

Australian Agricultural Sustainability Framework

Phase 2 Synthesis Report
September 2022



Australian Government

**Department of Agriculture,
Fisheries and Forestry**

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i. Executive Summary

The purpose of the Australian Agricultural Sustainability Framework (AASF) is to communicate at the national level the sustainability status and goals of the Australian agricultural industry to markets and the community. It enables Australia to set its own narrative about agricultural sustainability in international fora and during trade negotiations. Its overarching value is in establishing a nationally consistent language for sustainability that is meaningful to markets, corporates, the community and farm sector.

Sustainability reporting is gaining momentum across corporate Australia. Consumers, shareholders, financiers and regulators are demanding transparency on sustainability. Businesses have corporate demands which require them to disclose the environmental, social and governance (ESG) impacts across their supply chain. Businesses who do not act are at risk of losing access to both physical and capital markets.

At the same time, many of these businesses are building their knowledge and capacity around sustainability. This rapid growth is leading to confusion, with a variety of definitions and expectations emerging. There is no single definition for Australian agricultural sustainability to inform agricultural sustainability decision making.

This is leading to an increase in bespoke sustainability initiatives in response to specific buyer/ market needs. When considered at the national level they are inconsistent and misaligned in language, principles and criteria. This creates two issues. The first is our ability to demonstrate agriculture sector-wide sustainability is impeded, which undermines our ability to support Australia's reputation as a clean, green producer on world markets.

Second, it increases the risk of greater burdens of reporting and demonstrating evidence of sustainability being passed to farmers via the supply-chain. Farmers are obliged to respond to maintain contracts with buyers through whom they sell their products, with no additional reward flowing back to the farm. For mixed farmers, or farmers who sell to multiple buyers, this potentially translates into reporting obligations to multiple initiatives.

The intent of the AASF is to assist our national response to these challenges. It can provide Australian agriculture and the Australian Government with a consistent national evidence base from which to set the agenda on sustainability in international fora, when engaging with international initiatives and during trade negotiations.

For farmers the AASF is not intended to bring additional cost or reporting burden. Farmers can interact with AASF through their existing industry frameworks and schemes.

For existing industry and environmental initiatives the AASF can assist in harmonisation, information sharing and reducing transaction costs of participation in sustainability initiatives. The intent is not to replace existing initiatives but to enable collaboration across initiatives to achieve greater consistency, overcome data challenges and position Australia as a world-leader in agricultural sustainability.

The development of the AASF has been funded by a grant awarded to the National Farmers Federation by the Australian Government and is currently managed by the Department of Agriculture, Fisheries and Forestry (DAFF). It is being delivered through three Phases, with this Synthesis Report bringing together the outcomes of Phase 2. Phase 2 represents two-thirds of the body of work being completed to develop the AASF.

Phase 2 has been completed through six related Elements. Chapter 2 goes into the detail of the outcomes achieved by each of these elements.



Phase 2 Elements are:

Element 1 – Framework Development, delivery partner Australian Farm Institute

Element 2 – Financial Incentives and Accounting Frameworks, delivery partner KPMG

Element 3 – Industry Program Benchmarking, delivery partner Schuster Consulting

Element 4 – Data Needs Analysis, delivery partner CSIRO

Element 5 – Communication and Stakeholder Engagement, delivery partner KG2 and Nook Studios

Element 6 – Legal and Policy Analysis, Aither

Phase 3 of the AASF will be delivered during 2022/23 and is the final part of the work being funded by the Australian Government. It is envisaged that AASF development, market testing and implementation will continue past this current funding envelope, with the NFF engaging with potential funding parties around this need.



CHAPTER 1

About the Project



**National
Farmers
Federation**



Australian Government

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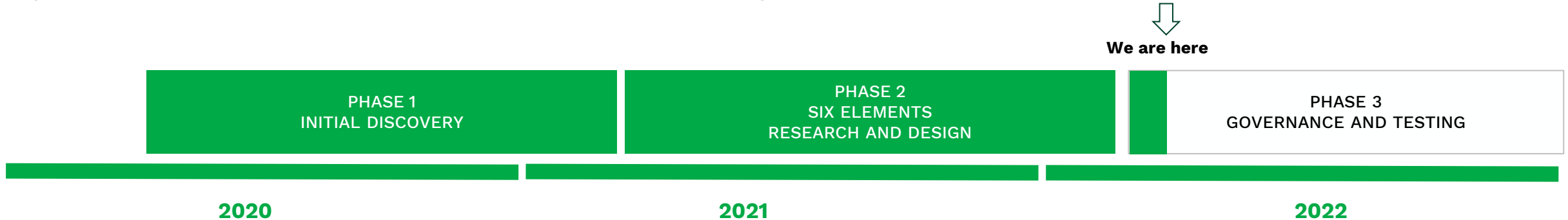
1. Introduction

Demonstration of sustainability has gained momentum across markets and throughout the corporate sector. Environmental, Social and Governance (ESG) reporting is a requirement of commercial entities and our international trading partners are demanding Australia provides the evidence behind its clean and green assertions. The Australian Agricultural Sustainability Framework (AASF) responds to these drivers, providing the first national, consistent narrative of Australian agricultural sustainability.

The AASF is being developed under a \$4M grant provided to the National Farmers' Federation (NFF) by the Australian Government in 2020 through to 2022/23, it is currently managed by the Department of Agriculture, Fisheries and Forestry (DAFF).

This funding is part of a larger Agriculture Biodiversity Stewardship Package — an investment to improve the value of natural resource management, kick start private investment in farm biodiversity, and unlock 'natural capital' and other sustainability opportunities.

The AASF development is being completed through three Phases. This report focusses on the outcomes of Phase 2 which represents two thirds of the work to be undertaken under the grant from the Australian Government.



2. Testimonial: International Trade and Market Access

Su McCluskey, Australia's Special Representative for Agriculture

"I was recently in Europe within the context of a newly announced UK-Australia FTA and, of course with negotiations continuing on the EU-Australian FTA.

The message I got very strongly was that everything revolves around sustainability. And that Europe's view of Australia's sustainability credentials is not high at all. In fact – quite the opposite. Despite our continuing to claim that our agricultural practices are sustainable, this is not enough. We need to demonstrate this and articulate this in as many fora as possible.

In relation to sustainability more broadly, while we think we are quite advanced in relation to developing frameworks, this is not getting through internationally.

Importantly we need to ensure that we can continue to develop metrics and reporting, including case studies so that we can more clearly demonstrate our credentials.

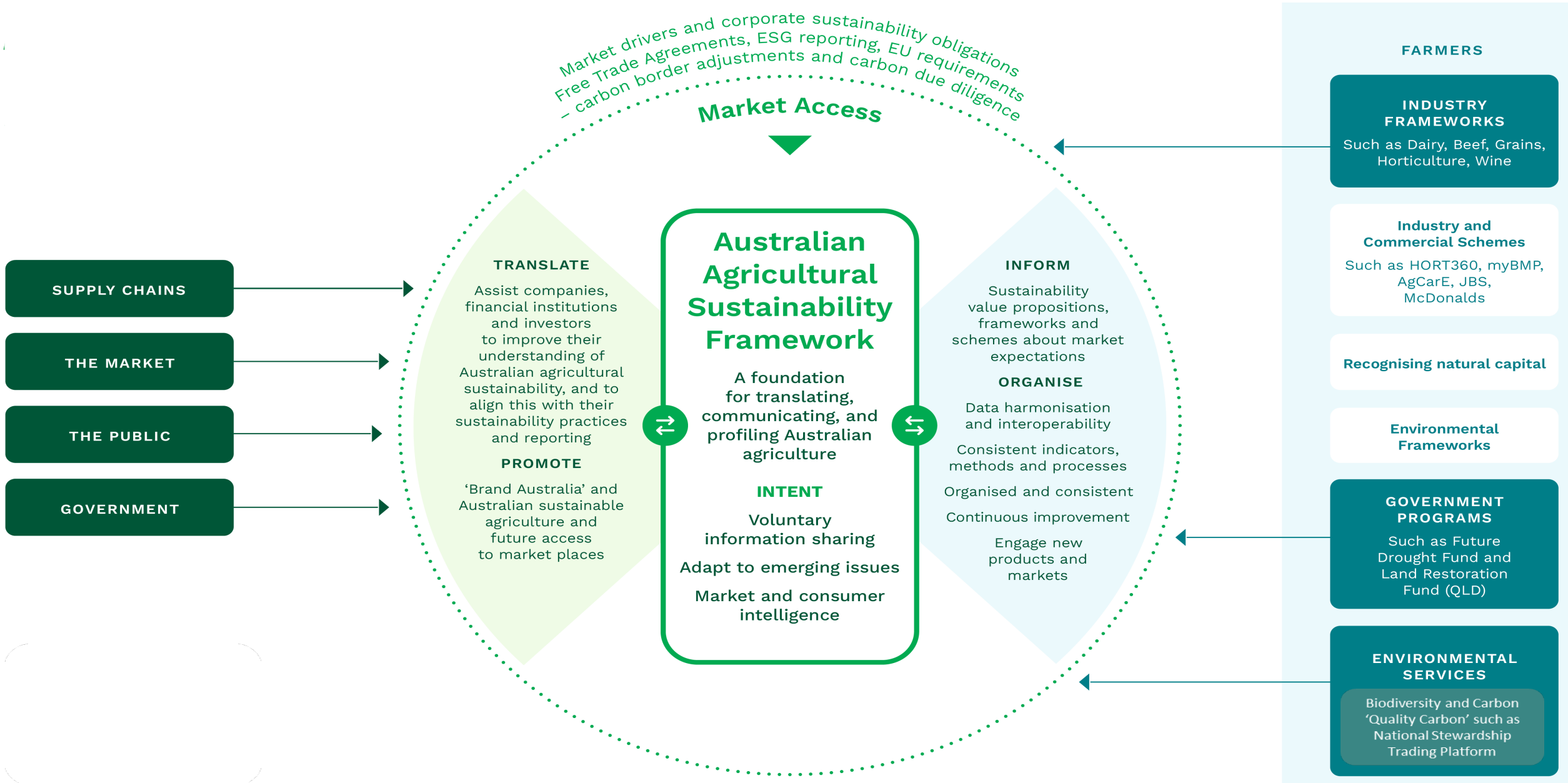
The French will be influential on any EU-Australia FTA and indeed, the message from EU was that just because we were able to negotiate an FTA with the UK, don't expect such an easy ride with the EU.

Our sustainability credentials will be at the heart of this, with the expectation that the EU will push for their standards to be met without recognition that we too can meet best practice standards, even though our climatic conditions and production systems may mean that we do things a bit differently."



I look forward to continuing to promote Australia's commitment and leadership on sustainability on the world stage.

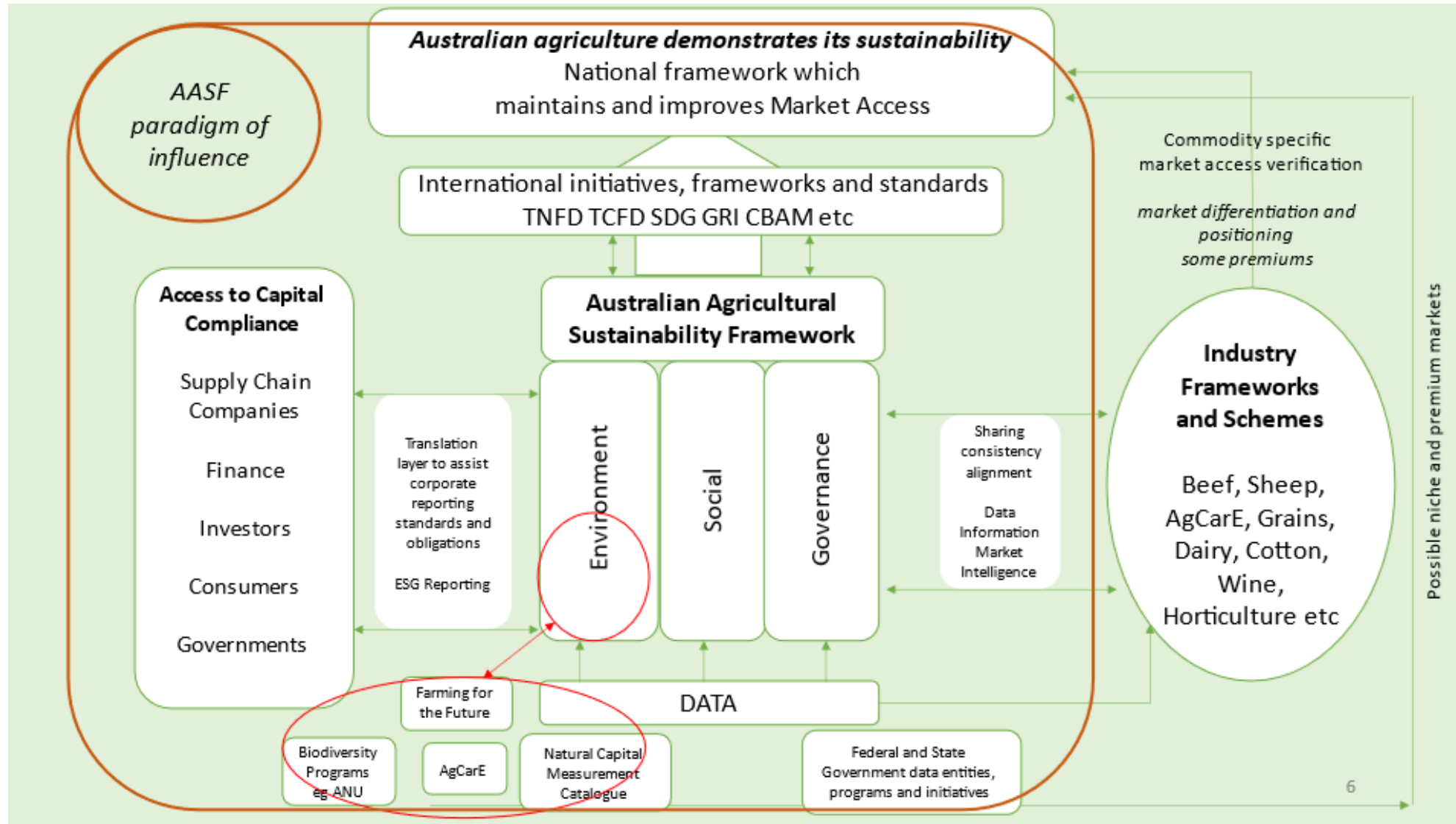
3. Concept Diagram



4. International Context

The AASF will interoperate with and inform existing and emerging international and domestic frameworks and global initiatives on sustainability.

It harmonises sustainability language with a clear set of principles and metrics which are applicable across agricultural sectors and geographies.



5. Testimonial Corporate ESG Strategy

Kiri Rogan, KPMG Food & Agribusiness

Environmental, Social and Governance (ESG) considerations are at the top of the corporate agenda. This is being driven by a changing climate and mounting pressures from investors, shareholders, customers, consumers and regulators. Companies operating in the food and agricultural landscape are particularly exposed to the evolving ESG landscape, owing to their inherent reliance on the land and natural resources for the production of food and fibre.

This evolving landscape is motivating companies to disclose and report on their sustainability risks and impacts. Numerous reporting global reporting frameworks and standards have been developed to support this, such as the Global Reporting Initiatives, the Sustainable Development Goals, the Taskforce on Climate-Related Financial Disclosures and the emerging Taskforce on Nature-Related Financial Disclosures.

For a company to disclose their holistic end to end sustainability impacts and performance, on-farm sustainability metrics and data are required. There is a strong signal from the corporate sector that companies would like to work collaboratively with the farm sector to achieve supply chain sustainability. However, tools are needed to enable this.

It is clear that the AASF will be a valuable tool to support collaboration between the corporate sector and farm sector, by providing a common language and alignment between corporate reporting and on farm sustainability reporting. The AASF also represents a holistic approach to sustainability through it's consideration of the three pillars, reflecting the trend of a holistic ESG approach which we are seeing across the corporate sector.



The AASF plays a valuable role as a key translation layer in food and agricultural supply chains, helping to bridge the gap between the corporate sector and the farm sector.



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Testimonial Enabling Farmer Engagement

“The AASF came to our attention during development of our project (Ruminati), which we’ve been working on over the past 12 months. [Ruminati](#) will provide a service for farmers that closely aligns with the AASF.

“We identified a missing mechanism through which the sustainability and stewardship efforts of farmers can be recorded and then reported impartially to stakeholders. By building on the categories and principles stepped out the in the AASF, Ruminati is developing a platform that will report farm sustainability activity into a homogenous star-rating system. Together with the AASF, we hope this provides a clearer pathway to action for farmers to move the needle towards climate neutrality and a resilient farming community.

“The AASF has greatly influenced the platform’s aspirations to measure and report the sustainability of the resource bases used in agriculture along with the businesses and the people that are intertwined with it.”

- Will Onus, Farmer & Founder, Ruminati



Will Onus
Farmer & Founder

6. Phase 1 Initial Discovery

Role

Early in 2020 the Australian Farm Institute (AFI) undertook a research project to review best practice management standards and gather feedback from stakeholders with skin in the game to address the benefits and potential barriers for adoption of a biodiversity scheme within farming and natural resource management communities.

Activities

More than 500 individuals contributed their thoughts, opinions and expertise to the project. Information gathered in the desktop review and consultation was analysed to determine key criteria for success. Consistent feedback indicated farmers preferred a broader focus on voluntary participation in sustainability rather than a more specific focus on biodiversity.

Farmers also identified that the complexity, cost and difficulty of assessing and participating in multiple programs, as barriers to participation in current stewardship programs, including market-based initiatives.

Deliverables



[Full report](#)
[Summary](#)
[Video overview](#)

The report found that best results are likely to come from an overarching national framework that connects and verifies current and emerging programs and provides farmers with choice.

An overarching framework could provide a pathway to assuring market access, demonstrating robustness of verification and measurement tools, and supporting the further diversification of economic opportunities for farmers.

7. Phase 2 Six Elements to Research and Design

This report provides the findings of the each of the six elements of Phase 2 activity.

Element 1
Framework
Development



Element 3
Industry
Program
Benchmarking



Element 5:
Communication
& Engagement



Element 2
Financial
Incentives &
Accounting
Systems



Element 4
Data Needs
Analysis



Element 6
Legal & Policy
Analysis

A I T H E R



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7. Phase 2 Summary of Outcomes

Element 1: AASF iteration 3 is available on the AFI website. An initial report on options for a future governance structure for AASF has been completed.

Element 2: KPMG Report *The Time is Now* has been released, explores the role of the AASF in sustainable supply chains, the drivers behind the evolving ESG landscape, and the emergence of sustainability-linked incentives. The report identifies how the AASF can be used as a translation layer to support companies to report on ESG performance.

Element 3: CSIRO assessed the available national data sets for 15 AASF criteria to advise on data needs for reporting against all 43 AASF criteria and opportunities to assist industry frameworks to address data needs.

Element 4: Schuster Consulting Group evaluated 15 sustainability, biodiversity and natural capital initiatives and mapped their alignment with the AASF. The findings of this project informed the design of Iteration 2 and 3 of the AASF and has established a network of organisations who are willing to continue joint work.

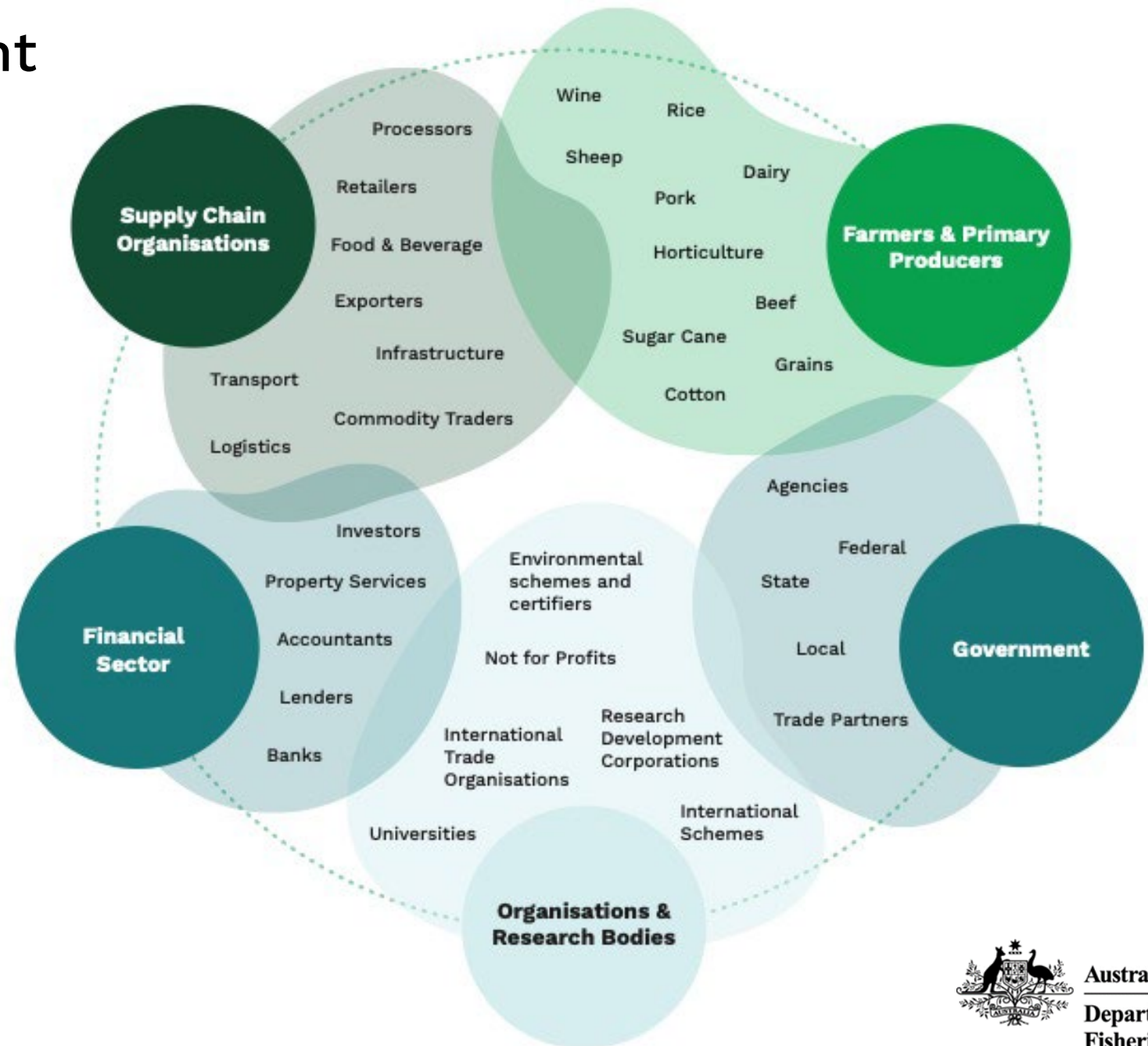
Element 5: A KG2 Survey of 600 farmers found high awareness and participation in sustainable practices, but there is inconsistency and confusion about how it is defined.

Element 6: Aither completed an initial assessment of legal, tax and policy barriers. They are now analysing proposed legislative changes and their effect on Australian taxation as a barrier to the uptake of sustainability payments. This will include six case studies of farm enterprise to understand the effect on example farm enterprises.

The following sections provide more detail on the outcomes of each of the six Elements of work.

Phase 2 Engagement

Over 1,300 people and organisations have contributed to the six Elements of AASF Phase 2 development.



8. Phase 3 Proposed Governance and Market Testing 2022/ 23

The Phase 3 Workplan proposes the following activities to be completed over a 12 to 18 month period

Australian Farm Institute to determine the most appropriate long-term governance, funding and management structure for AASF and its operationalisation. This will include recommendations on the scope for an AASF business case. This includes enabling Australian engagement on international initiatives such as the Taskforce for Nature-related Financial Disclosures and developing Australian markets in natural capital and ecosystem services. A fourth version of AASF will be also be released.

KPMG to co-design with commercial partners a framework for pilots to test AASF in Australian value and supply chains and potentially overseas. NFF is engaging with federal and state governments and commercial partners to seek funding for implementation of these pilots.

Schuster Consulting to host a Community of Practice for organisations in the sustainability landscape to foster cross-sectorial collaboration, continue to harmonise sustainability concepts under the AASF and address shared challenges such as data.

A communications campaign to continue to raise awareness about the AASF among primary producers, supply chain companies, finance, retailers and international markets will continue.

Data is a priority for the AASF to support framework reporting. The ability to access additional funds will determine the extent of this work in Phase 3. Existing AASF funding precludes further data investment.

CHAPTER 2

Outcomes of Phase 2



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9. Element 1 Framework development

Purpose

AFI designed and developed the Australian Agricultural Sustainability Framework, taking into account relevant industry and international frameworks as well as legal, privacy and other relevant considerations.

Activities

AFI worked with a specialist expert reference group of eight subject matter experts to ensure a rigorous peer review process informed development.

The reference group provided valuable insights about existing systems, industry opportunities and gaps, as well as emerging global sustainability reporting trends.

AFI reviewed international standards and schemes along with domestic frameworks and schemes.

This led to the release of AASF Iteration 1 which was reviewed by 36 stakeholder organisations. Based on this feedback AFI released Iteration 2 for consultation in mid 2021. Further consultation along with input from the six element activities led to the release of Iteration 3 in April 2022.



Deliverables

Theme	Categories	V3 Principles (desired outcome or IDEAL STATE)	V3 Criteria (conditions to be met to comply with a Principle)
Environmental Stewardship	GREENHOUSE GASES & AIR	P1. Net anthropogenic GHG emissions are limited to minimise climate change	C1. GHG emissions are reduced throughout lifecycle C2. Carbon emissions are sequestered throughout lifecycle C3. Where necessary (i.e. if C1 & C2 are impractical), GHG emissions are offset throughout lifecycle by purchasing recognised credits or participating in recognised projects C4. Plant, equipment and machinery are appropriately maintained and operated to maximise efficiency C5. Activities which generate particulate matter are conducted within regulatory guidelines
		P2. Adverse impacts to air quality are avoided or minimised	C6. Soils are managed to provide ecosystem services, including sustainable agricultural production C7. Land under productive agricultural management delivers beneficial environmental services C8. Natural waterways are preserved and improved
	SOIL & LANDSCAPES	P3. Soil health and functionality are protected and enhanced P4. Landscape degradation is avoided or minimised	C9. Farms support a diverse range of beneficial flora and fauna species C10. Farm related ecosystems are functioning and thriving
	BIODIVERSITY	P5. Biodiverse ecological communities are protected and enhanced	C11. Water is used efficiently in agricultural systems C12. Adverse impacts to surface water and groundwater quality are prevented
	WATER	P6. Water resources are used responsibly and equitably	C13. The use of inputs and resources that cannot be reused or recycled is minimised C14. Renewable sources of inputs are prioritised C15. Residuals and waste are reused or recycled
	MATERIALS & RESOURCES	P7. Finite resources are safeguarded in circular economic systems	C16. Food and fibre is produced, packaged and distributed to world leading standards of safety C17. Food produced by the industry is healthy and nutritional C18. Producers practice good antimicrobial stewardship C19. Occupational health and safety are upheld in the working environment C20. Labour rights are respected and compliance with relevant legislation is demonstrated C21. Physical health and mental wellbeing are valued and actively supported
People, Animals & Community	HUMAN HEALTH, SAFETY & WELLBEING	P8. Safe agricultural outputs are produced for public consumption	C22. Profitability and competitiveness are encouraged C23. A rewarding and enriching work environment is provided C24. Human rights are respected unequivocally C25. Workplace diversity is valued and actively supported
		P9. Safe working environments are provided for employees	C26. Best practice on farm husbandry is demonstrated C27. Safe transportation of animals is demonstrated C28. Humane end of life for farmed animals is ensured
	LIVELIHOODS	P10. Fair access to a decent livelihood is provided within the industry	C29. Industry contributes to local community economic growth and social capital C30. Indigenous culture is recognised, valued and actively supported C31. Community trust in the industry is upheld
	RIGHTS, EQUITY & DIVERSITY	P11. Discrimination is not tolerated in an inclusive industry	C32. Compliance with applicable laws and regulations is demonstrated C33. Fair access to participate equally in markets is ensured C34. Zero tolerance for bribery or corruption is demonstrated C35. Government and industry develop and extend overarching national scenario planning for industry risks C36. Industry participants develop, implement and regularly review risk management plans C37. Innovation and infrastructure are well resourced and supported by government and industry, and can be equitably accessed by industry participants
	ANIMAL WELLBEING	P12. Farmed animals are given the best care for whole of life	C38. Product provenance information is readily available (i.e. traceability) C39. Information asymmetry in the supply chain is eliminated where perverse outcomes are a risk C40. Carbon footprint accounting is harmonised
	SOCIAL CONTRIBUTION	P13. Society benefits from the agricultural industry's positive contribution	C41. Farms have systems in place to monitor risk, prevent and mitigate adverse impacts from biosecurity threats C42. Industry has systems in place to monitor risk, prevent and mitigate adverse impacts from biosecurity threats C43. Government has systems in place to monitor risk, prevent and mitigate adverse impacts from biosecurity threats
Economic Resilience	GOOD GOVERNANCE	P14. All industry participants behave ethically and lawfully P15. Resilience is protected and enhanced by assessment, mitigation and management of risks	
	FAIR TRADING	P16. Unconscionable conduct is eliminated from the supply chain via demonstrated transparency and accountability	
	BIOSECURITY	P17. Biosecurity threats are assessed, mitigated and effectively managed in systems of continuous improvement	



The AASF has 3 themes, 13 categories, 17 principles and 43 criteria.

The Framework will need to be regularly updated to ensure it maintains currency with international and domestic sustainability requirements.

[View framework](#)



Framework Purpose

The AASF communicates at the national level the sustainability status and goals of the Australian agricultural industry to markets and to the community.

The framework operates at the national level not farm level. It is **voluntary** and **no additional cost** to the industry should be incurred. Individual farmers will not report against the AASF, but they may use it as a guide about sustainability and ESG expectations

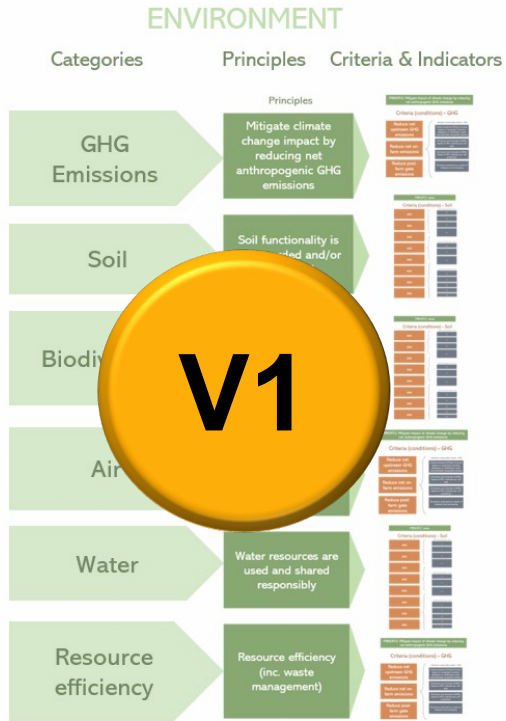
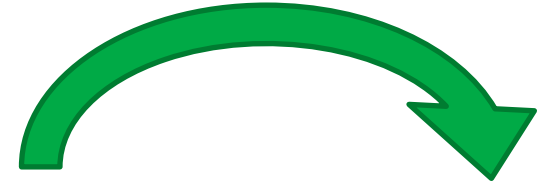
The aim is to **assist alignment and consistency** across existing and emerging sustainability initiatives and to address joint challenges like data

The AASF principles and criteria are high level, to allow for **diversity across commodities, geographies and production systems.**

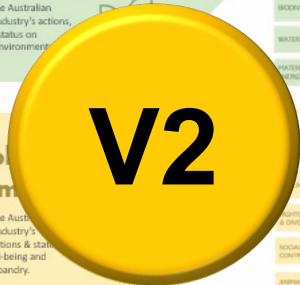
The AASF is not currently designed for **certification** or for **compliance.**

It has been informed by and **aligned with relevant global sustainability schemes and standards.**

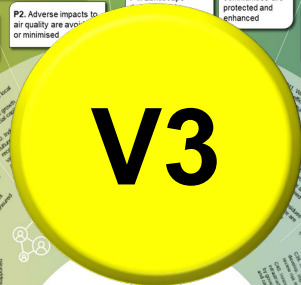
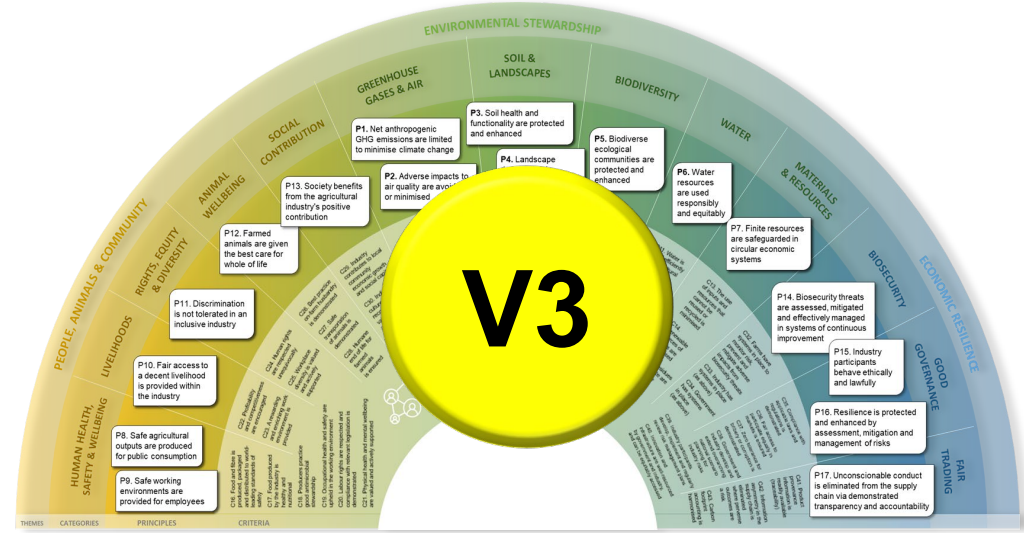
Framework Iterations



Mid 2021



Late 2021



April 2022

AASF has been developed through the release and testing of three “iterations”. Each iteration has been exposed to extensive stakeholder engagement which has confirmed alignment with market and industry imperatives and where further work was needed to achieve consistency and interpretation.

Theme – Environmental Stewardship

Theme	Categories	V3 Principles (desired outcome or IDEAL STATE)	V3 Criteria (conditions to be met to comply with a Principle)
Environmental Stewardship	GREENHOUSE GASES & AIR	<p>P1. Net anthropogenic GHG emissions are limited to minimise climate change</p> <p>P2. Adverse impacts to air quality are avoided or minimised</p>	<p>C1. GHG emissions are reduced throughout lifecycle</p> <p>C2. Carbon emissions are sequestered throughout lifecycle</p> <p>C3. Where necessary (i.e., if C1 & C2 are impractical), GHG emissions are offset throughout lifecycle by purchasing recognised credits or participating in recognised projects</p> <p>C4. Plant, equipment and machinery are appropriately maintained and operated to maximise efficiency</p> <p>C5. Activities which generate particulate matter are conducted within regulatory guidelines</p>
	SOIL & LANDSCAPES	<p>P3. Soil health and functionality are protected and enhanced</p> <p>P4. Landscape degradation is avoided or minimised</p>	<p>C6. Soils are managed to provide ecosystem services, including sustainable agricultural production</p> <p>C7. Land under productive agricultural management delivers beneficial environmental services</p> <p>C8. Natural waterways are preserved and improved</p>
	BIODIVERSITY	<p>P5. Biodiverse ecological communities are protected and enhanced</p>	<p>C9. Farms support a diverse range of beneficial flora and fauna species</p> <p>C10. Farm-related ecosystems are functioning and thriving</p>
	WATER	<p>P6. Water resources are used responsibly and equitably</p>	<p>C11. Water is used efficiently in agricultural systems</p> <p>C12. Adverse impacts to surface water and groundwater quality are prevented</p>
	MATERIALS & RESOURCES	<p>P7. Finite resources are safeguarded in circular economic systems</p>	<p>C13. The use of inputs and resources that cannot be reused or recycled is minimised</p> <p>C14. Renewable sources of inputs are prioritised</p> <p>C15. Residues and waste are reused or recycled</p>

Theme – People, Animals & Community

Theme	Categories	V3 Principles (desired outcome or IDEAL STATE)	V3 Criteria (conditions to be met to comply with a Principle)
People, Animals & Community	HUMAN HEALTH, SAFETY & WELLBEING	<p>P8. Safe agricultural outputs are produced for public consumption</p> <p>P9. Safe working environments are provided for employees</p>	<p>C16. Food and fibre is produced, packaged and distributed to world-leading standards of safety</p> <p>C17. Food produced by the industry is healthy and nutritional</p> <p>C18. Producers practice good antimicrobial stewardship</p> <p>C19. Occupational health and safety are upheld in the working environment</p> <p>C20. Labour rights are respected and compliance with relevant legislation is demonstrated</p> <p>C21. Physical health and mental wellbeing are valued and actively supported</p>
	LIVELIHOODS	P10. Fair access to a decent livelihood is provided within the industry	<p>C22. Profitability and competitiveness are encouraged</p> <p>C23. A rewarding and enriching work environment is provided</p>
	RIGHTS, EQUITY & DIVERSITY	P11. Discrimination is not tolerated in an inclusive industry	<p>C24. Human rights are respected unequivocally</p> <p>C25. Workplace diversity is valued and actively supported</p>
	ANIMAL WELLBEING	P12. Farmed animals are given the best care for whole of life	<p>C26. Best practice on-farm husbandry is demonstrated</p> <p>C27. Safe transportation of animals is demonstrated</p> <p>C28. Humane end of life for farmed animals is ensured</p>
	SOCIAL CONTRIBUTION	P13. Society benefits from the agricultural industry's positive contribution	<p>C29. Industry contributes to local community economic growth and social capital</p> <p>C30. Indigenous culture is recognised, valued and actively supported</p> <p>C31. Community trust in the industry is upheld</p>

Theme – Economic Resilience

Theme Categories

V3 Principles (desired outcome or IDEAL STATE)

V3 Criteria (conditions to be met to comply with a Principle)

Theme Categories	V3 Principles (desired outcome or IDEAL STATE)	V3 Criteria (conditions to be met to comply with a Principle)
Economic Resilience	BIOSECURITY <i>P14. Biosecurity threats are assessed, mitigated and effectively managed in systems of continuous improvement</i>	C32. Farms have systems in place to monitor risk, prevent and mitigate adverse impacts from biosecurity threats C33. Industry has systems in place to monitor risk, prevent and mitigate adverse impacts from biosecurity threats C34. Government has systems in place to monitor risk, prevent and mitigate adverse impacts from biosecurity threats
	GOOD GOVERNANCE <i>P15. All industry participants behave ethically and lawfully</i> <i>P16. Resilience is protected and enhanced by assessment, mitigation and management of risks</i>	C35. Compliance with applicable laws and regulations is demonstrated C36. Fair access to participate equally in markets is ensured C37. Zero tolerance for bribery or corruption is demonstrated C38. Government and industry develop and extend overarching national scenario planning for industry risks C39. Industry participants develop, implement and regularly review risk management plans C40. Innovation and infrastructure are well-resourced and supported by government and industry, and can be equitably accessed by industry participants
	FAIR TRADING <i>P17. Unconscionable conduct is eliminated from the supply chain via demonstrated transparency and accountability</i>	C41. Product provenance information is readily available (i.e. traceability) C42. Information asymmetry in the supply chain is eliminated where perverse outcomes are a risk C43. Carbon footprint accounting is harmonised

AASF Terms and Structure

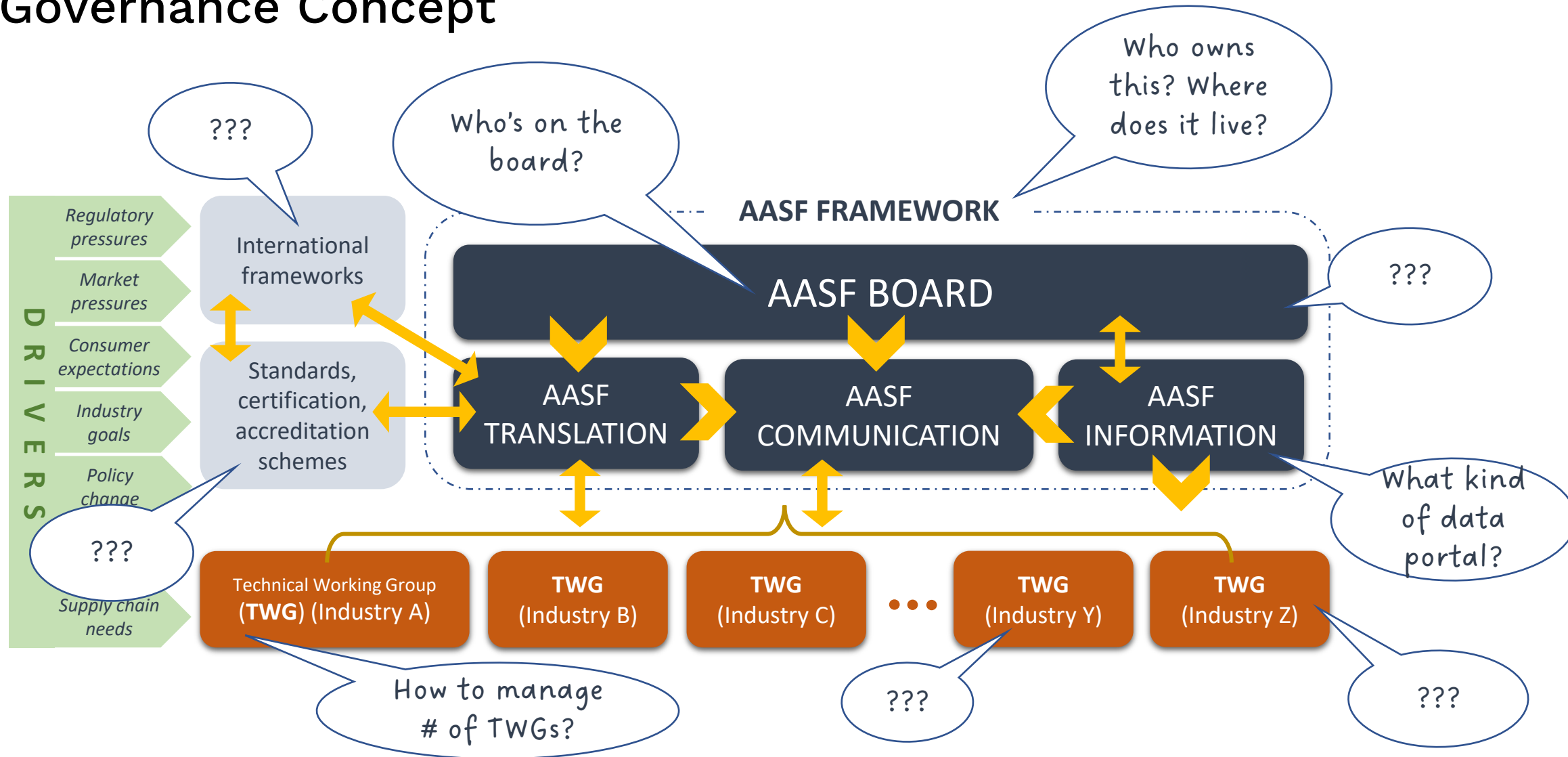
The AASF reflects the rapidly maturing sustainability schemes already operating in Australia and globally. It has involved the mapping of existing industry-level sustainability goals into a catalogue of basic sustainability principles and criteria for the Australian agricultural industry.

To reflect the different needs of heterogeneous stakeholders, this framework uses an **ESG structure** and **sustainability framework language** to clearly direct users to material principles and criteria.

Some of the many frameworks, schemes and programs which have been considered are noted here. In particular the AASF seeks to reflect internationally the Taskforce for Nature-related Financial Disclosures, Sustainability Assessment of Food and Agriculture Systems, Sustainable Development Goals and SAI Global Standards. It also aligns with leading Australian industry sustainability frameworks, for example Cotton BMP, Beef and Dairy Sustainability Frameworks and AgCarE.



Draft Governance Concept



An output of AFI's Phase 2 activities was to produce a concept for a governance structure. The diagram reflects a proposed governance arrangement for AASF. During Phase 3, AFI work will include resolving the questions identified in the comments depicted across this diagram. Technical Working Groups (TWGs) are proposed to ensure AASF remains up to date and relevant over time.

10. Element 2 Financial Incentives and accounting systems



Purpose

KPMG's study explored the market landscape for Australian agricultural sustainability in domestic and international markets. The purpose was to understand how evolving market transformations may influence the Australian agricultural sector. This included the identification of existing incentive mechanisms which have the potential to provide farming enterprises with a reward for adopting and maintaining sustainable practices.

Activities

KPMG conducted a desktop review to identify the demand landscape for sustainability within agricultural supply chains both domestically and internationally. This included identification of current financial incentives attributed to the farm sector from supply chain corporations and financial institutions which seek to reward sustainable farming practices.

In June 2021, 20 consultations were completed with downstream stakeholders including financial institutions, consumer goods brands, retailers, and more to further understand the demand landscape and market opportunities for financial incentives. During these consultations, KPMG tested the AASF language, structure, and value proposition, feedback from these consultations informed preparation of AASF Iteration 2.

In November 2021, KPMG also hosted five stakeholder roundtables with NFF and AFI. The aim of the roundtables was to bring together diverse stakeholders from the breadth of the supply chain to collectively test AASF Iteration 2. Sixty five stakeholders were engaged in this activity.

Deliverable



Australian Government
**Department of Agriculture,
 Fisheries and Forestry**

The Time is Now Report

Findings

- Sustainability has gained a foothold across corporate Australia
- Consumers, shareholders, financiers and regulators are demanding transparency. Businesses have a responsibility to disclose the ESG impacts across their supply chain.
- Businesses who do not act are at risk of loss or losing access to both physical and capital markets.

Several tools have emerged to support companies to address sustainability risks and impacts

- Corporate sustainability reporting tools serve to communicate a company's ESG impacts and their progress toward achieving sustainability goal. These tools are quickly growing in sophistication and expanding their scope to include specific criteria for the agriculture, food and beverage sector.
- However, the rapid growth has led to confusion. There is no single definition for Australian agricultural sustainability to inform a company's sustainability decision making. This is leading to bespoke sustainable sourcing programs emerging which are vary and are misaligned in language and criteria.

Sustainability demands are flowing upstream and creating new demands on farmers

- Sustainability is at the heart of the farm sector. However buyer, financier and regulator demands are rapidly changing. To meet these demands the farm sector is being asked to adopt new sustainable practices and to disclose information related to their environmental and social footprint.
- This evolving landscape presents opportunities for increased collaboration between the private and the farm sectors.

Financing the adoption of sustainable farming practices needs innovative and novel partnerships between the farm sector, private sector and the government

- Financial mechanisms to incentivise sustainable agricultural practices are emerging however the market remains at a nascent stage.
- To move at scale the entire ecosystem needs to be brought along the journey. Collaboration will be key. All stakeholders will have a role to play in creating true and transformational change.

Supply Chain Roundtable

Purpose

The purpose of the roundtable sessions were to:

- Understand the current gaps, challenges and future opportunities for the AASF
- Reach alignment on the language, purpose and the AASF's design
- Validate the key findings and assumptions underpinning the Framework's development
- Socialise and obtain feedback on key considerations for Phase 3 of AASF development

Participants

The stakeholder groups represented were:

- 15 Primary producers
- 15 Government representatives
- 13 Industry Organisations and Rural Research and Development Corporations
- 1 University
- 4 Financial institutions
- 10 Supply chain organisations
- 7 Service providers to the agriculture sector

Supply Chain Roundtable Outcomes

Findings

Roundtable discussions validated that there is a need for a framework like the AASF to support the Australian agricultural industry to demonstrate sustainability and its development is timely. It will be an imperative tool for the industry to secure continued access to markets and to help communicate sustainability with downstream users.

Supply chain company and financial institutions noted the rapid growth of sustainability in the business landscape and reiterated the AASF is an important tool to support business on sustainability.

The AASF's overarching value is its ability to provide a common language on sustainability in a way that is meaningful to the farm sector and to markets. The AASF can enable communication by industry with up and downstream supply chain partners on sustainability. The AASF can assist communication by:

- Underpinning “Brand Australia”
- Providing a point of reference in trade negotiations and underpinning trade and market access
- Enabling communication of the sectors sustainability credentials.



Findings

Stakeholders discussed the use of language within the AASF, resolving that it does have a role to play in stating the sectors ambition to continuously improve. Suggestions included the use of language like “enhance” or “improve” rather than terms like “prevent” or “minimise”.

The breadth of AASF was also discussed. Industry participants queried that not every issue covered by AASF is relevant to every industry, and whether the AASF may create unrealistic expectations. One example was Air Quality is meaningless in rangelands production. It was proposed that AASF should outline how individuals and industry sectors interact with the framework elements of most relevance to them. A materiality assessment of AASF was also suggested.

Further clarity is also required about how the AASF will interoperate with existing industry schemes. There was good general understanding that the intent of the AASF is to operate at the national level. However, whether it replaces or interacts with industry schemes was still unclear, with some concerns about ambiguity in the market.



11. Element 3 Industry Program Benchmarking



Purpose

Element 3 involved engagement with 26 industry and private sustainability initiatives, and the evaluation of 15 of those against the AASF between July 2021 and April 2022. Findings from this process were used to improve Iterations 2 and 3 of the AASF.

Activities

Twenty-six initiatives were invited to participate, of which 15 were able to share the information required to complete the evaluation process.

The evaluation process involved three expert team members from Schuster Consulting individually evaluating initiatives against the AASF Principles and Criteria with their findings then peer reviewed by the two other team members until internal consensus on the findings was achieved. A draft of the evaluation was shared with each participating initiative for their review before being finalised.

Two-way information sharing between the initiative and the AASF was a key feature of this activity. Alignment and differences between the AASF and the initiative were explored to understand how greater consistency can be achieved over time.

Deliverable

Final Report — May 2022



Initiatives Consulted

- Australian Beef Sustainability Framework
- Australian Dairy Sustainability Framework
- Australian Grains Industry Sustainability Framework
- Hort360 (horticulture)
- myBMP (cotton)
- Australian-grown Horticulture Sustainability Framework
- Sustainable Winegrowing Australia
- ClimateWorks Natural Capital Measurements Catalogue (NCCMC)
- APL Sustainability Framework (pork)
- Smartcane BMP
- Riverina Rice Industry's Sustainability Framework
Australian Sustainable Products Certified
- Accounting for Nature
- NSW Biodiversity Conservation Trust Investment Strategy and Business Plan
- Integrated Futures' Farm-scale Natural Capital Accounting
- Australian Sustainable Products (ASP) Certified Standards

Alignment Summary

Table 1 Summary AASF & Initiative Alignment

Alignment	Principles
High	Nil
Medium	P5 (biodiversity) P6 (water) P17 (biosecurity)
Low	P1 (GHG emissions) P3 (soil) P4 (land) P7 (waste) P8 (safe goods) P9 (safe work) P10 (livelihoods) P13 (animal welfare)*
No or little alignment	P2 (air quality) P11 (discrimination) P12 (societal contribution) P14 (ethics and law) P15 (risk) P16 (transparency)

Colour Code

Alignment	Range (%)
High	81-100
Medium	67-80
Low	40-66
No or little alignment	0-39
	Not applicable



Table 1 gives a high-level summary of alignment between participating initiatives and the AASF. The purpose of evaluating alignment was to better understand the differences and, by sharing the findings, encourage increased alignment in both directions between initiatives and the AASF where it makes sense to do so.

Some of the factors which created low alignment include differences in interpretation of principles and criteria and inconsistency in language and structure, some of which AASF Iteration 3 has addressed. We anticipate that if the same initiatives were evaluated against Iteration 3 there would be clearer alignment in some areas. The scope of what was evaluated by Schuster Consulting was also very specific and only included what could be objectively evaluated rather than narratives or case studies that may be used by some initiatives.

The materiality of some Principles for some initiatives also impacts alignment. For example for plant-based industry initiatives animal welfare is not applicable. Industry initiatives also pay less attention to areas of less specific relevance to them or where legal controls exist, like air quality and discrimination.

The alignment also reflects that the AASF responds at a national level to international and domestic market and ESG signals, while industry initiatives respond to the specific priorities/ drivers for that industry and the specific markets/ consumers the need to engage. Increasing alignment between the AASF at national level and industry initiatives, strengthens the consistency in Australian agriculture's collective narrative and demonstration of sustainability at home and overseas.



Findings & Recommendations

Findings

This process expected to find alignment differences between the AASF and participating initiatives because they have been developed by different interests, at different times for different purposes.

Element 3's alignment mapping has informed improvements to AASF Iterations 2 and 3. This includes clarifying terminology to avoid ambiguity and structural adjustments to avoid individual criterion encompassing dual aspects. Awareness and understanding among various stakeholders about the AASF has also been increased.

Alignment between initiatives and the AASF can be found in biodiversity, water and biosecurity, see Table on next page. Areas of low alignment are due to a range of factors including differences in interpretation and where Australia has existing legal mechanisms, like worker safety and air quality.

Element 3 also provided impartial, expert feedback to the initiatives about their alignment with the AASF, including recommendations they could adopt as part of their continuous improvement processes.

Recommendations

Element 3 demonstrated that there is interest among stakeholders in cross sectoral collaboration and sharing learnings to enable continuous improvement of sustainability initiatives.

There is also keen interest in ongoing evaluation to improve the alignment of existing initiatives with the AASF. In addition, some initiatives who were unable to participate in the project timeframe expressed interest in ongoing engagement.

A mechanism such as a Community of Practice (CoP), hosted by the AASF could address this interest in continued engagement. Such a community could deliver significant value to the Australian agricultural industry and its progress against sustainability goals.

AASF Workplan 3 includes a CoP proposal which could start with a focus on shared data challenges.

12. Element 4 Data Analysis

Purpose

The goal of CSIRO's Element 4 project was to understand the current data collection activities of existing agricultural industry sustainability frameworks, certification schemes, third-party certification schemes and supply chain organisations (initiatives). The project had two parts. The first involved engagement with initiatives on data, the second involved a review of 15 AASF criteria against publicly available national data sets to understand their suitability.

Activities – Part 1

The following questions were explored:

- What data is being used to support current initiatives?
- What opportunities for harmonisation of these data might exist?
- What gaps exist between these programs and the needs of the AASF?

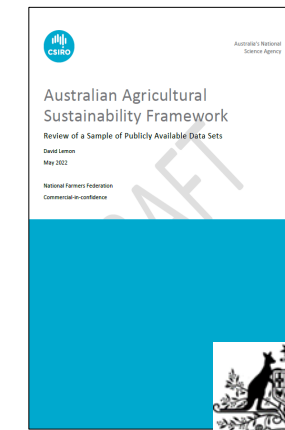
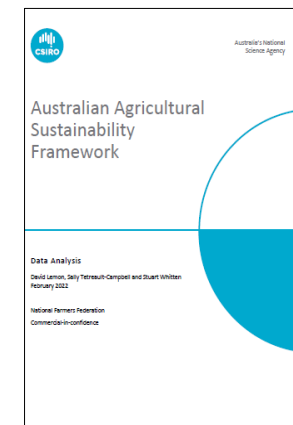
Information was sourced through interviews with a selection of initiatives who had been invited to be consulted as a representative sample of the orientations and maturity which currently exist. This was followed by a review of documentation provided by them. The data identified was then mapped against AASF Iteration 2.

Activities – Part 2

15 of the 45 proposed AASF criteria were selected. For each a search was undertaken for publicly available national data sets that might include indicators that could be used to support criteria reporting.

The criteria chosen covered the three Themes of AASF and because of their importance to key stakeholders including international markets. For criteria for which candidate data sets were found, a review of the data set was undertaken to determine its suitability for use.

Deliverables



Part 1 Initiatives Consulted

- Accounting for Nature
- Australian Farm Biodiversity Certification Scheme
- Farm-scale Natural Capital Accounting
- MSC Fisheries Standard
- Hort360
- myBMP Cotton
- Sustainable Winegrowing Australia
- Australian Beef Sustainability Framework
- Australian Dairy Sustainability Framework
- Australian Egg Sustainability Framework
- Australian Sheep Sustainability Framework
- Behind Australia's Grains
- Planet. People. Paddock (Cotton)
- Ricegrowers Promise
- Fonterra
- JBS Foods Australia
- McDonald's
- SunRice
- Tyson Foods Australia
- Woolworths

Part 1 Findings

Findings – Part 1

The following insights have been found across existing industry sustainability frameworks, certification schemes, third party certification schemes and supply chain organisations (initiatives).

Current data collection by Initiatives

- Only a small number are collecting data on a regular basis.
- Industry and third-party certification schemes often collect and use data to support their assessments but do not report this data.
- Supply chain companies are starting to think about data collection to support their own sustainability reporting, but little is being done at present beyond planning.

Data being collected by Initiatives

- There is little commonality between the data being collected.
- Much of the collected data is qualitative and relates to indicators that are specific to the industry, making it difficult to translate or compare to other settings.
- No data is being collected about soil health or biodiversity at a national scale.
- All initiatives include criteria for which they have not defined indicators and hence are not collecting data.

Data collection methods

- There is a heavy reliance on surveys of individuals to support Initiatives. These surveys are conducted at varying frequencies with varying levels of control.
- Interviewees reported that finding and acquiring data to support sustainability reporting can be time consuming and difficult.

Other relevant findings

- The data needs along supply chains vary according to the nature of the supply chains. In particular, supply chains where commodities are processed in bulk (eg. grains, some meat) use industry sustainability reporting whereas supply chains where the provenance of commodities can be traced (eg. some meat, wine) can use data collected at farm level.
- There are parallel activities being undertaken that may be of interest. Including: The Australian AgriFood Data Exchange Project; CSIRO's Trusted Agrifoods Exports Mission: Sustainability credentials framework to support agri-food exports; Collaboration between some broadacre agriculture sustainability frameworks.

Part 2 Findings

Findings – Part 2

- For a small number of the selected criteria, publicly available data sets that appear sustainable and contain possible indicators could be found and readily used.
- No data sets could be found for over 20% of the selected criteria. For some, the need for data is recognised but it is not yet available. In other cases, the need for data has not been recognised. Therefore, investment may be required to support the development of suitable data sets to support some of these criteria
- For most criteria, data sets can be found, but effort will be required to repurpose them for use. This work varies between data sets and includes: linking the data to agriculture, integration with other data to generate required indicators and/or manipulating them to create analysable data. Once again, investment will be required to support these repurposing activities.

The task to collate data to support the AASF will be complex as it will include the need to:

- Support the development and enhancement of new and existing data collection activities and programs. This is needed to address gaps in data availability (where no data exists) as well as improve the sustainability of existing data sets (where data sets exist but are not yet on a sustainable footing).
- Develop and manage data access arrangements with a range of organisations. Data will need to be sourced from many different organisations over significant time periods. These arrangements are needed to ensure continuity of supply.
- Have access to data collection, processing and manipulation capabilities. This may be in-house or outsourced to a third party and is required for repurposing and preparing data sets.

Part 2 Recommendation

Recommendation

Building on the findings of Element 4 Parts 1 and 2 CSIRO has found that industry and environmental sustainability frameworks and certification schemes have shared interests in many of the same data sets of use to the AASF.

It is therefore recommended organisations with a vested interest in data for the use of sustainability-related agriculture activities be brought together into a formal group. These stakeholders would include data providers and users and would work together to:

- determine and agree on data needs
- address gaps in data
- secure funding to support the development and/or maintenance of key data sets
- influence the owners of key data sets to improve availability and interoperability of key data sets
- share services for manipulating and analysing data

This recommendation builds on Part 1 which proposed the creation of a formal agricultural sustainability data sharing ecosystem and this review has served to reinforce the need for this ecosystem to improve the accessibility, useability, and interoperability of data to support agricultural sustainability initiatives. Without this group, individual frameworks and schemes will continue to work in isolation and potentially at cross purposes creating inefficiencies and confusion.

There are a range of publicly available data sets that might be used to support the AASF and industry frameworks and schemes. However, their accessibility, useability and sustainability vary. Working together in a coordinated fashion provides a path by which the challenges with using these data sets can be addressed and opportunities realised to support the AASF and other agricultural sustainability activities.

13. Element 5 Engagement and Communications



Purpose

KG2 and Nook Studios were separately contracted to provide stakeholder engagement (KG2 via survey) and communications services (Nook).

Activities – KG2

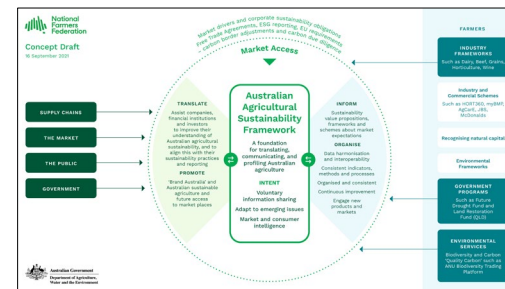
KG2 were engaged in March 2021 to conduct research via survey with farmers and primary producers to inform the development of the Australian Agricultural Sustainability Framework.

1. Exploratory baseline survey
109 x 5 minute phone interviews
2. Engagement research
612 x 20 minute phone interviews surveys

Deliverable – KG2



Deliverables – Nook Studios



- Concept Diagram
- Website Update
- Stakeholder Engagement Map
- AASF Key Messages and positioning
- Synthesis Report Template

Activities – Nook Communications

Nook Communications were engaged in September 2021 to provide creative direction for AASF communications and to design supporting materials to assist in AASF communication to stakeholders broadly.



Survey

Activities – Survey

In October/November 2021, KG2 contacted a sample of **n=612** Australian farmers for a 20 minute interview by telephone. This sample was split into three key groups representing farm types which are summarised on the map on the next page.

KG2 owns and manages Australia’s most comprehensive agricultural database which was used to access a full list of producers for this survey.

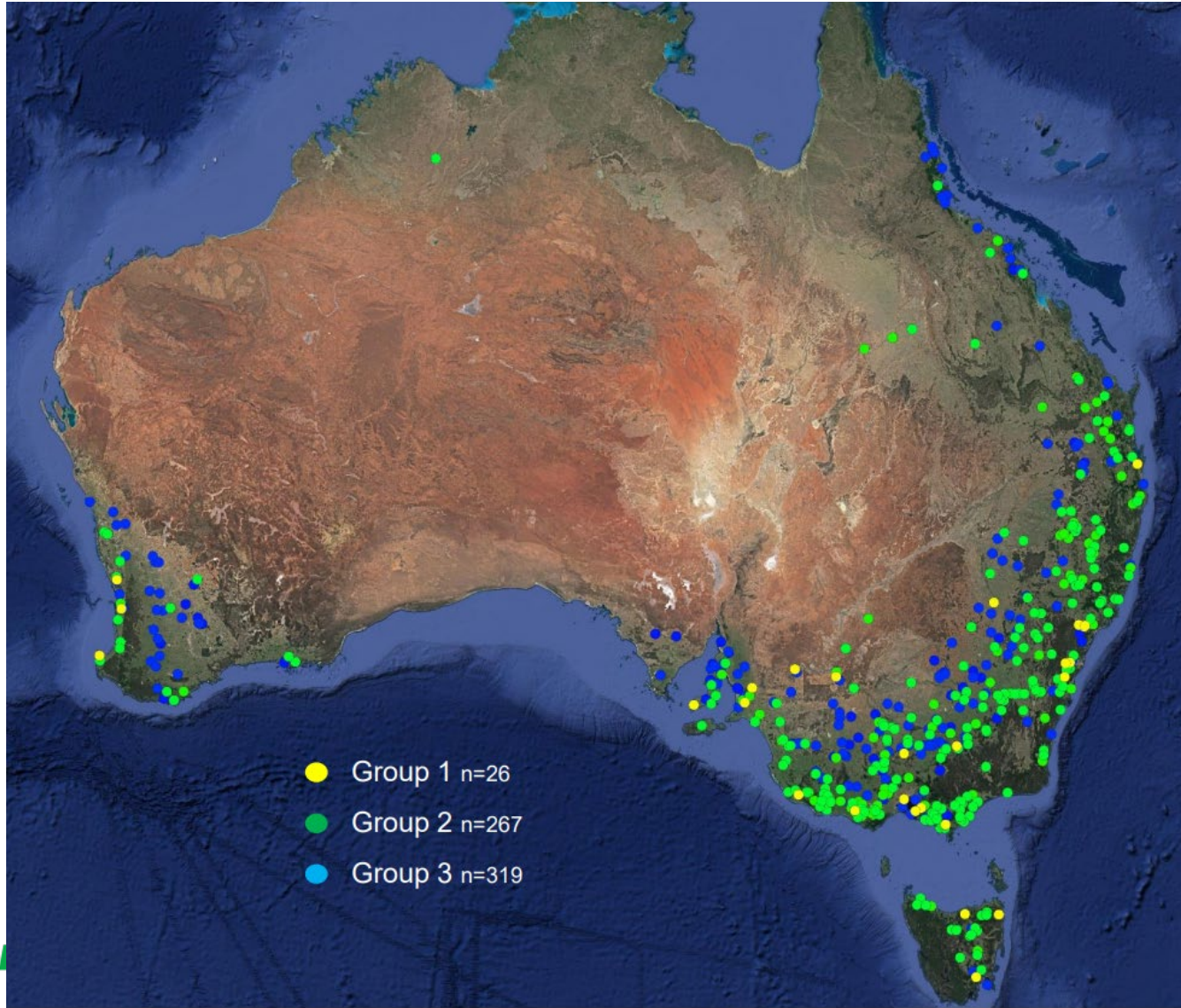
All calls were made from KG2’s in-house call centre by experienced interviewers using the CATI (Computer Assisted Telephone Interview) system. KG2 recruits university agriculture graduate and post-graduate students as interviewers so that they have knowledge, understanding and experience about the topic which enables them to create rapport with farmers and to probe their responses appropriately.

Data analysis, outputs and reporting were all completed in-house by KG2. Data was extracted from KG2’s system for quality assurance checking, analysis and coding of open-ended questions.

Survey objectives

- Benchmark farmers’ current sustainable practices
- Understand farmers’ interpretation of the term ‘sustainability’
- Explore farmers’ views on the sustainability of Australian agriculture, both now and in the future
- Gauge the current level of industry activities and support to farmers for sustainable farming practices
- Understand market and consumer influences and how these impact the farmer in the context of sustainability
- Gauge awareness of, and participation in, industry frameworks or schemes that demonstrate sustainability
- Identify expectations and concerns around premium payments for frameworks or schemes and explore compliance issues
- Explore the perceived usefulness of the proposed AASF, identify their expectations of how it would best work for them (facilitators) and potential barriers to uptake and adoption of the AASF

Survey Distribution



Group	Farm Type
1 (n=41)	Pigs
	Poultry
	Viticulture (Grapes)
2 (n=375)	Sheep
	Beef
	Dairy
3 (n=196)	Grain
	Cotton
	Sugar
	Rice
	Horticulture (Fruit & Veg)
Total:	



Survey Results

Findings – Survey Results

- 95% of farmers currently have at least one sustainable practice.
- 48% of farmers thought their industry didn't currently offer enough support implementing sustainability practices.
- The top three perceived barriers to increasing, implementing or maintaining sustainability practices were **costs, complexity (red tape) and profitability.**
- When asked to explain concerns about sustainable practices, there was a wide range of issues mentioned, the top three being government restrictions reducing productive capacity (11%), difficulty in adopting new practices without support (11%) and bureaucratic water control reducing capacity (10%).
- 27% of farmers have received a premium on the basis of sustainability.
- 52% expect a premium for demonstrating sustainability.
- 74% of farmers would accept extra compliance for a premium price.
- 58% of farmers have heard of schemes that offer payments for sustainability activities but only 6% had successfully registered a project.

Survey Results Continued

Findings

Producer perceptions about the term ‘Sustainability’

The term ‘Sustainability’ by itself had no clear definition or meaning. The concepts of ‘Economic Sustainability’ and ‘Environmental Sustainability’ are intrinsically linked. *Economic sustainability* is perceived more as profitability, and always comes first, while *environmental sustainability* is perceived as being more about land care and management. The majority of producers identified at least one sustainable practice on-farm. Some did not realise they did, but when given examples their answer changed from “no” to “yes”.

Barriers to implementing ‘Sustainable Practices’

Cost was the most significant perceived downside to sustainable practices. This included machinery, fertilizer and fuel costs, as well as profitability and implementation costs. Perceptions were that most consumers still value lower prices over sustainability. They noted that without income, they have to resort to cheaper methods. The multi-generational aspect of farming was referenced by multiple farmers when asked about sustainability. In one sense, sustainability was about preservation and protection of land for future generations of farmers. In the other outlook, some farmers haven’t changed their practices for generations, and are unlikely to.

Industry support and consumer Demand

Perceptions of the level of industry support provided varied by industry type. There seemed to be fewer producers who thought sustainability impacted demand, compared to expectations or consumer influence.

Awareness of ‘Farming Frameworks’ or ‘Schemes’

There was little knowledge of farming frameworks or schemes. Overall, once introduced to the general concept of the AASF, it was generally well-received. However, producers need more information about its operation and questioned: *How would it be implemented, who by and when?* Producers were generally not willing to support something that will provide more restrictions.

Recommendation

It is vitally important for the AASF to clarify what sustainability means for the purpose of the framework.

14. Element 6 Legal and policy analysis

A I T H E R

Purpose

Aither was engaged in June 2021 to identify and assess policy and legal barriers that may prevent or reduce the willingness of farmers to undertake sustainable management practices, including those that generate a sustainability payment. Future policy considerations were also identified to support the development and analysis of targeted policy and legal interventions that might overcome the barriers.

A second stage of this project will be completed in August 2022, it focusses on demonstrating the application of proposed Australian taxation arrangements as they apply to Australia Carbon Credit Units (ACCUs).

Activities

The project was delivered through desktop review and targeted stakeholder engagement. The desktop review included a review of relevant literature, legislation and policy. Targeted consultations were completed with over 25 stakeholders across state and commonwealth governments, banks, carbon market experts, valuers, investors, farm business advisors and agricultural industry representatives.

Stakeholder insights were valuable for identification of barriers and an assessment of their materiality and the identification of future policy considerations in the context of recent trends and developments.



The relevance and materiality of the barriers were further assessed through questions included in the KG2 Australia-wide survey of farmers.

Deliverable



Australian Government
Department of Agriculture,
Fisheries and Forestry

Implications of Barriers for Farmers

Findings

Aither reviewed five policy and legal barriers: Australian taxation, government assistance, licensing requirements, valuation and land tenure. All but two barriers - valuation and land tenure – were found to be only applicable to farmers seeking to generate a sustainability payment.

The five barriers will affect different cohorts of farmers in different ways

Individual circumstance dictates which barriers affect a farmer and to what extent. Farm business size, farm income volatility, reliance on debt and finance, land ownership arrangements, commodity types, geographic locations and the type of sustainable management practice all effect the materiality of the barriers.

The barriers compound for some cohorts of farmers

More than one barrier is likely to materially affect some farmers. For example, Australian taxation is a material policy and legal barrier for farm businesses with higher income volatility. Valuation is most material for those who rely on finance and debt. There will be substantive overlap, which will particularly reduce their willingness to undertake sustainable management practices and generate a sustainability payment.

Awareness and understanding of the relevance of each barrier to individual circumstance is a material barrier in its own right

The need for sufficient awareness and understanding of how each policy and legal barrier may affect individual circumstances create transaction costs for a farmer. These costs are a barrier for farmers. This barrier disproportionately effects small farm businesses that will have a higher transaction cost, relative to their income, than large farm businesses.

Policy interventions can be used to reduce the effect of the barriers on farmers

Policy interventions have been identified that may address the effects of the barriers. Possible policy interventions include broad based interventions, such as taxation reform, as well as targeted interventions, such as exemptions for specific licensing requirements.

Changes to existing policy and legal arrangements must be carefully assessed before proceeding

Changes to the policy and legal arrangements must be carefully considered to ensure they do not come at a net cost to government, industry or specific cohorts of farmers, or cause unintended outcomes.

Barriers Findings

1. Australian taxation

Taxes like income tax, goods and services tax (GST) and capital gains tax (CGT) may apply to income from sustainability payments. Income from sustainability payments can also reduce tax concessions available to farmers. Depending on individual circumstances, these tax barriers can reduce farmers' incentive to participate in sustainable management practices that generate a sustainability payment.

Options

- broadening the definition of primary production to include sustainable management practices
- exempting sustainability payments and rights to sustainability payments from definition as CGT assets, or from specific CGT events
- exempting sustainability payments from GST
- providing support for farmers to understand the effects of the taxation arrangements on their individual circumstance.

2. Government Assistance

Income from sustainability payments may affect farmer eligibility for government assistance like Farm Household Allowance (FHA) and Regional Investment Corporation (RIC) loans as well as state-based schemes. However, this is unlikely to affect most farmers because government assistance arrangements use a relatively broad definition.

Options

Any future government assistances measures should not exclude farmers undertaking sustainable management.

3. Licensing requirements

Sustainability payments may trigger requirements to hold an Australian Financial Services license (AFSL) in some circumstances. This can result in significant costs for farmers and reduce participation. Small to medium businesses will be the most affected since the costs of obtaining and maintaining an AFSL license are disproportionately high. Reliance on aggregators may be a consequence that increases cost of participation by farmers.

Options

Include the exemption of AFSL requirements for farmers under specific circumstances.

Barriers Findings Continued

4. Valuation

Valuers and banks may not fully recognise, or be able to account for, the net benefits sustainable management practices provide a farmer. Valuation barriers can reduce the willingness of a bank to provide consent or finance to a farmer, which either prevents or reduces the incentive for the farmer to undertake sustainable management practices. Farmers who rely on debt to finance on-farm investment will be the most affected along with farmers who operate on mortgaged land. The high proportion of farmers that have a mortgage and / or rely on finance across Australia mean that valuation barriers are likely to be significant.

Options

- developing and communicating evidence of the benefits that accrue from sustainable management practices
- amending key valuation standards and guidance
- increasing valuer knowledge and awareness of the benefits of sustainable management practices
- accounting for valuation barriers when developing the arrangements for sustainability payments.

5. Land tenure

Lease or land ownership terms may limit a farmer's legal right to undertake sustainable practices, including generating sustainability payments. Practices that involve a change in land use requires consent from relevant eligible interest holders (governments, native title holders, banks, and private landowner). This can reduce the incentive to adopt sustainable practices. Some land tenure prevents farmers from undertaking these practices entirely. While potentially material, there is continuing reform to address land tenure barriers.

Options

Harmonising land tenure arrangements with broader government objectives to better enable the delivery of beneficial land uses.