

House of Representatives Hansard, August 2009.

Emissions Trading Scheme. (Wednesday 12th August, 2009)

Mr ROBB (2.30 pm)—My question is to the Prime Minister. I refer the Prime Minister to the legislation before the congress in the United States which excludes United States farmers from an emissions trading scheme but allows them to earn extra income from offsets. Prime Minister, why is the government determined to ram through a flawed emissions trading scheme that leaves Australian farmers far worse off than their United States competitors?

Mr RUDD—I thank the honourable member for Goldstein for his question. He is right to point out that we currently do not allow offsets from agricultural soils into the CPRS. He is right to point that out. We have also indicated, I believe, through the minister for climate change, that we would consider this further when there were changes to the international carbon accounting rules which would allow these credits to contribute to our international obligations under the Kyoto protocol. They do not at present. That is the problem. And—if those opposite would understand the difference—we, the Australian government, have ratified the Kyoto protocol.

The United States government has not; it is a different regime. That is, therefore, underpinning the difference between us in our treatment of agriculture. Furthermore, it underpins the position which we articulated clearly at the time of the climate change white paper: that these matters would be reviewed generally in 2013 with a view to including agriculture in 2015. The specific reason for the honourable gentleman's question lies with the fact that, under Kyoto, which we ratified, this is not currently counted. The United States have not actually ratified Kyoto and therefore they are, in that sense, outside the regime. That underpins our position and, as I said, the flexibility we have left ourselves for the future on that.

Emissions Trading Scheme (Thursday 13th August, 2009)

Ms GEORGE (2.55 pm)—My question is to the Minister for Agriculture, Fisheries and Forestry. Will the minister update the House on the extent to which the science and international accounting rules currently allow agriculture to participate in emissions trading? What policy responses have been proposed?

Mr BURKE—I thank the member for Throsby for the question and acknowledge her interest in the issue. There was a rally today, I know, from a group called the Climate Sceptics, a group calling itself the world's first political party to be upfront about its doubts on anthropogenic global warming. I presume the member for O'Connor attended. He seems to have gone strangely quiet. The concept that a price on carbon is something brand new in one sense is wrong. There has always been a price on carbon. The problem has been that people have been willing to forward that bill to the next generation. What we had today was an attempt from the government to change the way we deal with that in the future, while we have an opposition, with people like the member for O'Connor, willing to remain in the neglect of the past. The member for Higgins, on radio, has referred to the report that has been thrown about but not adopted by the opposition and said: Technically speaking, if you build in particular assumptions you can get any outcome you want. In the same way that he used to question modelling that he was provided with, he said: I would take the same caution in relation to Frontier Economics. One of the assumptions that is in that report is that you can easily include agricultural offsets at the moment. There are real challenges in the science of doing that at the moment, and Australia is in quite a different position to the United States on this, for a number of reasons. First of all, the fact that the United States have not ratified Kyoto means that they are not bothered by the concept that their agricultural offsets will not be internationally tradeable. We want to have a system where offsets are internationally tradeable.

Mr Truss—The US are trading them.

Mr BURKE—I presume the Leader of the Nationals is referring to the Chicago Climate Exchange. Come in, spinner. We will get to that at the end. The nature of our landscape is that it has very different types of soils to what we find in the United States. Concepts that have been put out during this debate as being incredibly

simple, as wonderful solutions that you can just immediately apply—such as biochar across the continent, such as looking at the size of our landscape and saying, ‘That’s an immediate sequestration opportunity’—are far more complex in a nation which has the amount of desert that we have. It is far more complex with the limitations on the science matching carbon sequestration in many of those soils. That is why the government are investing the way we are in the Climate Change Research Program, in making sure that we can improve the quality of that science. That is also why we are working to improve the international accounting mechanisms, which currently mean that, if we were to include our agricultural offsets in international trading, we would be including natural causes with man-made causes, which would mean we would be paying penalties following the Victorian bushfires for the loss of carbon from the soil. That is what it means under the current rules, and yet that is what the other side are saying you can do so simply already.

While we do not agree on everything, that is why David Crombie, the head of the NFF, in his op-ed in the *Land* today, said, ‘It’s hard to trade what can’t be measured.’ There are massive limitations at the moment. The government are pursuing them and putting money on the table to improve research. It is now happening around the nation, in the electorates of many of the people around here, where we are now working at improving the number of options for farmers and improving the measurement processes that are there. But there are those who want to say it is simple and those who want to say, ‘Just look at the model of the Chicago Climate Exchange; that shows how easily you can do it’. That is what the Leader of the Nationals just interjected. That is what the Leader of the Opposition himself said on 26 May. He said: ... the Coalition proposes the establishment of a Government- authorised voluntary carbon market from 1 January, 2010 based on the Chicago Climate Exchange.

We hear fear campaigns around some of the modelling thrown around in this debate. When they want to raise fear levels, the modelling of the price per tonne of carbon goes all the way up. It goes well beyond \$10, \$20 or \$25. I have heard figures of \$45 and \$50 per tonne thrown around. On the Chicago Climate Exchange today, the value of soil carbon—which is what they say will provide this great line of income for farmers—is trading at 40c a tonne. The voluntary market—which they are proposing should be put in and saying would provide a simple solution and an automatic line of credit for farmers—is, on the current science and with the limitations on international trading, delivering something in the order of 40c a tonne. There is a reason why their proposals sound too good to be true, and it is simply that they are.