Agricultural Land and Emissions

WAFarmers Submission

SUBMISSION: Agriculture and Land Sector Plan

WAFarmers welcomes the opportunity to provide feedback on the (draft) **Agriculture and Land Sector Plan** and makes the following overarching points in line with those made by the Grains Industry WA:

- Australian agriculture, including grain production, is unlikely to ever be carbon neutral.
- Australian agriculture is crucial to domestic and international food security, particularly as populations continue to grow.
- Australian farmers are already very efficient, leaving little opportunity to pare back inputs as a primary mechanism to reduce emissions.
- Agricultural land is under increasing pressure to provide offsets for other high polluting, non-agriculture sector industries, or to be utilised for renewable energy projects, or to provide woody feedstock for biofuel production.
- Emissions from nitrogenous fertilisers and fuel use (diesel) are significant on-farm sources of emissions for grain production.
- All parts of the agriculture supply chain must take responsibility for reducing their own emissions.
- Much work still needs to be done to accurately quantify and benchmark emissions from current agricultural practices and potential, less carbon intensive alternatives, and to then upskill growers in how they can transition to these new practices while remaining financially viable.
- WAFarmers want to see a 'Just Transition'. We need to ensure that the transition to a low carbon economy leaves no farmers behind, and all farmers are able to access adequate support through programs.

Consequently, WAFarmers believes effective government policies, incentives and programs are needed to:

- Balance the inherent tension between emissions reduction and food security.
- Unlock all options for reducing emissions, while ensuring food safety standards are met and market access is maintained.
- Ensure prime agricultural land is protected for the long-term production of food and fibre.
- Help drive the accelerated development and local production of green (low embedded emissions) nitrogenous fertilisers and biodiesel.
- Minimises the cost of undertaking baseline soil-carbon surveys and the administrative burden associated with calculating and reporting on emissions.
- Incentivise greater use of biodiesel and the production of on-farm renewable energy.
- Identify opportunities for new markets or new or differentiated products that generate price premiums through growers' adoption of sustainable farm practices. This would help reduce the cost burden for growers of adopting low emissions practices.

- Simplification of the regulatory system for registering and monitoring carbon sequestration in the agriculture industry, which are currently lengthy, expensive and complicated.
- Provide taxation incentives, accelerated depreciation, rebates or other incentives to hasten adoption of improved practices.
- Train and accredit independent advisers to assist growers with decision making and to undertake their reporting requirements.
- Enable research which:
    - Delivers a reliable, trusted but user friendly "industry standard" carbon calculator.
    - Accurately quantifies emissions from current and new agricultural practices in order to benchmark current emissions, guide future actions and track change.
    - Quantifies and provides a better understanding of options to manage emissions from crop residues.
    - Quantifies emissions from existing and new fertilisers, their effect on productivity, and identifying ways to limit fertiliser losses (particularly of nitrogenous fertilisers).

In response to the posed questions WAFarmers provides the following answers:

1. **What are the opportunities to reduce emissions and build carbon stores in agriculture and the land?**

    - For grain farmers, adoption of biodiesel, green fertiliser, low emissions tractors, larger more efficient seeding and harvest equipment and changing land use practices crop and pasture rotations to increase carbon sequestration.
    - For livestock farmers, improved genetics, longer-lived cows, smart fertiliser use, home grown feed, increased soil carbon, energy efficiency, renewable energy plus batteries, methane vaccines and feed additives represent the main opportunities.

    What are the main barriers to action?

    - Agricultural emissions are hard to abate and net zero will be challenging without some offsetting.
    - Right market pricing incentives to change farming practices.
    - Cost of undertaking base line survey of soil carbon
    - Low price of ACCUs
    - High cost of inputs modified to reduce emissions
    - Lack of credible multi year field trials
    - Lack of peer reviewed cost benefit research reports

2. **How can we progress emission reduction efforts whilst also building resilience and adapting to climate change?**

    - Ensure the economic incentives are sufficient to drive change

3. **Are there initiatives or innovative programs underway that could be applied or expanded on at a national scale?**

    - Removing the price cap on ACCU's
    - Accelerated depreciation and tax deductions

- Government grants for the cost of establishing farm carbon soil base lines.
- Funding genetic breeding programs

4. **How can the Australian Government bring together existing effort and new initiatives into one coordinated plan?**

The Australian government needs to identify what is achievable in the short, medium and long term and what incentives and funding will be made available to achieve these outcomes.

Establish a central agency is needed that can identify and administer the right incentives to provide the market with the signals to act, be it research grants or tax incentives for land managers.

What are the most important options to be further adopted or supported, looking in the short and the longer-term?

- Cost competitive carbon neutral fertiliser
- Cost competitive low emissions fuels
- Incentives to invest in genetics
- Identification of markets that will pay a premium for carbon neutral primary products
- Incentives to upgrade farm machinery to fuel efficient engines
- Incentives to undertake base line mapping of soil carbon
- Drive up the price of ACCUs

5. **What are the practical solutions to increase uptake?**

- Unleash market forces
- Taxation incentives

6. **How do you see the agriculture and land sectors contributing over the medium and longer term?**

The expectation that the soil carbon capture potential of 541 million tonnes from the agricultural sector is a solution for Australia's emissions is highly unlikely to be met under the current economic drivers.

Agricultures GDP growth in agriculture over the past 30 years has averaged 3.8%, rising to 4.0% for the last 20 years and 4.8% over the past decade.

In 2023 sector emissions increased by 3.8% to 82 million tonnes. As we head towards the $100 billion industry target by 2030 any reduction in emissions or sequestration is likely to be offset by increased overall emissions.

On the basis of the above the agriculture and land sectors are likely to add to Australia's total emissions over the medium and long term and not reduce them.

What are the opportunities to deliver emission reductions in parallel with wider goals?

The potential to achieve emission reductions along with the wider goals of hitting the $100 billion target by 2030, feeding a domestic population of 30 million by 2030, maintaining food security, limiting food inflation, improving farm productivity, retaining diversity of food

production and retaining the family farm all without markets that are prepared to pay a premium for carbon credits and carbon neutral produce is extremely low.

7. **How can the Australian Government better support agriculture and land sectors to:**
   a) drive innovation
   Follow the Israeli model of ag tech support and attract venture capital and startups
   Put in place tax private incentives to support R and D.

   b) build capacity,
   Incentive growers and agronomists to engage by paying for attendance at education events

   c) ensure the system enables emissions reductions?
   Develop track, trace and auditing systems that are seamless, cost effective, efficient, incorporated into existing farm machinery and simple.

8. **What new initiatives could the Australian Government design that would support emissions reduction and carbon storage in agriculture and land and help ensure a productive, profitable, resilient, and sustainable future for the sectors?**

   - Taxation incentives
   - Market support schemes for carbon neutral produce.
   - Revive the old statutory marketing model and put in place subsidies for carbon neutral produce (this would impact Australia's image as a low subsidy agricultural economy).
   - Subsidies for carbon neutral fertiliser.
   - Marketing support for carbon neutral produce locally.
   - Accelerated depreciation or rebates on energy efficient farm machinery.
   - Buy backs of older generation farm machinery
   - Research and development grants for new genetics
   - Funding extension officers to work with Grower Groups.
   - Managed investment schemes designed around carbon produce production
   - Top up payments for ACCUs linked to agriculture and land.
   - Fund private agronomists to provide extension services.
   - Increase the funding ratio to RDCs to focus on carbon emission reduction
   - Establish a RDC focused on extension focused on emissions reduction
   - Collect survey data on farm decision maker views and map drivers of change.

9. **A consistent and trusted approach for assessing and reporting emissions is often raised as a barrier to reducing emissions. Is there a role for the Australian Government in addressing this concern, and how can producers and land managers be supported?**

   - Clean Energy Regulator accredited advisors offering advice.
   - Provision of funding to private agronomists and ag advisors to become accredited advisors.

10. **What skills, knowledge and capabilities do you think producers and land managers need to implement change?**

- Understanding of how the carbon market works nationally and internationally.
- Understanding of the Clean Energy Regulator and how to submit and report on projects
- Understanding of the workings of the Carbon Trading Platform for ACCUs
- Confidence in the long term market for carbon credits and demand for carbon neutral production.
- Knowledge of what policies competitor nations are implementing
- Knowledge of what markets and consumers are prepared to pay for

What information and data would help them make decisions about emissions reductions and sustainable land management in the short and longer-term?

- Peer reviewed reports of various production systems linked to emission reductions
- Long term commercial scale farm trials
- Benchmarking of leading growers production and profitability results
- Ag economist farm modelling