Agriculture should at no time be included in an Emissions Trading Scheme

Submission to Senate Economics Committee Inquiry into the exposure drafts of the legislation to implement the Carbon Pollution Reduction Scheme

Tom Quirk

Although agriculture is only about 2 per cent of our GDP, two thirds of its products are exported. In fact agriculture is responsible for 16 per cent of our merchandise exports, totalling $27 billion in 2006-07.

Our agricultural exports are enjoyed by others elsewhere, yet the government is proposing to draw into an emissions trading scheme a major export activity where any extra cost imposition has little to offer in changing behaviour and much to fear from unintended consequences. The proposal to ultimately include agriculture must rank as one of the more ill thought out aspects of the emission trading in carbon dioxide.

Agriculture should not be subject to any Emissions Trading Scheme as it has a marginal role when input and output of carbon dioxide and other gases are properly accounted.

Scientific Basis for Agricultural Greenhouse Gas Emissions.

What is rarely mentioned is that the carbon dioxide being assessed is not “old carbon dioxide” from fossil fuels being added to the atmosphere, it is “contemporary carbon dioxide” recycled as greenhouse gases in the atmosphere. It comes from the atmosphere to plants by way of photosynthesis then to animals as feed and so through enteric fermentation and metabolism the carbon dioxide goes back in part to the atmosphere as “greenhouse gases”. The output is to be assessed but no credit is given to the input!

In an interesting paper from the Australia Institute, *Agriculture and Emissions Trading: The impossible dream?*, Hugh Saddler and Helen King, quote uncertainties in emission estimates for agriculture derived from the National Inventory Report 2006. Livestock are responsible, through enteric fermentation, for about 10 per cent of the estimated total greenhouse gas emissions from all our activities in Australia.

This is an unverifiable estimate. It starts with the emissions from the “British Standard Cow” adapted for Australian conditions. Then livestock numbers, herd age, geographical regions and feed are all taken together to give the estimate with an accuracy of 5 per cent of emissions. This is a claimed accuracy that is similar to the uncertainty for emissions from electricity generation where there are some sixty power plants whose performance might be more easily assessed!

So from the science we have no credit for the carbon dioxide input but the output is counted against the farmer. We have an estimate of 10 per cent of emissions that must be open to serious doubt as it ignores the inputs. is modelled and is not measured in any comprehensive way.

We have the balance of 5 per cent that is related to soil and fertilisers where the uncertainties are of the order of 50 per cent.

This is not a good calculation for a general inventory of greenhouse gases. Indeed it is not a good basis from which to develop a measure on individual farms.

Policy Development

Now let us turn to the economy and policy development.

Agricultural products, processed or unprocessed, feed our population. Food is the essential energy supply for us individual humans in the same way that distributed energy is essential for our modern industrialised societies. For policy development there must be great difficulties in modelling the effects of the proposed scheme for food has a universal reach and the scheme probably has unknowable consequences. There are no alternatives to the energy we get from food so how will the community react.

We already have the example of the financial crisis probably seeded by the unintended consequences of well intentioned social engineering.

We are the world's largest exporter of wool and the second largest exporter of meat, wheat and sugar. We export into world markets where others receive massive government subsidies. Any increase in the local costs of production will only weaken our trading position. The cost increase also makes food imports more competitive. So it would be better to have a consumption tax, a global emissions tax on goods, a GET, that would pick up onshore and offshore emissions. Then we would pay our GET when we eat meat. Could we have GET credits when we eat our greens?

Conclusion

The proposal that emissions trading be extended to include agriculture has not been thought through. It is effectively a tax on a poorly measured by-product of agricultural production, one of our most important economic activities. It is not obvious what incentives it creates for attempting to modify processes where control may be well beyond our reach. Perhaps the government should resort to the old favourite of more money for research. After all they are funding the development of clean coal technologies. What about clean cow technologies? Perhaps we should just settle for the geosequestration of the herd.

So is the government really trying to change our eating habits or is this gestural politics? We already have an example in energy use. If incandescent light bulbs are now forbidden why not make us eat fish once a week.

The agricultural part of the economy should be excluded from the proposed scheme.