

Environmental Farmers Network Inc

Submission to Parliamentary Inquiry into Direct Action Plan

EFN represents farmers in south-east Australia interested in sustainable farming in a social, environmental and economic sense. We represent commercial farmers very concerned about the impact of climate change on farms, people and landscapes, loss of farm biodiversity and the loss of farmland and relatively natural areas to urban expansion. Our policies and previous submissions are available at www.environmentalfarmersnetwork.net.au. In particular, we encourage strong greenhouse gas mitigation and adaptation to climate change. We strongly support State and Federal Governments developing market mechanisms that reward landholders directly providing ecosystem services such as carbon sequestration and retention of biodiversity.

General Comments

The experience of EFN members is that the impact of climate change is far worse than realised by the general public and the Government. We can only conclude that to maintain productive farming enterprises, more dramatic reductions in greenhouse gas emissions are required.

Australia is particularly vulnerable to the impact of climate change. Very large areas of Australia will be inhospitable to living and impossible to farm, unless we take more drastic action now. Much traditional farming land will become marginal. The Climate Works paper (*Low Carbon Growth Plan 2010* p10) indicates that land based sequestration (eg planting trees) is one of the most efficient ways to sequester carbon at \$20 to \$30/tonne and has the potential to deliver many millions of tonnes of sequestration. This opportunity to sequester carbon with land based methodologies should also take into account the other public benefits provided by ecosystem services through revegetation.

Investment in carbon farming requires a long term commitment and timescales in the Green Paper promoting a 5 year program with a review after one year do not take this into account.

EFN is convinced that the most efficient way to achieve greenhouse gas emission reductions is with a market system paid for by users - not the general taxpayer. That is, not via the Governments proposed Direct Action Plan.

A major concern is that the funds allocated to the Emissions Reduction Fund will be insufficient given the previous level of carbon offset trading activity reported by the Carbon Market Institute where active trades were roughly 4 billion dollars compared to three hundred million dollars in year one as mentioned in the Green Paper. The only conclusion that can be drawn is that direct action will not deliver the emission reductions required to avoid serious climate changes -endangering our lives, our ecosystems and our businesses.

Clearly, if land based CFI uptake is restricted; a large part of the opportunity to reduce gas emissions by sequestering carbon is lost. While EFN recognises that reverse auctions have worked reasonably well in the purchase of environmental water, it is noted that the unsuccessful tenderer has alternative water use options – sell the water to someone else, or grow a crop - but land based

carbon offset providers have limited alternative markets. Unsuccessful bidders will opt out of carbon sequestration.

Similarly we must reiterate that for any success of 'direct action contracts' in farming areas, payments have to be commensurate with returns from traditional agriculture.

EFN also makes a strong plea for the need to recognise the essential and integrated value of land based ecosystem services. Carbon sequestration is but one of these services. Other services of improved water quality, salinity mitigation, biodiversity enhancement, and clean air, are just as important, and (opportunistically) linked intimately to carbon use. It is a wonderful policy opportunity to realise these linkages and gain valuable multiple benefits.

Addressing the Terms of Reference

"the impact of the absence of policy certainty derived from the Direct Action Plan to encourage long-term business investment in the clean, low carbon economy".

The green paper on the Emissions Reduction Fund (ERF) makes clear that so many questions remain unanswered and ideas and advice is sought in many proposed areas, that business must doubt the ability of the Direct Action Plan to work effectively - especially in the short term. A review of the Plan proposed in 2015 is surprising as the implementation would only be getting underway at that time. The Plan would in effect be replacing an efficient working scheme with one that is poorly described, short term and requiring a massive amount of work to get started.

"the repeal of the Clean Energy Package and the Direct Action Plan's impact on, and interaction with, the Carbon Farming Initiative,"

EFN is pleased to note that the major elements of the CFI have been retained. As stated above we do have major concerns that the funds allocated to the ERF will be insufficient given the previous level of trading activity reported by the Carbon Market Institute...active trades were roughly 4 billion dollars compared to several hundred million mentioned in the Green Paper.

"the fiscal and economic impact of the Direct Action Plan"

The direct action plan gives no general price signal to major energy users to change their operations. The process of picking winners is selective and arbitrary. Again, the funds budgeted are too small. Market based instruments with effective regulation are the most economically efficient mechanism.

"the impact of abandoning linkage with the European Union on international cooperation to reduce emissions"

Given the failure of the European market (price collapse due to reasons not necessarily related to the process itself) EFN considers that a strong Australian carbon market may be the best way to encourage offset providers to participate (for example land based participation in carbon sequestration requires significant investment, long term commitment, planning and resources). However EFN believes the funds proposed to be allocated will not create a strong market and even this will be compromised as participation by major polluters will be voluntary.

“the ability of the Government and the Australian people to receive expert independent advice on an appropriate carbon pollution cap for Australia following the abolition of the Climate Change Authority”

EFN strongly supports the maintenance of an independent climate change advice authority. The current level of commitment to addressing climate change impacts (by selecting appropriate targets for greenhouse gas emissions) indicates that the government is disregarding current scientific advice.