

Here's a taste of what we covered for those that missed it

Confusion to Clarity – Carbon in farming workshop wrap-up

Funded by the Federal Government and led by GGA, the Carbon Farming Outreach Project was rolled out using independent, scientific-based information to upskill farmers about all aspects of carbon farming, allowing them to make more informed decisions for their farm businesses.

As part of this program SCF delivered five, farmer workshops in Green Range, Cranbrook, Ravensthorpe, Nyabing, and Albany.

Here's a short snapshot of what was covered for those who couldn't make it.

AGRICULTURAL CARBON EMISSIONS

Globally, agriculture accounts for around 12% of total greenhouse gas emissions. In Australia however, this is slightly higher at 17% of national emissions (excludes the transport of ag products), of which 67% of this is solely enteric fermentation (methane from ruminants). No surprises that the energy industry is the biggest source of Australian emissions at around 71%.

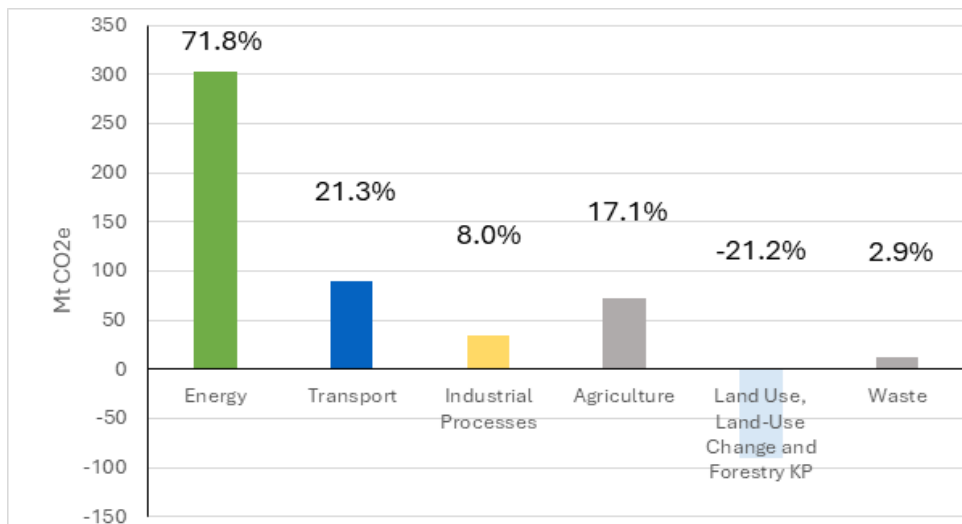


Figure 1: Percentage split of carbon emissions in Australia per industry, DCCEEW, 2024.

EMISSIONS SCOPES EXPLAINED – IN A FARMING CONTEXT

Scope 1: Direct emissions that occur on-farm, includes: Methane (sheep, cattle), Nitrous Oxide (urine, urea), Carbon Dioxide (lime, diesel).

Scope 2: Indirect emissions on-farm, includes: your electricity use (i.e. coal/gas-based electricity)

Scope 3: Indirect emissions pre- and post- farm gate includes: Energy used to make fertilisers & chemicals, nitrous oxide from grain and hay brought onto farm, methane produced by animals before they are brought onto the farm.

Note: For companies in the agricultural supply chain, (as an example, CBH), your 'Scope 1' (on on-farm) emissions, must be accounted for by CBH as their 'Scope 3' emissions. This is an important point to remember, especially as more Australian companies are now mandated to report on their Scope 3 emissions to the government.

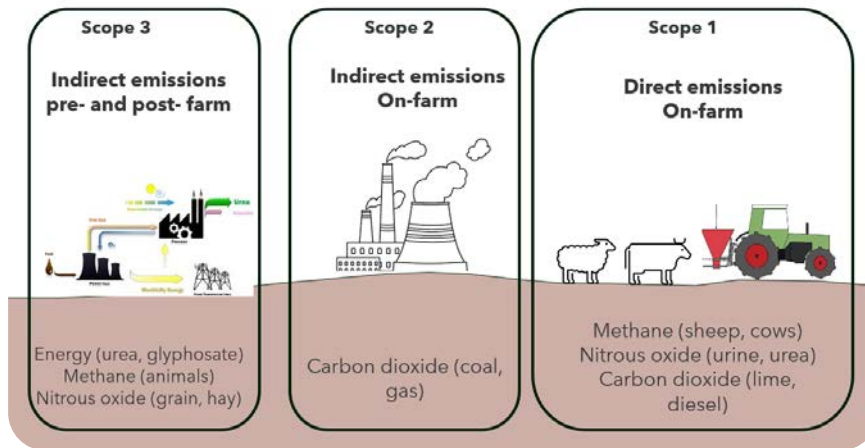


Figure 2: Agricultural emission scopes

WHO'S DRIVING THE PUSH FOR EMISSIONS REDUCTION?

Largely, the main driver for emissions reduction is coming from the commitment that the Australian government (and most other countries) made, when they signed up to the Paris Agreement, which was to reach net zero by 2050. This agreement was signed into international law and is predicted to significantly impact global trade. The Australian government has committed 43% reduction by the year 2030, which is only four and a half seasons away!

The Australian Government have also recently introduced mandatory reporting laws, which means large companies must declare their emissions. From 2027, this will also include scope 3 emissions (upstream of their company). This is important to us as farmers, as many of the companies that supply us, or whom we sell to, will report on the emissions associated with on on-farm production. Importantly, this will be aggregated data and not individualised.

While government policy plays a role, another significant driver in the agricultural industry is consumer and supply chain pressure. Major global companies like Heineken, Unilever, Nestlé, Danone and Mars have set ambitious reductions targets – up to 50% reductions by 2030 and net zero by 2040–2050. These companies, although we don't directly deal with them, do have significant impacts on what our supply chain might accept.

These moves are largely about managing shareholder risk and are based on consumer trends – like the “sustainable investments” option for superannuation and investment funds. More people are choosing ‘sustainable only’ investments and therefore a companies company's performance benefits from accessing these funds.

OFFSET MARKETS

The Australian Carbon Credit Unit (ACCU) scheme, introduced in 2011, provides credits for either reducing emissions or increasing sequestered carbon. The market really took off when, in 2016, the safeguard mechanism was introduced, requiring heavy emitters to purchase offsets if they went above their five-year emissions average. In 2023, this tightened further, with a 4.9% annual improvement target – with offsets needed to make up the shortfall.

Because of this, carbon farming companies are often knocking on farm doors to sign up farmers into carbon projects. However, a report by the Sydney Morning Herald exposed that a lot of these carbon companies are often funded by oil & gas companies such as Shell, Mitsui and others.

It's important for farmers to understand that if they sell any credits (ACCU's) that have been generated by a carbon



project, those credits are retired against the purchasing company’s carbon inventory, and the landowner is then responsible for managing that carbon asset for the remaining life of the project (typically 25 or 100 years). Also, that carbon cannot then be sold or offset against the farm’s own agricultural produce.



Figure 3: Offset example – farming specific.

INSETTING

Insetting is the term used to sequester carbon within the agricultural supply chain, to sell a ‘reduced carbon’ or ‘carbon neutral’ product. Increasingly, agricultural companies are looking for lower emissions produce in order to reduce their own emissions, and to meet their own reduction targets. The good news is that Australian farmers are already typically very efficient producers of agricultural products (globally), and there may be opportunity to strategically inset some of your farm carbon against your agricultural produce. The insetting example below shows how everyone along an agricultural supply chain can benefit with insetting.

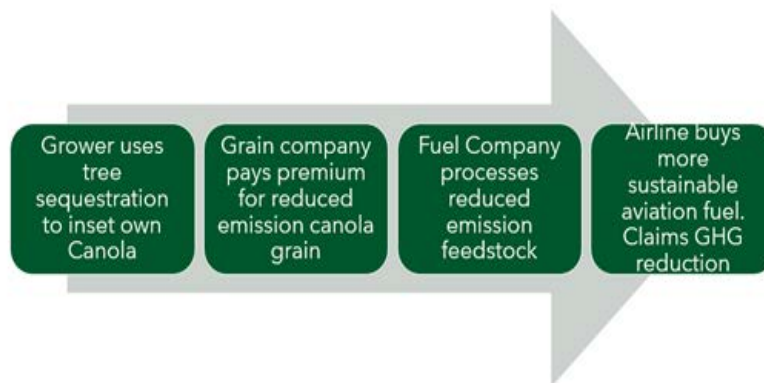


Figure 4: Insetting example – farm specific

CARBON PROFILE – WHY START NOW?

Globally, agricultural companies are already needing to hit their reduction targets, and larger Australian companies will also soon need to start reporting on their ‘Scope 3’ emissions – which, in agriculture, means on-farm emissions.

Even if you’re not ready to calculate your emissions, it’s worth knowing what data you will need to keep.

If you are keen to have a go, the agricultural industry has developed the Agricultural Innovation Australia (AIA) Environmental Accounting Platform, underpinned by the University of Melbourne’s PICCC calculator. Visit: aiaplatform.com.au

