QUEENSLAND FARMERS' FEDERATION

Investing in cheaper, cleaner energy and the net zero transformation – Interim Report

September 2025

Prepared by
Jo Sheppard, CEO, QFF
E: qfarmers@qff.org.au

Prepared for
Barry Sterland & Martin Stokie,
Productivity Commission
Australian Government

Contents

This submission is provided to:

Barry Sterland and Martin Stokie
Productivity Commission
Australian Government

Submitted online via www.pc.gov.au

Our members

- Queensland Fruit & Vegetable Growers
- Cotton Australia
- Canegrowers
- Greenlife Industry QLD
- eastAUSmilk
- Australian Cane Farmers Association
- Queensland United Egg Producers
- Turf Queensland
- Pork Queensland
- Australian Chicken Meat Federation
- Bundaberg Regional Irrigators Group
- Burdekin River Irrigation Area
- Central Downs Irrigators Ltd
- Fairburn Irrigation Network
- Mallawa Irrigation
- Pioneer Valley Water Co-operative Ltd
- Theodore Water Pty Ltd
- Eton Irrigation
- Lockyer Valley Water Users

About the Queensland Farmers' Federation

The Queensland Farmers' Federation (QFF) is the united voice of agriculture in Queensland.

Our members are agricultural peak bodies who collectively represent more than 13,000 farmers who produce food, fibre, and foliage across the state.

QFF's peak body members come together to develop policy and lead projects on the key issues that are important to their farmer members and the Queensland agriculture sector.

Together, we form a strong, unified voice, leveraging our effectiveness by working together to drive policy and initiatives that support a strong future for Queensland agriculture.

Submission

The Queensland Farmers' Federation (QFF) welcomes the opportunity to provide detailed feedback on the Productivity Commission's interim report, *Investing in Cheaper, Cleaner Energy and the Net Zero Transformation*.

We provide this submission without prejudice to any additional submission from our members or individual farmers.

Introduction

The interim report highlights that reducing greenhouse gas emissions is a national priority and underscores the importance of careful policy design to minimise costs, free up resources for productive activity, and support gains in productivity and living standards. QFF supports the principle of achieving net zero at least cost, but we emphasise that the design and implementation of reforms will be critical in ensuring that the energy transition strengthens, rather than undermines, agricultural productivity, regional resilience, and community trust.

The Commission notes that consistent and comprehensive incentives, technology-neutral policies, and faster project approvals are key enablers for large-scale investment in clean energy. QFF recognises the importance of these measures, but we caution that reforms should also consider the broader implications for landholders, regional economies, and rural communities. Overlooking risks such as land-use conflicts, cumulative regional impacts, and threats to agricultural productivity could erode social licence, limit the long-term effectiveness of the energy transition and create perverse, unintended consequences in the future.

Queensland provides a positive precedent for integrating environmental, energy, and agricultural priorities. The recently passed *Planning (Social Impact and Community Benefit) and Other Legislation Amendment Act 2025* demonstrates that renewable energy projects can deliver tangible community benefits, protect productive land, and maintain social licence without slowing investment. This reinforces that faster approvals and strong safeguards are not mutually exclusive.

QFF advocates for a coexistence model of development, where renewable energy development, regional infrastructure, and environmental protections are designed in partnership with agriculture, rather than in conflict with it. This requires reforms that go beyond efficiency and speed to deliver clarity, certainty, and accountability for landholders and regional communities.

At a minimum, QFF recommends that any reforms to national energy and environmental frameworks must:

- Recognise that energy productivity must extend beyond grid-level efficiency to include on-farm innovation.
- Enable new opportunities (e.g., distributed energy, P2P trading, microgrids, farm virtual power plants) alongside carbon and biodiversity markets, supported by appropriate legislative frameworks and farmer-focused extension services.
- Maintain landholder flexibility to decide the best use of their land and safeguard enterprise resilience.
- Maximise the benefits of the renewable energy transition and large-scale projects while mitigating risks to agriculture and rural communities.
- Empower agriculture to have a seat at the table in co-designing and directing community benefit funding, prioritising investment in regional infrastructure that supports productivity and connectivity.
- Ensure compensation mechanisms are enduring, adaptive, and account for long-term impacts, such as subsidence or water disruption, while maintaining the productive capacity of agricultural land and landscapes.
- Support effective emissions reductions through consistent, technology-neutral incentives, enabling agriculture and energy sectors to contribute to Australia's net zero targets.

A successful transition will only be achieved if reforms embed agriculture at the centre of regional development, planning, and investment decisions, ensuring that Australia's pathway to net zero strengthens, rather than compromises, the foundations of food security, farm productivity, and rural community resilience.

Response to the areas of focus and approach

1. Reducing the cost of meeting emissions targets

1.1 Incentivise reducing electricity emissions after 2030

QFF acknowledges the Commission's recommendation to establish enduring, broad-based and technology-neutral policy settings in the electricity sector, with the explicit aim of phasing out all subsidies and incentives by 2030. While we recognise the rationale for minimising distortions and promoting efficient investment, we stress that energy affordability and practical adoption of renewable energy solutions must remain a central test for policy design.

The structure of Australia's electricity market is already being reshaped by decarbonisation policies. Rapid renewable deployment, coupled with the closure of thermal generation, has created volatility in wholesale prices and placed new pressures on transmission and distribution networks. These costs are being passed through to consumers, and especially agriculture, who are among the most exposed to high and unpredictable energy bills. Without managed reform, the additional burden of withdrawing transitional support by 2030 risks compounding these affordability challenges.

QFF therefore cautions that the Commission's preference for a subsidy-free market by 2030 overlooks the structural weaknesses and regional inequities of the current market. Transmission investment, planning approvals, and system integration are all lagging, particularly in rural and remote areas. These inefficiencies increase costs for end users and create a risk that rural communities bear a disproportionate share of transition costs while receiving limited benefit. It is also important to recognise the role of tariffs and the need to include tariff reform as a critical tool in ensuring an efficient electricity market that works for farmers, rather than forcing them into a situation of further reliance on diesel.

QFF recommends that any reforms to electricity market policy:

- Embed affordability, reliability, and system security as equal objectives alongside emissions reduction.
- Retain transitional subsidies and targeted grants beyond 2030 where affordability or regional equity risks remain.
- Ensure future incentives remain technology-neutral, enabling a mix of renewable, firming, and demand-side solutions that stabilise prices and improve system reliability.
- Address current market structures that pass-through network and integration costs disproportionately to consumers.
- Include tariff reform as an important measure in reforms to the electricity market.

1.2 Reducing the Safeguard Mechanism threshold

The Commission recommends lowering the Safeguard Mechanism threshold from 100,000 tonnes CO_2-e to 25,000 tonnes, thereby expanding the number of facilities covered. QFF urges the Commission to carefully consider the flow on impacts of this decision and the increased pressure that will result on the demand for offset projects and the implications of creating an environment where companies struggle to meet Safeguard Mechanism requirements due to the limited availability of offset investment options. The Commission also recommends that the Government continue reforms to strengthen the integrity of Australian Carbon Credit Units (ACCUs) and integrate ACCUs into every national emissions-reduction policy.

QFF acknowledges that these measures are designed to drive broad-based, least-cost abatement across the economy. However, we stress that the indirect impacts on land use, agricultural productivity, and rural communities have not been adequately addressed in the interim report.

Lowering the threshold will increase demand for ACCUs, placing upward pressure on prices and intensifying competition for land. Without safeguards, this will encourage carbon farming models that potentially displace food and fibre production, fragment rural landscapes, and reduce long-term agricultural viability. This risk is particularly acute in Queensland, where carbon projects can lock up large tracts of land and alter regional economies in ways that undermine food security and agricultural supply chains. Carbon farming is changing land use across Queensland and Australia, but it is not subject to any of the usual expectations and requirements other developers must adhere to. This is creating a lack of transparency around carbon projects and if not addressed, risks carbon farming, as an industry, losing their social license to operate across the regional communities in which they are operating.

QFF recognises the importance of high-integrity carbon markets, but we do not support blanket integration of ACCUs into every policy framework (recommendation 1.4) without careful assessment of trade-offs. The Commission's call for integration must be balanced with equally strong safeguards for agricultural land use and food security. Carbon farming should complement, not compete with, productive agriculture. Increased transparency in relation to carbon farming is needed, and as an industry, carbon farming must be considered a developer and included in co-existence work that is currently underway in relation to other land use such as mining, gas and renewable energy.

QFF therefore asserts that any changes to the Safeguard Mechanism and ACCU integration:

- Be accompanied by a comprehensive ex-ante assessment of land-use implications, particularly on productive farmland.
- Not proceed until ACCU integrity and supply are fully resolved, and sequestration methodologies demonstrably deliver genuine co-benefits.
- Prioritise the development of ACCU methodologies that align emissions reduction with soil health, water retention, biodiversity, and farm resilience.
- Ensure that food and fibre security is explicitly recognised as a policy priority, with protections against wholesale land-use displacement.
- Include grandfathering clauses for farmers already achieving measurable emissions reductions, ensuring early innovators are recognised and rewarded.
- Support voluntary carbon and biodiversity markets that enable farmers to diversify income streams, while retaining agricultural production as the primary land use.
- Take steps to significant increase the transparency of carbon farming, understanding and ensuring any detrimental social and economic impacts are mitigated and including carbon farming into all coexistence considerations.

1.3 Incentives for heavy and light vehicles

The Commission recommends maintaining technology-neutral incentives for heavy vehicles while phasing out overlapping subsidies for light vehicles, on the basis that market-driven uptake will be sufficient to decarbonise passenger transport.

QFF acknowledges this recommendation but cautions that the report does not fully reflect the realities of agricultural transport systems. Agriculture depends on a highly diverse vehicle fleet, ranging from long-haul road trains to on-farm machinery and light vehicles. There is no single technological solution for decarbonisation in this sector in the short to medium term.

While light-vehicle electrification is progressing rapidly in urban contexts, the infrastructure and economics for rural and remote regions are vastly different and presently absent; charging and refuelling networks are underdeveloped, grid reliability is variable, and vehicle ranges are often inadequate for regional distances. In this context, the assumption that subsidies can be rapidly phased out is premature and risks widening the gap between urban and rural decarbonisation pathways and potentially sets industries up for failure with no viable alternative.

Renewable diesel offers a pragmatic “drop-in” option to immediately reduce emissions across existing fleets without prohibitive turnover costs. Hydrogen and electrification will play roles,

but their timelines and suitability for agriculture remain uncertain. Farmers will ultimately require policy flexibility, not rigid technology prescriptions.

QFF recommends that any transport decarbonisation policy:

- Maintain strict technology neutrality, supporting multiple energy carriers including renewable diesel, hydrogen, and electricity.
- Explicitly recognise the role of renewable fuels and on-farm energy systems as part of the transport solution, ensuring incentives are aligned with agricultural production realities.
- Strictly avoid measures that raise freight and transport costs in agricultural supply chains without providing viable alternatives.
- Recycle any new road-user charges or levies into regional infrastructure, ensuring direct benefits to producers and offsetting additional costs.
- Prioritise investment in regional charging and refuelling infrastructure, with clear commitments to accessibility for rural communities.

1.4 Frameworks to achieve emissions targets at least cost

The Commission recommends progressively extending least-cost abatement frameworks to additional sectors, alongside improved transparency of policy cost-effectiveness. The report also states that the Government should remain open to more broad-based carbon pricing arrangements in the future, particularly as decarbonisation moves into harder-to-abate sectors.

QFF supports the principle of least-cost abatement but stresses that agriculture must not be prematurely exposed to binding obligations before scalable, low-cost technologies are available. It is important that the significant contribution agriculture, Queensland in particular, has already made to the nation's emission reduction targets is understood and recognised. Farmers currently face limited options for abatement that do not compromise productivity and farm enterprise viability. Introducing obligations ahead of technological readiness would impose disproportionate costs, undermine farm viability, and risk carbon leakage to jurisdictions with weaker regulations.

The Commission's proposal to establish target-consistent carbon values (TCCVs) as a benchmark for policy assessment is broadly sensible in principle, as it aims to improve transparency, align policies with estimated carbon costs, and extend incentives into harder-to-abate sectors. However, TCCVs remain highly uncertain and inherently model-dependent, and their practical application in agriculture carries risks if not carefully designed.

Moreover, frameworks must account for the practical realities of agricultural landscapes. For example, unmanaged vegetation regrowth may appear low cost but carries unpriced risks such as invasive species, fire hazards, and reduced land management flexibility. Similarly, blanket integration of ACCUs into every emissions-reduction policy risks creating perverse incentives for land conversion at the expense of food production.

QFF asserts that any extension of emissions reduction frameworks to agriculture:

- Avoid premature inclusion of agriculture in binding frameworks until validated, low-cost abatement options are widely available and explicitly exclude Scope 3 reporting requirements for farm businesses, to prevent excessive compliance burdens.

- Provide clear methodologies, extension services, and transition finance to ensure adoption of abatement practices delivers both emissions reduction and productivity gains.
- Reduce compliance costs for below-threshold businesses to participate voluntarily in carbon markets, enabling genuine emissions reduction without excessive regulation.
- Continue investment in on-farm energy efficiency, R&D for methane and nitrous oxide abatement, and voluntary biodiversity markets.
- Support small-scale renewable generation and shared regional energy hubs, enabling farmers to contribute to emissions reduction while maintaining income and energy reliability.
- Approach any future consideration of broad-based carbon pricing with caution, distinguishing the risks of cost pass-through to agriculture and the limited ability of farmers to absorb higher input costs.
- Reform ACCU methodologies to enable smaller-scale, flexible projects, include a grandfathering clause for early innovators, and recognise positive on-farm abatement achievements to build trust and participation.

2. Speeding up approvals for new energy infrastructure

2.1 Reform national environment laws

Reforms must not sacrifice agricultural productivity and rural resilience for the sake of approval speed. Instead, they must seek to deliver smarter, place-based, and anticipatory planning that enables coexistence and ensures long-term value creation across regions. Striving to achieve the best possible coexistence outcomes is critical and must remain a priority.

QFF acknowledges the Commission's recommendation to reform national environment laws, including the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), to expedite approvals for clean energy projects while strengthening environmental protections. Additionally, the report proposes a framework built on enforceable national environmental standards, "no go zones with statutory decision deadlines, risk-based assessment processes, reformed offset arrangements, and improved data and mapping tools.

QFF submits that if a refreshed EPBC Act is to work, it is critical that the States are at the table. Industry and communities need clarity, and it is not useful nor helpful to have confusion when it comes to assessment processes but rather leaves industry and community grappling as they try to navigate what has become an incredibly complex and confusing space.

While QFF understands the principle of faster, more consistent approvals, we caution that the interim report places disproportionate weight on speed and streamlining without sufficiently addressing land-use conflict, cumulative impacts, offsets integrity, and equitable community engagement.

For agriculture, this narrow focus risks undermining long-term food security, regional productivity, and the viability of farm enterprises. Agricultural land is a finite, strategic national resource, not just another competing land use to be traded away in pursuit of the energy transition. Poorly designed reforms could result in projects being fast-tracked at the expense of sustainable agricultural production and national food security.

QFF recommends that reforms to the EPBC Act and associated frameworks:

- Explicitly recognise prime agricultural land as a "no-go zone" within regional planning frameworks, should risk assessments indicate the risk is too great, ensuring it is safeguarded from cumulative development pressures.
- Embed enforceable national environmental standards, in partnership with the states, that provide clarity for proponents and regulators while safeguarding agricultural land from cumulative development pressures.
- Strengthen regional planning frameworks in Renewable Energy Zones (REZs) to proactively manage land-use conflict, balance coexistence with agriculture, and incorporate diversification and adaptation opportunities for farm businesses.
- Require early cumulative impact assessments that address agricultural land, processing facilities (sugar mills, cotton gins, abattoirs), water resources, transport networks, and biosecurity pathways. Without such assessments, "go zones" risk compounding localised pressures.
- Reform environmental offset mechanisms to avoid displacement of agriculture. Offsets must be timely, transparent, regionally integrated, and consistent with the Nature Repair Market. Poorly coordinated offsets risk locking up productive farmland or shifting agricultural pressure elsewhere, and in many cases, not actually delivering their intended offset outcome.
- Improve transparency and data access through accessible, low-tech mapping portals that integrate land-use layers, project timelines, and cumulative impacts. The geospatial data underpinning these land-use layers must be up to date and detailed enough to ensure they are reliable and useful. Farmers and local communities must be able to understand the full picture of development pressures in their region.
- Codify best-practice community engagement that goes beyond consultation to genuine co-design, including clear expectations for benefit-sharing, community codes of practice, and consistent frameworks for allocating community benefit funds.

2.2 Set up a specialist strike team for priority projects

A strike team may assist in short-term approvals, but without structural reform to laws, standards, and land-use planning, it will deliver at best marginal improvements and at worst exacerbate community resistance. QFF notes that this reflects repeated past efforts to "fast-track" approvals under the EPBC Act, from resourcing boosts to internal process changes, none of which have materially improved outcomes. The fundamental problem is structural, not administrative.

If strike teams are narrowly focused on clearing bottlenecks, they risk amplifying pressures on farmland, water, and rural infrastructure without addressing underlying conflicts in land use, offsets, and coexistence. QFF supports resourcing agencies to improve efficiency but insists that strike teams must operate within a framework of enduring transparency, accountability, and community trust.

QFF recommends that the proposed strike team must:

- Receive training in agriculture, regional economies, and biosecurity, not just environmental and energy assessment.
- Be mandated to identify risks and plan for coexistence, addressing cumulative impacts such as water competition, bushfire risk, and infrastructure strain.
- Treat farmers and regional industries as planning partners, not stakeholders to be managed.
- Work with industry and regional communities to ensure a wholistic approach is taken to avoid the creation of negative, perverse outcomes for future generation.

2.3 Establish a Coordinator-General for priority projects

QFF supports oversight and coordination but insists a Clean Energy Coordinator-General must be part of a broader shift toward a fit-for-purpose independent regulator that administers approvals transparently and consistently across sectors. Without this structural foundation, a Coordinator-General will have limited capacity to build trust or deliver durable reform and will potentially be working in isolation without the wholistic approach that is required.

Likewise, and as above in 2.2, QFF stresses that short-term fixes are insufficient. If narrowly tasked with breaking through approval "roadblocks," the Coordinator-General risks sidelining agricultural sustainability, land-use planning, and cumulative impact management. QFF recommends that the Coordinator-General role be expanded, legislatively empowered, and embedded in structural reform. Specifically, any oversight must:

- Balance project delivery with the protection of agricultural land, water security, and food production.
- Monitor and publicly report on cumulative impacts across farming systems, rural infrastructure, and regional productivity.
- Hold developers accountable for biosecurity, bushfire preparedness, and road/rail infrastructure impacts.
- Oversee consistent frameworks for community benefits, empowering local communities and industries to co-design and direct funds.

2.4 Consider the energy transition in approval decisions

QFF agrees that the transition is an important consideration in approval decisions under the EPBC but cautions that it must not override principles of ecologically sustainable development, socio-economic protections, or landholder rights. Approvals that prioritise speed over coexistence risk generating community backlash, reducing trust, and ultimately delaying or even derailing the transition, rather than accelerating it.

Agriculture highlights the tensions inherent in this recommendation. Farmland is increasingly targeted for large-scale renewable projects, transmission corridors, and offsets. Without integrated planning, approvals may undermine food security, water systems, biosecurity pathways, and regional economies. While the Commission acknowledges these risks, QFF considers that the long-term impacts are insufficiently weighted and understood.

Queensland's experience demonstrates that social licence relies on clear community benefit frameworks. Embedding these expectations nationally would strengthen trust and reduce

conflict. Recognising the energy transition in approvals should not create a "free pass" for projects. Rather, it should embed coexistence, resilience, and agricultural productivity into decision-making, enabling approvals that are fast, fair, and enduring.

Approvals should therefore balance energy system benefits with agricultural, community, and environmental outcomes. This requires:

- Explicitly designating prime agricultural land as a "no-go zone" in regional planning, should risk assessments deem the impact to be too great, ensuring that energy projects do not compromise food security, water systems, or long-term agricultural viability.
- Balancing the "energy transition" factor with food security and regional viability. Clean energy is a national priority but so is a resilient and productive agricultural sector, future food security and viable regional communities.
- Embedding national environmental standards and transparent project mapping to ensure decision-makers have full visibility of cumulative land-use pressures.
- Reforming offset arrangements to avoid locking up productive farmland. Offsets should align with the Nature Repair Market and be regionally integrated, transparent and flexible so as to empower regions, government and industry to provide options that deliver key co-benefits and more effectively deliver the offset requirement as well.
- Explicitly considering regional innovation. Decision-making should support mid-scale (1–5MW) solar projects, informal REZs, and pilot renewable-powered hubs that supply local processing, irrigation, and cold storage.
- Enabling new on-farm energy opportunities (e.g., distributed energy, P2P trading, microgrids, farm virtual power plants) alongside carbon and biodiversity markets, supported by appropriate legislative frameworks and farmer-focused extension services.
- Ensuring equitable community benefits. Approvals should include conditions for community benefit-sharing, such as contributions to local infrastructure, digital connectivity, and workforce development.

3. Addressing barriers to private investment in adaptation

3.1 Climate risk information database

QFF acknowledges and supports the Commission's recommendation to establish a centralised, accessible, and enduring national climate risk information system. Reliable climate risk information is fundamental for planning Australia's energy transition, but it is equally critical for the long-term viability of agriculture and regional communities.

The interim report rightly emphasises the role of such a database in guiding investment and reducing uncertainty. However, QFF stresses that the Commission underestimates the unique importance of granular, accurate, and long-term data for agriculture, where climate risks directly influence food and fibre production, input costs, and global competitiveness. For farmers, access to robust climate data is not optional, it is the foundation for sound business decisions, affordable insurance, and resilient regional economies.

Rising insurance costs, driven by escalating climate risks, already pose a significant threat to Australian agriculture. In the absence of high-quality, location-specific datasets, insurers rely on blunt risk models that inflate premiums, restrict coverage, and erode confidence in future investment. This compounds exposure for farmers, discourages productivity-enhancing investments, and undermines regional resilience.

QFF recommends that the national climate risk information system:

- Deliver highly granular and sector-relevant datasets, enabling insurers to design tailored and affordable products for agricultural enterprises.
- Facilitate risk management tools, such as multi-peril crop insurance (MPCI) and parametric insurance that trigger payouts based on rainfall, temperature, or other defined thresholds.
- Be embedded in regional planning frameworks, ensuring infrastructure, water, and agricultural investments are guided by forward-looking climate risk assessments.
- Be open, transparent, and user-friendly, giving farmers and small businesses direct access to evidence that supports on-farm risk management and targeted investment in adaptation.
- Be developed with input from agricultural industries, ensuring the system reflects real-world needs and can integrate on-farm monitoring with national datasets.

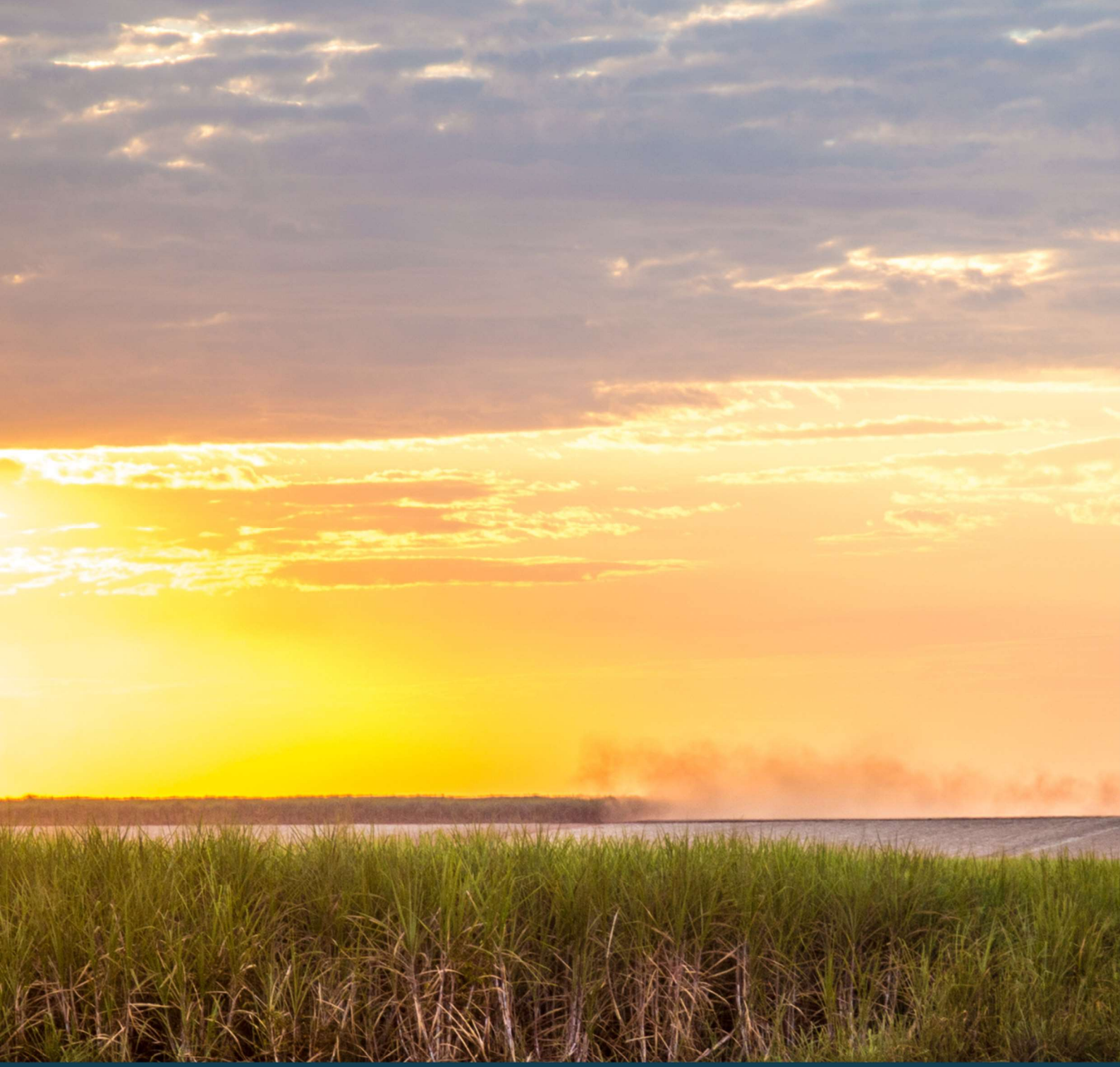
Conclusion

The stakes for the agricultural sector in the clean energy transition are significant. There are considerable risks and opportunities. Farmers are already grappling with rising energy costs, growing competition for land and water, and heightened exposure to climate risks. At the same time, the sector offers immense potential to contribute to the clean energy transition through renewable energy generation, carbon sequestration, and innovation in land and water management.

A successful and sustainable transition must recognise agriculture as a strategic national asset, one that underpins food security, export competitiveness, and rural employment. The transition will only be “least cost” in the long run if it fully integrates farming as a priority land use in regional planning. Our pathway to net zero should actively strengthen, not compromise, the foundation of Australia’s agricultural sector, future food security and the viability of regional communities.

Yours sincerely

Jo Sheppard
Chief Executive Officer



This submission is provided by the Queensland Farmers' Federation

PO Box 12009 George Street, Brisbane Qld 4003
Level 8, 183 North Quay, Brisbane Qld 4000
ABN 44 055 764 488

Contact QFF

E: qfarmers@qff.org.au
P: 07 3837 4720
W: www.qff.org.au

QUEENSLAND FARMERS' FEDERATION