove GST on land sales and purchases for land managed for conservation, in line with the settings for land used for farming, business or residential purposes
- c. expand income tax settings under the ITAA to better support conservation management activities on and off farms.

Recommendations: The federal tax regime must be reviewed such that it encourages and rewards nature conservation and carbon-friendly activities on private land.

This recommendation echoes recommendation 28 of the Samuel review of the EPBC Act, to foster private sector participation in environmental restoration, including by way of the tax code (recommendation 28(d)).ⁱ There are also helpful precedents to draw on from the US, which offers a range of tax incentives including generous tax-deductions for protecting and managing conservation lands;ⁱⁱ bargain sales for ecological services/gifts, New Market Tax Credits, tradeable tax credits and State tax credits.ⁱⁱⁱ

Q2: Progressing emission reduction efforts whilst building resilience and adapting to climate change

In our view progressing emission reduction efforts is complimentary to building resilience and adapting to climate change.

3. Nature-based solutions

The Trust supports efforts that support nature-based solutions, such as conserving and restoring forests, wetlands and other natural infrastructure. Well-managed ecosystems can reduce the impact of many natural hazards, such as flooding, storm surges and bushfires.^{iv} This helps communities (including farming communities) to prepare for, cope with, and recover from the impacts of climate change, at the same time as progressing emissions reduction efforts.

There is an urgent need to invest in nature-based solutions to minimise vulnerability to climate impacts. It is well-established that investments in preventative measures, including in maintaining healthy ecosystems, restoring natural refuges that provide shade and shelter, etc, are much more economical than the costs incurred by climate impacts, including agricultural losses.^v

Policy makers should articulate clear actions and strategies that support landscape-scale approaches to environmental management and increase nature-based solutions. This will provide important signals the allow the farming, conservation and other sectors to actively plan for and fund landscape scale environmental management that supports adaptive resilience.

Recommendation: Investment in nature-based solutions is required to minimise Australia's vulnerability to climate impacts and ensure government is providing clear strategic and investment direction.

Q3: Building on existing effort and knowledge – Initiatives or innovative programs underway that could be applied or expanded on at a national scale

4. Investment and partnerships

There are a range of existing models that could be scaled for impact in the ag / carbon space. For example:

- a. a Commonwealth conservation co-investment partnerships program could draw on State based models^{vi} to address multiple objectives (e.g. climate change and biodiversity conservation) and leverage significant additional private and philanthropic investment into conservation.
- b. a Commonwealth Revenue-dependent conservation loans scheme, similar to the operation of the Higher Education Contribution Scheme (HECS), could provide private landholders with low-interest loans to encourage restoration of degraded landscapes, and protection of land with significant conservation values. Ideally this loan program would be designed to align with various policy initiatives including the ERF and the Nature Repair Market.
- c. a specialist Commonwealth investment body for nature positive solutions, similar to the established Clean Energy Finance Corporation (CEFC), could invest on behalf the Australian Government alongside private and philanthropic investors in projects designed to develop nature positive solutions and contribute towards the delivery of 30x30. This could be underpinned by a social impact investment outcomes fund.

Recommendation: Identify and implement public sector initiatives that drive co-investment from the private and philanthropic sectors into carbon and biodiversity solutions and reward best practice.

Q6: Reducing emissions – What are the practical solutions to increase uptake?

As noted at Q1, landholders experience a range of barriers to managing, restoring and protecting their land for carbon and nature-based outcomes; these should be addressed.

5. Supporting the mainstreaming of climate and biodiversity action

In addition, it is critical that there is a shared sense of responsibility around solving the dual climate and biodiversity crises: they must be taken on by the whole of government, not just the Environment portfolio; and driven by the private sector and by the broader community, not just the conservation sector. The Australian Government has a critical role to play in this mainstreaming process, including:

- a. getting buy-in from senior Ministers for naturebased solutions to climate and nature loss, including via the implementation of the new National Biodiversity Strategy
- b. ensuring the environment sector is at the table for national strategic decision-making
- c. driving community and business awareness around our dependencies on nature
- d. ensuring that public funds for biodiversity management and protection are sourced from sectors that rely on biodiversity, including agriculture, tourism and health;
- e. working on ways to dispel the brown / green divide among some parts of the farming sector, and support ways for primary producers and environmental groups and service providers to work productively together.

6. Increasing private sector capacity

The business sector is ready to invest in conservation, but the pathways to do so are still unclear. Some opportunities to support this process include:

- a. establishing an agreed national Natural Capital Accounting (NCA) framework, both to allow the farming and business sectors to measure the positive and negative impacts they are having on biodiversity, and link this to economic returns. NCA will also be critical measurement tool in the context of emerging biodiversity markets.
- b. enabling TCFD and TNFD: There is significant opportunity for the Taskforce for Carbon-based Financial Disclosure (CNFD) and Nature-based Financial Disclosure (TNFD) frameworks to drive private investment in the protection and restoration of nature. Following disclosure, the private sector will be looking to invest in nature to address their impacts and dependencies, and mitigate risks. At that point it will be critically important that the private sector has access to expert technical advice from conservation and Indigenous NRM organisations on how to have the greatest impact with their investments in nature.

Recommendation: Mainstream biodiversity actions within government and across the farming sector, and increase private sector capacity to achieve climate and nature based solutions.

Q9: New initiatives to support emissions reductions

7. New methods for the Emissions Reduction Fund

The Trust stewards vast carbon stores for the public good, and is achieving significant carbon benefits through its many and varied projects, yet is frustrated by the extremely limited opportunities to have those carbon benefits recognised through the existing CFI framework. We support an alternative modelling approach that better recognises the carbon carrying capacity of intact native forests.

There is a strong body of scientific evidence that the most effective climate mitigation action in the forest sector is to protect intact native forest carbon stocks, followed by restoration of degraded native forest carbon stocks, followed by restoration plantings. While existing forests may not sequester carbon at the same rate as new forests, the many other benefits that protection of such forests provides (such as climate change resilience, biodiversity, and connectivity) justify careful consideration of a revised approach.

While state-based native vegetation clearing laws go some way to preventing clearing of these forests in theory, they are neither secure (these regulations can be weakened or abolished at any time), nor do they provide incentives or resources to actively maintain and restore native vegetation on private land.

We acknowledge that additionality issues arise when including carbon captured in existing forests, yet given their value from a carbon perspective we believe that more policy attention should be given to recognising and rewarding that value.

Alternatively, additionality requirements could be satisfied if a new method recognised conservation covenants entered into in the future, which protect native remnant vegetation on private land. This would incentivise action by a new group of private landholders to maintain and restore native vegetation in perpetuity.

Recommendation: Develop a new ERF method that recognises the carbon carrying capacity of intact native forests.

Q11: Land manager skills, knowledge and capabilities

8. Building landholder awareness of the benefits of ecosystem services

As noted above, there are a range of opportunities to build knowledge and capacity among landholders, including:

- a. rewarding best practice via investment, incentives and markets
- b. drawing on research including on farm-scale natural capital accounting^{vii} to educate landholders on the value of ecosystem services and opportunities to improve environmental and productivity outcomes
- c. working on ways to dispel the brown / green divide among some parts of the farming sector, and support ways for primary producers and environmental service providers to work productively together.

9. Supporting experts in conservation to deliver on-ground outcomes

Trust for Nature, along with other land trusts and member organisations of the Australian Land Conservation Alliance (ALCA) bring extensive expertise and on-ground skills that can help meet net zero carbon targets as well as meeting 30x30 protected area commitments. In addition, First Nations Peoples have been custodians of Country for thousands of years. It is critical that these groups and organisations are given pathways to help guide the farming and business sectors in directing investments. For example:

- a. Supporting on-ground stewardship and relationship building via additional funding and partnerships
- b. Enhancing and supporting the role and capacity of Traditional Owners in conservation, including via better supported IPA programs and building capacity for Traditional Owner participation in land management and conservation.

Recommendation: Support on-ground stewardship and relationship building on farms and support conservation agencies and Traditional Owners to share their expertise with farmers in a cooperative way.

We look forward to seeing the final Plan and welcome any opportunity to expand on this submission.

Kind regards



Corinne Proske
CEO



Cecilia Riebl
Senior Policy Advisor

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- ⁱ <https://epbcactreview.environment.gov.au/resources/final-report/recommendations>
- ⁱⁱ See Internal Revenue Code section 170(h) <https://www.law.cornell.edu/uscode/text/26/170>; see also https://en.wikipedia.org/wiki/Conservation_easement
- ⁱⁱⁱ See Conservation Finance Scoping Paper 2018, section 4.3.3.
- ^{iv} Wetlands and resilience to natural hazards, DCCEEW: <https://www.dcceew.gov.au/water/wetlands/publications/factsheet-wetlands-resilience-natural-hazards#:~:text=Well%2Dmanaged%20ecosystems%20can%20reduce,the%20intensity%20of%20the%20event>
See also: https://wwf.panda.org/wwf_news/?133901/Environmental-protection-vital-to-reducing-natural-disaster-impact-WWF
- ^v For example: Valuation of disaster risk reduction ecosystem services of Australia's coastal wetlands: review and recommendations, IDEEA Group, 2020: <https://www.dcceew.gov.au/water/wetlands/publications/valuation-disaster-risk-reduction-ecosystem-services-australias-coastal-wetlands-review-recommendations>; Investment in Disaster Risk Management in Europe Makes Economic Sense: Summary Report, World Bank & European Union, 2021: <https://documents1.worldbank.org/curated/en/873811622437677342/pdf/Summary-Report.pdf>.
- ^{vi} Eg BushBank or the Nature Fund: <https://www.environment.vic.gov.au/bushbank/> / <https://www.environment.vic.gov.au/nature-fund>.
- ^{vii} See eg La Trobe University's Farm-Scale Natural Capital Accounts: <https://www.latrobe.edu.au/research/centres/environment/future-landscapes/research/interventions/natural-capital-accounting>