



Comments on

Climate Institute
'Towards Climate-Friendly
Farming'
Discussion Paper

by

**SOUTH AUSTRALIAN FARMERS FEDERATION
(SAFF)
NATURAL RESOURCES COMMITTEE**

On

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Areas of concern in the discussion paper:

SAFF does not support agriculture being included in any emissions trading scheme for the following reasons:

- At this stage other than New Zealand, where agriculture is a significant component of their emissions; no other countries are including agriculture. This would present a significant barrier to trade given that the majority of our agricultural products are exported.
- The issues of accounting for emissions and auditing of emissions is a significant issue given the diversity of farming businesses.
- Current modelling of agricultural emissions in Australia do not take into account the full carbon cycle.

SAFF challenges the 16.5 % emissions attributed to agriculture, given that the models used to develop this figure are based on farming systems in the European Union. Agricultural systems within Australia are diverse and very different from those in the EU. Our agricultural systems are much more dependent on perennial and native pastures.

SAFF questions the rationale for agriculture in Australia to significantly mitigate emissions. Whilst SAFF agrees in general that globally everyone should contribute, agriculture in Australia may contribute 16.5% or less and in the global context it is extremely small. Instead there are sound economic reasons to reduce fuel and fertiliser consumption within agriculture.

Whilst SAFF is generally supportive of reductions in burning savannah, native vegetation and stubbles on farm; there needs to be recognition that there are sound reasons to not completely halt burning. Instead burning is proving to be an important tool for managing biodiversity and as a tool for reducing bushfire risk. Burning can also be used as a tool on-farm for managing pests such as snails and is generally used as a last resort.

Most Australian farmers have established sustainable land management practices which they have been applying for the last 20-30 years. They are retaining stubble, direct drilling their seed, managing their pastures for the correct stocking rates, using precision agriculture for fertiliser application, revegetating and/or fencing off degraded land, etc. Farmers know that to be able to pass their land to the next generation that they must do what is in the best interest of the land and the other natural resources

SAFF President Peter White stated in the Australian newspaper on Tuesday October 20th 2009: "Since 1990, Australian agriculture has reduced its carbon input to the atmosphere by 40 per cent. Most of that has gone back into the soil. What they are saying to us at the moment is, 'Oh well, you have done a really good job, but sorry that doesn't count'. We think it should count."

SAFF supports carbon sequestration in soils and vegetation. As stated by Peter White "the more soil carbon you get in there, the better the soil structure. It increases fertility, the plants have better access to the soil, and they have more access to water and nutrients."

Mr White said Australian farmers, like the rest of the community, would face higher input costs under a CPRS. "Agriculture would accept that we would be treated equally with the community, but not imposed on to an extent where we can no longer be competitive with overseas trade". Agriculture will not be 'insulated from the price of emissions' as stated in the discussion paper.

The Australian Bureau of Agriculture and Resource Economics have estimated that, even if agriculture does not come under the CPRS, the average farm will face cost increases of between \$2100 and \$5500 in 2015.

If agriculture came under the CPRS, those costs would rise to \$3500 to \$6600 - assuming processors did not pass their increased costs on to farmers. If processors passed on their costs, the impost on farmers would rise to between \$3200 and \$9700 per farm.

SAFF supports the planting of trees on agricultural land for carbon offsets, providing the land must be degraded and not capable of being used sustainably for agriculture. The contracts between farmers and offset companies must set out, in terms of liability, what will happen in the event of a natural disaster, such as a bushfire. SAFF however is concerned that companies may take the 'easy way out' and plant trees as opposed to reducing their carbon emissions, as a way to meet legislation criteria.

Many farmers may have, in years previous to 1990 taken it upon them selves to plant vegetation, and based on the Kyoto Protocol, they will not be financially rewarded for their efforts. Since 1990, there would also be many farmers who have revegetated degraded low biodiversity patches of scrub to make them now areas of high biodiversity. They will also not be able to be financially rewarded for their efforts.

What the paper fails to address or acknowledge, are principally:

- As result of low subsidies, Australia already has low intensity agriculture. Compare crop production costs in the UK, of 950 UK pounds (1800 A\$) for wheat with Australian figures of around A\$300 or less per hectare. Why is that? We use very low rates of N, and we don't dry our crops with crop dryers. In the UK Crop drying alone accounts for 40% of the energy used in cropping.
- Australian farmers do not generally keep their animals in intensive conditions. Most sheep and cattle are range fed. The paper claims that there are harmful emissions from dung and urine, but in a rangeland scenario dung and urine goes straight back into the soil as fertiliser to grow some more grass.

Australian agriculture could disappear and it would have no impact on climate change. 'Australia has 2.8% of the world cattle inventory, with India, Brazil and China taking the top three places' (Meat and Livestock Australia). Will these other countries be monitoring and capturing their methane emissions?

Page 7 – In 2008, without savannah burning 'agriculture' only represents 13% of Australia's GHG emissions (Tracking to Kyoto and 2020). On page 7, the discussion paper states 'with much of the continent managed for primary production and almost ¼ of the nation's emissions stemming from production landscapes, farmers obviously have a crucial part to play'. SAFF believes that the figure of '25% of the national emissions' should not be used as it is grossly over-exaggerating the impact of the 'average' Australian farmer (grazier/cereal cropper). This paper is including 'savannah burning', which only occurs in a few states, and 'land use change sector', which relates to 2006 data when broad scale remnant clearing was occurring in Queensland.

Page 12 – The paper suggests that farmers may need to 'give up farming altogether'. With population predictions of 35 million people in Australia by 2050, we need to encourage farmers to stay on their properties with adaptation methods/techniques to continue farming in a variable climate.

Page 15 – Chapter 3.1: A decade of climate-friendly farming

Dot point 1 – What are the technologies/methods that will result in the 'significant reduction in emissions?'

Dot point 3 – What are the 'new farming practices'? Farmers are already using cutting edge technologies and management practices (stubble retention, no tillage, GPS precision farming) - how can they improve on them?

Dot point 5 – Who will pay for the 'substantially better and cheaper monitoring'?

Page 17 – Proposal 2

d – Needs further explanation and strengthening. The water used by the trees must not be in conflict with water used by agricultural crops and highly sensitive natural water bodies.

Page 22 - The paper states 'Australia cannot ignore the fact that such a large proportion of its emissions stem from primary production'. Should agriculture be penalised by the fact that Australia has higher agriculture emissions than other country emissions, simply based on the fact that other countries have higher percentages of emissions from industry/transport/commercial/residential components on their pie charts?

Page 23 – The paper states ‘A broadly based livestock levy would likely not curtail production, though it might serve to counter expansion in production over the longer term’. As stated previously, we will have to encourage expansion in livestock to feed the growing population of Australia.

Page 24 – SAFF is strongly against the use of regulations or the ‘big stick approach’ as a strategy for reducing farm emissions. This sector is already heavily legislated and regulated, both nationally and in SA. Instead SAFF suggests a proactive approach that provides incentives and rewards best practice or innovative applications.

Page 25 – Chapter 4.3: Complementary and interim strategies

SAFF has concerns with proposal 4 ‘Introduce a package of incentives to leverage large-scale private investment in climate-friendly farming and new land-uses’. Where is this money coming from? Section 4.3.1 tells us a ‘large and largely untapped patient capital in superannuation firms and other financial institutions’ via ‘instruments such as bonds and tax concessions, and investment vehicles like pooled-development funds’, or if you like an extension of a the MIS schemes at the expense of traditional farmers, and we all know how successful they have been. In leveraging private investment in climate friendly industries, SAFF would caution any schemes such as managed investment schemes which are not linked to market signals. This has been very detrimental in the wine industry where the schemes enable significant capital investment but failed to be driven by markets and as a consequence has resulted in an oversupply.

SAFF sees that the discussion papers main focus is ethical reasons for justifying ETS and agricultures inclusion. It is very anti-agriculture. Industries/factories have a more urgent need and responsibility to change their practices.

Areas of support in the discussion paper:

Agriculture has changed significantly over the past 200 years in Australia. However with increasing climate variability, farmers have a reduced capacity to change, innovate and adapt. Due to this, SAFF is supportive of significant resources being allocated into research and development that can be applied to further enhance and innovate farming systems and ensure adaptation to climate change. It is also important that research and development does focus on mitigation whilst ensuring that our natural resources are not impacted upon, eg. low fertility soils need to be improved rather than further declined.

Further research needs to be undertaken to understand our farming systems within Australia, to better measure any carbon emissions, measure current carbon sequestration and as a consequence understand the full carbon cycle.

SAFF is supportive of ensuring that any Carbon Pollution Reduction Scheme does not result in perverse outcomes. For example, water and land will become even more valuable in a climate change context and there is a need to ensure that these resources are not simply used for carbon sequestration under forests. Instead there is a need to balance this with food security (both nationally and globally). There needs to be recognition that forests can be a contributor to carbon sequestration; however there is a cost involved in the use of our natural resources, i.e. economic, social and environmental. Instead carbon sequestration measures should have multiple outcomes.