

22 May 2020

Dr Wendy Craik
Chair
Climate Change Authority

Dear Wendy

Thank you for the opportunity to provide comment on the *2020 Review of the Emissions Reduction Fund Consultation Paper*.

Farmers for Climate Action acknowledges the extensive literature in this space; noting particularly the recommendations contained within the Climate Change Authority's *Prospering in a Low Emissions World* and the recently released *Final Report of the Expert Panel examining additional sources of low cost-abatement ('the King Review')*.

About Us

Farmers for Climate Action is a movement of farmers, graziers and agricultural industry leaders, focused on advancing climate solutions. Our rapidly growing network of Australian farmers and industry leaders, drawn from diverse agricultural industries and all sides of politics, is united by a common goal — to ensure that farmers, who are on the frontline of climate change, are part of the solution. Our work is evidence based and non-partisan, drawing upon the best available science to inform advocacy in the agricultural sector.

Our Niche

Farmers for Climate Action does not profess to take the position of a carbon project developer, nor policy expert in this space. Instead, this paper represents an honest perspective for potential fund participants: farmers and graziers from across Australia.

Summary of Recommendations

Farmers for Climate Action has six key recommendations to improve producer engagement with the Emissions Reduction Fund. Each recommendation is explored in more detail on the following pages.

1. **Improve accessibility of FullCAM** via the development of a user friendly 'dashboard'. This could be developed as an app or integrated into existing familiar farm business platforms
2. **Exploration of an alternative funding model** to lower the barriers to upfront and ongoing capital expenditure, including soil testing and infrastructure development
3. **Improved method development and eligibility** via uptake of some of the recommendations arising from the King Review
4. **Renewed, long-term resourcing for climate-smart agricultural extension** — addressing the growing appetite among farmers for independent, evidence-based advice on available ways to reduce emissions, adapt and raise farm business performance.
5. A **climate ready business leadership scheme**, with mentoring for Australian farmers and allied businesses, e.g. insurers, financial advisors, extension professionals, suppliers, etc. The leadership scheme would focus on building carbon literacy; including pathways to engage with the Emissions Reduction Fund.
6. The introduction of a **Regional Resilience Hub Network** to improve knowledge sharing

Our Response

How is the Emissions Reduction Fund performing overall?

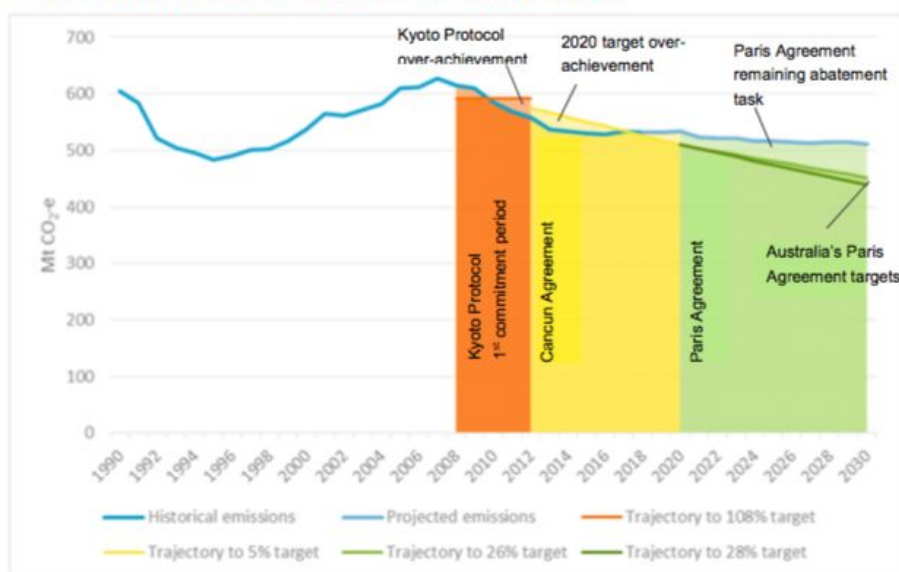
Farmers for Climate Action actively encourages initiatives to support carbon abatement in the land sector and notes that there has been strong uptake of some methodologies in particular regions. However, in the view of the Farmers for Climate Action network, there remain barriers and disincentives for producers to engage with the scheme. Acknowledging that the Emissions Reduction Fund was designed to be improved over time, Farmers for Climate Action is heartened by recent positive steps forward.

While continuing to recognise the important role farmers play in the sequestration of carbon in the landscape, Farmers for Climate Action seeks to pose a fundamental question not covered in the discussion paper.

As the current centrepiece of Australia’s climate policy, is the Emissions Reduction Fund (Climate Solutions Fund) adequate to address Australia’s emissions and consistent with a global pathway to limit warming to 2 degrees?

In responding to this fundamental question, we point back to the highly regarded *Prospering in a Low Emissions World* report prepared by the Climate Change Authority, and observe that, based on most recent projections, the Emissions Reduction Fund and current range of policies is inadequate to protect Australian agriculture into the future.

FIGURE 6. AUSTRALIA’S EMISSIONS TARGETS AND BUDGETS



Source: Climate Change Authority based on DoEE 2019i

Farmers for Climate Action strongly supports the recommendations put forward under the *Prospering in a Low Emissions World* policy toolkit and encourages the Federal Government to expedite an improved suite of policies to ensure Australia’s trajectory is consistent with limiting global warming to 2 degrees.

What parts of the Emissions Reduction Fund can be improved and how?

Farmers for Climate Action suggests improvements to the fund relate to three core areas: accessibility, applicability and capacity building.

Accessibility

Farmers for Climate Action notes that for many farmers, the Emissions Reduction Fund can appear opaque and inaccessible, with inadequate motivation under the current Australian Carbon Credit Unit (ACCU) price to invest in navigating the system. This is particularly the case for small to medium producers.

One of the key barriers for farmers is the high level of upfront capital expenditure required to establish baselines and invest in the new infrastructure required to undertake a project. This is particularly relevant in the case of soil carbon, with baseline testing for large properties a financial barrier, despite clear recognition of the potential long term benefits. For pastoral properties impacted by long term drought, improvement in soil health and diversification of farm revenue via the Emissions Reduction Fund is welcome but frequently inaccessible.

In order to address the issue of accessibility, Farmers for Climate Action recommends the following:

Recommendation 1: *Improve accessibility of FullCAM via the development of a user friendly ‘dashboard’. This could be developed in the form of an app; or integrated into existing apps already familiar to farmers.*

Recommendation 2: *Exploration of an alternative funding model to lower the barriers to upfront capital expenditure, including soil testing and infrastructure development. This could include reference to the field of sustainable financing, including the development of a Revenue Contingent Loan model supported via the RIC or, via a Land & Environment Investment Fund. This model has potential to reduce risks for finance / private capital and lower the barriers to entry and support producers to engage in the Emissions Reduction Fund.*

Applicability

Farmers for Climate Action notes that for many farmers, the current suite of methodologies available under the Emissions Reduction Fund are either inadequate, or as per above, inaccessible.

Recommendation 3: *In order to address the issue of applicable methods, Farmers for Climate Action recommends improved method development and eligibility via uptake of some of the recommendations arising from the King Review. Those recommendations are outlined below.*

King Review Recommendation	FCA Position
6.1 Establish a new process to provide third parties with the opportunity to propose and prepare ERF methods.	Support in principle - Farmers for Climate Action is concerned that the initial example provided by the Federal Government’s response relates to the exploration of carbon capture and storage. Farmers for Climate Action considers that there are potentially positive opportunities for the land sector, subject to the highest levels of integrity and scientific rigour.

6.2 Establish a pilot method program to test new method ideas and expedite method preparation.	Support - noting that initiatives such as the sheep methodology which have previously been rejected should be reconsidered and further developed subject to scientific rigour.
6.5 Establish a scheme to subsidise the costs of directly measuring the abatement associated with certain types of project activities, particularly the sequestration of carbon in agricultural soils	Support - potential pathways identified above.
6.6 Create a fixed priced purchasing desk for small projects under the ERF.	Support
6.7 Create tailored small-scale ERF methods for particular types of agriculture projects, including shelterbelts.	Support
6.9 Facilitate ‘method stacking’, where multiple ERF projects are taken on the same property using different methods	Support
6.10 The Clean Energy Regulator should continue its efforts to streamline ERF audit requirements at an administrative level and to explore the potential to use “big data” as an alternative to more traditional audit processes.	Support subject to strict integrity and appropriate scientific rigour

Building Capacity

While recognising the positive work by many operating in this space, the Farmers for Climate Action network has identified a clear gap in capacity building on carbon farming, and carbon literacy, particularly for smaller to medium family businesses with less time to invest in professional development.

This knowledge gap extends to access to the lack of tangible examples and data showing businesses already operating in similar bio regions and climates, with details on the rate of carbon sequestration they have achieved and the methods they used to achieve it. Producers need to know what can be achieved in terms of both additional revenue streams and co-benefits (i.e. soil health), how to

achieve it, and have enough data to enable the independent calculation of costings and return on investment (ROI).

These challenges are further exacerbated by an ageing demographic of farm business owners (shifts in management potentially require increased physical activity and changes of mindset), and in some regions a level of understaffing arising from consecutive years of drought. While far removed from Canberra, these ‘on the ground’ complexities are essential to grapple with if the Emissions Reduction Fund is going to be an option for a broader array of producers.

Farmers for Climate Action subsequently recommends:

Recommendation 4: Renewed, long-term resourcing for climate-smart agricultural extension—picking up where the now defunct Carbon Farming Futures program left off and addressing the growing hunger among farmers for independent, evidence-based advice on available ways to reduce emissions, adapt, pursue Emissions Reduction Fund opportunities and raise farm business performance. This could include increased online learning opportunities, field days/events and other engagement opportunities.

Recommendation 5: A climate ready business leadership scheme, with mentoring for Australian farmers and allied businesses, e.g. insurers, financial advisors, extension professionals, suppliers, etc. The leadership scheme would focus on building carbon literacy; including pathways to engage with the Emissions Reduction Fund.

Recommendation 6: The development of a regional resilience hub network including:

- a. First-class digital architecture, co-designed by farmers and app developers, allowing producers and communities to connect and share knowledge with far-flung communities of practice including opportunities for integrating climate analogues and carbon farming strategies and improved farmer to farmer learning.***
- b. The collection of emerging and innovative agricultural and community resilience research into a library of practice and proof resources, including science, stories, and skills to build climate, carbon and ecological literacy.***

We note that the above recommendations fit with the findings of the King Review and provide the following comments:

King Review Recommendation	FCA Position
8.1 Establish a knowledge sharing and outreach program to address information barriers impeding the uptake of ERF projects and investment in cost-effective abatement opportunities.	Support - see above detailed recommendations.
8.2 Undertake a review to determine the extent of skills shortages associated with abatement activities and whether there is a need for additional measures to address	Support and propose expansion to include the exploration of opportunities for addressing some of the resourcing gaps in agriculture.

relevant training needs, particularly in regard to the availability of trained energy efficiency experts in the industry and building sectors.	
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Conclusion

Thank you for the opportunity to contribute to the 2020 review of the Emissions Reduction Fund. We reaffirm our support of the continuation of the fund, as one aspect of a broad suite of policies to reduce Australia's emissions and rebuild resilient landscapes and communities.

A handwritten signature in black ink, appearing to read 'Wendy', written in a cursive style.

Wendy Cohen
Chief Executive Officer
Farmers for Climate Action