



## Media Release

# Put Carbon Bill out to pasture, say NT Cattlemen

Monday, August 10, 2009

The Northern Territory cattle industry has backed national calls for agriculture to be removed from the Carbon Pollution Reduction Scheme saying the sector would be one of the worst affected by the changes.

The CPRS Bill will be debated again during parliamentary sittings this week and the NT Cattlemen's Association is asking all MPs and Senators to make sure they know the facts before voting on any legislation.

"The facts are simple," the association's president, Rohan Sullivan, said.

"We, along with New Zealand, are the only countries still considering including agriculture in their emissions trading scheme.

"The rest of the world has not gone down this track because they know the Kyoto accounting principles are flawed and – most importantly – food production is far too important to jeopardise.

**"If our elected representatives are doing their job and keeping up to date with what is being said on this issue around the world they could not, in good conscience, pass this flawed legislation.**

**"It would have too great an impact on our ability to produce food for both Australians and our trading partners overseas."**

Mr Sullivan said the NT cattle industry was one of the cleanest and greenest, rain-fed, natural food production systems in the world, supplying more than 550,000 head to international and domestic markets each year.

He says despite this, the sector would be one of the hardest hit under the proposed scheme.

"Kyoto does not allow for carbon to be sequestered in any way other than by planting trees.

"Most of our production land is in a natural state and does not allow for wide-scale forestry projects.

"Even though it is now accepted that significant levels of carbon are sequestered naturally through our soils and pastures in a natural carbon cycle, the Government's Carbon Pollution Reduction Scheme – because it is aligned with Kyoto – makes no allowance for this.

"What most people don't realise is that it has been because of the 40 per cent reduction in Australia's agricultural emissions in recent years that we have been able to achieve our international emissions reduction targets to date, while other industry sectors, such as power generation, have continued to increase.

"Agriculture is the solution, not the problem.

"If we get it right, agriculture has a big role to play in reducing world greenhouse gasses."

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## **Media Release**

### **Background information - 1**

**National Farmers' Federation media release – August 6, 2009**

## **Rule agriculture out of CPRS, farmers tell Government**

TODAY the National Farmers' Federation (NFF) declared that international developments have overtaken the Australian Government's proposed Carbon Pollution Reduction Scheme (CPRS) as far as agriculture is concerned, petitioning key Ministers to "carve agriculture's direct emissions out permanently".

"As the CPRS currently stands, agriculture won't be covered until 2015 at the earliest ... if at all," NFF President David Crombie explained. "But the US, UK, Canada and countries across Europe have already ruled out covering their direct agricultural emissions under a cap and trade system.

"With the international goal posts shifting so dramatically, our Government must respond and eliminate all uncertainty around its 2015 deadline so our farmers can proceed on an equal footing with our major trading partners.

"A level or, at least, consistent playing field is a minimum requirement for any Australian emissions trading scheme regarding the treatment of agriculture. Due to the essential need to produce more food for a world population that will increase 50% by 2050 – that's nine billion mouths to feed – our international counterparts are categorically excluding agriculture's direct emissions from their schemes.

"Australia confronts the same food security responsibility. In addition, any move towards CPRS coverage of Australia's farm sector, while other countries do not, will put 1.6 million Australian jobs and \$32 billion-a-year in farm exports at risk.

"Australian farmers are willing to do more to curb emissions. The NFF has worked constructively with the Government, principally Ministers Wong and Burke, on viable options for Australia's \$103 billion-a-year farm sector, but our international partners have now declared their hands well ahead of the Copenhagen meeting in December.

"Australia would be going it alone on agriculture, which is completely untenable. One size doesn't fit all and the CPRS doesn't work for agriculture. But farmers can reduce greenhouse emissions, so we're calling on our Government to be flexible in how Australian farmers achieve that goal.

"In light of international developments, the Government must eliminate agriculture from CPRS coverage and, instead, adopt an alternate, but consistent, approach of providing farmers with incentive-based means of reducing emissions.

"We believe alternatives exist that would see Australia's 150,000 farms actively pursue even lower emission activities – remembering Australian farmers are already world-leaders in low emissions farm systems – while still maintaining and, indeed, growing vital food and fibre production. A carrot approach is a far more effective strategy than the 'big stick' approach and mirrors the route being taken in the US, UK, Europe and Canada.

"Australian farmers can, and should, be a positive part of the solution. Farms, as biological systems, emit carbon but, unlike other sectors, also absorb it back into soils, pastures, crops and trees. This approach we're taking to the Government closes the gap between the global response and the CPRS."

Farm production in Australia underpins \$103 billion-a-year in economic activity, 12% of GDP, \$32 billion-a-year in exports (projected 2009-10), 1.6 million Australian jobs (over 300,000 direct on farms), and supplies 93% of Australia's daily food requirements.

For more detail, see the NFF's CPRS statement at: <http://www.nff.org.au/read/2470657460.html>  
National Farmers' Federation inquiries to Brett Heffernan - (02) 6273 3855 or 0408 448 250



## NORTHERN TERRITORY CATTLEMEN'S ASSOCIATION

# Media Release

## Background information - 2

The Northern Territory Cattlemen's Association Inc (NTCA) is the peak primary industry group in the NT.

It represents 95% of the NT cattle herd – from small family operations to the large corporate organisations. NTCA membership manages more than 2 million cattle, producing more than 550,000 quality animals per year to supply local and overseas markets. In 2008, more than 365,000 cattle were exported live through the Port of Darwin.

Members successfully manage a landmass in excess of 620,000 sq kms, 9.6% of the Australian landscape and 45% of the NT. The pastoral industry generates more than \$400 million in direct benefits for the Australian economy, with flow on benefits worth around \$800 million. The pastoral industry accounts for over 60% of the NT gross value of Agricultural production.

The industry directly provides in excess of 2000 jobs annually. Indirectly it supports around 3000 jobs in related goods and service supply and support industries.

The industry has contributed to the growth of the Territory for almost 150 years. It continues to increase in size, productivity and efficiency while more than 85% of members are active participants in conservation, environmental and Landcare groups.

By area, employment and economic contribution, the pastoral industry is the dominant industry and land steward, with a focus on long-term sustainable production.

For more information go to [www.ntca.org.au](http://www.ntca.org.au)



# NFF FACT SHEET - Climate change mitigation

*“Agriculture – a key part of the solution”*

Globally, governments are taking action to reduce greenhouse gas pollution. In Australia, agriculture has already provided an important contribution to the national effort to reduce net greenhouse emissions and, given the right policy, can do more.

To be clear, this issue and effort is not new to agriculture. The sector has reduced its emissions by 40% since 1990 through various measures - some voluntary and some not. The involuntary measures have come at a significant cost to many parts of industry. Importantly also, it is widely recognised that the contribution of the primary production sector has largely been responsible for Australia meeting its Kyoto protocol commitments.

Moving then to the Australian Government’s current policy deliberations, it is widely recognised that covering direct emissions from agriculture within an emissions trading scheme cap is inappropriate at this time. In addition to the potential for perverse economic and social impacts, the NFF has been concerned about the potential for this scenario to lead to significant detrimental environmental outcomes in areas such as water runoff, biodiversity, and Australia’s ability to continue to make a contribution to global food and fibre supplies.

The NFF acknowledges the Australian Government’s efforts to date to thoroughly examine agriculture’s potential coverage under the CPRS as well as alternative, complementary measures that give farmers clarity on the public benefit of undertaking actions on-farm that have positive abatement outcomes (such as greenhouse Best Management Practice (BMP) programs, environmental quality assurance programs, stewardship programs, certification schemes, transport infrastructure improvements and utility level renewable energy development).

In recent months, however, the NFF believes that the policy environment has shifted for the agriculture sector in the following areas.

## *1. The International context*

With two thirds of total Australian farm produce being exported, the international context is vital for Australian farmers in the development of domestic climate change policies. Recent indications are that Australian farmers will be isolated if agriculture’s direct emissions are covered within an Australian CPRS. Developed countries including the United States, Canada, Japan and European countries, have already disclosed that they will be adopting a carrot, not a stick, approach to driving mitigation outcomes from their agriculture sectors. That is, these countries will not cover agriculture under an emissions trading cap.

## *2. A clearer understanding of the impacts*

There has been a number of studies undertaken looking at the potential impacts of the CPRS on agriculture. While the NFF recognises that the assumptions vary for each of the studies and that these are reflected in the different results, and that the Government has announced a number of concessions to soften the economic impacts in the initial years of the CPRS, it is fair to suggest that all the studies found that covering direct emissions from agriculture within the CPRS cap

would have a significant negative impact on farm incomes. The NFF believes that these would far outweigh any impacts of climate change itself and emerge in a timeframe that industry would be unlikely to discover viable abatement options. A summary of key findings from the various studies include the following:

- On-farm analysis from the Centre for International Economics shows that the farm cash income for an average beef farm would fall by over 60% if agriculture's emission were covered by the CPRS cap with a carbon price of \$25/tCO<sub>2</sub>-e. This is followed by an average beef-sheep farm (down 47%), an average sheep farm (down 42%), an average dairy farm (down 34%) and an average mixed livestock-crops farm (30%). These modelling results assume that agriculture receives no free permits and that Australian and New Zealand agriculture is covered by an emissions trading scheme, but that the agricultural sectors of other countries are not.
- As a gauge, with agriculture covered by the CPRS at \$25/tCO<sub>2</sub>-e and not accessing free permits:
  - a beef producer with 1,000 head of cattle would be required to pay approximately \$37,000 p.a. for permits.
  - a sheep producer with 3,000 sheep would be required to pay in approximately \$15,000 p.a. for permits.
  - a grain farmer producing 1,000 tonnes of grain would be required to pay approximately \$3,500 p.a. for permits.
- Research undertaken by the Australian Meat Industry Council (AMIC) indicates that additional costs of the CPRS for meat processors from 2011 will be in the order of \$5.64 per beef animal and \$0.78 per sheep. Similarly, dairy farmers estimate their indirect costs from the CPRS (even with agriculture uncovered) at between \$6,000 to \$9,000 per farm in 2011 and rising over time.

Further, analysis of the impact on agriculture should not be viewed through the prism of economic impact alone. Assessment of the impacts of different climate policy options also need to take into account their impact on other Australian policy and social objectives (in areas like trade, regional employment, water and broader environmental impacts). There is more work to do in this area.

**Against this background, what are the NFF's greenhouse gas reduction policy objectives and what is NFF calling on the Government to do?**

In the context of the introduction of domestic policy to reduce greenhouse gas concentrations, NFF aims to ensure that:

1. Agriculture must be provided with the tools and policy mechanisms to enable it to make further and ongoing contributions to reducing greenhouse gas concentrations in the atmosphere.
2. In achieving this outcome, the Australian farm sector's profitability and sustainability, both domestically and internationally, must not be compromised. That is, any policy approach must recognize the potential impact on food and fibre production in an increasingly hungry and populated world.
3. Climate mitigation policies for agriculture must recognise the unique nature of agricultural production systems and the biological nature of farm production. Policy must also recognise that there are significant limitations on the degree to which agricultural emissions can be reduced and that there are scientific uncertainties in estimating agricultural emissions. Further, decisions regarding climate mitigation policies for agriculture must consider the broader impacts across and within whole farm systems.
4. Climate mitigation policies for agriculture must recognise the international policy response so as to avoid leakage of emissions overseas.
5. Climate mitigation policies for agriculture must deliver, wherever possible, clarity from decision makers to the farm sector.

**Specifically, in regard to the CPRS Bill and associated deliberations before the Australian Parliament, the NFF seeks:**

*1. A commitment to exclude covering direct emissions from agriculture under the CPRS cap.*

The NFF has engaged with the Australian Government in good faith to examine the option of covering the direct emissions from agriculture under the CPRS cap at some time in the future. The intention has been for this process to provide sound advice to Government of an appropriate course of action for the sector by 2013.

However, based on recent developments, including the international climate change mitigation policies and the conclusion of industry modelling, the NFF believes that coverage of direct emissions from agriculture under the CPRS cap is no longer an appropriate policy consideration in attempting to drive the optimal mitigation outcomes. Instead the NFF believes that industry and the Government should refocus their efforts on alternative mechanisms for climate change mitigation from the agriculture sector.

The NFF reinforces that exclusion of direct emissions from agriculture under the CPRS cap does not mean that agriculture is not willing to make a further contribution to solving the greenhouse gas pollution problem. The NFF hopes that the Technical Options Development Group (TODG) Government-industry consultation process can continue, but with revised focus on the alternative policies.

*2. That the Emissions Intensive Trade Exposed construct be changed to accommodate the specific nature of the food and fibre production sectors and their supply chains.*

The agriculture sector does not yet have any assurance that its export competitiveness will not be placed at risk as a result of the CPRS. Farmers, as price-takers in the marketplace, are vulnerable to increasing costs that will result from the implementation of a CPRS. This is a fundamental problem for agriculture and the CPRS.

In this regard, the NFF is particularly concerned about the costs incurred by the food and fibre processing sector, the majority of which will be passed through to farmers in the form of lower prices. The NFF calls for consideration to be made of the integrated nature of the agricultural supply chain in determining the framework for its Emissions Intensive Trade Exposed (EITE) compensation provisions.

*3. Recognition of non-Kyoto compliant units, provided industry can demonstrate that actions that are not Kyoto compliant provide verifiable, additional and permanent greenhouse gas concentration reduction.*

Current international Kyoto carbon accounting rules are prohibitive for mitigation efforts generated by farmer activity to be appropriately acknowledged and rewarded under these rules. The NFF recognises that the negotiations to change the international carbon accounting rules will be a difficult process, and is working collaboratively with Government wherever possible to ensure that these rules are adjusted to be appropriate for agriculture.

However, the NFF believes that yet this should not halt positive actions to increase carbon sequestration through activities such as revegetation and soil carbon where it can be demonstrated through robust science to be making a positive difference. The NFF believes the CPRS Bill should not be hamstrung by an international accounting construct that is clearly flawed and fails to recognise agriculture's positive contribution to the climate change challenge.

*4. That Managed Investment Schemes be explicitly excluded from the opt-in forestry provisions.*

The NFF remains concerned about the potential for a significant exacerbation in the current bias towards forestation as a regional land use within regional areas as a result of the CPRS.

The NFF's concerns about the impacts of Managed Investment Schemes (MIS) on regional land use have been well documented. The NFF believes that allowing MIS operators to access the forestry 'opt-in' provisions under the CPRS will

lead to further negative outcomes in areas such as water runoff, biodiversity, regional social structures and Australia's ability to continue to make a contribution to global food and fibre supplies.

#### **Alternative climate change policy considerations for agriculture**

The NFF is working closely with the Australian Government to examine appropriate greenhouse gas mitigation policies for agriculture. Alternative climate change policy considerations for agriculture may include:

- Greenhouse best management practices, environmental quality assurance programs, stewardship programs, certification schemes and grant schemes that deliver emissions abatement.
- Additional investment in R&D for technologies that deliver both productivity and emissions abatement.
- Investment in low emissions transport.
- Alignment of water and drought policy programs to support abatement and sequestration goals without jeopardizing productivity.
- Examining the potential for utility scale renewable energy as a new business sector in regional Australia.

It should be noted that significant further investment in research and development will be required in order to put these options on the ground.

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