



## Climate Change Department Abandons Carbon Farming?

A Department of Climate Change discussion paper denies that Carbon Farming will become as big as the wool industry, putting it at odds with the Government's chief advisor Professor Ross Garnaut. The paper predicts that landfill operations will contribute more than agriculture to the nation's effort to reduce greenhouse gas emissions by 2020.

It is 'a very flawed document' according to industry representatives. "It misrepresents what farmers can contribute, including overlooking the soil carbon that can be captured in the 90% of agricultural land that is used for grazing," according to Michael Kiely of the Carbon Farming & Trading Association. "By focusing on the 8% of land used for cropping the Department loads the dice against Agriculture because grazing has a much higher potential for carbon farming."

The Department's Paper makes every post a loser for the Carbon Farmer. For instance, it discounts CSIRO estimates for carbon abatement in cropping land because the N<sub>2</sub>O emitted as part of the process will need to be mitigated. There is no mention of the fact that the farmer can earn offsets for reducing the N<sub>2</sub>O emissions while at the same time earning offsets for capturing carbon.

The high costs of carbon farming is cited as a reason why uptake can be expected to be slow among farmers. But most practices for increasing soil carbon are low cost or involve cost shifting through product or process substitution.

A long list of routine activities are given as barriers to a fast start for Carbon

Farming, such as the development of methodologies and briefing farmers and financiers. “The industry has been working on these issues for more than a year, so we are well down the track,” says Michael Kiely. “The main barrier to uptake by farmers are the blockage called Additionality and the risks called Permanence. No farmer will accept a liability for 100 years, especially for a low price.”

The Discussion Paper is based on several questionable assumptions: 1. Voluntary market offsets will always sell at a discount. “But domestic offsets were selling in Switzerland for 130 Euro while CDMs fetched only 15 Euros during 2010. And representatives from Mitsubishi Bank in Japan informed us that Japan is close to meeting its obligations using only a voluntary market.” 2. The Kyoto Protocol will carry over in its current form when the 2008-2012 obligation period ends. Yet the Department is actively campaigning to overturn the provisions making nations account for emissions from bushfire and drought. 3. The Minister must take advice from the Domestic Offset Integrity Committee. Yet ultimate Ministerial responsibility cannot be delegated.

The timing of the Document is also questionable, given its prescriptive tone, despite the claim that its object is to prompt discussion with stakeholders. “The Government claims that the Initiative seeks to encourage innovation, yet this Paper appears to prosecute the case against land sector abatement. But there are solutions in the pipeline that can address the uncertainties that surround soil carbon.”

The main contribution made by the Paper is the declaration that the Department believes that, on its current trajectory, Carbon Farming may be useful only in the medium to long term. This belief is based on the assumption that we must wait for science to provide the answers, no matter how urgent the issue or slow the progress. “We now know that science has little to offer us in this time of urgency. We have neither the time nor the money for a scientifically-precise solution. Asking science to invent a market mechanism unaided is asking too much. It is a task for actuaries, merchant bankers, commodity market economists, and financial architects.”

Michael Kiely  
Chairman  
(02) 6374 0329