

# Natural Capital Policy

## Recognising farmers' role in biodiversity management

Farmers manage 51% of the Australian landscape. The NFF recognises the importance of the environment for Australian agriculture as well as the broader public for the intrinsic ecosystem services it provides. In order to work towards sustainability, Australian farmers must be afforded market-based recognition for the stewardship of these ecosystem services on their properties.

Natural capital is the world's stock of natural resources including geology, soils, water, air and all living organisms that provides free goods and services to society through ecosystem services. Ecosystem services provided by natural capital assets include the regulation of disease, floods and droughts, provision of food sources, and cultural services.

### The issue

Projections of long-term natural capital decline point to the need for sustainable management of ecosystems in order to combat private and public loss. Currently, farmers are given little economic ability for this management and it is largely not factored into on-farm business systems.

### Why do we need a natural capital market and what is it supposed to address?

Valuing natural capital drives incentive for environmental stewardship and provides new options for economic development, particularly in rural communities. The products and services that the environment provides to society hold key economic and social outcomes. Through valuing of natural capital, Australian farmers will be recompensed for their stewardship and therefore afforded economic viability for sustainable practices.

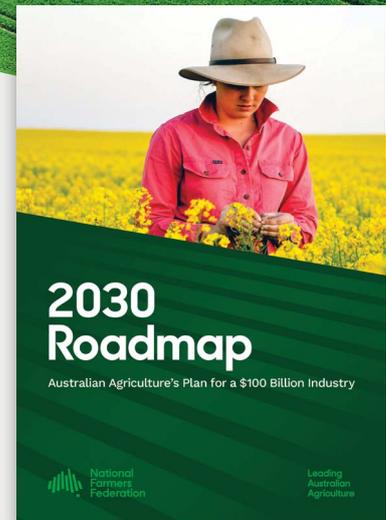
Globally, market-based systems for valuing natural capital such as the United Nation's System for Environmental-Economic Accounting (UN SEEA) are increasing in prominence. Australia's unique and rich ecosystem services are drawn upon for environmentally and sustainably produced commodities, and therefore benefit from an international reference point.

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## Key points

- Natural capital is the world's stock of natural resources including geology, soils, water, air and all living organisms.
- Farmers manage 51% of the Australian landscape but are currently provided little to no fiscal recognition for their efforts.
- The NFF believes valuing farmers for natural capital will incentivise environmental stewardship and provides new options for economic development, particularly in rural communities.
- A robust valuation process for natural capital and ecosystem services is key.





**The NFF has a goal for agriculture to be a \$100 billion industry by 2030. The 2030 Roadmap is a plan developed by the NFF to guide the sector to this goal.**

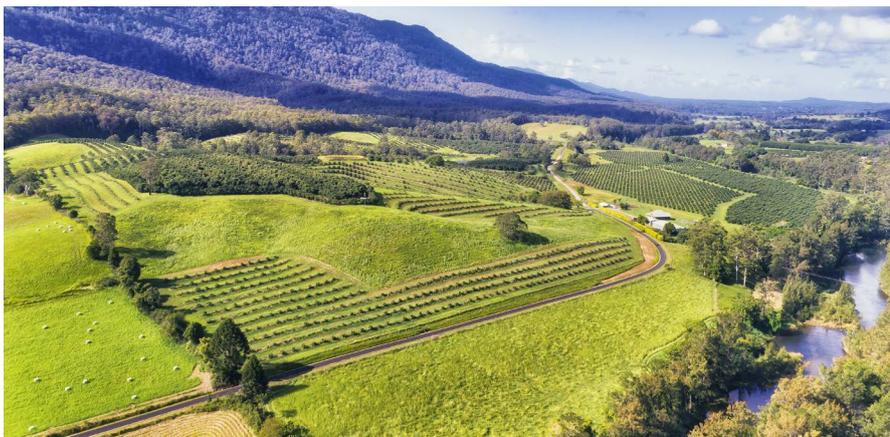
### **Roadmap Aspiration 2.1**

Farmers continue to embrace sustainable farming methods as part of a coordinated national framework that drives productivity and profitability, while recognising and rewarding environmental stewardship.



### **What can Governments do?**

- Recognise the unique role of Australian farmers' in managing natural assets.
- Commit to equitably and justly recognising the land management efforts of farmers through returns in the free market and banking and commercial sectors at an individual landholder level.
- Develop a robust valuation process for natural capital and ecosystem services
- Acknowledge the pragmatic measurement of natural assets and the incentivisation of sustainable practices will provide more robust outcomes than regulatory control.
- Establish a Natural Capital Commission, under the stewardship of the NFF, to elevate the challenge of developing markets and dimensions, oversee key legal, economic and social aspects of natural capital markets, and observe Australia's position within the international marketplace.



The NFF has identified the five pillars required to progress a natural capital policy as:

- 1.** Government recognition on the need for a natural capital policy;
- 2.** The development of a process for valuing biophysical assets and ecosystem services;
- 3.** The development of a robust process to publicly monetise biophysical assets and ecosystem services;
- 4.** The establishment of a private market; and
- 5.** A mechanism for policy review to inform future policy.