

10 August 2022

Committee Secretary
Senate Standing Legislative Committee on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary,

RE: Climate Change (An Act to set out Australia's greenhouse gas emissions reduction targets) Bill 2022

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission to the Senate Environment and Communications Legislative Committee inquiry into the Climate Change Bill 2022 and the Climate Change (Consequential Amendments) Bill 2022.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the length and breadth of the supply chain. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

Climate change is a significant concern for the agriculture sector. While Australian agriculture has always operated in a varied and challenging climate across the extremes of bushfires, floods and droughts, the continued success of the sector will depend on our ability to innovate and adapt to manage future climate risks.

The NFF supports an economy-wide aspiration of net zero emissions by 2050 provided that:

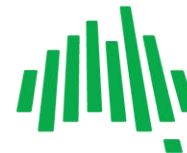
- there are identifiable and economically viable pathways to net neutrality, including impacts from inputs such as energy; and
- Commonwealth and State legislation is effective, equitable and advantageous to deliver on ground programs that benefit agricultural interests and do not provide unnecessary regulatory impediment.

The NFF's full climate change policy is available at **Attachment A** for reference.

The NFF recognises this is framework legislation that embeds a national 2030 and 2050 target in legislation and makes consequential amendments to related Acts. This provides a level of business certainty that is otherwise absent. It also formally enables and requires reporting mechanisms via the Minister to parliament. We further note that the consequential actions to the passing of this legislation will require their own design and consultation processes that may have been able to occur absent legislation but are likely to be at least a little more robust with the existence of the legislation.

The objects of this Act are:

(a) to set out Australia's greenhouse gas emissions reduction targets which contribute to the global goals of:



(i) holding the increase in the global average temperature to well below 2°C above pre-industrial levels; and
(ii) pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels; and

(b) to promote accountability by requiring the Minister to:
(i) prepare annual climate change statements; and
(ii) cause copies of those statements to be tabled in each House of the Parliament:
and

(c) to ensure that independent advice from the Climate Change Authority informs:
(i) the preparation of annual climate change statements; and Preliminary Part 1 Section 4 No., 2022 Climate Change Bill 2022
(ii) the greenhouse gas emissions reduction targets to be included in a new or adjusted nationally determined contributions.

The NFF do not formally have a position on a 2030 target but noting a number of constituents do have their own aspirations for emissions reductions in the coming years.

- Red Meat: MLA have a carbon neutral by 2030 policy
- Dairy: Dairy Australia has a target of reducing GHG emissions intensity across the dairy industry by 30% by 2030
- Grains Growers Limited: 15% percent reduction in grains emission intensity by 2030.

We believe there is an amendment that needs to be made in Part 3 – Annual Climate Change Statement subsection 12, point 3:

‘The Minister must cause a copy of an annual climate change statement to be tabled in each House of the Parliament within 5 sitting days of that House after the completion of the preparation of the statement.’

Similarly, in Part 4 - Climate Change Authority to give the Minister advice that relates to the preparation of an annual climate change statement subsection 14, point 7d:

‘The Minister must cause a copy of the statement of reasons to be tabled in each House of the Parliament within 5 sitting days of that House after the completion of the preparation of the annual climate change statement.’

Please amend 5 days to 15

The rationale for proposing these minor amendments are twofold, firstly the Bill is inconsistent with itself, it requires 5 days for the above provisions and 15 days elsewhere. Secondly it is a general characteristic of legislation that the time to act is around 15 days. We believe this may be a drafting error, if not we would be interested in understanding the logic of the differentiation.

The Powering Australia ALP Policy Platform stated:

“In agriculture, Powering Australia will focus on the development and commercialisation of emissions-reducing livestock feed and improve carbon farming opportunities.” Powering Australia, 2021

The NFF looks forward to collaborating with government to progress this initiative.



The NFF would also like to note that economy wide net zero does not mean net zero for every sector nor net zero for every individual in every sector. Nor does it mean zero for each gas, this is especially the case for the agriculture sector where we need to balance the need to provide sustainable food and fibre with the need to meet climate change ambition.

While outside the specific scope of these bills NFF notes that the following concerns will be key measures for any implementation processes:

- We need to be confident that agriculture isn't seen as the solution to everyone else's issues, that is, while offsets are a legitimate response to climate change, we do not support large scale conversion of agricultural land for carbon only outcomes. The protection of especially highly productive agricultural land for food and fibre production must remain a priority;
- Transition from or reduction of livestock numbers as a response to climate change is not supported, the red meat sector has a comprehensive strategy to address climate change which provides pathways to a just transition for the sector without compromising productivity;
- There remain a number of innovation challenges for agriculture, including successful commercialisation of feed or vaccine supplements for suppressing enteric methane emissions and economically managing volatilisation of nitrogen that will need further investment, extension and implementations support;
- NFF remains concerned that aspirations for achievement for soil carbon sequestration for carbon credits may be difficult to achieve and/or sustain;
- We note that farmers will need to clearly understand their disposition and their market expectation in respect of their net carbon position and should be encouraged to ensure their own needs are fully met prior to participating in carbon markets for sequestered carbon;
- Farmers are continuously looking to adopt practices and technologies which have 2 benefits - 1) reduce emissions or increase sequestration and 2) have agronomic benefits. It is essential that govt recognise that for many farmers creating ACCU for sale is not the main game, and that industry and government need to work together to ensure that agricultural production with lower net emissions is recognised and counted as part of the national inventory and attributed to industry, in the absence of formal ACCUs being created on farm; and
- The acknowledgement that agriculture sector manages around 54% of the Australian landscape and it must have a seat at any negotiation on climate impacts.

The NFF also notes that future design characteristics of ERF methodologies, safeguard mechanisms and the like must recognise the unique nature and role of the agricultural sector.

It is our very clear view that these Bills provide neither an additional burden on agriculture nor especially require any adjustment to livestock numbers or cropping hectares to meet these targets.

Yours sincerely


✓ **TONY MAHAR**
Chief Executive



Attachment A: NFF Climate Change Policy

Climate Change Policy

Policy Position

Agriculture continues to lead Australia's emissions reductions effort. Policy at all levels must recognise the previous, current and future role of profitable and productive agricultural businesses in the context of climate change response and provide a pathway for sustainable agricultural development.

The purpose of this policy is to provide a set of principles to reaffirm Australian agriculture's place in the global economy by positioning the sector to take advantage of the social, environmental and economic opportunities presented by a low emissions future.

The National Farmers' Federation (NFF) supports Australia's efforts to address climate change. The agriculture sector understands and expects other sectors across the economy will play their part in reducing emissions.

Provided the following conditions are met, that:

- there are identifiable and economically viable pathways to net neutrality, including impacts from inputs such as energy; and
- Commonwealth and State legislation is effective, equitable and advantageous to deliver on ground programs that benefit agricultural interests and do not provide unnecessary regulatory impediment.

Then the NFF supports an economy-wide aspiration of net zero emissions by 2050.

The NFF will review its position every five years to ascertain if technological and economically credible pathways to achieve this target remain evident.

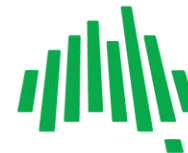
The NFF's position will be informed by robust science from Research and Development Corporations and other credible sources which allows producers, industry bodies and agriculture as a whole to establish credible baselines and assess the implications of the policy.

This policy statement is complementary to the NFF policy positions on Natural Capital, Electricity and Energy.

Issue

Australian agriculture has always operated in a varied and challenging climate. The continued success of the Australian agriculture sector will depend on our ability to build on this foundation and continue to innovate and adapt to best manage future climatic risks and to reduce the emissions intensity of our production systems.

There is a great opportunity for Australian agriculture to contribute to our national emissions reduction goals. This opportunity requires innovation to reduce the emissions



intensity and to enable farmers to efficiently participate in emerging markets, including carbon and natural capital markets.

A transition to a low emissions economy will require transformation across a number of sectors, especially energy and transport. It is critical that the suite of Government policies that seek to address the challenge of climate change are fully examined, to ensure that the policy levers of Government work cohesively to achieve our national objectives, while minimising the risk of unintended or perverse outcomes. A just transition and equitable commitment for all sectors of the economy is critical.

Government policies should consider all technologies that have a strong potential to support a transition to net zero emissions and ensure regulatory frameworks enable them to do so. For example, energy is broader than simply electricity, it also includes thermal (heat) such as steam used predominately in large industrial processes. The Large-Scale Renewable Energy Target (LRET) only recognises renewable bio-electrical energy not renewable heat which has restricted new investment. While generation of renewable heat goes unrecognised, a significant renewable energy opportunity continues to be missed. Inclusion of renewable heat under any carbon policy mechanism would be a major trigger for new investment.

While emissions reduction is one goal in climate change policy, broader social, environmental and (particularly regional) community benefits should also be considered. There is a strong need for enhanced guidance on how to manage and incentivise new projects that have multiple co-benefits. This would facilitate a range of technology options and land-based activities which can deliver cost-effective outcomes for emissions reduction and broader economic, social, and environmental outcomes.

The NFF recognises that a number of agricultural sectors will be on a more rapid implementation trajectory. For example, the red meat sector is already substantially investing in its carbon neutral by 2030 (CN30) program and other sectors are committing to outcomes as early as 2030.

In meeting Australia's emissions reduction goals, Australian farmers expect a greater focus on industry and government investment in integrating climate change solutions for the sector. Governments and industry service providers must have the tools, systems and knowledge required to establish an industry baseline, and be able to communicate this to farm businesses.

This can be delivered by:

- focusing on carbon neutral technologies that provide a competitive advantage for existing products;
- developing new markets, domestic and export, that benefit from innovative carbon neutral technology;
- collaborating across all of industry to make the greatest gains from the adoption of the latest research and development;
- enhancing partnerships with private institutions, government and other industries outside of agriculture; and



- developing an Agricultural Sustainability Framework to integrate strategies across the whole of agriculture.

Background

The NFF recognises that climate change presents both significant challenges and opportunities for Australian farmers.

The world's population is forecast to exceed 9 billion people by 2050, and demand for food and fibre is on track to increase by 60 per cent in that timeframe. There is no doubt meeting this demand in the context of a changing environment while at the same time contributing to global action to reduce emissions is a global challenge which requires a global response.

In December 2015, 195 countries including Australia, under the banner of the United Nations Framework Convention negotiated the "Paris Agreement" which aims to hold the increase in the global average temperature to well below 2°C and pursuing efforts to limit it to 1.5°C above pre-industrial levels and to increase the ability to adapt to climate change. Specifically, the Australian Government committed to implementing an economy wide target to reduce greenhouse gas emissions by 26 to 28 per cent below 2005 levels by 2030.

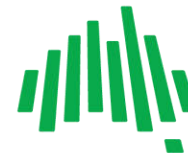
The Paris Agreement specified that to achieve the long-term temperature goal, countries should aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a balance between anthropogenic emissions by sources and removals by sinks in the second half of the century. In 2018, the Intergovernmental Panel on Climate Change issued a scientific report on the potential impacts of global warming and identified that, to limit warming to 1.5°C, global emissions would have to reach net zero around 2050.

The agriculture sector contributes to our national emissions profile by both sequestering carbon in soils and vegetation and the emission of greenhouse gases from farming practices such as livestock production, cropping practices, the use of fertilisers and the burning of savanna grasslands. Combined, agriculture accounts for about 13 per cent of Australia's National Greenhouse Gas Inventory.

Australian agriculture has been the single biggest contributor to emissions reduction since the 1990s, primarily due to the land clearing legislation imposed on farmers to meet Kyoto Protocol emissions reduction targets and the role of land use, land-use change and forestry (LULUCF). As a result, Australia has a stock of Kyoto 'carryover credits' that are able to be used to contribute to meeting Australia's emissions reduction targets.

The Australian Government has indicated that it would use carryover credits, if necessary, to meet its 2030 target.

The sector continues to make significant contributions to emissions reduction. Between 1996 and 2016, agriculture has reduced its greenhouse gas emissions intensity by 63 per cent. Significant progress has already been made to assist Australian agriculture in reducing emissions. The Emissions Reduction Fund (ERF) and methodologies under the



Carbon Farming Initiative continues to be the primary mechanism under which farmers have reduced emissions. Australian farmers make up over half the projects, and carbon credits delivered through the ERF. Renewable energy technologies have also seen a significant reduction in price over the past decade and has been significant uptake on farms.

Australia is not only bound by its commitment to the Paris agreement, but by the growing expectations of our community and customers about Australia's environmental credentials. Australian agriculture has a role to play in meeting climate responsibilities and moving towards an economy-wide climate neutral goal by 2050 whilst maintaining productivity and profitability.

What the industry needs

Government policies must reflect a system-wide effort to transition to a low carbon economy and:

- recognise the significant contribution agriculture has made to emissions reduction since the 1990s;
- compensate farmers for lost productive capacity due to land clearing legislation imposed on land managers;
- acknowledge that mandatory cap and trade policies are not suited to the farm sector, and specifically excluding the sector from such schemes;
- recognise that more than 75% of Australian agriculture produce is exported, and that as a trade-exposed sector we must remain competitive within international markets;
- support adaptation and ensure that agricultural productivity and farm business profitability can be sustained with changing climatic conditions;
- balance production and emissions policies, by adopting the principle of emissions intensity for agricultural emissions;
- focus on innovation and investment in climate research and development that provides robust baseline information, drives innovation and builds resilience, and supports communication, adoption and extension;
- embrace the opportunities for emissions reduction and sequestration in the farm and forestry sectors and facilitate participation of farmers and foresters in carbon markets and natural capital markets;
- acknowledge the role of vegetation and soil carbon in carbon sequestration via full commercial/compensation systems for agricultural land sequestration (both historical and current);
- ensuring that vegetation management policies do not burden farmers with the cost of achieving emissions reduction goals, nor unreasonably restrict development; and
- credible and measurable emissions reduction pathways should be supported and not restricted (by regulation or other restrictions).

August 2020