

Cultivating natural capital: Investment the key to unlocking Australian agrifood future

In the wake of the latest declared El Niño event, how can we produce the food and fibres we need, while still meeting our climate and nature positive goals? The agrifood sector needs to rapidly innovate to thrive in a changing world and climate – and natural capital is a big piece of the puzzle.



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Heechung Sung. Image | Hero Shot Photography.

Heechung Sung from the Clean Energy Finance Corporation (CEFC), talks natural capital and how the agrifood sector can capitalise on opportunities. But what does natural capital mean, exactly? And how can the agriculture and agrifood sector take advantage of this expanding opportunity?

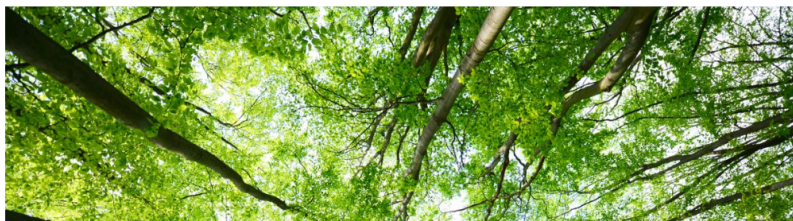
Heechung said the key to success is based on smart investments and rethinking our approach to food production.

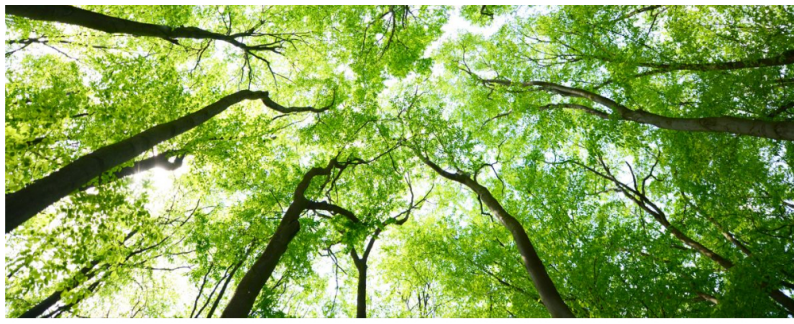
Rethinking our valuable natural assets

“Natural capital is simply all natural assets that intrinsically have value,” explains Heechung. “So, think about soils, trees and water. They intrinsically have value for all of us and life on earth.”

“But industries like agriculture also extract financial value from those assets. So, when we talk about natural capital investments, it’s investments in industries that have priced that value from those assets.”

Heechung says that technology is needed to drive better management practices on farms. Not just for operations but also for decision-making.





Heechung Sung from the Clean Energy Finance Corporation (CEFC), shares how the agrifood sector can capitalise on opportunities.

This is why investment in this space is so crucial.

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"Investment is needed to accelerate innovation and capitalise on the opportunity to rethink and redesign how food is produced within the dual challenges of climate and biodiversity loss," says Heechung.

"So, investment dollars are needed to drive that innovation."

Backing a natural capital future

As the 'green bank' of Australia, the CEFC has access to more than \$30 billion from the Australian Government to support economy-wide decarbonisation, including natural capital projects.

This recognises the vast potential for reducing emissions and carbon storage across Australian farmland. With 55% of Australia covered by agricultural land, there are huge opportunities for natural capital investment in the race to reach net zero emissions by 2050.

"The CEFC plays an integral role in leveraging our investment dollars and expertise in backing the agri and agritech sector. In particular, where investment strategies focus on addressing the impacts of climate to this sector," says Heechung.

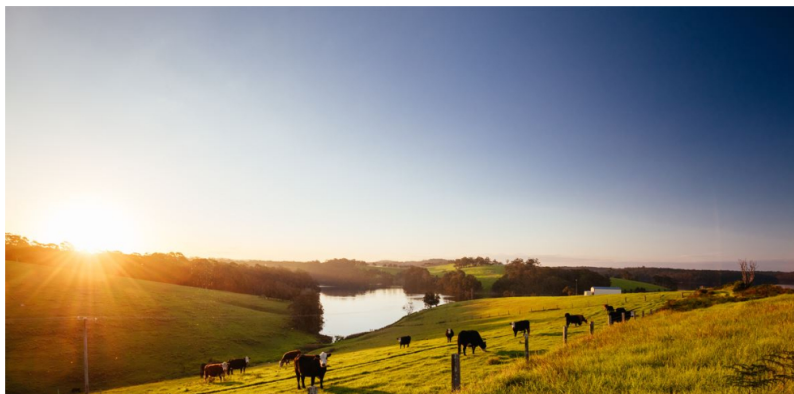
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"We are a very climate impact-focused investor, so all of our investments speak to the decarbonisation strategy across agriculture."

"So, the technologies that we look to invest in also have to have a focus on how they assist farmers, and the food sector more generally, in driving down emissions."

\$200 million Wilga Farming platform breaks new ground

In an exciting development, the CEFC has invested in the [Wilga Farming platform](#), an innovative project that aims to improve sustainability and drive down emissions across the Australian agriculture sector.





Heechung said the CEFC is investing in Australian farms to aggregate efficient farms, to operate them for their highest and best land use. Image | Adobe Stock Images.

“Wilga Farming is a \$200 million platform established in partnership with Caisse de dépôt et placement du Québec (CDPQ), one of North America’s largest institutional fund managers,” says Heechung.

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“This is such an exciting project for us because we’ve been able to leverage our investment expertise and our capital by bringing in, and partnering with, a much larger capital partner to invest in Australian agriculture.”

Managed by Gunn Agri Partners, and with CDPQ and the CEFC acquiring a minority stake, the Wilga Farming platform will help fast-track low-emissions technologies, carbon sequestration and measures to improve climate adaptability and resilience.

Set to showcase the benefits of regenerative farming, the platform has already secured The Glen, a 1200-hectare property near Delungra in northern New South Wales.

“ “The strategy is to invest in Australian farms to aggregate efficient farms, to really operate them for their highest and best land use, within the context of commodity production and sustainable landscape management.”

“It will incorporate traditional farming production, but also efficient landscape management through redesigning more environmental practices that will enhance biodiversity, but potentially also look at landscapes where carbon projects make sense.”

“Because of its flexible and broad mandate, it is quite an innovative farmland strategy in that it’s not pinning itself to one particular type of production system.”

Forestry investment to drive down emissions

The CEFC is also supporting a shift towards more plantation forests on Australian farmlands to help drive down emissions.

“ “We recently made our first investment into our first forestry investment, which is not agriculture, but has an interesting highest and best land use overriding strategy,” says Heechung.

“It will also look at acquiring farmland assets for its highest and best land use to drive further growth in plantation forests.”

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The [Australia New Zealand Landscapes and Forestry Fund](#) will support new plantations and technologies that will provide opportunities to generate carbon credits. The initiative targets one million tonnes of carbon abatement over the 10-year life of the investment.





The CEFC has made its first investment into forestry recently.

“It will largely be achieved through the introduction of new plantations, but also – and importantly for us – new technologies in forestry operations, particularly around transportation, which will be something that we hope to share with the market as it develops.”