

Friday 29th September 2017

Wendy Craik AM
Chair
Climate Change Authority



Via email: submissions@climatechangeauthority.gov.au

Re: Review of the Carbon Farming Initiative Legislation and the Emissions Reduction Fund

Thank you for the opportunity to provide comment to the *Review of the Carbon Farming Initiative Legislation and the Emissions Reduction Fund*. 'Farmers for Climate Action' supports the timely review of this legislation and applauds the Climate Change Authority on supporting farmer engagement in the Carbon Farming Initiative

Farmers for Climate Action is an inclusive movement of farmers and agricultural industry leaders calling for climate solutions and supporting farmers and regional communities to adapt to changing climatic conditions. Our network of over 2,000 Australian farmers and industry leaders are drawn from a diverse array of agricultural industries and from all sides of politics. Farmers for Climate Action believe in preserving the viability of Australian agriculture for future generations of Australian farmers, recognising that Australia's future lies with clean energy, clean water and food security.

Farmers for Climate Action recognises that agriculture is Australia's most exposed industry to climate change and that Australian farmers are on the front line of extreme weather events. Right across our country, farmers are already witnessing the impacts of climate change; from increased severity of tropical cyclones in the north, changing rainfall and weather patterns and the increased likelihood of drought and heatwave conditions through vast areas of our country. Subsequently we welcome the opportunity to have input into the *Review of the Carbon Farming Initiative Legislation and Emissions Reduction Fund*.

Farmers are uniquely placed in their experience of our climate and our farmer research survey found that nine in 10 farmers are concerned about damage to the climate. The two major aspects of climate policy that affect these regions are carbon abatement and renewable energy generation.

A recent report from the Climate Council (2016) found that rural and regional areas will be

- disproportionately affected by climate change with extreme weather stress and agricultural impacts;
- that adaptation and mitigation is already occurring; and
- that there are many opportunities for investment through carbon abatement projects as well as renewable energy developments.

A multi-sector approach to emissions reduction

While welcoming the Carbon Farming Initiative and encouraging farmers to explore options for engaging in carbon sequestration and the Emissions Reduction Fund, Farmers for Climate Action stresses the need

for a a multi-sector emissions reduction approach in order to achieve Australia's international commitments under the Paris Accord and deliver the long term changes need to our emissions trajectory. Removing carbon from the atmosphere and storing it in the land is a critical part of Australia's climate policy response, **but emissions reductions from other sectors including energy and fossil fuels are also urgently required.**

Sectoral policies are certainly beneficial as they generally take the context of sectors into account more effectively, however whole of economy policies are also needed. In this way, a suite of policies that address all scales of the problem are necessary.

Carbon Farming Initiative & Emissions Reduction Fund

Farmers for Climate Action recognises that the Land-use, Land-use Change and Forestry sector provides a significant contribution to mitigating climate change through removing elevated levels of CO₂ from the atmosphere via carbon sequestration methods and avoiding the cycling of CO₂ stored in the land into the atmosphere. Farmers for Climate Action believes that the sector is a critical element of total national emissions and subsequently is a key pillar to meet Australia's international emissions reduction commitments. Therefore, the Emissions Reduction Fund must offer long term certainty and the appropriate financial incentives to encourage farmers to participate.

Farmers for Climate Action also recognises the importance of effective carbon sequestration and the integration of carbon farming initiatives in Australian farming landscapes as one element of a suite of options to not only address climate change and reduce Australia's net emissions, but also to improve farmer resilience, productivity and profitability. Soil carbon sequestration has been shown to yield significant benefits in water retention and through increasing the availability of other essential nutrients, while additional strategies under the Carbon Farming Initiative and Emission Reduction Fund are also being explored by farmers and used effectively in some instances.

Increasing Farmer Engagement in the Carbon Farming Initiative

However, there remain significant barriers and disincentives for farmers to engage with the Carbon Farming Initiative and Emissions Reduction Fund despite the highlighted opportunities for carbon abatement.

Low Price Environment & Administrative Complexity

The low price environment surrounding the Emissions Reduction Fund, along with administrative complexity and lack of long term commercial certainty has reduced farmer engagement with the initiative, in many instances leading to a negative sentiment towards the scheme among Australian farmers. There is an insufficient financial incentive for all but large corporate farms, with many farmers unwilling to navigate complex application processes for minimal financial gain.

Critically many of the farmers who have engaged with the Initiative to date, highlighted that without the support of a skilled and experienced third party (most frequently a Landcare facilitator) they would not have proceeded with participating in the Carbon Farming Initiative.

Isolating the Benefits

The ERF isolates one environmental benefit (carbon), when farmers clearly manage a range of other NRM and productivity co/ancillary benefits. A more joined up/holistic policy approach is needed to ensure adequate financial incentive and avoid perverse outcomes.

Lack of Access to Aggregation Services

A number of farmers who have reported an interest in engaging with the Carbon Farming Initiative and Emissions Reduction Fund have been deterred by lack of access to a skilled project aggregator. Farmers for Climate Action applauds the important role played by organisations such as Carbon Farmers of Australia, however recognises a need for increased farmer understanding of options to aggregate carbon farming projects.

Improving Farmer Engagement

Farmers for Climate Action believes that policies such as the Carbon Farming Initiative and Emissions Reduction Fund need to be designed in such a way that incentivises action from all levels of enterprise (family to corporate) and that benefits flow into other areas of environmental protection, rather than being singly focussed on carbon abatement.

Overcoming Financial & Administrative Barriers through Improved Extension & Aggregation Services

A number of financial and administrative barriers are limiting farmer engagement with the Carbon Farming Initiative and Emissions Reduction Fund. Subsequently, we recommend the development of an improved extension and knowledge building framework to facilitate greater farmer engagement. Such a framework could incorporate education regarding aggregation strategies to facilitate smaller landholder engagement, awareness raising to build farmer understanding of methodology available and farm business case studies to demonstrate the ancillary benefits of carbon sequestration to engage farmers who may otherwise have been deterred by the complexity of application and limited financial benefit currently available.

The 'My Carbon Farming' project provided a useful service for many farmers, and the discontinuation of funding in June 2017, without an easily accessible substitute may present another barrier for farming engagement in the Carbon Farming Initiative and Emissions Reduction Fund.

Recognising whole of farm emissions reduction

Farmers for Climate Action recognises that there are significant numbers of farmers undertaking small scale emissions reduction projects on farm; including increasing efficiency of fertiliser application methods and incorporating bio-energy to avoid emissions generation, and calls upon the Climate Change Authority to investigate innovative strategies to better account for whole of farm emissions reductions and avoidance.

Once again, thank you for the opportunity to provide comment on the *Carbon Farming Initiative and Emissions Reduction Fund*. Through our networks, Farmers for Climate Action will support farmers to engage in the Carbon Farming Initiative and Emissions Reduction Fund and we look forward to continuing to work with the Department of Environment and carbon farming community to grow farmer participation in this program.

Please do not hesitate to contact me to discuss this submission in further detail.

Sincerely

A handwritten signature in black ink, appearing to read 'Verity Morgan-Schmidt', with a stylized flourish at the end.

Verity Morgan-Schmidt
CEO Farmers for Climate Action