2025 consultation

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Net Zero Commission – 2025 Consultation Paper

NSW Farmers welcomes the opportunity to provide feedback to the 2025 Net Zero Commission Consultation Paper. NSW Farmers is Australia's largest state farming organisation, representing farmers on the issues that matter to them such as the environment, biosecurity, water, animal welfare, economics, trade, workforce and rural affairs. Agriculture is a vital sector, quite literally feeding the nation. Farming directly employs more than 75,000 people across New South Wales and underpins rural and regional communities, producing more than $24 billion in food and fibre and making a significant contribution to the state and national economy. Our aim is to support stronger farming businesses and reach $30 billion in output by 2030. We ensure genuine voices from the paddock identify issues and shape policies, with teams in regional NSW and Sydney. We provide specialist advice and offer partner benefits that deliver excellent value for members.

1. What specific actions or policies could increase uptake of emissions reduction strategies in agriculture, both in the short and long term?

To increase the uptake of emissions reduction strategies in agriculture, policy must prioritise practical and regionally adapted solutions that deliver economic value to farmers. Instead of enforcing top-down compliance measures, governments should concentrate on empowering farmers with tools and incentives that respect the diversity of farming systems.

To encourage participation, existing programs must also provide more flexibility. Expanding co-benefit schemes, such as biodiversity and carbon credit stacking, can help reduce the amount of land that needs to be conserved, leading to benefits for farm productivity and increased incentives through these schemes.

It is important to note that most community disillusionment with natural capital schemes comes from large developers buying up extensive areas of land to serve as offsets. In cases like the Woodside purchase of land in the Monaro region, the land is poorly managed, leading to the proliferation of pests and weeds. The vast amount of land bought has also had a significant cumulative impact on the local community, affecting agricultural supply chains. Seeing these negative impacts on communities, landholders are hesitant to participate in natural capital schemes. Like many agricultural land use changes, there is a lack of assessment of cumulative impacts and clear strategies for effective mitigation of impacts on existing communities and land use. Farmers are increasingly requesting cumulative impact assessments of emissions schemes, renewable energy infrastructure and other land-use changes on productive agricultural land. Additionally, substantial policy actions are necessary to enforce pest and weed management to adhere to the general biosecurity duty, as well as bushfire mitigation practices in natural capital offsets.

Data protection is also a major concern for landholders. The Chubb review of the Australian Carbon Credit Program identified significant concerns that carbon abatement levels in Australian Carbon Credit

Units (ACCUs) are often overstated. The review panel linked this lack of confidence to poor transparency, which prevents third parties from accessing data and forming independent opinions. The report suggests removing unnecessary restrictions on data sharing. However, farmers worry that this could initiate a push toward weaker data protection standards. Strengthening data laws will be critical to enable farmers to maintain control and monetise their contributions and support emission reduction efforts.

An additional issue is that natural capital markets are sometimes seen as an unreliable source of income. While market demand for carbon credits is increasing, farmers remain cautious due to concerns about the risks associated with project integrity. The credibility of some ACCU methodologies has come under scrutiny and the Clean Energy Regulator retains the authority to modify or revoke approved methods.

Transitioning the agricultural sector to low-emissions systems requires not just behavioural and technical changes, but also significant capital investment throughout the value chain and advancements in R&D. Farm businesses are increasingly expected to reduce emissions while maintaining or boosting productivity. However, many essential technologies lack commercial scalability. For example, low-emission tractors that can replace diesel are not yet available at the necessary power levels and are not cost-competitive. Affordable options to replace fossil fuel-based fertilisers are also not accessible. R&D investment in methane-reducing feed additives, precision farming, livestock genetics and other technologies can enable practical reductions in emissions without sacrificing productivity. Australia's strategy should leverage its R&D-led agricultural sector to deliver market-based solutions. Innovations with co-benefits for production tend to perform better than regulatory-heavy models. Agriculture cannot meet 2030 emission targets or achieve net-zero until these technologies are practical and affordable. To close this gap, low-interest loans and grants are necessary to support farms of all sizes in adopting low-emissions technologies.

To support these initiatives, NSW should align with key federal initiatives such as the Powering the Regions Fund, which provides over $1.3 billion nationally for industrial decarbonization (though it is not yet targeted directly at on-farm assets); the Clean Energy Finance Corporation's agri-tech lending, supporting investments in efficient irrigation, refrigeration and solar solutions; and the forthcoming Agriculture and Land Sectoral Plan, which is expected to identify national priorities for emissions reductions and sequestration opportunities.

However, these federal programs have limited direct impact on farm-level capital access within NSW. Therefore, a dedicated NSW Agricultural Decarbonisation Fund should be established, co-designed with industry stakeholders. This fund would deliver low-interest loans for low-emissions upgrades on farms and regional facilities, provide direct grants for demonstration-scale projects in fertiliser manufacturing, machinery electrification and supply chain decarbonisation and support infrastructure co-investment in rural energy, battery storage and distribution systems to facilitate scalable adoption of clean technologies.

This fund should operate in tandem with streamlined emissions accounting and incentives that recognise co-benefits such as biodiversity and productivity. This integrated approach will help ensure that financial, environmental and operational outcomes are aligned. Without these targeted capital supports, many farmers may find emissions reduction economically unviable.

2. Given the uncertainties in land-sector net emissions, how should NSW incorporate this sector into the state's climate policy and emissions profile?

Incorporating the land sector into NSW's climate policy demands a more integrated approach that recognises both emissions and sequestration to reflect agriculture's net contribution. The sector is an emitter of greenhouse gases while also acting as a significant carbon sink through vegetation and soil.

Current accounting methods often only credit "additional" sequestration, excluding ongoing sustainable practices and discouraging long-term land stewardship.

To enhance accuracy and fairness, emissions and sequestration should be evaluated at a landscape scale, rather than at production scales. NSW should investigate tools like regional land-use planning and community benefit testing to prevent the over-conversion of productive land. Aligning emissions reductions with broader land-use goals, such as natural capital protection, water security and rural development can help ensure the environmental credentials of regional communities and landholders are appropriately recognised.

Furthermore, NSW Farmers emphasises the importance of preserving productive agricultural lands. Large-scale land-use changes, such as converting farmland into carbon offset plantations, threaten food security and agricultural supply chains. The Intergovernmental Panel on Climate Change (IPCC) has noted that poorly implemented land-based mitigation measures can worsen trade-offs with food production and biodiversity. The international community and IPCC states that agriculture is a necessary emission source, with residual emissions being unavoidable even under ambitious mitigation scenarios.

3. What specific actions could increase carbon storage and resilience of the existing carbon stock in the land sector?

Increasing carbon storage and enhancing the resilience of existing carbon stocks in the land sector requires policies that support practical land management techniques. Everyday practices such as rotational grazing, reduced or minimum tillage, cover cropping and maintaining perennial groundcover all contribute significantly to soil carbon retention and broader ecosystem health. These management techniques should be eligible for incentives, even if they don't meet the additionality criteria often required under current carbon accounting frameworks.

Carbon programs must also become more flexible. Many farmers require land-use adaptability to cope with seasonal changes, droughts and market shifts. Forcing permanent land-use change in exchange for participation in carbon markets limits uptake and fails to reflect the operational realities of Australian agriculture. This problem will only become more relevant with climate change and increasing climate variability. To enhance carbon stock resilience without compromising productivity, support should be directed towards voluntary, flexible, short- to medium-term incentives for integrated farming practices.

Furthermore, the sector faces significant limitations in boosting existing carbon stocks due to climate change. Elevated temperature extremes, unpredictable rainfall, extended droughts and bushfires directly threaten the long-term stability of soil carbon and above-ground biomass. These biophysical realities impose definite limits on what can be achieved through land-based sequestration.

The role of the NSW Agriculture Commissioner mandated under the *Climate Change (Net Zero Future) Act 2023* is critical in identifying sector-specific opportunities to enhance carbon storage. Regular consultation with industry through this position should help develop practical, regionally relevant pathways. Similarly, the federal Department of Agriculture's upcoming Agriculture and Land Sectoral Plan is expected to identify national priorities for both storing more carbon and protecting what's already in the landscape.

If further information is required, please contact [redacted]

Your sincerely,

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