



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

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Exempting Agriculture from ETS a “major breakthrough”

The exemption of agriculture from the Emissions Trading Scheme has been described by the Independent Member for New England Tony Windsor as “a major breakthrough”.

Mr Windsor is pleased that Government has recognised the impact of an ETS on agriculture and the flow on effect to the cost of food.

“The decision to exempt agriculture removes the fear and uncertainty that would have revolved around agriculture previously not being decided upon until 2015.

It is also significant in that the current government and a future Liberal government have both ruled agriculture out thereby creating a secure future for the food production sector,” Mr Windsor said.

Mr Windsor said he thought the farm sector, whether they be sceptics or supporters of climate change science should embrace the exclusion.

“The decision means that the negatives of methane and nitrous oxide production from food production will be excluded from an ETS but will still allow the positives of soil sequestration and improved farming technologies to be recognised as part of a carbon solution.

I therefore encourage the farm sector to support this decision and encourage those thinking of blocking its passage on the agriculture argument to reconsider their position,” Mr Windsor said.

Mr Windsor believes that there is going to be a collision of the carbon, energy and food economies in relation to land use if food is not excluded from any ETS.

“If people are serious about wanting a global emissions trading scheme that actually does something, they have got to exempt food now. If you are worried about refugees in this world and if you are worried about people who cannot feed themselves leaving their nation’s soils then you cannot apply a market mechanism to those three areas of carbon, energy and food and expect food to come anywhere else but third.

It is a very significant issue and I welcome the government’s decision to exempt food production from the ETS,” Mr Windsor said.

Hansard follows

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In his speech to the Parliament on the Carbon Pollution Reduction Scheme Bill 2009 (No 2) a fortnight ago, Mr Windsor told the Parliament that the original bills made no allowance for agriculture.

He said, “The farm sector are being asked to engage in a process, which is essentially about heavy emitters, with the commitment that at some time in the future soil sequestration and other issues such as vegetation et cetera might be included in some sort of credit system that has not yet been devised. Everybody keeps saying that everybody wants some certainty in relation to this but the agricultural sector has no certainty at all. It has just been pushed off to the side: ‘The decision will be made later. Support this because it’s good in principle and we’ll look after you because we’ll be negotiating in good faith with the opposition at some future date.’ I do not think that is good enough and I will be moving an amendment....

..... I will be introducing an amendment that looks particularly at food. Unless food is ruled out of the global emissions trading debate now, it has the capacity to derail anything the globe may do in the future about emissions.

“If the globe, theoretically at least, embraces an emissions trading scheme and food is included—notice I am saying food, not necessarily agriculture—in that market mechanism, we will potentially end up with three markets. We are trying to solve this problem with a market mechanism. We have got the carbon market, we have got the energy market and we have got the traditional food market. In a global carbon market the competition for land that we traditionally grow food on will either drive people out of food production or drive the price of food up because of the competitive aspects of these two other economies.

Even these bills, and the amendments that the government itself brought in back in June after the bill had been circulated in the community for quite some time, incentivise a shift in land use from food to agroforestry, to trees, for carbon purposes. It seems as though the carbon economy may take some degree of precedence over the food economy. Land that was used to grow food may well shift towards agroforestry for the carbon market. Land that was traditionally used to grow food, in a carbon economy, may well shift into biofuels. There has been great argument about this. We have seen that one of the drivers of this shift was what George Bush did with ethanol policy and the Brazilians did in relation to sugar to ethanol by taking the incentives for food production out and substituting them with incentives for the production of a renewable energy source.

Renewable energy might start to tick some boxes in the carbon economy but cross some boxes in the food economy. We are talking market mechanisms here so we cannot suddenly come in with some sort of, ‘Oh yes, we want a market mechanism to solve all these problems but, by the way, we are going to put a regulatory framework over you,’ so that the farmer can never make any money out of this because he has got to grow food because he has always done that. There are some real complications in that.

If you transpose even this document to a global CPRS where you incentivise land use shift away from food into other market areas, you could see some quite dramatic shifts. There is going to be a collision of these three economies in relation to land use. If people are serious about wanting a global emissions trading scheme that actually does something, they have got to exempt food now. If you are worried about refugees in this world and if you are worried about people who cannot feed themselves leaving their nation’s soils then you cannot apply a market mechanism to those three areas of carbon, energy and food and expect food to come anywhere else but third. It is a significant issue.

I am a farmer and, under this sort of an arrangement, as soon as lignocellulosic ethanol comes out it will go straight to energy because what we do in this land is grow wheat. We grow too much wheat so we have to sell it somewhere. We get it to port, which has a carbon footprint; we put it on a boat to go to the Middle East, which also has a carbon footprint; the starch in the grain is carbon and so that has another footprint. It is all negative, negative, negative in the carbon world.

We cash in the grain with a little bit of help from Arabs and ex Wheat Board people and then go and buy some energy, some oil, down the road and then put that on another boat and bring it all the way back. That is another carbon footprint. Why wouldn't the wheat grower, when all those negatives are going to be perpetrated against him, move out of that and move into something like prairie grass? It is a deep-rooted plant that is planted once and harvested annually. It has a lower carbon footprint, is a renewable fuel and has less nitrous oxide—tick, tick, tick. The poor old wheat grower had to pour nitrogen in to get protein into the grain so that he could achieve a premium in the marketplace. Why would you do that? All he is doing that for is to produce money to buy energy so that he can go around in circles again.

There are a number of market signals that the farming sector will pick up on with this. I have mentioned the renewable energy one. There is also the carbon issue of planting trees, agroforestry, and those sorts of things. What are our scientific bodies doing? Nothing. I questioned the CSIRO the other day. They could produce only one example of the potential for land-use shift under different carbon prices—only one example—but it is being peer reviewed. Yet here we are making major decisions. There was an example in South Australia of a sheep/wheat farm where, at \$20 a tonne for carbon, they would move out of sheep/wheat into trees.

We have to do more work on this and I think the globe has to really consider what we mean when we say we are going to include agriculture in an emissions trading scheme. That does not mean there is not a whole range of ways in which we can reduce emissions. The farm sector can play a valuable role such as in biochar that the Leader of the Opposition has mentioned. We need more science done on soil sequestration. We have done very, very little in terms of the science relating to soil carbon. A lot of the new farming technologies, conservation tillage et cetera, are moving forward in terms of not only carbon units and organic matter but also reducing the need for other resources including fertiliser in some cases. So there are a number of aspects out there where the farm sector can really make a positive contribution.

The final message is that this is not just about creating a new economy. It is not just about applying a market mechanism to an issue. That might be part of the resolution to this issue—and five per cent in my view is a pathetic part. We have to look a lot broader at this and to what can happen. We need to start doing some more work with geothermal energy, solar energy, wind energy and wave energy. These things may be uneconomic at the moment but, if you get price shifts in other economies, there may well be a basis for progress to be made. In conclusion, unless there are significant changes to this particular piece of legislation, I will be doing exactly as I did back in June and will be opposing the bill.