

**Senate Finance and Public Administration Legislation Committee**  
**ANSWER TO QUESTION ON NOTICE**  
**Prime Minister and Cabinet Portfolio**  
**Department of Climate Change**  
**Budget Estimates Hearing–May 2009**

**Written question reference:** CC31a-b

**Outcome/Output:** Outcome 1, Output Group 1.1 – Response to climate change

**Topic:** CPRS and agricultural emissions

**Hansard Page:** Not relevant for written QoN

**Question:** (Senator Boswell)

I refer to the Government's propaganda document titled "*The Carbon Pollution Reduction Scheme and You*".

- a) On page 20 of the document you state "*that climate change may affect life in regional Australia more than in our cities*". Is the Government aware that the CPRS will affect life in regional areas more than in our cities?
- b) Also on page 20 of the document you state that "*following extensive consultation with industry, agriculture will enter the scheme in 2015 at the earliest*". How can you say agriculture will not be included until 2015 when dairy and livestock farmers will face immediate income losses as a result of the inclusion of agricultural processing facilities from the schemes commencement?

**Answer:**

- a) The Government has designed an emissions-intensive, trade-exposed (EITE) assistance program to support businesses, including those in regions producing internationally traded goods which face the most significant exposure to a carbon price.

The Government will also closely monitor the impact of the Carbon Pollution Reduction Scheme (CPRS) on workers, communities and regions to identify any segments of the economy that may require structural adjustment assistance.

The Government stands ready to provide assistance where a clear, identifiable and significant impact arises, or is highly likely to arise, as a direct result of the CPRS. An amount of \$200 million has been provisionally set aside for this assistance from 2010-11 as part of the \$2.75 billion Climate Change Action Fund (CCAF).

- b) In the CPRS White Paper, the Government clearly stated that agricultural emissions (a reporting category used in our National Greenhouse Gas Inventory) such as methane from enteric fermentation in livestock and nitrous oxide from soils will not be covered when the CPRS commences in 2011. A decision on coverage of agricultural emissions in the CPRS will be made in 2013, following further consultation with the agriculture sector.

Energy and wastewater emissions along with almost all other non-agricultural emissions sources in the economy will be included at scheme commencement. Some food processing industries – such as dairy and meat processors – could produce sufficient emissions to become liable parties in their own right from the start of the CPRS in 2011. Along with all other energy users, food processors will need to begin to factor in carbon costs to their production decisions.

Agricultural and food processing businesses are eligible to apply for assistance on the same basis as other sectors, including assistance for EITE industries and transitional assistance to implement low emissions technologies under the Government's \$2.75 billion CCAF.

The extent of impact on farmers depends on the extent to which processors are able to reduce their carbon exposure through more efficient energy use, capture and burning of waste methane, and by switching to less emissions intensive fuel sources.