

# **Australian Agricultural Offsets Concept**

## **What is an agricultural offset?**

Simply put, where a development such as a mine takes the place of an agricultural enterprise, in order to carry out the mining activity, the amount of agricultural production (averaged over the previous 20 years) lost as a result is re-produced on another similar agricultural enterprise, through increased production, improved management and/or infrastructure without the need for an increase in land size.

The lost production is created elsewhere on an existing farm with an improvement in productivity, profitability and improved environmental outcomes. This is funded by the mining enterprise which is the cause of the agricultural production loss.

## **Why the need for agricultural offsets?**

Australian Agriculture is facing the challenge of producing food and fibre for an increasing global population and with resources industry taking a front seat in the Australian economy, Australia needs to ensure food production. The minerals and mining sector can operate side by side in a cooperative arrangement to benefit all industries involved.

## **What would the benefits be to the Mining Industry?**

- Positive outcomes of enabling the Agricultural Industry manage and improve its capital base, infrastructure production-both economically and ecologically.
- Mining Companies recognised across the country for efforts in recovering land, vegetation, water, soils, as well as infrastructure due to drought, floods, and lack of funds, all to maintain infrastructure in the Agriculture sector.
- Potential taxation benefits.
- Strengthen the Agriculture and Rural sector by increasing employment, resulting in increased economic output in regional areas.
- One of the most important aspects of Agricultural Offsets is that the two industries would co-operate with one another, improving the Australian Economy, Ecology and Rural Sustainability.

## **What would be the benefits for the Agricultural Industry?**

- A challenge that Australian farmers can address to lift their production to meet the Global demands for food and fibre. They can be produced very successfully in Australia.
- Provides the Farming community the opportunity to develop a positive working relationship with the mining industry.
- Revitalisation of agricultural infrastructure
- Revitalisation of regional economies

## **What is Australian Agricultural Offsets (AAO)? What services are provided?**

It is an Australian Company which facilitates relationships between mining companies, developers and agricultural producers. AAO identifies opportunities with agricultural enterprises that have the ability to increase production and profitability, without the need to purchase additional land. By identifying these opportunities for increased sustainable production, AAO then provides the conduit by which mining companies and developers can offset the agricultural loss as a result of their company's

development. This is done by providing funds, which enables agricultural producers to achieve increased production and profit increases.

By identifying opportunities to increase production and profitability, AAO has in place strict criteria to ensure real outcomes are achieved, which are agreed to and signed off by AAO and the agricultural producer. The agricultural producer receives funds once the agreed milestones of either increased production, implementation of management systems, and/or infrastructure is constructed – therefore, outcomes are the drivers and are achieved.

To ensure outcomes are identified and achieved, regular monitoring and auditing by experienced and qualified experts, familiar with agricultural producers is implemented – the agricultural producer is involved in identifying the most relevant monitoring system to ensure increased production is achieved.

Examples-

- A coal mining company's development will require it to purchase a property that has a 20 year history of producing 10 steers per annum (or 3000kg of beef per annum), as well as 1000 wethers (or 6000kg of wool and 1000 carcasses of meat per annum). As a result of the coal mine development, the property is purchased and agricultural production ceases. In this scenario there is a net loss of agricultural production of 10 steers per annum (or 3000kg of beef), as well as 1000 wethers (or 6000kg of wool and 1000 carcasses of meat per annum). In this situation AAO has identified agricultural producers with shovel ready projects that, as a result of implementing an improved management system (holistic grazing), upgrading infrastructure (water supply, fencing) or by improving pasture species and diversity can increase productivity by producing 3000 kg or more of beef and/or 1000 wethers (or 6000kg of wool and 1000 carcasses of meat per annum) – all without the need to purchase additional land areas. Therefore there is no net loss of agricultural production as a result of the mining company's development as production, and productivity is increased on existing agricultural land.
- A mining company's development will require it to purchase a property that has a 20 year history of producing 10 000 tons of wheat per annum. As a result of the mining development, the property is purchased and agricultural production ceases. In this scenario there is a net loss of 10 000 tons of wheat per annum. In this situation, AAO has identified agricultural producers with shovel ready projects that, as a result of implementing an improved management system (such as direct drill, minimum tillage), upgrading infrastructure (such as machinery, improved irrigation practices), or improving soil fertility (targeted carbon based fertiliser application) can increase productivity by producing 10 000 tons of wheat – all without the need to purchase additional land areas. Therefore there is no net loss of agricultural production as a result of the mining company's development, as production and productivity is increased on existing agricultural land.

All AAO agricultural projects are closely monitored and reported back on by independent experts who work closely with producers. A rigorous process of selecting projects that will deliver increased productivity with sustainable production and improved environmental outcomes on ground results is in place.

AAO provides a wide range of projects covering various agricultural industries.

AAO provides the service of projects from initial discussions with agricultural producers, developing up projects with relevant expert advice, ensuring there is productivity and on ground environmental outcomes measured, to demonstrate the agriculture offset is achieved.

AAO has projects to offset agricultural losses for all types of agriculture – meat, grain, fibre and can even assist to identify producers interested with carbon and vegetation offsets.

**Bob McFarland**  
**Director AO Pty. Ltd.**