

4 August 2026

Climate Change Authority  
King Edward Terrace  
PARKES ACT 2600  
Via online portal

To whom it may concern,

**Re: 2026 Annual Progress Advice consultation paper**

GrainGrowers welcomes the opportunity to comment on the 2026 Annual Progress Advice consultation paper.

GrainGrowers is a national organisation, driven by its vision: “Thriving Australian growers in vibrant communities.” Australian growers are at the heart of all that GrainGrowers does. Guided by grower insights and on-farm experience, GrainGrowers is delivering best practice, future-focused advocacy and development initiatives for the benefit of the grain industry and regional communities.

GrainGrowers has responded to questions relating to the proposed reference pathways (Question 1), the barriers to, and policies needed for, domestic low-emissions industries (Question 5) and the role of the Safeguard Mechanism in encouraging onsite abatement (Question 10).

In response to the consultation paper, GrainGrowers:

- Considers that agriculture requires a more tailored approach to tracking progress that reflects the significant influence of seasonal and climatic variability on both emissions and production outcomes, such as the incorporation of rolling averages (Question 1).
- Considers Australia to have significant opportunities to expand low-emissions industries based on agricultural feedstocks including low carbon liquid fuels and low emissions fertilisers, with key priorities including leveraging existing ethanol production capacity, supporting grain grower participation in emerging markets and accelerating innovation, commercialisation and adoption of low emissions fertilisers (Question 5).
- Supports a Safeguard Mechanism that prioritises stronger onsite abatement but oppose blunt ACCU restrictions that undermine confidence in genuine farm-based carbon projects (Question 10).

GrainGrowers looks forward to working with the Climate Change Authority on this topic. Should we be able to provide further assistance or if there are any enquiries relating to this submission please contact Rebecca Hurst – Policy Manager, Sustainability and Natural Resource Management at [rebecca.hurst@graingrowers.com.au](mailto:rebecca.hurst@graingrowers.com.au).

Yours sincerely,

**Grain Growers Limited**

ABN 25000245269

Level 19, 1 Market Street, Sydney NSW 2000 Australia | PO Box Q1355, Queen Victoria Building NSW 1230 Australia  
Tel +61 2 9286 2000 | Freecall 1800 620 519 | Email [enquiry@graingrowers.com.au](mailto:enquiry@graingrowers.com.au) | [www.graingrowers.com.au](http://www.graingrowers.com.au)



Zach Whale

**General Manager, Policy and Advocacy**

**Question 1 What are your views on the proposed approach for setting reference pathways to assess progress, including strengths, limitations and any alternative approaches that should be considered?**

The estimation approach and key assumptions for agriculture applies a linear abatement pathway from actual 2025 emissions to achieve the target range of 77–83 Mt CO<sub>2</sub>-e by 2035. While a linear approach may be appropriate for some sectors, it does not adequately reflect the inherent variability of agricultural emissions. Emissions from cropping systems are highly sensitive to seasonal and climatic conditions, including rainfall variability, drought, and changes in temperature. Although similar issues are recognised in the treatment of the land sector, agriculture is also significantly affected by factors outside the direct control of growers.

As a result, annual emissions outcomes can fluctuate substantially from year to year, independent of the adoption of emissions reduction measures. Agricultural production itself can also vary considerably between seasons due to climatic conditions. Grain yields may be significantly reduced in drought years or affected by frost and rainfall variability, meaning emissions intensity can change markedly even where grower practices remain unchanged. Using a single-year comparison against a linear reference pathway may therefore overstate or understate actual progress, creating a misleading picture of sector performance.

To address this limitation, the assessment framework may consider incorporating a rolling average approach, such as a three or five-year average, to smooth short-term climatic and seasonal variability. This would provide a more robust and representative measure of underlying emissions trends and better distinguish genuine emissions reductions from fluctuations driven by weather conditions. A rolling average approach would also align more closely with the long-term nature of agricultural production systems and investment decisions.

Alternatively, consideration could be given to developing climate-adjusted reference pathways or incorporating confidence bands around annual reference values to reflect expected variability. These approaches would improve the fairness, credibility and policy relevance of annual progress assessments while maintaining accountability for emissions reductions across the sector.

It is also important to recognise that periods of prolonged drought and adverse seasonal conditions can significantly constrain growers' capacity to focus on emissions reduction and other sustainability initiatives. During such periods, business continuity and production risks often become the primary concern, limiting both the financial and operational capacity available to invest in emissions abatement activities. Assessment approaches that account for seasonal variability would therefore provide a more realistic reflection of both sector performance and the operating environment facing growers.

Overall, reference pathways may be a useful tool for tracking progress, but their application to agriculture should explicitly account for the significant year-to-year volatility in both emissions and production outcomes caused by climatic and seasonal factors. Without such adjustments, annual assessments may misrepresent both progress and performance, potentially leading to inappropriate policy conclusions.

**Question 5 What are the key barriers to the growth of low-emissions industries in Australia? What government policies or initiatives could most effectively strengthen demand for Australian low emissions products and services, including low-carbon liquid fuels? Please provide evidence or analysis to support your views.**

GrainGrowers considers Australia to have significant potential to expand low-emissions industries, particularly those that utilise agricultural feedstocks to produce low-carbon liquid fuels and other value-added products. However, the growth of these industries is currently constrained by a combination of market, infrastructure, policy and supply chain barriers.

Medium-Term Measures

*Assess immediate pathways to leverage domestic ethanol production to strengthen fuel security and reduce import dependence*

Australia has an opportunity to improve short-term fuel supply resilience by better utilising existing domestic ethanol production capacity. Current ethanol production is sufficient to meet just under 3% of Australia's annual petrol demand, equivalent to approximately 10 additional days of national petrol supply. At a time of heightened concern regarding fuel security and supply chain disruption, this existing capability represents a practical and near-term opportunity to reduce Australia's exposure to imported fuels and support the growth of low-emissions industries in Australia.

Australia currently has two operational ethanol production facilities: Manildra Group's Shoalhaven Starches facility at Nowra in New South Wales, which uses wheat starch as a feedstock, and Wilmar's Sarina Distillery in Queensland, which produces ethanol from molasses. A third facility, United Petroleum's biorefinery at Dalby on Queensland's Darling Downs, utilised sorghum before closing in 2020. The suspension of operations reflected weakened ethanol demand and the significant impacts of drought experienced between 2017 and 2020.

Notably, Australia's existing ethanol facilities are currently operating at around 40% of their combined production capacity. This indicates substantial latent capability that could be mobilised relatively quickly to support national fuel security objectives, generate additional economic activity in regional Australia, and create new market opportunities for agricultural producers.

To unlock this potential, the Australian Sugar Manufacturers (ASM) is calling on the Australian Government to convene a national roundtable involving the sugar and grains industries. GrainGrowers believes this would assist in developing a coordinated national pathway for expanding domestic ethanol production, increasing utilisation of existing capacity and strengthening Australia's fuel security through greater use of locally sourced renewable fuel feedstocks.

Long-Term Measures

*Support the use of Australian agricultural feedstocks in low-carbon liquid fuels and underpin grower participation*

Australia's ongoing dependence on imported liquid fuels highlights the need for a comprehensive long-term strategy to strengthen domestic fuel security. Current supply disruptions and geopolitical uncertainty underscore the risks associated with sourcing approximately 91% of Australia's liquid fuel requirements from overseas markets.

Australia is well positioned to play a leading role in the production of low-carbon liquid fuels due to its abundant agricultural resources. Feedstocks such as grain, sugarcane, molasses, forestry residues and woodchips can provide the foundation for a domestic low-carbon fuels industry that delivers both energy security and regional economic benefits. However, further work is required to unlock feedstock availability, strengthen supply chains and support producer participation in emerging fuel markets.

Although the Australian Government has committed funding to low-carbon fuel production through initiatives such as the Cleaner Fuels Program, there remains a gap in support for the agricultural sector as the primary supplier of feedstocks. Ensuring growers are equipped to participate in developing low carbon liquid fuel industries will be critical to the sector's long-term success.

The Australian Government should invest in targeted education and extension programs that help growers understand market opportunities, sustainability requirements and supply chain expectations. Program delivery should provide practical, regionally relevant information that enables agricultural businesses to make informed decisions about participation in these emerging markets.

Government investment can also play an important catalytic role in de-risking innovation, attracting private co-investment and accelerating the commercialisation of new technologies. This support should be delivered through coordinated national programs involving organisations such as CSIRO, Rural Research and Development Corporations, industry bodies and supply chain partners.

GrainGrowers notes the invitation to refer the Climate Change Authority to relevant submissions made to similar consultation processes. For further detail on policies and initiatives to strengthen demand for domestic low carbon liquid fuel, please refer to [GrainGrowers' submission in response to the National Bioenergy Feedstock Strategy](#).

#### *Support the development and adoption of low-emissions fertiliser products*

Low-emissions fertiliser products and technologies represent a practical opportunity to reduce emissions from Australian agriculture while maintaining productivity and strengthening domestic supply chains. Improved fertiliser products, including urease and nitrification inhibitors, enhanced-efficiency fertilisers and emerging low-emissions nitrogen products, can improve nitrogen use efficiency and reduce nitrous oxide emissions associated with fertiliser application.

Government support should focus on accelerating innovation, commercialisation and adoption through targeted research and development, demonstration programs and extension services. This would help overcome barriers to market uptake, provide growers with confidence in product performance, and encourage investment in domestic manufacturing capability.

Supporting the development of a domestic low-emissions fertiliser industry would complement efforts to expand Australian fertiliser production capacity, improve supply chain resilience, reduce reliance on imported inputs and create opportunities for Australian producers to meet growing demand for lower-emissions agricultural products.

**Question 10 Should the Safeguard Mechanism play a stronger role in encouraging onsite abatement, relative to allowing flexibility through ACCU use?**

- **What objectives should guide this assessment?**
- **Are additional incentives or constraints warranted?**
- **If so, what options should be considered and why?**

Yes, the Safeguard Mechanism should play a stronger role in encouraging onsite abatement relative to allowing compliance flexibility through unrestricted ACCU use.

GrainGrowers supports a national emissions reduction framework that prioritises direct emissions reduction before relying on land-based carbon offsets. While ACCUs have an important role in providing flexibility for Safeguard entities, and supporting grower investment in carbon sequestration and avoidance, they should complement genuine emissions reductions within Safeguard facilities.

The *2024–25 Safeguard Mechanism Data Insights Report* demonstrates the significant role that ACCUs continue to play in compliance. Once flexibility measures for the reporting period were finalised, 141 facilities exceeded their baselines by a combined 13.7 Mt CO<sub>2</sub>-e. Compliance was achieved through the surrender of 10.8 million ACCUs, illustrating that Safeguard obligations remain a material source of demand in the ACCU market.

While compliance flexibility is important, an overreliance on land-based carbon offsets may weaken incentives for industrial facilities to invest in onsite abatement opportunities. This may create a risk that agriculture bears a disproportionate share of the national abatement task through the ongoing supply of offsets to large industrial emitters.

Modelling produced by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) found that approximately 18 million hectares of agricultural land could be transitioned to carbon projects by 2050. ABARES estimates that 41% of this land area would result in the full displacement of agriculture.

For this reason, GrainGrowers believes additional measures to strengthen incentives for direct emissions reduction should be considered, provided they are carefully designed to avoid undermining confidence in, or demand for, legitimate agricultural carbon projects.

The assessment of the appropriate balance between onsite abatement and ACCU use should be guided by not only emissions outcomes and economic efficiency, but also:

- Avoiding disproportionate reliance on any single sector, including agriculture, to deliver emissions abatement on behalf of other industries
- Maintaining the environmental integrity and credibility of Australia's emissions reduction framework
- Encouraging investment in low-emissions technologies, process improvements and operational efficiency

The objective should be a balanced approach that increases direct emissions reduction at covered facilities while maintaining a stable and credible carbon market that rewards genuine sequestration and avoidance activities undertaken by farmers.