



2020 PRE BUDGET SUBMISSION

Putting those on the frontline of climate change, front and centre of climate solutions

Farmers for Climate Action

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About Farmers for Climate Action

Farmers for Climate Action is a movement of farmers, graziers and agricultural industry leaders, focused on advancing climate solutions. Our rapidly growing network of Australian farmers and industry leaders, drawn from diverse agricultural industries and all sides of politics, is united by a common goal – **to ensure that farmers, who are on the frontline of climate change, are part of the solution.** Farmers for Climate Action believes that agriculture is essential to rural and regional prosperity and supports objectives to grow the sector. Farmers for Climate Action is an Associate Member of the National Farmers Federation.

Agriculture is the prism through which we have historically thought about the effect of climate on the economy. Today, climate change presents significant risks and opportunities for a broader part of the economy than agriculture, though the impact on agriculture continues to be significant. Guy Debelle, Deputy Governor, Reserve Bank 12th March 2019

Agriculture has a long and proud history of being a pillar of the Australian economy; creating employment in regional areas and fostering innovation across the food and fibre supply chains. However economic challenges arising from climate damage including fires and drought, along with the disruption of seasonal patterns, the health of the natural resource base and transition risks are presenting growing concerns for businesses across all sectors, including agriculture. The following identifies core areas for urgent attention under the upcoming Federal Budget 2020-2021.

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Key Recommendations

Climate and agriculture

- a. That the Australian Government notes the accelerating risks facing Australian agriculture as a result of climate change and seeks to ensure the elevation of economy wide strategies to address the underlying drivers of greenhouse gas emissions via appropriate mechanisms.
- b. That the Australian Government observe the impacts of climate change on productivity in the Australian agricultural sector and advance the funding and implementation of a National Strategy on Climate Change & Agriculture.
- c. That the Australian Government invests in R&D to support agriculture's adaptation to climate change, including progress towards carbon neutrality.
- d. That the Australian Government outline a clear architectural framework for policy development that "develops long term resilience to drought and climate change" so that farmers and rural communities "can" easily understand how key components of Federal Government policy interact (i.e. Future Drought Fund, Climate Solutions Fund, Biodiversity Stewardship Fund).
- e. That the Australian Government invests in a climate mitigation and adaptation program for farmers, building on work conducted under the Carbon Farming Extension and Outreach program and the National Climate Change Adaptation Research Facility.

Climate and water

- a. That the Australian Government acknowledge the impacts of climate change on inflows into Australian river systems, including the Murray Darling Basin and ensure future policy takes into account the long-term drivers of farmer exit and river system degradation.

Climate and energy

- a. That the Australian Government implement a cohesive policy framework to expedite Australia's transition to clean energy while meeting the core requirements of affordability, reliability and emissions reduction.
- b. That the Australian Government supports, where appropriate, the development of Renewable Energy Zones in regional Australia, ensuring that the benefits are realised by rural communities.
- c. That the Australian Government develop a transmission infrastructure strategy to support the development of Renewable Energy Zones, particularly in regional Australia.

Climate and drought

- a. That the Australian Government acknowledges that current and future droughts are being exacerbated by the impacts of a changing climate and develops policy that enables strategic regional diversification beyond the immediate scope of traditional agricultural practices; i.e. renewable energy, carbon farming and ecosystem service markets.
- b. That the Australian Government works with industry, community groups, local government and state and territory governments to develop a national drought policy.

- c. That the Australian Government further explore opportunities for adaptive governance models to ensure the integration of context specific knowledge regarding resource allocation.

Climate and biodiversity

- a. That the Australian Government expedite and adequately resource threatened species recovery programs.
- b. That the Australian Government commits to establish a National Biodiversity Conservation Trust fund with an initial investment of \$1 billion to support the protection of Matters of National Environment Significance.

Climate and Agriculture

Farmers for Climate Action notes that Australian farmers are adaptive land managers with an extensive history of managing climate variability. However, as the Australian Farm Institute have recently highlighted, ‘if our current climate trajectory and supply chain processes remain unchanged, the agriculture sector’s continued ability to meaningfully contribute to the Australian economy and regional food security is jeopardised by climate disruptions’ (McRobert, 2019)

Australia has already observed a shift to hotter and drier conditions over recent decades, which has resulted in a negative effect on Australian cropping and livestock farmers. Analysis by the Australian Bureau of Agricultural and Resource Economics estimates that the average 1-degree temperature increase since 1950 has led to a reduction to average farm profits by approximately 22 percent. (Hughes, 2019) These effects are noted to be most pronounced in the cropping sector, with an average reduction in profits of 35 percent (approximately \$70,900) for a typical cropping farm.

At current growth rates, the primary production sectors are on track to reach a combined value of \$84.3 billion by 2030, reflecting a \$15.7bn shortfall against the \$100bn target (National Farmers Federation 2019). Looking ahead, climate change represents a serious and present threat to the Australian agricultural sector’s continued viability, which risks impacting our long-term food security, and sustainability of regional communities.

Subsequently, Farmers for Climate Action proposes the following recommendations:

- a. That the Australian Government notes the accelerating risks facing Australian agriculture as a result of climate change and seeks to ensure the elevation of economy wide strategies to address the underlying drivers of greenhouse gas emissions via appropriate mechanisms.
- b. That the Australian Government observe the impacts of climate change on productivity in the Australian agricultural sector and advance the funding and implementation of a National Strategy on Climate Change & Agriculture.
- c. That the Australian Government invests in R&D to support agriculture’s adaptation to climate change, including progress towards carbon neutrality.
- d. That the Australian Government outline a clear architectural framework for policy development that “develops long term resilience to drought and climate change” so that farmers and rural communities “can” easily understand how key components of Federal Government policy interact (i.e. Future Drought Fund, Climate Solutions Fund, Biodiversity Stewardship Fund)
- e. That the Australian Government invests in a climate mitigation and adaptation program for farmers, building on work conducted under the Carbon Farming Extension and Outreach program and the now defunded National Climate Change Adaptation Research Facility.

Climate and Water

Increasing annual variability combined with additional warming, and the southward movement of the high-pressure pattern (Subtropical ridge) over southern Australia, along with changes to a number of other climatic drivers will increasingly challenge existing and future water demands for urban, rural, agriculture and environmental uses.

The Bureau of Meteorology recently ranked the current drought in the Murray Darling Basin as the worst on record (Murray Darling Basin Authority 2019). Climate change is set to only exacerbate this. The trend of increased warming and shifting rainfall patterns adds to the complexity of Australia's existing climate variability. As a result, we will be impacted by increasingly severe droughts, and changed MDB inflows. This will require farmers, industry and government to invest in improving our preparation, response and recovery from a period of reduced inflows.

Subsequently Farmers for Climate Action puts forwards the below recommendation:

- a) That the Australian Government to acknowledge the impacts of climate change on inflows into Australian river systems, including the Murray Darling Basin and ensure future policy takes into account the long-term drivers of farmer exit and river system degradation.

Climate and Energy

The National Farmers Federation 2030 Roadmap sets out a target of 50% renewable energy on farm by 2030. This target reflects the increasing cost benefits in adopting clean energy technologies and is a laudable inclusion. We would argue that in addition to the inclusion of small scale renewables on farm (ie solar pumps for irrigation systems), a national transition to clean energy is intrinsically linked to climate change mitigation both within agriculture, and across the economy. A clean energy transition also has the additional benefit of providing a buffer for agricultural producers and supply chain operators in an increasingly energy insecure environment. (McRobert 2019).

Farmers for Climate Action subsequently proposes the following recommendations:

- a) That the Australian Government implement a cohesive policy framework to expedite Australia's transition to clean energy while meeting the core requirements of affordability, reliability and emissions reduction.
- b) That the Australian Government supports, where appropriate, the development of Renewable Energy Zones in regional Australia, ensuring that the benefits are realised by rural communities.
- c) That the Australian Government develop a transmission infrastructure strategy to support the development of Renewable Energy Zones, particularly in regional Australia.

Climate and Drought

The drying in recent decades across southern Australia is the most sustained large-scale change in rainfall since national records began in 1900. The drying trend has been most evident in the south-western and south-eastern corners of the country. This decrease, at an agriculturally and hydrologically important time of the year, is linked with a trend towards higher mean sea level pressure in the region and a shift in large-scale weather patterns, i.e. more highs and fewer lows (BOM & CSIRO, 2018).

The combination of drying and increased heat as a result of a changing climate has already led to impacts on agricultural productivity with ABARES research demonstrating that there has been a 27% decrease in potential wheat productivity in the last 30 years, relative to expectations. (Hughes 2018). This is significantly higher than the global average of 5.5% and is further demonstrated through the reduction in farm gate productivity as a result of the current drought. Without the implementation of an adequate national drought policy, founded on a robust understanding of climatic changes, it is expected that drought will continue to undermine the productivity of Australian agriculture.

Farmers for Climate Action subsequently proposes the following recommendations:

- a) That the Australian Government acknowledges that current and future droughts are being exacerbated by the impacts of a changing climate and develop policy that enables strategic regional diversification beyond the immediate scope of traditional agricultural practices; i.e renewable energy, carbon farming and ecosystem service markets.
- b) That the Australian Government works with industry, community groups, local government and state and territory governments to develop a national drought policy
- c) That the Australian Government further explore opportunities for adaptive governance models to ensure the integration of context specific knowledge regarding resource allocation.

Climate and Biodiversity

Exacerbating the productivity challenges is the recognition that financial ramifications of a changing climate is only one part of a cascade of impacts and represents both a symptom of natural capital loss and a driver of further social and economy-wide effects which must be considered when discussing climate change and agriculture. (McRobert 2019). Under the National Farmers Federation \$100bn by 2030 ambition, the industry has set a target for 5% of farm gate productivity to come from the provision of ecosystem services. There is as yet no widely accepted standardised metrics, no established market (public or private) and investment into this area is notably immature. Additionally, Australia's natural capital, including biodiversity, is in decline.

This submission notes the provision of the \$4m Biodiversity Stewardship Certification Program and the \$30m Biodiversity and Sustainability Stewardship Pilot Program, and commends the Australian Government on these initiatives while proposing the following recommendations:

- a) That the Australian Government commits to establish a National Biodiversity Conservation Trust fund with an initial investment of \$1 billion to support the protection of Matters of National Environment Significance.
- b) That the Australian Government expedite and adequately resource threatened species recovery programs.

Conclusion

Thank you for your consideration of the impacts climate change is having on Australian agriculture, and by extension the broader economy. The above highlights the existing high cost to the agricultural sector, demonstrating the necessity to expedite the implementation of a National Strategy on Climate Change and Agriculture, and associated recommendations. Please do not hesitate to contact me to discuss any of the matters raised.

Wendy Cohen

Chief Executive Officer

Farmers for Climate Action

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