



“Benchmarking Natural Capital for resilient farms in Glen Innes NSW”



Jacky Williams
17th August 2022

The current sustainability dilemma.....



Sustainable agriculture is the next way ESG investors can fight climate change

“When we announced our Sustainability Strategy just over a year ago, we said we’d work with all our stakeholders to achieve our Together to Zero emissions ambitions and to be Australia’s most sustainable supermarket,” Coles CEO Steven Cain said.

“Coles Finest Certified Carbon Neutral Beef is a testament to the hard work of our beef producers and their commitment to sustainable practices, and we’re thrilled that they’re taking this important step with us.”

The \$6.5tn question: How to capitalise on Australia’s natural assets?

It’s time for farmers to turn good land management into financial success.

By Agribusiness View



Leading Harvest to bring ag sustainability standard to Australia

BY RACHEL ALEMBAKIS | THURSDAY, 3 FEB 2022 6:49PM



Warakirri Asset Management and Kilter Rural will take part in a pilot program that will bring an agriculture and food production sustainability assurance program to Australia.



Harmonisation of on-farm metrics for sustainability assessment of Australian agricultural industries

A growing number of national and international sustainable agriculture certification/recognition schemes, often referencing Best Management Practices (BMPs), are being developed with the aim of improving agricultural practices and recognising and rewarding land managers who can demonstrate steps

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Australia urgently needs real sustainable agriculture policy

August 12, 2019 10:53am AEST

Australia must invest in sustainable agriculture. Author provided

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Australia has made a [global commitment](#) to “sustainable agriculture”, an endeavour seen as [increasingly crucial](#) to ending world poverty, halting biodiversity loss, and [combating climate change](#). A recent report from the UN found land use – including food production – is responsible for around [one-third](#) of the world’s greenhouse gas emissions.

Author



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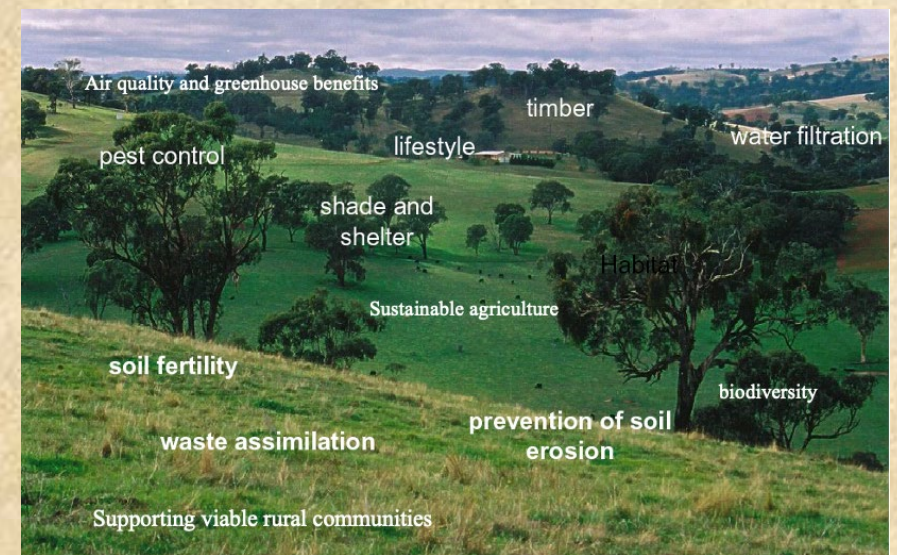


What is Natural Capital ?

Natural capital is the stock of natural resources which includes geology, soils, vegetation, air, water and all living organisms. These natural assets provide ecosystems services. In recognition of the significance of Natural Capital in the world economy international accounting standards have been developed to measure natural capital.

However, we do not have an agreed on-farm natural capital description and assessment method for Australia. **There is an opportunity now to build a policy and program that is unique to the Australian landscape (NFF 2020).**

agri-environmental landscapes.....





Australia's Natural Capital

Research shows the value of Australian natural assets has risen to **\$6,562 billion (6.5 trillion)** as at at 30 June 2018 (ABS 2019).

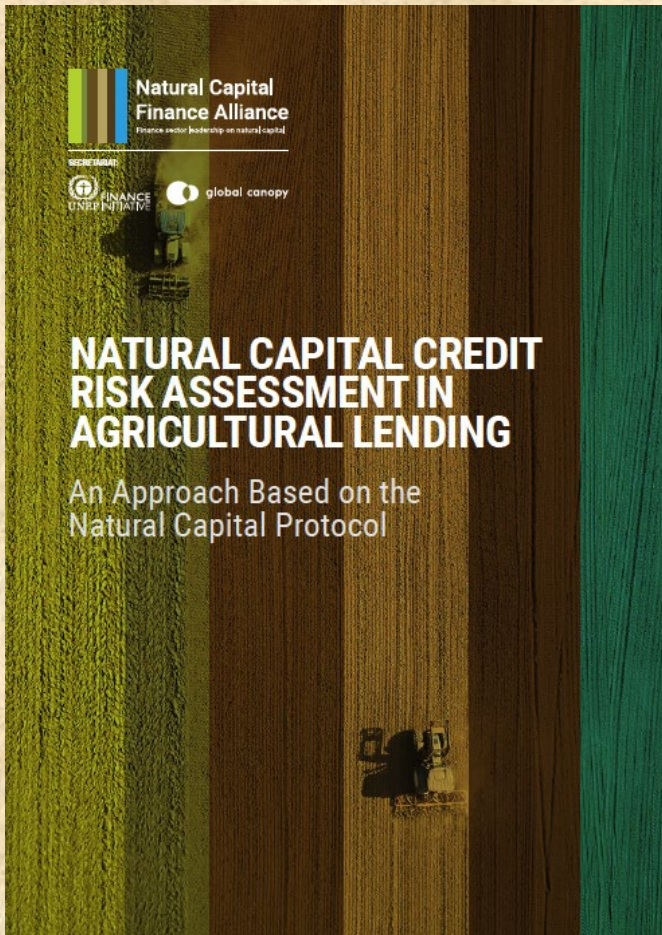
In 2017-18, **land accounted for 90 per cent** of the total value of Australia's environmental assets at **\$5,921 billion (almost 6 trillion)**.

The land value alone would equate to \$236,840 for every person in Australia, based on a population of 25 million.

Given the highly urbanized nature of Australia's population this equates to **\$ 5.31 billion** of the land value estimated for the **collective urban population** and **\$0.6 billion** of the land value for the **collective rural/remote population**.

Yet the responsibility for caring for almost 90% of the land mass rests with these agricultural and Indigenous rural/remote communities with little if any cost sharing from the urban communities.

Australia's Natural Capital

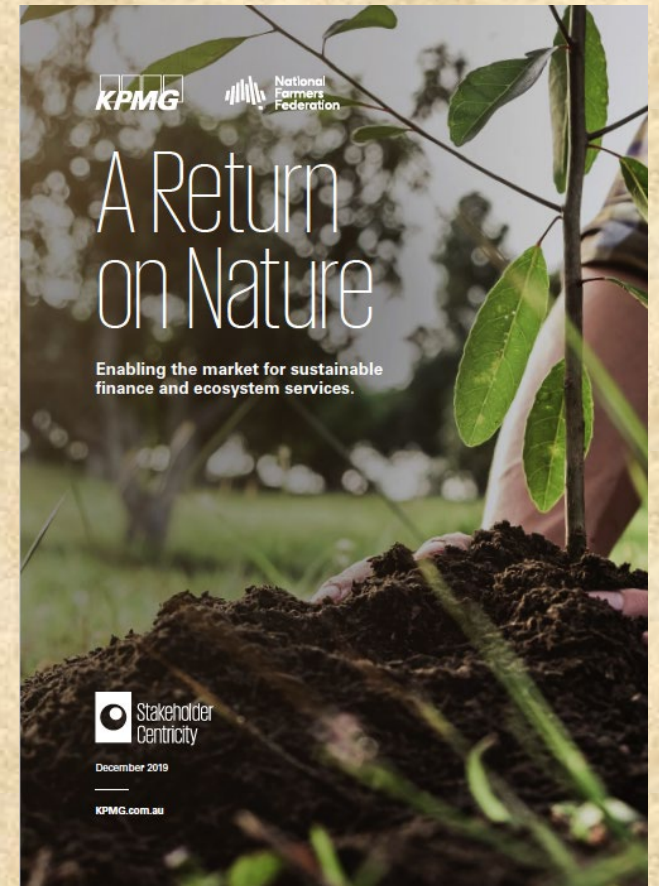


Much of global agriculture is now sustained by payments for delivery of ecosystem services.

In Australia the agricultural ecosystems services market is immature to non-existent.

Can and should ecosystem services become a more significant part of the Australian agricultural economy?

(Australian Farm Institute 2019)





What is natural capital and how can farmers make money?

Natural capital is the new catchphrase in agricultural circles — discover why investors see huge potential in it.

Farmers will receive new payments for improving and conserving soil and grasslands from 2022, the UK Government has confirmed.

What farmers can do to unlock the value of natural capital



The River Wensum in Norfolk © Loop Images Ltd/Alamy Stock Photo

Natural capital is the cornerstone of agricultural policy across the UK. The term encompasses all of nature's assets: soil, air and water and every living thing, including trees and woodland.

The European Union provides farmers with income support or 'direct payments' to:

- function as a safety net and make farming more profitable;
- guarantee food security in Europe;
- assist them in the production of safe, healthy and affordable food;
- reward farmers for delivering public goods not normally paid for by markets, such as taking care of the countryside and the environment.

Farmers generally receive income support based on their farm's size in hectares. All EU countries have to offer a basic payment, a payment for sustainable farming methods ('greening') and a payment for young farmers. As it is compulsory for EU countries to provide these payments, they are often referred to as obligatory payments.

GOV.UK

Topics Government activity

Home > Land management > Sustainable Farming Incentive: full guidance

Department for Environment Food & Rural Affairs

Rural Payments Agency

Guidance

Sustainable Farming Incentive: full guidance

Updated 4 August 2022

Issues for Australian farmers:

- No agreed farm scale methodology to measure condition of natural capital
- Crowded space of multiple projects and processes NOT at farm scale
- Not farmer/industry driven
- Banks, markets, investment funds are demanding, however farmers and land managers have no support or methods to apply
- Opportunities & Risks: ecosystem services and value chain versus no agreed methodology and high costs of monitoring

FEATURE: Is Australian agriculture ready to be sustainable?

Home » FEATURE: Is Australian agriculture ready to be sustainable?

Published 4 Apr 2022 | Richard Heath

Social Licence Succession Sustainability



Indicator 2.4.1 - Proportion of agricultural area under productive and sustainable agriculture

The area under productive and sustainable agriculture captures the three dimensions of sustainable production: environmental, economic and social. The measurement instrument - farm surveys - will give countries the flexibility to identify priorities and challenges within the three dimensions of sustainability. Land under productive and sustainable agriculture will be those farms and associated agricultural land area that satisfy the sustainability criteria of the sub-indicators selected across all three dimensions. This indicator will measure progress towards SDG Target 2.4.



Target 2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

2022 Virtual Training on SDG indicator 2.4.1 "Proportion of Agricultural Area under Productive and Sustainable Agriculture"

22 July 2021

Australia's first sustainability-linked loan for Agriculture

Leading Australian beef producer Stockyard partners with CBA to drive enhanced leadership in social outcomes under new funding agreement.

Wine Australia announces sustainability program

NEWS
by Seamus May
June 20, 2022



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First name*

What is Environmental, Social and Corporate Governance (ESG)?

With a 'multifaceted program', Wine Australia will place a renewed focus on sustainability, and environmental, social and corporate governance (ESG).

Rachel Triggs, who in June took the position of Wine Australia's General Manager of ESG and Market Access, will lead the scheme. Wine Australia stated that the project will incorporate 'expertise from across the grape and wine landscape to build a sector-wide sustainability and ESG strategy' for the industry.

Triggs explained that such a program makes clear business sense, with changes to the global picture presenting 'market access risk over the medium to long term if the sector does not act.'

Environmental refers to an organization's environmental impact(s) and risk management practices.

Social refers to an organization's relationships with its stakeholders.

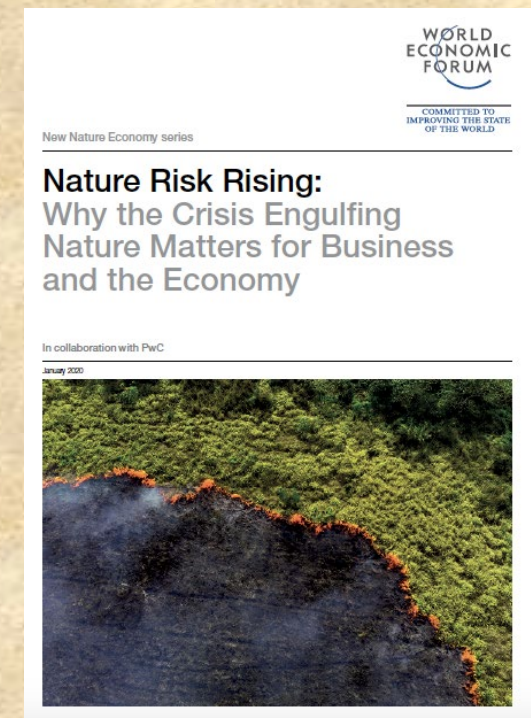
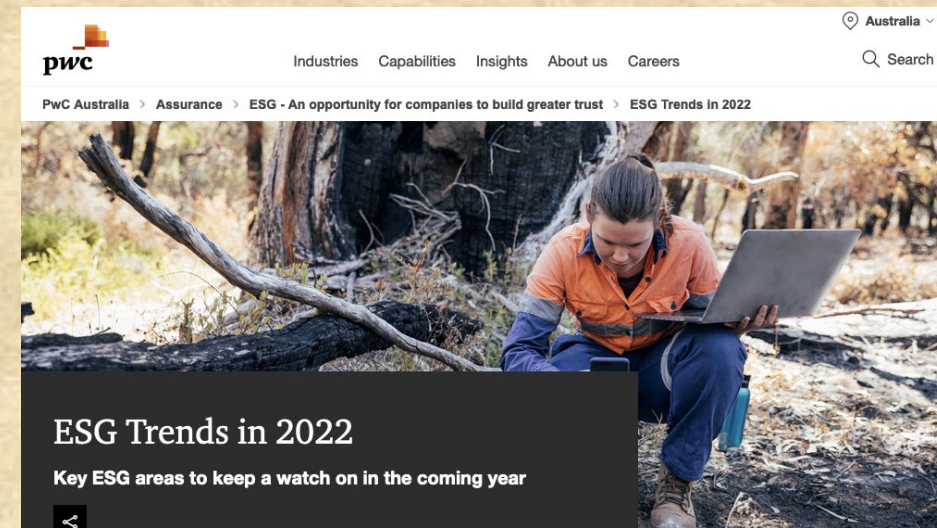
Governance refers to how a company is led and managed.

PWC anticipate five key areas organizations should keep their eye on as ESG trends in 2022:

1. Global move to align capital markets with sustainability goals through standards and regulation
2. Biodiversity and natural capital becoming a greater focus with increasing recognition of risks and opportunities
3. Focus on Scope 3 emissions (value chain emissions) in climate change related reporting
4. Science based net-zero targets becoming the norm
5. Australian regulators set to look seriously at ESG credentials and exposure to ESG-related risks

Accelerated global efforts to align capital markets with sustainability goals

ESG regulation is no longer a question of 'if' but 'when' and 'to what extent'. Within ESG, Sustainable Finance standards and regulation will continue to progress rapidly in 2022.



Over half the world's economy is dependent on natural capital



International Drivers

SDGs
ESG: value chain
UN commitments

Key nature-related pledges and actions announced at COP26

Nov. 1: Ecuador opened COP26 by saying it would significantly extend the marine reserve around the Galapagos Islands in partnership with Colombia and Costa Rica, with a goal of reaching 30% marine protection by 2030.



Nov. 2: More than 100 countries overseeing 85% of the world's forests agreed to reverse forest loss and land degradation by 2030. The pledge was backed by \$12 billion in public funds from 12 countries.



Nov. 2: The private sector committed a further \$7.2 billion in funding to combat forest loss, and more than 30 financial institutions managing \$8.7 trillion of assets agreed to phase out deforestation from their commodity portfolios by 2025. The main commodities targeted are beef, soy, palm oil, pulp and paper.



Nov. 5: More than 10 new countries, including India, Sri Lanka and Saudi Arabia signed up to the "30by30" target to protect 30% of the world's oceans by 2030.



Nov. 5: Belize, partnering with Credit Suisse and others, said it had closed on a \$364 million "blue bond" and would use the proceeds to help protect 30% of its ocean.



Nov. 6: Forty-five governments pledged urgent action and investment to protect nature and shift to more sustainable farming methods. About 100 high-profile companies, including supermarkets and fashion brands, pledged to become "nature positive."



Nov. 10: Fiji said it would issue its first sovereign blue bond in the summer of 2022. The proceeds will go toward marine conservation.



As of Nov. 15, 2021.
Credit: Cat Weeks
Sources: S&P Global Sustainable1;
S&P Global Market Intelligence

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Referenced Symbols

AGM +2.15% ▲ NZYM.B 2.00% ▲ NVZMF +8.17% ▲ DSM 0.45% ▲ BAYN -0.26% ▼
 BAYRY +4.35% ▲ CTVA +2.47% ▲ DD +0.84% ▲ TRMB +2.02% ▲ UAVS +2.29% ▲

The original green sector – agriculture – hasn't been on the radar for environmental, social and governance investors, given industrial agriculture's heavy dependence on pesticides, fertilizers and genetically modified seeds.

But ESG investors are turning their interest to agriculture as a way to fight climate change. In November, the US SIF, an organization that follows sustainable investing, said sustainable agriculture was an important investing issue for money managers, the first time this issue cracked the top five specific criteria. Of the \$17 trillion invested in ESG issues, money managers said they devoted \$2.38 trillion to sustainable agriculture while institutional investors devoted \$2.18 trillion to the theme.



Project activities

This project further developed and tested a set of agri-environmental metrics and methodologies for benchmarking Natural Capital on **six pilot GLENRAC farms** based on a foundational harmonised property management planning system that is scientifically valid to respond to multiple markets, government, community and financial sector requirements.

This is in response to the ongoing issues, drivers, challenges and opportunities for sustainable land managers.

Public good NRM contributions were also surveyed for determining GLENRAC ecosystem services contribution to the Glen Innes region per annum and natural landscape assets of the group collectively.

