

**Senate Public Affairs and Administration References
Committee**

INQUIRY INTO
**NATIVE VEGETATION LAWS,
GREENHOUSE GAS ABATEMENT AND
CLIMATE CHANGE MEASURES**



Northern Territory Cattlemen's Association (NTCA)

SUBMISSION

APRIL 2010



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INTRODUCTION

The Commonwealth Government is in the process of conducting an inquiry into Native Vegetation Laws, Greenhouse Gas Abatement and Climate Change Measures.

The following submission has been prepared by the Northern Territory Cattlemen's Association (NTCA) in response to a call for submissions to the Senate Public Affairs and Administration References Committee.

BACKGROUND

The Northern Territory Cattlemen's Association (NTCA) Incorporated is the peak primary industry advocacy group in the Northern Territory, representing more than 90 percent of the Territory's cattle herd, from small family operations to the large corporate organizations. NTCA members manage over 50 percent of the land mass of the Northern Territory. By area, employment and economic contribution, the pastoral industry is the dominant industry in land management in the Northern Territory, with a focus on long-term sustainable production. The NTCA has a strategic approach to managing the pastoral sector in the Northern Territory and provides leadership in pastoral land conservation, market development, and key infrastructure activities.

THE FUTURE

The Northern Territory stands on the threshold of an exciting era of agricultural development. Changes in production systems, technology and demographics in the Northern Territory combined with changes in other parts of Australia and the world have delivered a range of opportunities and challenges to the local industry. Changes to the climate, fuel prices, local and international markets and increasing levels of globalisation have all created opportunities for Northern Territory primary producers while also bringing issues such as closer domestic and global scrutiny and risks associated with international trade which will need to be addressed.



NATIVE VEGETATION LAWS

Northern Territory pastoralists and farmers have an excellent record of natural resource and environmental management and their future livelihoods depend naturally on the maintenance of this record. There is a very real danger that the imposition of poorly planned and executed vegetation management regulations will interfere with this achievement in a manner which is detrimental to the natural environment, to the pastoralists and farmers and to the broader Northern Territory and Australian communities.

PRIMARY ISSUES

- Never has it been more important for producers to have the ability to intensify and diversify their operations. With ever increasing costs of production and falling commodity prices it is imperative that producers are able to develop land in an environmentally sustainable manner to ensure the longevity of the livestock industry and its positive impact on the NT economy in general.
- Increased concern and scrutiny on national and global levels has meant that farmers all over Australia are being required to comply with environmental regulations and regimes that are designed to achieve a benefit for the entire community. Compliance with these regulations may have significant costs to individual farmers. Environmental outcomes such as the preservation of threatened species, the conservation of biodiversity, strengthening of resilience and the amelioration of greenhouse gases are benefits the entire community enjoys. Compliance with Kyoto Protocol Greenhouse Gas Emissions targets enables the Commonwealth Government to meet its international responsibilities. However, the danger under the proposed regulatory framework is that these outcomes will be achieved via the imposition of restrictions on farming and development practices have adverse impacts on farmers and in many cases will not achieve the stated outcomes of managing the landscape in a sustainable way or ensuring biodiversity is healthy and resilient to climate change. For example a fixation on one off emissions from land clearing to reduce greenhouse gas is simplistic and a short term measure which needs to be viewed over the long term to take account of changed fire regimes or the sequestration in improved pastures, thus producing a net benefit / reduction.
- A consultation process and research conducted by the NTCA in 2009 and 2010 developed a set of clear strategies to inform a vision for the



Northern Territory pastoral industry. It identified a strong desire and need to diversify land use on pastoral leases in the Northern Territory. Modelling conducted by a team at Charles Darwin University demonstrated increased resilience to changes to the climate, seasons, markets and currency in diverse enterprises compared to specialist beef cattle enterprises. (Supported by the findings of the Northern Australia Land and Water Taskforce.) Diversification of land use will require development and if this is done according to a management framework with clearly defined outcomes, and provision for market-based conservation mechanisms, it will improve economic and ecological sustainability and resilience on pastoral leases.

- Rangeland condition on the Northern Territory is healthy with data suggesting an increase or stability in landscape function. Where rangeland condition has changed it is largely due to vegetation thickening, with negative impacts on ecological function and biodiversity. (*Burrows et al 2002, Global Change Biology 8, 769-784*) Land clearing and regrowth control bans will exacerbate this problem.

"Ingress of trees into rangeland areas grazed by domestic livestock is not a uniquely Australian phenomenon. It seems to be a universal consequence of Europeans and their domestic livestock displacing hunter-gather societies." (*Burrows 2002 Tropical Grasslands 36, 202-217*)

The problem of vegetation thickening in the extensive rangelands of northern Australia requires a planned and active management approach, not a ban on land clearing.

- Uncertainty resulting from the ongoing national debate around vegetation management and regulation aimed at delivering environmental outcomes will have a detrimental impact on enterprise investment and sustainability. Security of land tenure and a climate of confidence in the future is essential for investment and therefore for regional economic and social stability.
- A regulatory approach to vegetation management and biodiversity conservation is expensive with high transaction costs in terms of administering, monitoring and enforcing the legislation. These costs are borne by landholders and by the broader Australian society
- Existing vegetation management regulations in other states, such as Queensland and New South Wales, are imposing large costs on farmers in these areas in terms of lost opportunity and high transaction costs. These costs are initially borne by farmers but are passed first to the regional and



then to the general community. Increased costs will impact on farmer's ability to deliver environmental outcomes. (*Davidson et al 2005 ABARE*)

- The cost of meeting native vegetation regulations is likely to be an important factor in determining the future competitiveness of the Northern Territory's pastoral industry in international markets. Recent economic analysis of the viability of the Northern cattle industry clearly identifies the declining terms of trade and negative returns being generated across much of Northern Australia. This places the industry on a knife edge and not in a position to absorb ever increasing costs of production, due to onerous compliance and regulation or mis-guided land development and diversification rules.
- Well managed perennial pasture has a far greater capacity to sequester carbon in comparison to native savannah. Native savannah also has a far greater emissions profile due to the annual burning regime across northern Australia. Thus, where land is developed and managed it provides a net reduction in emissions.

These negative impacts occur while broad public benefits are provided at a cost to private landholders. In the Northern Territory vegetation management laws and regulations may not be likely to provide progress towards the goals of management, protection and enhancement of biodiversity unless they are balanced against the need to manage fire, feral animals and weeds on pastoral, farming and in unmanaged systems.

Farmers and Pastoralists in the Northern Territory are proud of their record and view themselves as environmental managers with enormous potential to deliver the environmental outcomes which are desired by society. The way forward will involve a joint effort between landholders, government and the broader Australian society and will involve key initiatives such as –

- The use of participatory planning, most notably with a catchment focus, to develop and deliver systems based integrated natural resource management frameworks
- Improved knowledge of the natural systems of the Northern Territory, the changes currently occurring and the changes anticipated as a result of climate variability, soil and water resources
- Education of landholders, other stakeholders and the general community in the importance of and the issues involved in integrated sustainable natural resource management



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- The development and provision of market-based mechanisms that provide voluntary incentives for landholders to undertake activities that are in the public interest
 - Use of property rights reform and the court system to gain improved clarity over farmers and other industries responsibilities and rights
 - Facilitation of sustainable, planned development in the Northern Territory to allow diversification of land use and enterprise operation with a focus on long term resilience and integration of production and environmental management
 - Legislative reform and the use of true participatory decision making to ensure due process is adhered to when dealing with land use regulation
 - Clarity and transparency in decision making

GREENHOUSE GAS ABATEMENT

While the NTCA supports efforts to reduce world greenhouse gas and is able to make a positive contribution it does not support the inclusion of agriculture in a cap and trade emissions trading scheme until such time as it can be demonstrated that there will be no detrimental impact on international competitiveness and profitability. This position acknowledges the inappropriateness of current international carbon accounting standards where they apply to agriculture. While the NTCA does not support the inclusion of agriculture it does support the establishment of off market and voluntary schemes to promote the role of farmers and pastoralists in increasing the carbon storage and capture.

The NTCA actively seeks increased investment in R&D to reduce emissions and increase efficiency in energy use. The NTCA seeks increased R&D into carbon measurement, storage and capture including an equitable focus across the arid zone and northern savannahs.

Well managed perennial pasture has a far greater capacity to sequester carbon in comparison to native savannah. Native savannah also has a far greater emissions profile due to the annual burning regime across northern Australia. Thus where land is developed and managed it provides a net reduction in emissions (also referred to above in Native Vegetation Laws).

It should be recognised that Australian agriculture is a lower intensity emitter of carbon than the agricultural sectors of other developed countries. It is critical therefore, that the any abatement scheme design does not have the perverse



consequence of driving food and fibre production off-shore and in so doing, increase global emissions.

The costs of a carbon reduction scheme and other domestic policy responses to mitigate greenhouse gases must be distributed fairly across the Australian community. Farmers, as price takers in the marketplace, are extremely vulnerable to increasing costs. These costs are also exacerbated with distance, and geographical size of operations. The cost of transport and freight and the energy intensity of many input products is proportionally higher in regional and remote areas. This places rangeland pasture production systems at a disadvantage and could ultimately remove viable production systems from the landscape, rendering large areas unmanaged and prone to fire, feral and weed problems which in turn increase net emissions.

In the context of the current global shortage of food stocks, Australian farmers must not be forced into a position whereby the only way that they can meet their liabilities is by reducing production. Government must ensure that the design of carbon mitigation and other complementary policies do not inhibit future expansion of agricultural production.

Land Development

On the national front there has been a focus on the good record of agriculture in reduced emissions, due to the reduction of land clearing in recent years. While acknowledging the general sensitivities connected to land clearing, the NT has less than 1% of its land area cleared and future land development is most likely to be on a relatively reduced but strategic level as part of a balanced agricultural system, servicing more sophisticated markets both domestically and overseas. This development, needs to be put in the context of the long term emissions footprint, rather than the one off emissions at the front end of the process. Clearly, the accounting rules must exist and R&D needs to establish a baseline of understanding to allow for soil carbon, through pasture and other systems. Therefore the NT, the least developed of any state or territory has the most to lose and will be disadvantaged if there is a focus on one off emissions from land development as a mechanism for reducing emissions. Clearly, land development forms but one option, as part of a sustainable and modern enterprise mix.

Woody weed encroachment can be a concern across the rangelands and any incentives to increase woody weed or vegetation thickening (as an offset mechanism) at the expense of production and other land management outcomes, would have a long term impact on productive capacity and viability.

Savanna burning

While savannah burning, a natural phenomenon across the rangelands may not be considered under current formal offset arrangement, it does require dedicated R&D. It remains a large, singular emissions target and where improved burning regimes are not detrimental to production, it offers an



opportunity to reduce overall emissions, and needs to be supported through research and development.

Credits, through modified burning regimes, while holding potential, need to be approached with caution. Due to seasonal and other variability there is a need to account for burning across as large an area as possible and over extended time frames, where trend change is measured, rather than one off emissions. There is a need to also recognize the value of late season (hot) burns as a tool for the control of woody weed encroachment. The overriding issue is to retain a production focus throughout.

Under current rules the Northern cattle industry has limited opportunity to obtain offsets and the R&D connected to soil carbon and savannah burning will offer some opportunities and should remain on the table.

CLIMATE CHANGE MEASURES

Research and Development – industry resilience and self reliance

R&D, extension and agricultural support needs to work towards encouraging resilient, sustainable and well managed agricultural businesses. A focus on climate change preparedness and emissions reduction may assist in driving overall efficiency and productivity gains however it needs to be accepted that the ability of industry and business to respond to a wide range of variability across market, financial, human resource environment and weather ultimately will deliver greater resilience and efficiencies. If the focus is on agricultural businesses being well managed, efficient and able to manage change, then agriculture will be better equipped to handle whatever comes its way, including climate change.

The vast majority of emissions from our industry are not discretionary and are largely a function of production and location. Therefore, placing a price on emissions will not necessarily lead to a reduction and will also drive negative production outcomes.

Continual improvement in management and production expertise will result in more resilient and sustainable rangeland and agricultural businesses, able to respond to change. Measures to improve the capacity of land managers are critical for government policy development. Programs such as FarmBis, a federal program, highly effective in delivering change management at the business level was discontinued in 2008. The model was effective for isolated and remote producers, able to structure training and capacity development to their specific needs. One size does not fit all in government policy needs to be mindful of the specific requirements of some geographic and industry regions.



It is critical that the overall capacity of land managers and business operators is increased continuously to adapt to changing circumstances, government policy and market forces.

SUMMARY

Northern Territory landholders have a proud record of sustainable land management and effective environmental stewardship. The imposition of a regulatory regime aimed at controlling many aspects of resource use has the potential to cause a range of detrimental effects on Territory landholders, the broader Northern Territory and Australian communities and on the landscape itself.

The potential exists to use this opportunity to develop innovative and successful approaches to the management of our natural resources that will facilitate the integration of environmental management and production, ensuring the long term viability of pastoralists and farmers while also protecting and maintaining our unique natural heritage.

While much is made of the proposed impact of climate change on our natural systems and farming sectors, the greatest risk to the viability of industry and the integrity of the land on which it operates is policy itself. Poorly conceived knee jerk, one size fits all policy has the potential to deliver significant and adverse outcomes for families, environmental values, regional development, communities and economic prosperity.