



SUBMISSION ON THE
CFI review

October 2014

About Growcom

Growcom is the peak representative body for the fruit and vegetable growing industry in Queensland, providing a range of advocacy, research and industry development services. We are the only organisation in Australia to deliver services across the entire horticulture industry to businesses and organisations of all commodities, sizes and regions, as well as to associated industries in the supply chain. We are constantly in contact with growers and other horticultural business operators. As a result, we are well aware of the outlook, expectations and practical needs of our industry.

The organisation was established in 1923 as a statutory body to represent and provide services to the fruit and vegetable growing industry. As a voluntary organisation since 2003, Growcom now has grower members throughout the state and works alongside other industry organisations, local producer associations and corporate members. To provide services and networks to growers, Growcom has about 30 staff located in Brisbane, Bundaberg, Townsville, Toowoomba and Tully. We are a member of a number of state and national industry organisations and use these networks to promote our members' interests and to work on issues of common interest.

For the last decade, Growcom has been very active in policies and projects related to climate change and carbon. We have provided detailed submissions on the *Carbon Pollution Reduction Scheme*, the *National Carbon Offset Standard*, the *Clean Energy Future* policy and the *Carbon Farming Initiative*, among many other policies. We have completed numerous projects on climate impacts and adaptation strategies for the horticulture industry, and are currently delivering projects under the *Action on the Ground* and *Extension and Outreach* programs.

Climate policy and the horticulture industry

Growcom maintains the position that the long-term implications of climate change for our industry are potentially very significant and that effective action is required. Many horticultural commodities are extremely sensitive to climatic conditions, and even small climate changes may have negative impacts on product yields and quality (Deuter, 2009; Deuter et al., 2011; Putland and Deuter, 2011).

With this in mind Growcom believes it is important that the Carbon Farming Initiative (CFI) and the Emissions Reduction Fund (ERF) is designed to encourage the horticulture industry to participate in carbon mitigation. Growcom sees the following points as obstacles for the industry to be involved in official carbon farming projects, under both the current CFI scheme and the ERF

- A lack of applicable methodologies for horticulture
 - There are currently no methodologies that are compatible with horticulture production. The fact that horticulture is characterised by intensive production of high value products on relatively small land areas, limits the possibilities for CFI projects on horticulture land
 - Methodologies that could be compatible with horticulture include;
 - Avoided emissions through improved fertiliser management
 - The use of nitrification inhibitors
 - Sequestration of carbon in the soil
- The proposed minimum abatement limit of 2000 t CO₂-e minimum will rule out many small horticulture growers even if methodologies compatible with horticulture become available
 - While aggregation is an option to facilitate project development in smaller businesses, this adds further costs that undermine the economic feasibility of projects

- Looking at the distribution of carbon credits issued under the CFI it is evident that the majority of abatements come from non-agricultural land (i.e. landfill gas and avoided deforestation).
 - This means the suggestion that agriculture is well positioned to bid into the early ERF auctions because of early adopters, is limited to a small number of agricultural businesses and no horticultural businesses
- Sidelining agricultural abatements and putting them in direct competition with abatement from methodologies applicable to other industries (energy efficiency, waste coal mine gas, cleaning up power stations etc.) under the ERF will further discourage agricultural participation
 - The costs of generating agricultural credits using current and potential CFI methodologies are likely to be much higher than the expected auction prices and higher than credits accrued within other industries.
- Substantial work needs to be put into research of mitigation options, applicable methodologies and costs related to a CFI project before a business is ready to bid into the ERF auction.
 - Very few horticulture enterprises have the necessary money, time, and/or skills to do this, especially when kept in mind that no guarantee is given that an auction bid will be successful.

With these issues in mind Growcom believes that neither the CFI nor the ERF regulation deliver attractive investment options, and neither will provide effective incentive to undertake carbon farming projects in horticulture.

However, we are keen to work with government to assist in designing a program that will allow the horticulture industry to make a meaningful contribution to reducing carbon emissions.