Submission to Senate Finance and Public Administration Committee – Native Vegetation Laws, Greenhouse Gas Abatement and climate Change Measures

Submission by Mrs. Caroline Harris, Farmer, Grazier and Natural Resource Economist from the of Southern Queensland.

1.The impact of native vegetation laws and legislated greenhouse gas abatement measures on landholders:

(a) with the thickening of our native vegetation, and the re-classification of our "regrowth" to "remnant" the level of productivity of our properties has diminished, it is difficult to quantify this loss as cattle numbers have been also effected by a series of dry seasons since the Vegetation Management Act 1999 came into effect in Queensland in mid 2006. Any reduction in productivity reduces the net profit from grazing and affects the basis for the "capitalisation" valuation. If a Carbon pollution reduction scheme, such as the present proposed legislation by the Federal Government, is introduced our understanding is that we will not receive any benefit for the carbon sequestered in our "remnant" vegetation between 2006 and the date of commencement of any such scheme. Similarly, having practiced "zero till" and "controlled traffic" production methods on our cropping land for the past twenty-two (22) years, which has resulted in increased soil carbon, reduced use of fuel, increased soil moisture and reduced soil erosion from wind and water, the proposed scheme will not give us credit for the increased soil carbon we have gained. Pasture, not just trees, is a significant sequester of carbon, and our rotational grazing practices have ensured a greater cover of pasture at all times. It would appear that this carbon will not be recognised in the proposed scheme.

(b) and (c) compensation is not available to landholders in Queensland due to the introduction of the Vegetation Management Act 1999 (the full effect of this legislation did not apply until mid 2006). A report published by ABARE (2006) placed a figure of $520 million Net Present Value (using a capitalisation rate of 5%) on the cost of lost production due to vegetation thickening for the 10 years 1995-2005 for just the Brigalow and Mulga bioregions of Queensland. The Queensland Government would not acknowledge that there were more trees in Queensland in 2004 than at the time of European settlement, despite several reports (Burrows et al., 2003; Henry, et al, 2002) showing this to be so and the extent to which the rural landholders of Queensland were being forced through the legislation to provide carbon sinks which enabled Australia to meet its emission targets under the Kyoto protocol. Queensland rural landholders have received no compensation for supplying this service to the nation.

(d) A recent report by the Queensland Department of Primary Industries and Fisheries (2009) (now Department of Employment Economic Development and Innovation) indicated that the net carbon (or CO2e) position of the Queensland beef industry at the farm level is likely to be close to zero.

2. There are a number of issues arising from the Government's proposed Carbon pollution reduction Scheme:

* The cost of administering the Carbon Trading Scheme and accurately measuring the carbon or CO2e being traded (transition costs) introduces an economic inefficiency, the cost of which will be borne by the public. This cost is likely to be significant

* If polluters are "given" permits, and then can purchase "credits" from carbon sequesters, such as owners of tree plantations, and households are compensated for any increase in the cost of goods (such as power) from the polluters, there is no incentive to reduce carbon emissions or CO2e by either the polluters or their consumers

* There is a potential technical problem with a carbon trading scheme in the ability to accurately measure the amount of carbon or CO2e actually stored in vegetation or soil. The auditors for a company purchasing a carbon "credit" will require an accurate measure of the actual carbon or CO2e being supplied by the provider of the "credit" to ensure that they are actually getting the amount of carbon they are paying for. This is necessary to ensure that neither company shareholders nor the public are being disadvantaged. Carbon content of soil fluctuates through a season, though good management practices ensures that the overall trend is increased soil carbon content.

* Existing tax incentives for establishing "plantations" have seen spectacular failures of "managed funds" in recent months. Using the tax incentives the managed funds have been promoted to investors as tax minimisation schemes, which have distorted the value of agricultural land, taken good agricultural land out of production and established large areas of monocultures with little ecological diversity.

* Trees only absorb carbon while in a growing phase, once they reach maturity they become carbon neutral, depending on the species and the region, maturity is reached in approximately 25-50 years. Their growth rate, and therefore the rate at which they absorb carbon, are affected by soil fertility and water availability. To achieve the highest rate of absorption of carbon it is necessary to plant trees in the most fertile soils and in the higher rainfall regions, prime agricultural land (the most productive) in these regions in Queensland is already under threat from plantations and mining.

The climate change measures announced by the opposition, have a better chance of actually reducing carbon emissions, through a system of incentives to polluters to reduce emissions. However the problems are:

- the reliance on planting trees has the same problems as above
- Taken to its logical conclusion, tree planting is not a solution, there is a finite amount of arable land in the world, once that is covered with trees and the trees have reached maturity, there is no land left to plant more trees or to grow food, but the polluters continue to pollute as they have been offsetting their emissions by planting trees rather than reducing the emissions.

The overriding need is to reduce emissions, direct incentives to polluters to do this will reduce transaction costs significantly compared to an emissions trading scheme, consumers must also be encouraged to reduce their consumption of polluting goods and services including power and fuel.

A final observation, the Federal Government's recent stimulus packages seems to have been spent, to a large extent, on goods imported predominantly from China and India, how much additional CO2e has this add to the atmosphere?