Preamble:

The Australian Landcare Council is a statutory advisory body to the Australian Government on priorities and strategies for sustainable natural resource management. As such, the Council reports to, and advises the Ministers for Agriculture, Fisheries and Forestry; and Environment, Heritage and the Arts. Since climate change policy matters are intrinsically linked to natural resource management and sustainable agriculture, the ministerial portfolio of climate change and water has been deemed by members to be within the purview of the Council's legislative brief. Advices and correspondence are now also provided to the Minister for Climate Change and Water.

This report is a synthesis of a forum convened by the Council on February 12, 2008 addressing climate change and carbon trading from a rural industries' perspective. As many of the points presented in the write-up below directly address the terms of reference of this senate enquiry, the Chairman offers these ideas and positions for your consideration.

The Council does not object to this document being accessible to the public.

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Climate Change and Emissions Trading Forum

12 February 2008, Canberra

Outcomes

Introduction

The new Australian Government has taken decisive steps to address long-held community concerns about greenhouse gas emissions and anthropogenic climate change. The signing of the Kyoto protocol and the establishment of a new federal Department of Climate Change signify the seriousness with which the Government considers the issue of climate change. As a strong advocate of proactive sustainable land management, the Australian Landcare Council (ALC) welcomes these initiatives and looks forward to further leadership in this area.

In mid-2007, well prior to the election of the new Government, the ALC planned a forum on climate change and carbon trading, with special emphasis on developing an informed view from a rural industries perspective. This forum was held in Canberra on Tuesday 12 February 2008 and was attended by Council members and some 30 invited guests (see Attachment 1). The Forum was divided into three sessions with seven guest speakers who addressed specific topics for each session as described below. In addition, Dr Graeme Pearman, an independent expert on climate change, provided comment at the end of each session, and gave a speech later that day.

The Forum was opened by ALC Chairman Ms Bobbie Brazil who 'set the scene' by quoting liberally from Minister Wong's most recent statements on the Australian Government's commitments on this topic, especially the pressing need to reduce greenhouse gas emissions and to establish a 'cap and trade' scheme to aid in achieving those emissions reductions at least cost.

Session 1 – Science (Chair – Lee O'Brien)

1. Michael Robinson, Land and Water Australia – *Identifying Australian research priorities and gaps*
2. Col Creighton, Land and Water Australia / Mackay Whitsunday NRM – *Improving season forecasting skill and value: a key response to an increasingly variable climate*

Session 2 – Adaptation and Innovation (Chair – Alex Arbuthnot)

3. Mark Howden, CSIRO – *International examples and what we can learn from them*
4. Mick Keogh, Australian Farm Institute – *Key challenges for Australian agriculture*

Session 3 – Policies and Practicalities (Chair – John Klem)

5. Matthew Reddy, CarbonSMART – *Practical experiences from the CarbonSMART initiative*

6. Brett de Hayr, AgForce – *How the rural sector can best set itself up to participate in the new world of carbon trading*
7. Stephen Bygrave, Australian Government, Department of Climate Change – *Policy and programs*

At the conclusion of the Forum, ALC member and convenor of the Forum Warwick Ragg led a facilitated discussion for all participants on the issues raised and agreement was reached on three key issues for each specific session as described below. They also raised a number of other issues, summaries of which are also provided below.

Session 1 – Science

1. Australia needs sustainable, comprehensive and profitable primary industries which are fully equipped to manage risks and opportunities which arise from climate change.
2. There is a lack of scientific capacity in Australia, and a need for greater investment in the science of climate change and coordination of scientific progress—both of which should be outcomes focused.
3. There needs to be regional, national and international communication of scientific information about climate change, that is all inclusive, meaningful and useful. There must be integration of science with policy and land managers for multiple outcomes.

Session 2 – Adaptation and Innovation

4. In the short term, climate change policies could pose greater difficulties for agriculture than climate variability itself. Farmers need to manage climate variability (not climate change per se).
5. Landcare can be a vehicle to engage, inform, and educate land managers in the face of increasing climatic variability and the need to proactively address changing climatic conditions.
6. Climate change and policy will have both beneficial and deleterious impacts on rural industries, depending on location, enterprise and knowledge. Farming organisations have a major challenge to negotiate positive and profitable outcomes for agriculture from climate change.

Session 3 – Policies and Practicalities

7. Agriculture can be a beneficiary of climate change and climate change policy (e.g. through emissions trading schemes).
8. Input costs will be adversely affected by the application of carbon costs in the covered sectors. Landcare can provide a premium. The net contribution of the agricultural sector in greenhouse gas (GHG) emissions needs to be rigorously, scientifically quantified.

9. There is a need for consultation to be explicit, open and inclusive.

Additional Issues

Cutoff date for recognising carbon credits

10. There is considerable debate on whether once the emissions trading scheme (ETS) commences in 2010, carbon credits can be used which were generated prior to that date i.e. retrospectively. If so, then land clearing must be taken into account as well as plantings. If the date is not to be retrospective, then it should be introduced as soon as possible. This issue merits further serious discussion with all stakeholders involved. The issues of 'permanence' and 'additionality' are related and also need to be further discussed.

Covered or non-covered status of agriculture

11. A national emissions trading scheme with targets is currently being developed. However, agriculture is not proposed to be covered by that scheme in the short term because of the sector's diversity and diffusion, and the difficulties in GHG accounting within that sector. This means that rural landholders may not be able to fully benefit from participation in the ETS. Landholders could be paid for offsets provided, for example, through revegetation or soil sequestration. However, such offsets are viewed with caution by rural industries because of the potential compliance constraints and liabilities involved, at least until national policy is more settled.

    Biosequestration and soil sequestration offsets need to be considered multi-dimensionally, not just for carbon benefit. Rural Industries have failed to publicise well their positive and very large contribution to emissions reductions, both by reducing land clearing over the last 15-20 years, and by planting trees and shelterbelts (encouraged largely by landcare activities). Governments should ensure that agricultural landowners do not bear a disproportionate cost of carbon trading. The issue of whether agriculture is covered also merits further serious discussion with all stakeholders involved.

Perverse Incentives

12. There is growing evidence that some government actions in response to greenhouse emissions and climate change may produce perverse incentives and outcomes. One example is where a farmer grew crops to produce biofuels, but was then ineligible for the diesel fuel rebate and was taxed on the fuel as if it were petroleum-based. Other examples include subsidies paid to corn farmers in America to produce biofuels, and clearing of land in third world countries to grow biofuels crops.

Biofuels

13. The role of biofuels in GHG mitigation strategies presents some challenges to policy makers. Dedicated agricultural production of biofuel feedstocks can compete with food production with resultant upward pressure on food prices, leading to social and economic impacts. Secondly, whole-of-lifecycle analyses often reveal little net emissions benefit from existing biofuel production systems.

Farmers whose properties have declined in value because of the impact of the drought, may be tempted to move into biofuel production to redeem the value of the land. A move from food production to biofuel production on agricultural land may not be in the overall interests of agriculture. So called second generation biofuels, for example, from lignocellusic feedstocks could help address some of these concerns, but overall, rural industries should take a cautious view on bio-fuels until better knowledge is available about net energy balances and economics. Other forms of bioenergy from waste products, such as in the sugar cane industry, may hold some promise.

Skills and Capacity

14. While there are some lighthouse examples of proactive and innovative landowners, overall there is considerable lack of knowledge and understanding about greenhouse gas emissions and carbon trading among the agricultural community, and widespread lack of capability of landowners to respond to increasing climatic variability. At the same time, there is considerable local knowledge diffused among the community as to actions that can be taken to reduce greenhouse gas emissions and improve sequestration rates. There is an urgent need for dissemination of information among landowners, and indeed the broader community, about the impact of climate change and strategies that could be adopted to adapt to increasing climatic variability. Landcare networks present an excellent vehicle for the dissemination of this information.

Role of Urban Communities

15. Urban communities can and will play a significant role in accepting or rejecting market forces relating to carbon footprints (e.g. the adoption of ‘food miles’ as a measure of a product’s acceptability by environmentally conscientious buyers, and the voluntary purchasing of carbon offsets for air travel). However, the government also has a role to play in facilitating sensible marketplaces.

Social Impacts

16. The social impacts of climate change have largely been ignored in Australia. Should climatic variability increase significantly, the social impacts may be considerable, especially among rural communities, although it should be said that not all social impacts will be negative. Studies by rural social scientists of this topic should be encouraged and supported.

Attachment 1 — Forum Participants

ALC Members

Chairman

Roberta (Bobbie) Brazil	Brookstead, Queensland

Council Members

Lynton Bond	Community Member, Carwoola, Australian Capital Territory
Jim Forwood AM	Community Member, Darwin, Northern Territory
Elaine Gardner	Community Member, Kununurra, Western Australia
Bill Hetherington	Irrigation Industry Representative
John Klem	Community Member, Goulburn, New South Wales
Donna Moodie	Indigenous Community Member
Warwick Ragg	Australian Forest Industries Representative
John Rich	Australian Local Government Association
Kirk Smith	Community Member, Charters Towers, Queensland
Matthew Young	Youth Member

Deputies

Sharon Starick	South Australia

Observers

Coral Love	National Landcare Facilitator Project
Brian Scarsbrick	Landcare Australia Ltd

Advisers

Martin Walsh	Department of Agriculture, Fisheries and Forestry

ALC Guests

Alex Arbuthnot AM	National Farmers' Federation
Rosemary James	ALGA
Glen Klatovsky	Greening Australia
Lee O'Brien	Murray Darling Basin Ministerial Council CAC
Russell Pell	Victoria
Michael Ross	DAFF
Gail Stevenson	DAFF
Don Thompson	National Waterwatch Facilitator
Jacky Williams	Australian Centre for Agriculture and Law

Secretariat Staff

Pippa Carron	Secretary
Scott Wyatt	Executive Officer

Forum Guests

Amy Dumbell	DAFF
Barry Sterland	Dept of Climate Change
Beverley Henry	MLA
Bob Junor	NSW NRM
Brett de Hayr	AgForce
Charles McElhone	NFF
Col Creighton	LWA/ MW NRM
David Gachugu	DAFF
David McCarthy	DAFF
Garry English	WA NRM
Gerry Leach	NFF
Gordon French	SEQ Catchments
Graeme Pearman	GP Consulting

Greg Fraser	GRDC
Helen Pryor	NRM TAS
Ian Johnsson	MLA
Jackie Kelly	SA NRM
John Dalton	NSW Landcare Coordinator
June French	Landcarer
Lili Calitz	DAFF
Marion Niederkofler	A3P
Mark Howden	CSIRO
Matthew Reddy	CarbonSMART
Michael Robinson	LWA
Michael Ross	DAFF
Mick Keogh	AFI
Miles Prosser	A3P
Peter Davey	ACT NRM Board
Peter Greig	Chair, Corangamite CMA
Rachel Galvin	Cattle Council
Roslyn Prinsley	RIRDC