



REAPING THE REWARDS: IMPROVING FARM PROFITABILITY, REDUCING EMISSIONS AND CONSERVING NATURAL CAPITAL

An overview of the report

The Climate Change Authority has released a research report called *Reaping the rewards: improving farm profitability, reducing emissions, and conserving natural capital*. It is available at www.climatechangeauthority.gov.au.

This report looks at ways that farmers can take action on their land that will improve their bottom lines, diversify their incomes, reduce emissions and help the environment or local communities. These objectives are known as ‘multiple benefits’.

Landholders play an important role in natural resource management, Australia’s economy and reducing Australia’s emissions.

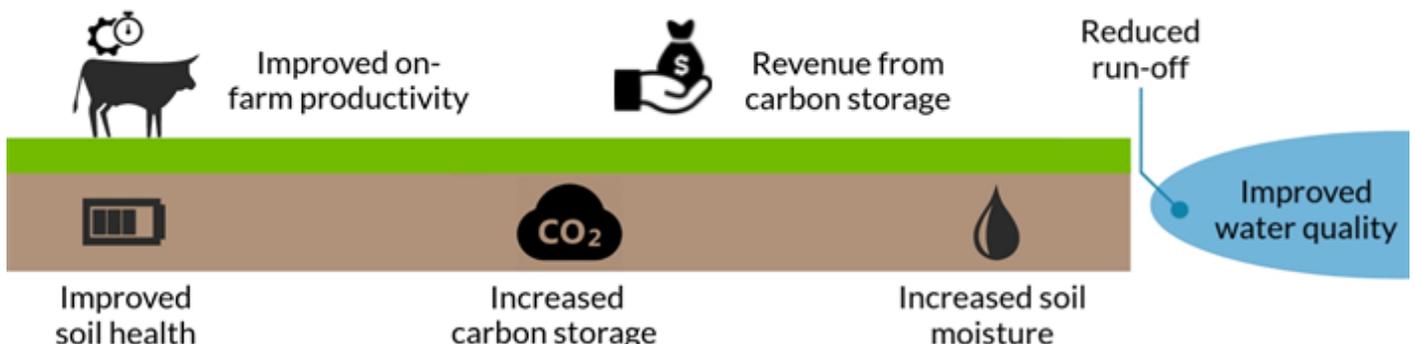
What sort of actions can deliver multiple benefits?

There are many things that landholders can do to enhance natural resource management outcomes and reduce emissions while also improving their profitability.

For example, a farmer could establish a windbreak of native trees that leads to increased on-farm productivity, emissions reductions and helps native species.



Alternatively, a farmer could change land management practices (like switching from cropping to pasture) to improve soil carbon to produce the multiple benefits shown below.



There are also other activities with multiple benefits. These include:

Activity	Farm profitability	Emissions reductions	Environmental/social benefits
Pest and weed management	Increased crop and livestock production	Increased carbon storage because pest animals cause less damage to trees and vegetation	Helps native plants and animals and their habitats (known as biodiversity) by removing invasive species
Savanna burning	Improved pasture and stock protection	Reduced methane and nitrous oxide emissions and increased carbon storage	Social and economic benefits for Indigenous communities
Fertiliser management	Reduced input costs	Reduced nitrous oxide and carbon dioxide emissions	Reduced runoff and improved water quality

What are the barriers to achieving multiple benefits?

The Climate Change Authority's research found that while some landholders are already taking action to deliver emissions reductions and broader environmental outcomes and, in doing so, improving their own bottom lines, there are barriers to this kind of action becoming more widespread.



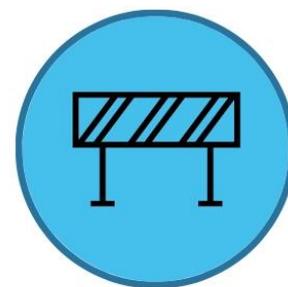
The cost of participating in government programs (known as transaction costs)



Limited availability of finance for investment



Lack of coordination among government and non-government organisations that create incentives



Lack of benchmarks and metrics to support policy development and evaluation

What is the Authority recommending?

The Authority is recommending a range of measures to address the barriers to landholders taking action to deliver genuine multiple benefits on their land. These include a voluntary online tool to collect farm level data to lower costs for farmers participating in government programs. The resulting data could be used to develop metrics and benchmarks to support development of policies to deliver multiple benefits. The Authority is also recommending ways to coordinate existing policies to achieve better outcomes, create new markets and financing solutions for multiple benefits, and develop new approaches to access economic and environmental opportunities on the land.

SUMMARY OF RECOMMENDATIONS FOR COORDINATED ACTION ON THE LAND



Develop a voluntary online farm reporting tool and new indicators

Developing a new online reporting tool with a range of metrics could help reduce reporting costs for farmers. Farmers can start to track more closely the resources they use (like electricity or fertiliser) and compare themselves to other similar farms in their area, leading to improvements in management practices. Data from the online tool could be used to develop metrics and benchmarks to support new policies to deliver genuine multiple benefits.



Create a community of practice and provide advice

A community of practice could be set up to draw government officials, farming organisations, natural resource management bodies, scientists, technical experts, environment groups and research organisations together to develop best practice guidance so that land based programs can achieve a range of different outcomes. For example, a new initiative to preserve biodiversity by tree planting could also build carbon and reduce soil erosion, improving the profitability of a farmer's land. Members of the community of practice could then provide advice to stakeholders about opportunities to deliver genuine multiple benefits.



Facilitate Emissions Reduction Fund projects with multiple benefits

The Australian Government should consider giving priority to Emissions Reduction Fund methods that could deliver genuine multiple benefits (with potential for widespread uptake and genuine emissions reductions). Given the importance of improving water quality in the Great Barrier Reef and other sensitive marine catchments, the Authority recommends developing an Emissions Reduction Fund method for improved fertiliser efficiency in sugarcane farming. Emissions Reduction Fund projects that deliver multiple benefits could be co-funded by the Reef Trust or state and territory government programs.



Create new markets for multiple benefits

Creating new markets for multiple benefits could capture the non-carbon value of emissions offsets projects. The Authority supports a scheme to accredit emissions offsets credits (like credits from the Emissions Reduction Fund) if they provide other benefits such as biodiversity. These accredited carbon credits could be purchased by businesses wanting to be carbon neutral, help the broader environment or provide economic benefits to Indigenous communities.



Support investment in multiple benefits

The Authority found that some activities on the land that deliver multiple benefits require upfront capital. For example, planting native trees as a windbreak requires upfront spending on plantings but can increase crop production and provide shelter for stock, delivering improved financial returns over many years. The Authority recommends that a new Land and Environment Investment Fund be established to provide financing for landholders for projects that deliver genuine multiple benefits.



Support Indigenous communities to participate in environmental markets

Active Indigenous involvement in carbon and natural resource management activities provides a range of important social, economic and environmental benefits. The Authority encourages the Australian Government to support Indigenous communities by engaging with interested groups in the development of the accreditation scheme and determining what additional support may be needed to encourage participation in the Emissions Reduction Fund.



Enhance farm profitability while delivering multiple benefits

Innovation is key to improving farmers' productivity while reducing emissions and improving broader environmental outcomes. Relevant research bodies, especially Rural Research and Development Corporations, could build on their existing work programs to more explicitly target multiple benefits. The Authority also recommends that the Australian Government develops new National Energy Productivity Plan measures aimed at improving on-farm energy efficiency and reducing emissions while improving profitability.