



Speech by

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VOLUNTARY CARBON CREDIT TRADING BILL

Mr CRIPPS (Hinchinbrook—NPA) (8.54 pm): I rise to make a contribution to the debate on the Voluntary Carbon Credit Trading Bill 2007. The bill seeks to create a carbon credit trading exchange as a way of reducing greenhouse gas emissions. The exchange will operate as a company under the Government Owned Corporations Act. The carbon credit trading corporation's exchange would provide certification on a voluntary basis to corporations and enterprises which reduce carbon emissions in one or more ways: sequestration, such as forestry or geosequestration; power produced from zero or low carbon emission industries such as biofuels, wind, solar, geothermal or hydroelectric energy generation sources; and where traditional power sources can demonstrate that per unit emissions are reduced by an amount exceeding any reductions achieved by the industry as a whole.

The bill creates economic incentives for corporations and enterprises to participate in the scheme and reduce emissions, with the idea being to reward industries that use innovative technology as a means to cut their emissions and assist to create incentives to develop alternative energy sources and increase carbon sequestration efforts. It has also been asserted that farmers and forestry corporations will be able to obtain additional revenue by pursuing certifiable sequestration projects on their estate.

The bill is a step towards establishing a mature carbon credit trading system in Australia. Rural and regional areas of Queensland are pretty familiar with the debate about greenhouse gases, climate change and global warming and have suffered at the pointy end of policy implemented by the Beattie government in the form of the Vegetation Management Act. That legislation forced Queensland landowners to carry the can without compensation for the loss of their private property rights to facilitate the Beattie government's political imperative of wooing the greens.

Until recently, Australian governments have not implemented any greenhouse gas specific policy measures targeted at reducing direct emissions. However, as I mentioned earlier, regulatory controls that have been implemented to prevent the clearing of vegetation have delivered significant reductions in net emissions. Despite this, carbon markets are emerging. They do offer some opportunities for rural landowners, if carbon credit trading systems can be developed without excluding commercial forestry enterprises, by using a range of land types which means marginal land can be used for carbon sequestration while maintaining productive land for agricultural purposes and allowing land that is being used to earn carbon credits to continue to be used for such purposes as grazing.

One of the risks in the initial implementation of a carbon credit market would be if particular sectors such as the rural sector were excluded in the establishment of the market. This could occur if entry into a carbon trading market were limited to major emitters such as coal-fired electricity generators. The bill does not limit the range of participants eligible to be certified and as such avoids that risk.

Mr Wilson: The Prime Minister excludes agriculture.

Mr CRIPPS: The bill does not and that is what we are talking about tonight. In the case of the rural sector, it will be important that the established carbon market allows the sector to enter into recognised carbon offset schemes with carbon emitters that perhaps do not have the opportunity to address greenhouse gas emissions in other ways.

In January 2004 the National Emissions Trading Task Force was established to develop a model for a national emissions trading scheme. The terms of reference for the group provided key objectives and broad steps for the development of an agreed model for such a scheme. The group established several key principles for the creation of a scheme, many of which are contained in this bill. Those principles included a cap and trade approach to be used as the basis for scheme design; offsets to be allowed; mechanisms to be included to address any adverse effects and structural adjustments; and mechanisms to be included to allow transition for participants who have taken early abatement action and new entrants.

The task force released a discussion paper in August 2006 which outlined a possible design for a national greenhouse gas emissions trading scheme. Queensland is represented on that task force, but the Beattie government has been intent on giving priority to finding technological solutions to reducing greenhouse emissions instead of supporting a national emissions trading scheme. That was evident by the fact that the Beattie government was the last to sign the blueprint released by the task force in August 2006.

I am not necessarily detracting from that approach because there has been some debate about the relative merits of the kinds of activities involved in dealing with carbon emissions. Much of the debate has been in relation to the effectiveness of sequestration activities, such as forestry plantations, as opposed to technological innovations to reduce emissions. This is due to the fact that, while forestry plantations act as carbon sinks and thus reduce net carbon in the atmosphere, there is an issue about permanence, as any carbon caught in commercial plantations is ultimately released upon harvest, whereas technological advances reduce emissions on a more permanent basis.

So I am not critical of any investment in trying to advance technology, but I do think the Beattie government needs to be more positive in using sequestration as a tool to complement emission reduction technology while that technology is further developed, advanced and perfected. This private member's bill from the coalition will take the first step on behalf of Queenslanders to commence a carbon trading scheme on a voluntary basis and, as such, it should be supported by the government.

The emission of greenhouse gases, particularly carbon dioxide, and the argument that these emissions are supposedly linked to climate change have been the focus of much discussion in the community. The lack of definitive evidence to confirm this means that creating legislation to establish a value for carbon ought to be done carefully. The value is presumably in the benefits of sequestering existing carbon already in the atmosphere through forestry projects or avoiding the emission of more carbon through technological advances.

Equally, in establishing a value for carbon sequestration or avoiding carbon emissions in the first instance, the accounting method that is used needs to effectively reflect the value of carbon accurately. This needs to take into account the opportunity costs faced by the planting of trees in favour of other types of land use or the opportunity costs of investing funds in research into emission-reducing technology as opposed to other types of research.

As the bill looks to establish a voluntary carbon trading scheme, I am satisfied that it is appropriately cautious in establishing a value on carbon so as not to force distortions in current existing markets—be that land, agricultural products or funding for other research projects in either science or other disciplines. That is another reason why the bill is soundly conceived and should be supported. The opportunity to participate in the trading schemes indicates that those participants accept the value or cost of carbon, depending on their point of view, and they can subsequently buy into that market if they so desire.

For whatever reason, regardless of whether you are a convert or not, the ongoing debate regarding climate change, greenhouse gases and global warming has focused a degree of attention on forests as potential carbon sinks, facilitating carbon offset schemes through which carbon is sequestered by the vegetation and set against emissions to determine the net carbon contributions by an entity—whether that entity is a nation like Australia, a state such as Queensland, a company or an individual. Under such schemes, the owners of forest receive incentives to establish new ones and avoid clearing existing ones. However, it is wrong to assume that plantation forests are the only land use option available for efficiently sequestering carbon.

I recently attended the 29th annual conference of the Australian Society of Sugar Cane Technologists which was held in Cairns between 8 and 11 May this year. One of the papers presented at the conference was an environmental life cycle assessment of Queensland sugarcane production and processing in Australia that was prepared by academics from the University of Queensland. Essentially, the paper presented the results of a detailed life cycle assessment of sugarcane production and processing in Queensland. The paper related to research examining the environmental implications of alternative sugarcane production systems in Queensland. The results presented were based on a life cycle impact of producing a tonne of raw cane sugar in Queensland considering a range of environmental impact categories, including energy input and greenhouse gas emissions, which are core issues that the bill addresses.

As I said, the results were predictably varied across the state of Queensland depending on the prevailing growing conditions in different areas. For example, the Wet Tropics sugar-growing areas north of Townsville do not have water as a significant farming input because we get plenty from the sky while sugar-growing areas south of Townsville must factor in water as a vital input into their farming system. Sugar cane as a crop is shown to have distinct advantages in relation to energy inputs and greenhouse gas emissions. The paper suggests that there are distinct opportunities for improving the environmental profile of the cane industry as a result of these studies.

Like any form of vegetation, sugar cane locks up carbon in its biomass. The significant advantage that makes sugar cane competitive as an efficient crop as far as energy inputs and greenhouse emissions are concerned—

Time expired.