



Commonwealth
Fisheries Association

15 August 2011

Committee Secretary
Select Committee on the Scrutiny of New Taxes
PO Box 6100
Parliament House
Canberra ACT 2600

Supplementary Submission - Inquiry into the Carbon Tax Pricing Mechanisms

I refer to the Commonwealth Fisheries Association (CFA) submission to the Inquiry dated 20 April 2011. The CFA has welcomed the opportunity to provide additional comment following the release of the Government's Clean Energy Plan and related draft legislation.

The CFA will be making a separate submission to the Department of Climate Change and Energy Efficiency on the exposure draft legislation, currently open for public consultation, which will give effect to the Government's Clean Energy Plan.

As noted in our earlier submission to this inquiry the CFA supports the current Government's commitment that direct emissions from the fishing sector will be exempt from any carbon price mechanism and noted that there is a need for measures offset any increases in costs arising from a proposed carbon tax. As a food producing sector, this commitment should be safeguarded for the fishing industry into the future.

We note the Clean Energy Plan proposes this safeguard in relation to the impact of the carbon pricing mechanism (carbon tax) to the food producing agricultural sector but only to a limited extent to the food producing fishing sector. CFA considers this an inequitable approach to primary industries by the Government.

The CFA welcomes the inclusion of 'fishing operations' in the exposure draft *Fuel Tax Legislation Amendment (Clean Energy) Bill 2011*. The stated intent is that, "*Fuel tax credits will not be reduced for the **agriculture, forestry and fishery** industries. Therefore, these industries will not pay an effective carbon price. The fuel tax credits will remain at 100 per cent of the effective fuel tax for these industries.*"¹ We note the CFA will further consider the proposed definition to ensure that it captures the full range of activities required by fisheries management.

¹ 28 July 2011. *Fuel Tax Legislation Amendment (Clean Energy) Bill 2011. Commentary on Provisions. Pp 3 and 7.*

Notwithstanding, the CFA notes that the exposure draft of the *Clean Energy Bill 2011* does not enshrine in the draft legislation the Government's commitment to exclude the commercial fishing sector from direct emissions liability². The CFA's view is that any fuel tax credits measures introduced do not 'offset' the potential emissions liability, and regulatory compliance issues, that the fishing industry may face in the future; it may well negate the benefits of the fuel tax credits. The CFA believes this is not the intention of the Government. We call on the Government to ensure that the policy and legislative framework for the government's Clean Energy Plan explicitly exclude the fishing industry from emissions liability.

The CFA believes that the fishing industry should be considered as other primary industries and food sectors are under the Clean Energy Plan. We note that not only will agriculture be subject to the fuel tax credit measures but that sector, with forestry, will largely be excluded from direct emission liability through the Carbon Farming Initiative. There is a high expectation by the fishing industry that as a food producing sector it will be treated similarly by the government's plans.

We draw to your attention that Australia's fisheries are a public resource and managed by Australian governments. The Commonwealth government has sole responsibility for marine spatial and natural resource management in Commonwealth waters. States and Territories have similar responsibilities in their jurisdictional waters. There are a number of reasons to exclude the Commonwealth fishing industry should not be liable for their emissions:

- The quantum of emissions from the fishing industry is a factor of government regulated fisheries management and is not in the sole control of the fishing operator. For example, fisheries management influences vessel design and fishing gear, spatial and temporal closures (including examples of transit corridors used to avoid fisheries area closures), to be used in fishing operations without explicit consideration of fuel efficiency potential.
- Marine spatial planning and management (ie where fishing is undertaken) is regulated by the government. Marine areas closed to fishing, such as marine reserves (marine protected areas), oil and gas exploration, installations and operations, telecommunications cables impact access to areas (including vessel steaming times) eg increased fuel use equals increased emissions. Marine spatial planning currently does not explicitly take into consideration the emissions impact on the fishing industry.
- Greenhouse gas emissions by the fishing industry are largely as a result of fuel use. CFA's view is that as agricultural emissions will be excluded from liability so should those of the fishing industry irrespective of source. This is a matter of the basic nature of the fishing operation as emissions from livestock and crop cycles are the basis of agricultural operations.
- Good fisheries management is analogous to the pollution reduction measures recognised in the Government's plan for agriculture, for example, support for better tillage practices to reduce carbon dioxide release from the soil. We note this support includes a 15 per cent tax offset for the purchase of minimum tillage equipment. Similar tax offsets are not proposed to be available to assist the fishing industry with more efficient gear or vessels.

² Exposure Draft of the *Clean Energy Bill 2011* Commentary on Provision 28 July 2011.

The world's oceans are recognised as 'carbon sinks'³. Research has highlighted the important role of the oceans and marine living resources in binding carbon – estimated to be 55 per cent of all carbon⁴. Commonwealth eco-system based fisheries management is ensuring that fish stocks are not over-exploited and impact on other marine wildlife are minimised⁵.

The CFA and its members would be happy to discuss these issues further if required.

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³ <http://www.sciencealert.com.au/features/20110806-22258-2.html>

⁴ Nellemann, C., Corcoran, E., Duarte, C. M., Valdés, L., De Young, C., Fonseca, L., Grimsditch, G. (Eds). 2009. *Blue Carbon. A Rapid Response Assessment*. United Nations Environment Programme, GRID-Arendal, <http://www.grida.no/publications/rr/blue-carbon/>

⁵ Wilson DT, Curtotti R, & Begg GA (eds) 2010. *Fishery status reports 2009: status of fish stocks and fisheries managed by the Australian Government*, Australian Bureau of Agricultural and Resource Economics – Bureau of Rural Sciences, Canberra.