



CPRS not the solution for the grains industry

The Federal Government's announcement today on new measures for the Carbon Pollution Reduction Scheme fails to address the ongoing challenges that remain for the agricultural sector.

Grains Council of Australia, the peak industry body for grain growers, recognises the need for Australia and the grains sector to reduce its greenhouse gas emissions, but wants Government to examine measures outside of the CPRS.

Grains Council Chairman Murray Jones says that the Federal Government needs to look at alternative, voluntary, market based mechanisms that are more suitable for the agricultural sector and which can work in parallel with the proposed CPRS.

"The grains industry wants to be part of the solution to reducing emissions, however, the CPRS does not provide the mechanism for us to do so.

"We are concerned that a delay in a decision about agriculture will lead to reduced farm viability through lower terms of trade, confused investment in research to cover the possibilities of both coverage and non-coverage and potential underinvestment from farmers in the face of uncertainty.

"Furthermore we are concerned that Australia's negotiating position in the development of the new phase of the Kyoto agreement will be ill-defined in respect of land use, land use change and biological systems including agriculture," Mr Jones said.

In a report released today by the Rural Industries Research and Development Corporation it states that the CPRS will affect agriculture both *directly* (through costs associated with the need to either buy permits or reduce emissions) and *indirectly* through cost increases elsewhere in the economy. Farm cost will rise even if agriculture is not included in the CPRS.

The report *On-farm Impacts of an Australia ETS* states in regard to the on-farm impacts of wheat and other crops:

Under the full scenario where there is no allocation of free permits and the permit price is \$25/tCO₂-e, total cost would increase by 4.7 per cent while the receipts would increase by only 0.6 per cent. Consequently, farm cash income would fall by more than 16 per cent for the three-year average. The farm business loss would rise by 66.7 per cent. Emissions costs are the most significant contributor to the cost rise under the full scenario. When price is \$25/tCO₂-e, it accounts for 62 per cent of the rise in costs. The share would rise to about 70 per cent when the emissions price is doubling.

Mr Jones says these outcomes are not sustainable for Australia's \$7Billion grains industry and would ultimately impact on global food security.

"Food security, increased productivity and climate change should be considered by the Federal Government synergistically, not as separate parts.

"We are strongly encouraging the Government to look outside the parameters of the CPRS to see how agriculture can contribute to the reduction in emissions, whilst not threatening overall productivity and food security," said Mr Jones.

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Media Contact: Tara Taubenschlag 0421 774748