



Climate Change Policy

Policy Position

Agriculture continues to lead Australia's emissions reductions effort. Policy at all levels must recognise the previous, current and future role of profitable and productive agricultural businesses in the context of climate change response and provide a pathway for sustainable agricultural development.

The purpose of this policy is to provide a set of principles to reaffirm Australian agriculture's place in the global economy by positioning the sector to take advantage of the social, environmental and economic opportunities presented by a low emissions future.

The National Farmers' Federation (NFF) supports Australia's efforts to address climate change. The agriculture sector understands and expects other sectors across the economy will play their part in reducing emissions.

Provided the following conditions are met, that:

- there are identifiable and economically viable pathways to net neutrality, including impacts from inputs such as energy; and
- Commonwealth and State legislation is effective, equitable and advantageous to deliver on ground programs that benefit agricultural interests and do not provide unnecessary regulatory impediment.

Then the NFF supports an economy-wide aspiration of net zero emissions by 2050.

The NFF will review its position every five years to ascertain if technological and economically credible pathways to achieve this target remain evident.

The NFF's position will be informed by robust science from Research and Development Corporations and other credible sources which allows producers, industry bodies and agriculture as a whole to establish credible baselines and assess the implications of the policy.

This policy statement is complementary to the NFF policy positions on Natural Capital, Electricity and Energy.

Issue

Australian agriculture has always operated in a varied and challenging climate. The continued success of the Australian agriculture sector will depend on our ability to build on this foundation and continue to innovate and adapt to best manage future climatic risks and to reduce the emissions intensity of our production systems.

There is a great opportunity for Australian agriculture to contribute to our national emissions reduction goals. This opportunity requires innovation to reduce the emissions intensity and to enable farmers to efficiently participate in emerging markets, including carbon and natural capital markets.

A transition to a low emissions economy will require transformation across a number of sectors, especially energy and transport. It is critical that the suite of Government policies that seek to address the challenge of climate change are fully examined, to ensure that the policy levers of Government work cohesively to achieve our national objectives, while minimising the risk of unintended or perverse outcomes. A just transition and equitable commitment for all sectors of the economy is critical.

Government policies should consider all technologies that have a strong potential to support a transition to net zero emissions and ensure regulatory frameworks enable them to do so. For example, energy is broader than simply electricity, it also includes thermal (heat) such as steam used predominately in large industrial processes. The Large-Scale Renewable Energy Target (LRET) only recognises renewable bio-electrical energy not renewable heat which has restricted new investment. While generation of renewable heat goes unrecognised, a significant renewable energy opportunity continues to be missed. Inclusion of renewable heat under any carbon policy mechanism would be a major trigger for new investment.

While emissions reduction is one goal in climate change policy, broader social, environmental and (particularly regional) community benefits should also be considered. There is a strong need for enhanced guidance on how to manage and incentivise new projects that have multiple co-benefits. This would facilitate a range of technology options and land-based activities which can deliver cost-effective outcomes for emissions reduction and broader economic, social, and environmental outcomes.

The NFF recognises that a number of agricultural sectors will be on a more rapid implementation trajectory. For example, the red meat sector is already substantially investing in its carbon neutral by 2030 (CN30) program and other sectors are committing to outcomes as early as 2030.

In meeting Australia's emissions reduction goals, Australian farmers expect a greater focus on industry and government investment in integrating climate change solutions for the sector. Governments and industry service providers must have the tools, systems and knowledge required to establish an industry baseline, and be able to communicate this to farm businesses. This can be delivered by:

- focusing on carbon neutral technologies that provide a competitive advantage for existing products;
- developing new markets, domestic and export, that benefit from innovative carbon neutral technology;
- collaborating across all of industry to make the greatest gains from the adoption of the latest research and development;
- enhancing partnerships with private institutions, government and other industries outside of agriculture; and
- developing an Agricultural Sustainability Framework to integrate strategies across the whole of agriculture.

Background

The NFF recognises that climate change presents both significant challenges and opportunities for Australian farmers.

The world's population is forecast to exceed 9 billion people by 2050, and demand for food and fibre is on track to increase by 60 per cent in that timeframe. There is no doubt meeting this demand in the context of a changing environment while at the same time contributing to global action to reduce emissions is a global challenge which requires a global response.

In December 2015, 195 countries including Australia, under the banner of the United Nations Framework Convention negotiated the "Paris Agreement" which aims to hold the increase in the global average temperature to well below 2°C and pursuing efforts to limit it to 1.5°C above pre-industrial levels and to increase the ability to adapt to climate change. Specifically, the Australian Government committed to implementing an economy wide target to reduce greenhouse gas emissions by 26 to 28 per cent below 2005 levels by 2030.

The Paris Agreement specified that to achieve the long-term temperature goal, countries should aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a balance between anthropogenic emissions by sources and removals by sinks in the second half of the century. In 2018, the Intergovernmental Panel on Climate Change issued a scientific report on the potential impacts of global warming and identified that, to limit warming to 1.5°C, global emissions would have to reach net zero around 2050.

The agriculture sector contributes to our national emissions profile by both sequestering carbon in soils and vegetation and the emission of greenhouse gases from farming practices such as livestock production, cropping practices, the use of fertilisers and the burning of savanna grasslands. Combined, agriculture accounts for about 13 per cent of Australia's National Greenhouse Gas Inventory.

Australian agriculture has been the single biggest contributor to emissions reduction since the 1990s, primarily due to the land clearing legislation imposed on farmers to meet Kyoto Protocol emissions reduction targets and the role of land use, land-use change and forestry (LULUCF). As a result, Australia has a stock of Kyoto 'carryover

credits' that are able to be used to contribute to meeting Australia's emissions reduction targets.

The Australian Government has indicated that it would use carryover credits, if necessary, to meet its 2030 target.

The sector continues to make significant contributions to emissions reduction. Between 1996 and 2016, agriculture has reduced its greenhouse gas emissions intensity by 63 per cent.

Significant progress has already been made to assist Australian agriculture in reducing emissions. The Emissions Reduction Fund (ERF) and methodologies under the Carbon Farming Initiative continues to be the primary mechanism under which farmers have reduced emissions. Australian farmers make up over half the projects, and carbon credits delivered through the ERF. Renewable energy technologies have also seen a significant reduction in price over the past decade and has been significant uptake on farms.

Australia is not only bound by its commitment to the Paris agreement, but by the growing expectations of our community and customers about Australia's environmental credentials. Australian agriculture has a role to play in meeting climate responsibilities and moving towards an economy-wide climate neutral goal by 2050 whilst maintaining productivity and profitability.

What the industry needs

Government policies must reflect a system-wide effort to transition to a low carbon economy and:

- recognise the significant contribution agriculture has made to emissions reduction since the 1990s;
- compensate farmers for lost productive capacity due to land clearing legislation imposed on land managers;
- acknowledge that mandatory cap and trade policies are not suited to the farm sector, and specifically excluding the sector from such schemes;
- recognise that more than 75% of Australian agriculture produce is exported, and that as a trade-exposed sector we must remain competitive within international markets;
- support adaptation and ensure that agricultural productivity and farm business profitability can be sustained with changing climatic conditions;
- balance production and emissions policies, by adopting the principle of emissions intensity for agricultural emissions;
- focus on innovation and investment in climate research and development that provides robust baseline information, drives innovation and builds resilience, and supports communication, adoption and extension;
- embrace the opportunities for emissions reduction and sequestration in the farm and forestry sectors and facilitate participation of farmers and foresters in carbon markets and natural capital markets;

- acknowledge the role of vegetation and soil carbon in carbon sequestration via full commercial/compensation systems for agricultural land sequestration (both historical and current);
- ensuring that vegetation management policies do not burden farmers with the cost of achieving emissions reduction goals, nor unreasonably restrict development; and
- credible and measurable emissions reduction pathways should be supported and not restricted (by regulation or other restrictions).

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