



NORTHERN TERRITORY CATTLEMEN'S ASSOCIATION

Federal Submission – Carbon Farming Initiative

January 2011



Northern Territory Cattlemen's Association



'Advancing and protecting the interests of the cattle producers in the Northern Territory'



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1. Purpose

The purpose of this submission is to provide comment on the consultation paper released by the Department of Climate Change and Energy Efficiency titled “design of the carbon farming initiative”.

2. Background

The Northern Territory Cattlemen’s Association (NTCA) Inc is the peak primary industry group in the Northern Territory representing over 90% of the Territory’s cattle herd. Over 220 pastoral leases, our industry manages a landmass in excess of 620,000 km² and a herd of over 2 million head. Annual turnover is around 600,000 head to live-export and domestic markets. The pastoral industry is the Northern Territory’s third largest GDP earner, accounting for more than 50% of primary production in the NT and generating over \$400 million in direct income. In 2010, over 300,000 cattle were exported live through the Port of Darwin. These export sales alone provide an average direct trade value of \$190m FOB. Live cattle exports are of critical importance to the northern pastoral industry and the northern Territory economy as a whole.

The industry directly provides in excess of 1600 jobs, mainly in rural areas of the Northern Territory. By area, employment and economic contribution the pastoral industry is the dominant industry in land management in the NT, with a predominant focus on long-term sustainable production. Over 85% of all NTCA members are active participants in Conservation, Environmental and Landcare groups throughout the Northern Territory and the Association encourages members to join their local groups.

Remote Territory pastoral properties are extremely large by the standards of most agricultural holdings in Australia. Average individual property/parcel size approaches 3,000 km² and management units can exceed 3 times this figure. These land holdings encompass many land systems with different carbon storage characteristics and most importantly, are natural vegetation (uncleared systems). Any attempts to increase carbon capture on large properties would potentially involve a disproportionately large investment in management inputs, baseline data, monitoring, accounting and reporting beyond the capacity of any carbon abatement activities to fund. Moreover, the NT lacks baseline scientific knowledge to underpin assumptions around carbon management. Further investment is required in foundational research to enable the Territory to effectively participate in carbon offset markets. There is a need for additional research and modelling and extension capacity to disseminate new ideas, methods and management techniques to land holders.

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3. Issues – Carbon Farming Initiative

General introduction and NTCA position

The NTCA acknowledges the federal government's attempt to establish a framework under which agriculture may play a role in the carbon market. The NTCA believes that the pace at which the government proposes to bring in legislation and an offset program is too rapid and may in itself be encouraging the implementation of a carbon tax in order to create demand. There remains too many unanswered questions on which to progress, including a lack of international agreement with little possibility of resolution, and failing carbon markets. Implementation of a program by way of legislation must be done in an orderly and commonsense manner. Success will only come where a program can drive benefits to farmers and will allow for increases in productivity, meet increasing world food demand while not compromising the ability of producers to compete on national and international markets. The NTCA remains unconvinced that the rapid introduction of a carbon abatement offset program will deliver any benefits to agriculture and particularly northern beef production systems.

In order to advance such initiatives, significant investment is required in appropriate research towards the measurement, recording and accounting for carbon within the landscape and production systems of the agricultural sector. Significant efforts also are required to influence the international carbon accounting standards which are currently flawed in relation to agriculture.

For the northern Australian beef production sector and indeed agriculture more generally, a carbon farming framework must not be viewed in isolation from moves to establish a regulatory framework around the taxing of carbon or an emissions trading scheme. The possibility that a carbon farming framework will provide a viable offset for northern Australian beef producers to a future carbon tax or emissions trading scheme is totally untenable.

The NTCA is of the view that based on the current international rules under Kyoto, the northern Australian rangeland beef production system and the current points of discussion under the CFI, no viable carbon offsets exist. The future introduction of a carbon or energy tax would have a wholly detrimental impact on the cost of production and viability of the northern beef production sector, which is proportionally more dependent upon energy than the agriculture production systems in the agricultural and high rainfall zone.

Under the CFI it has been suggested that there is an opportunity to claim abatement credits through modified burning practice. While the NTCA is aware of modified burning regimes claiming carbon offsets, extreme caution is required if extrapolating this across northern Australia for a range of reasons, including the role of fire in production systems in the northern savannah, the need to maintain food production capacity while acknowledging climatic variability and vegetation growth across the vast expanses of northern Australia. A region which has been shaped by fire. The vast majority of the



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northern pastoral estate aims to maximise burning efficiency and maximise pasture growth, sometimes relying on hot fires to manage a range of issues including woody weed encroachment. We believe more needs to be done to understand the systems in which we work before legislating.

Conversely we are encouraged to explore forestry as the most effective biological carbon capture and storage mechanism. The Northern Territory is currently 99% native vegetation with the remaining 1% cleared for a combination of urban, agricultural and horticultural development. Any significant planting for forestry in the Northern Territory and the vast majority of Northern Australia would require the clearance of native vegetation or substitution of land currently under food production. We are also very conscious that there are a range of perverse outcomes where land may be tied up for extended periods, displacing food production. It is also apparent that the early gains in carbon capture under forestry plantations decline with time and need to be viewed in unison with the carbon footprint of vegetation and production systems which may have been replaced.

Any future CFI must ensure increased food production capacity and the environmental integrity of the underpinning production systems while having the flexibility to enable broad participation in voluntary or mandatory carbon markets which may develop in the future.

International context

The international community is at varying stages in their efforts to reward the carbon abatement that good agricultural and land use management delivers through activities of landholders across the globe. Development of the international marketplace for carbon credits has also been stunted in the wake of slow progress of international climate change negotiations. Global and domestic markets for carbon offsets may develop in the future and where this is the case, gearing farmers to engage is beneficial.

There is a degree of confusion and lack of definition around potential versus actual markets and subsequently a great degree of variation in the expectations of landowners. There has been a proliferation of experts, traders and opportunists talking up the opportunities with carbon schemes and offsets over the past 5-10 years. This has also created, in some cases, distorted expectations and misrepresentation and half-truths which have all contributed to a continued state of confusion. A CFI would need to deliver clarity and flexibility in order for it to deliver any tangible benefits. The international rules must be challenged with rigid definitions around concepts such as 'additionality' and 'permanence' that currently threaten to hamstring carbon abatement opportunities. This is further pronounced in the remote and rangeland situations where predicted opportunities appear largely non-existent.

CFI participation and offset options must not be restricted due to inflexibility in design or a lack of adaptability to regional and industry variability.



Scheme Coverage

Reforestation and revegetation

With 99% of the NT native vegetation this offers no opportunity for abatement beyond existing agricultural land already dedicated to food production.

Reduced methane emissions from livestock

There may be opportunities for livestock managers to achieve reductions in emissions under extensive management however this is a long term and undefined exercise. It is extremely difficult to accurately account for and measure change in livestock emissions especially in rangeland conditions and unless a basis for accurately crediting reductions exists, producers will have little incentive to do so

Reduced fertilizer emissions

The use of soil or foliar applied fertilisers is generally not applicable in the context of NT cattle production. However, the use of mineral supplementation is widely practiced, particularly in northern areas where pasture quality is low. Supplementation involves the feeding of various feedstuffs including nitrogen and phosphorus based compounds to stimulate rumen microbial activity and hence improve animal nutrition. Because of the costs involved, producers aim to make the most efficient use of supplements as possible, so there is little prospect of a significant reduction in fertiliser use from this area.

Manure management

Not applicable to rangeland production systems.

Reduced emissions or increased sequestration in agricultural soils (soil carbon)

This offers limited opportunity and capacity to intensively measure, record and account for carbon and the production system. Requires extensive research on the underpinning principles.

Savanna fire management

Under the CFI it has been suggested that there is an opportunity to claim abatement credits through modified burning practices. While the NTCA is aware of funded projects exploring modified burning regimes claiming carbon offsets, extreme caution is required if extrapolating this across northern Australia for a range of reasons, including the role of fire in production systems in the northern savannah, the need to maintain food production capacity while acknowledging climatic variability and vegetation growth across the vast expanses of northern Australia, a region which has been shaped by fire. The vast majority of the northern pastoral estate aims to maximise burning efficiency and maximise pasture growth, sometimes relying in hot fires to manage a range of issues including woody weed encroachment. We believe more needs to be done to understand the systems in which we work before legislating.



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Avoided deforestation

For the NT with a shortage of land cleared for more intensive food production, avoided deforestation would deliver a perverse outcome in terms of food production and security. It assumes that the revegetation with food or fibre crops will capture and cycle less carbon than a dormant forest. It also fails to take account of the change in fire regime to one without fire once land is developed. Restrictive Northern Territory legislation around the clearing of land would make the additionality argument difficult.

Burning of stubble/crop residue

Largely not applicable to northern Australian beef production

Reduced emissions from rice cultivation

Largely not applicable to northern Australia beef production

The NTCA is of the view that establishing an initiative to provide a source of domestic offsets under the NCOS raises more questions than it answers. The Kyoto Protocol is due to expire in 2012. Binding agreements between sovereign states may be problematic and until international competitors introduce comparable schemes a CFI will have limited applicability.

4. Conclusions

The NTCA believes that moves to establish a legislative base on which to base an agricultural based carbon capture and storage initiative is premature.

NTCA maintains that based on international rules and the current status of carbon markets there will be no capacity for Northern beef production systems to gain credit for carbon initiatives and a scheme would risk failure.

The NTCA believes that moves to implement a carbon price or emissions trading scheme within Australia will mean an increase in the cost of food production and no capacity for producers to pass the cost on. This will seriously threaten business viability, international competitiveness and the integrity of an industry which manages vast areas of Australia's land mass.

End

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