



# Climate Policy

November 2016

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## Policy Position

**The NFF recognises that climate change poses a significant challenge for Australian farmers. As a nation, we must act to ensure that our economy is well placed to cost efficiently reduce our national greenhouse gas emissions profile.**

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 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 carbon markets.

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.

## Background

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 challenge for all.

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 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 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, methane and nitrous oxide emissions account for about 14 per cent of Australia's National Greenhouse Gas Inventory.

Reductions in land clearing imposed on land managers by State Government regulation have been the biggest sectoral contributor to emissions reductions in Australia since 1990, with net emissions declining by 85 per cent from 1990 to 2012.

## **What the industry needs**

In relation to the agriculture sector, Government policies must:

- 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 drives innovation and builds resilience;
- embrace the opportunities for emissions reduction and sequestration in the farm sector and facilitate participation of farmers in carbon markets;
- acknowledge the role of vegetation in carbon sequestration while ensuring that vegetation management policies do not unfairly burden farmers with the cost of achieving emissions reduction goals, or unreasonably restrict development;
- ensure that energy policy and regulation is coordinated, so that growth in the use of renewable energy does not result in unintended energy price distortions