

Department of Agriculture, Fisheries, and Forestry
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Agriculture and Land Sectoral Plan

The Australian Energy Council ('AEC') welcomes the opportunity to make a submission to the Department of Agriculture, Fisheries, and Forestry's (the 'Department') consultation on the Agriculture and Land Sectoral Plan.

The Australian Energy Council is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

The Agriculture and Land Sectoral Plan is the first of six sectoral plans the Federal Government has committed to develop to inform its Net Zero Plan. The Net Zero Plan will lay out how the Federal Government intends to mobilise decarbonisation efforts from different sectors across the economy. This economy-wide intent is increasingly important if Australia is to meet its climate targets as efficiently as possible.

The Federal Government has taken some policy steps to incentivise economy-wide decarbonisation, most notably through the Safeguard Mechanism reforms targeting large industrial emitters, and the ongoing development of a fuel efficiency standard to reduce light vehicle emissions. Nonetheless, the policy attention of federal and state governments has overwhelmingly focused on achieving emissions reduction through the electricity sector, a focus that is reflected in [Australia's Emissions Projections 2023](#).

These projections highlight that the electricity sector is doing almost all the heavy lifting to drive Australia's emissions reductions. As the table below shows, the Government's conservative baseline scenario sees almost all industry emissions reductions between now and 2030 to come through the electricity sector, which is projected to fall by about 60 percent on 2005 levels by 2030, and over 80 percent by 2035.¹

These projections see other sectors – transport, stationary energy, and agriculture – become the largest source of Australia's greenhouse gas emissions by 2030. For transport and stationary energy, electrification is a commercial and readily available technology to decarbonise parts of these industries, so long as there are proper regulatory incentives in place. The swift rollout of the aforementioned federal policies, along with state initiatives like the Victorian Gas Substitution Roadmap, should hopefully serve as incentives for electrification technology uptake.

¹ These projections increase to 70 and 83 percent respectively under the "with additional measures" scenario, which involves more renewable penetration.

Table 1: Emissions projections to 2035 in the baseline scenario, by sector, Mt CO₂-e

Sector	National Greenhouse Gas Inventory			Projection	
	2005	2020	2025	2030	2035
Electricity	197	172	132	81	37
Stationary energy	82	100	102	96	83
Transport	82	93	102	102	95
Fugitives	43	54	50	46	39
Agriculture	86	73	79	80	80
Industrial processes and product use	30	32	30	25	21
Waste	16	13	13	13	13
Land use, land-use change and forestry	81	-43	-55	-57	-56
Total	616	494	452	386	313

Source: [Australia's Emissions Projections 2023](#), p20.

For agriculture, the decarbonisation pathways are not as immediately obvious. The primary source of agricultural emissions, as identified in the Consultation Paper, is methane from ruminant animals. Reducing this emissions source either requires lifestyle dietary changes and/or development of an abatement food supplement. The CSIRO is looking at this through its [FutureFeed](#) program, but any mass market, commercial technology still requires significant work. Secondary agricultural emissions sources – like fuel use – might have some immediate abatement options through small-scale renewable energy generation uptake and energy efficiency improvements.

Right now, agriculture does not face any abatement obligations and the Paper indicates that “there is no expectation there will be sector-specific emissions reduction targets”. The Sectoral Pathway should nonetheless lay out some roadmap for how and when agriculture will reduce its emissions going forward. It would be expected that there will be a greater reliance on offsets in the near-term compared to other sectors. In that scenario, the Department will need to consider the likely competing access for land and ACCU projects which might not be entirely cost-efficient – i.e. if sectors with abatement technologies available are consuming offsets that would be better used by hard-to-abate sectors like agriculture.

Sustainable land management is integral to the energy transition

As Australia transitions to a low-carbon energy grid, it is raising new challenges and opportunities with respect to sustainable land management. There is the ongoing challenge of how to build new transmission infrastructure in a way that respects and fairly compensates affected communities and landholders – the Consultation Paper indicates this will be considered in the Electricity and Energy Sectoral Plan.

Equally, investment in new generation will open new economic and abatement possibilities for the agriculture sector. For example, green hydrogen projects like CS Energy's [Kogan Renewable Hydrogen Project](#) and Origin Energy's [Hunter Valley Hydrogen Hub](#) should in time enable the manufacturing of green

ammonia, which can be used to reduce emissions from nitrogen fertiliser, as well as being a potential low carbon fuel source for heavy transport and machinery.

Likewise, proponents of new renewable and storage projects are increasingly focused on delivering nature positive outcomes beyond their environmental obligations. The rollout of the Federal Government's Nature Repair Market Bill will be important in facilitating a national biodiversity market for this but its design will need to be mindful of existing state biodiversity schemes to avoid double counting and reduce administrative complexity.

The energy transition will also require investment in new gas-powered generation. The Australian Energy Market Operator's (AEMO) [2022 Integrated System Plan](#) forecasts a "critical need" for about 10GW of gas-powered generation to support a future renewables-dominated grid. To offset the emissions from gas-powered generation, electricity businesses will use some abatement technology, but will also probably require some access to LULUCF-based carbon storage.

The AEC looks forward to engaging with the remaining sectoral plans and expects the eventual economy-wide vision in the Net Zero Plan to give industries a holistic picture of what Australia's decarbonisation pathways look like.

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Yours sincerely,

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