



Climate Change & the Australian Ag Sector

the prediction, the needs, the
issues and the outcomes.

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AgForce - Advancing Rural Queensland





The Predictions.....

- No longer anecdotal: CSIRO & BOM Drought Report, July 08:
 - Much more variable and extreme weather patterns
 - Increased impact and frequency of drought

“By mid century the no mitigation approach to climate change will lead to major declines in agricultural production across the country.”
(Garnaut Review Draft Report, 2008)



Impacts

- The marginal will become more marginal
- Climate variability demanding adaptation systems
- the highly productive may be compromised by rising sea or water table levels
- Blood lines and strains will become locationally intolerant
- Input costs to increase dramatically due to mechanisms like an ETS

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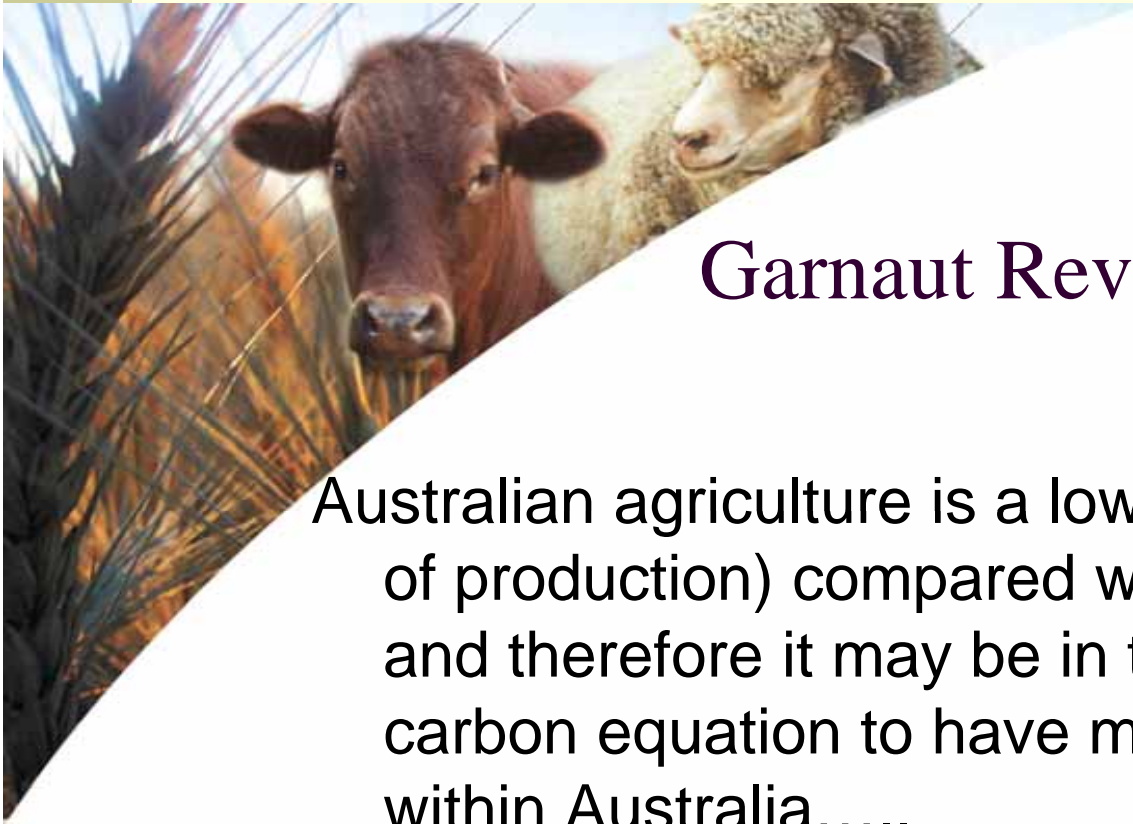


Adaptation.....

- No other sector in the World wears more climate risk than Agriculture (NFF, 2008)
- Some proven history of adaptation in Australia due to necessity and marginality of current regimes, but there may be a very long way to go
 - Heavy dependence on R&D
 - Possible market price indicators necessary
 - Strong need for transitional mechanisms and technology deployment

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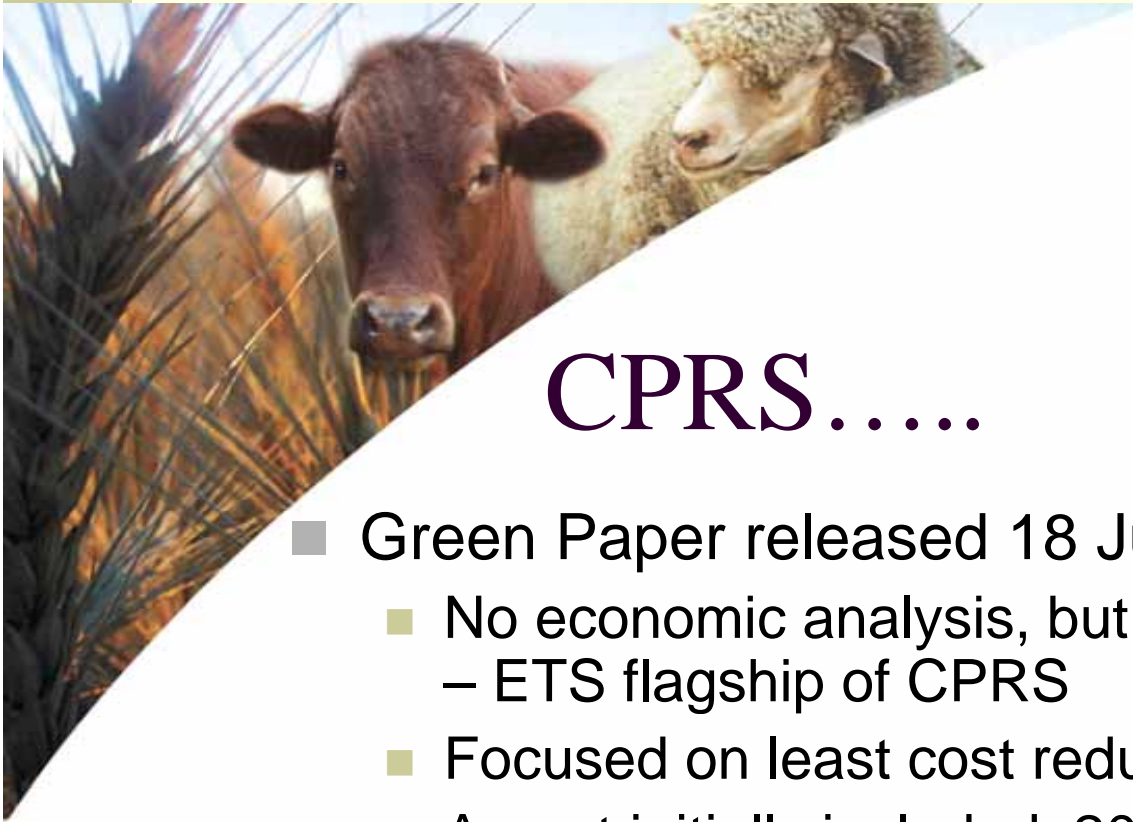
Garnaut Review Draft Report

Australian agriculture is a low intensity emitter (per unit of production) compared with many other countries, and therefore it may be in the interests of the global carbon equation to have more agricultural production within Australia.....

.....So not only do we wear the risk, we may have to increase production to meet the World's demands as well!

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CPRS.....

- Green Paper released 18 July 2008
 - No economic analysis, but focus on scheme design
 - ETS flagship of CPRS
 - Focused on least cost reduction across all sectors
 - Ag not initially included, 2013 review for 2015 earliest start (7 years and 2 Federal elections away)
 - Delivered the Cap and Trade model everyone expected
 - Still quite a few issues for the Ag sector.....

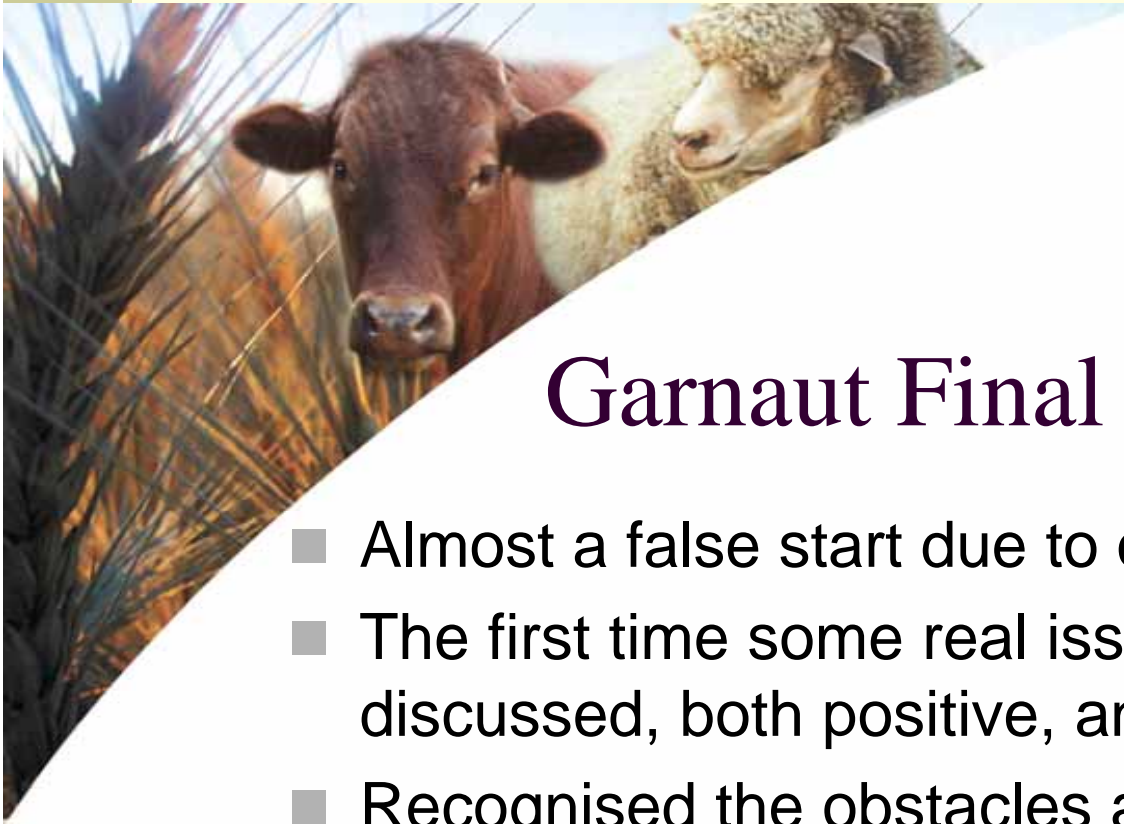


Issues Include

- Time frames for coverage
- Point of Obligation
- International Accounting Rules
- Complimentary/Transitional mechanisms
- EITE Assistance
- R&D needs

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Garnaut Final report - positives

- Almost a false start due to other events
- The first time some real issues and outcomes discussed, both positive, and not so.....
- Recognised the obstacles and issues for ag
- full sequestration opportunities of the landscape
- Recognition and again calling for very significant R&D investment
- Policies need to be equitable and appropriate

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Garnaut report – however.....

- Alternatives to beef and lamb production questionable
- Return of marginal land to a vegetative state, providing more land competition
- That Ag is a high intensity emitter (per capita)

These arguments seemed to be academic rather than real and viable alternatives



Where to from here

- Responses to the CPRS closed 10 Sep 08
- Economic Modeling available Oct 08??
- Legislation Exposure Draft in Dec 08
- Through Cabinet early 2009
- Scheme on the floor of Parliament Winter 09
- International Rules redevelopment starts Dec 2009
COP 15
- Scheme start Jan 2010

Need to maintain focus on timeframes and issues

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Emissions Trading

- An ETS, in one way or another, is coming. Whether Ag are direct or indirect participants, this will cause some degree of discomfort.
- It is clear now more than ever that the Agriculture sector has a defined timeframe to work towards clarity and simple solutions to many of these issues so that the decision in 2013 can be educated, unbiased and scientifically and technically sound.