

Agriculture and the Carbon Pollution Reduction Scheme (CPRS)

Economic issues and implications

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Carbon Pollution Reduction Scheme (CPRS) **an overview**

- the CPRS and incorporating agriculture
- short term impacts on agricultural costs
- longer term impacts on agricultural costs and production

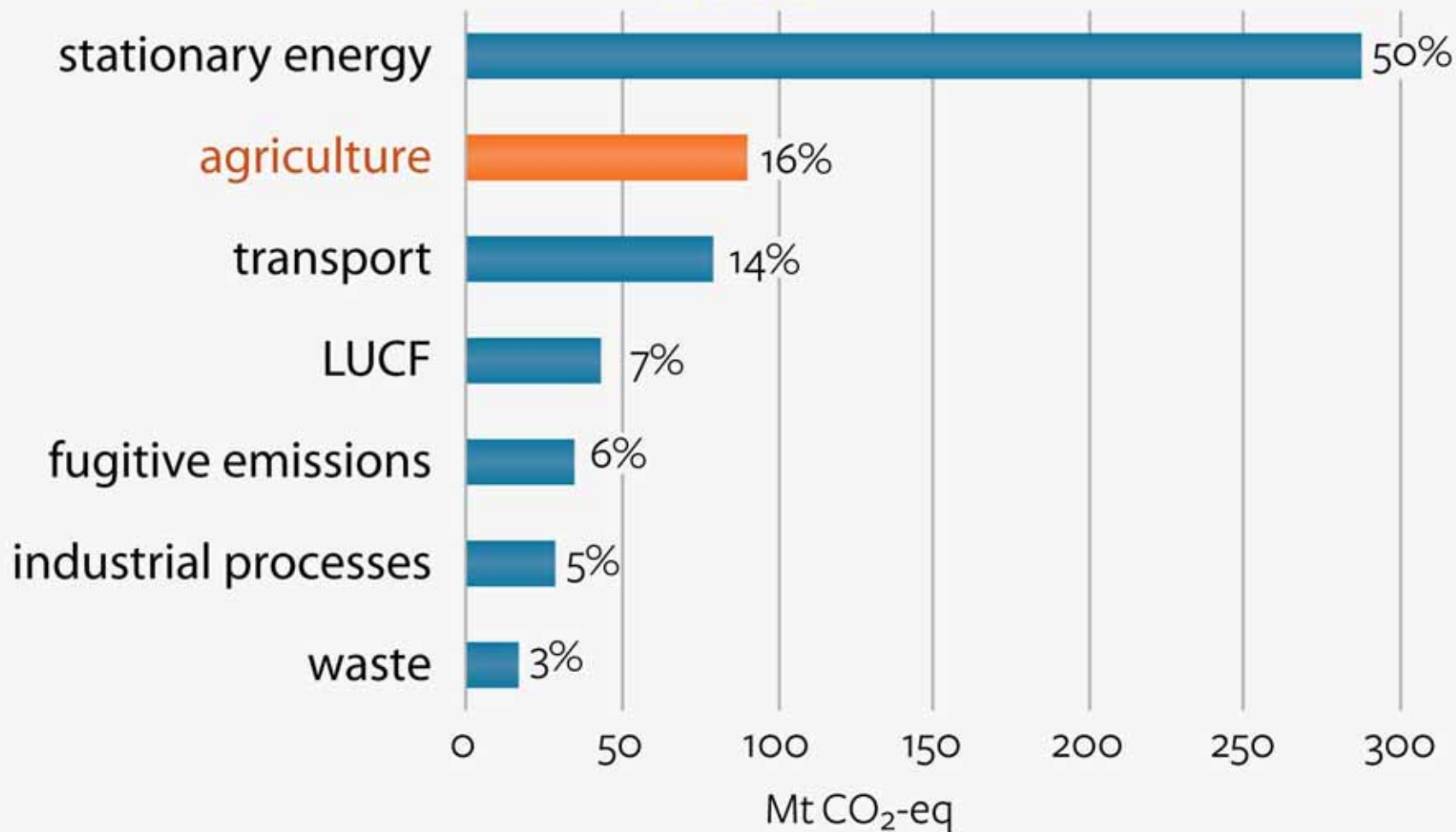
Agriculture and the CPRS

- 2010: CPRS commences
- agriculture initially excluded from the scheme
- 2013: decision time for agriculture
- 2015: earliest possible date of inclusion

Australia's greenhouse gas emissions

by sector

2006



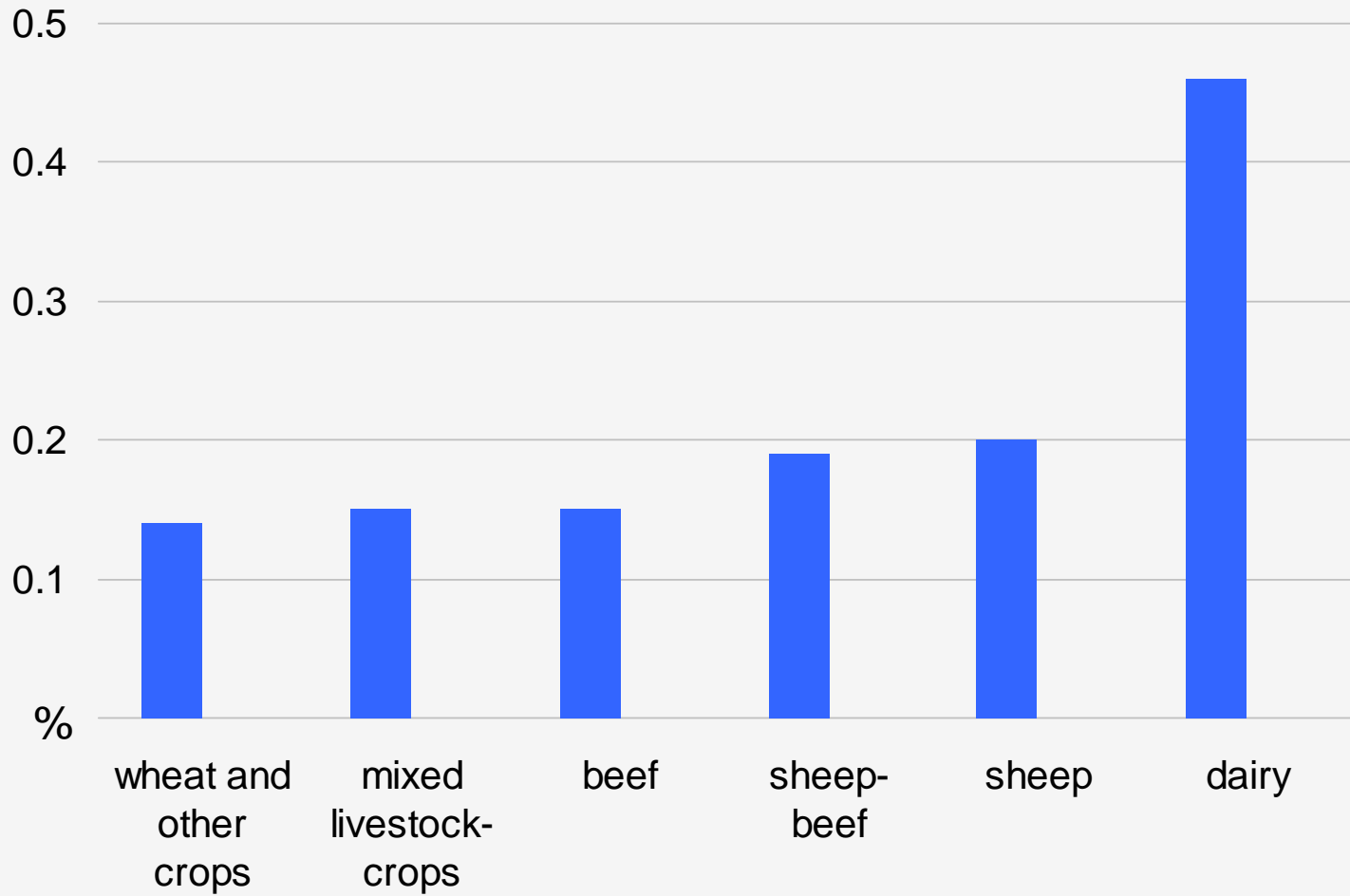
Industries eligible for transitional assistance *emissions-intensive and trade-exposed*

- higher level of support
 - beef
 - dairy cattle
 - sheep
 - rice
- lower level of support
 - pigs
 - sugar cane

Emissions thresholds, farm and emissions coverage

	emissions threshold (kt CO ₂ -eq)			
	25 kt	3 kt	2 kt	1 kt
number of farms	47	2,700	4,500	18,400
percentage of agricultural emissions covered	2	21	26	52

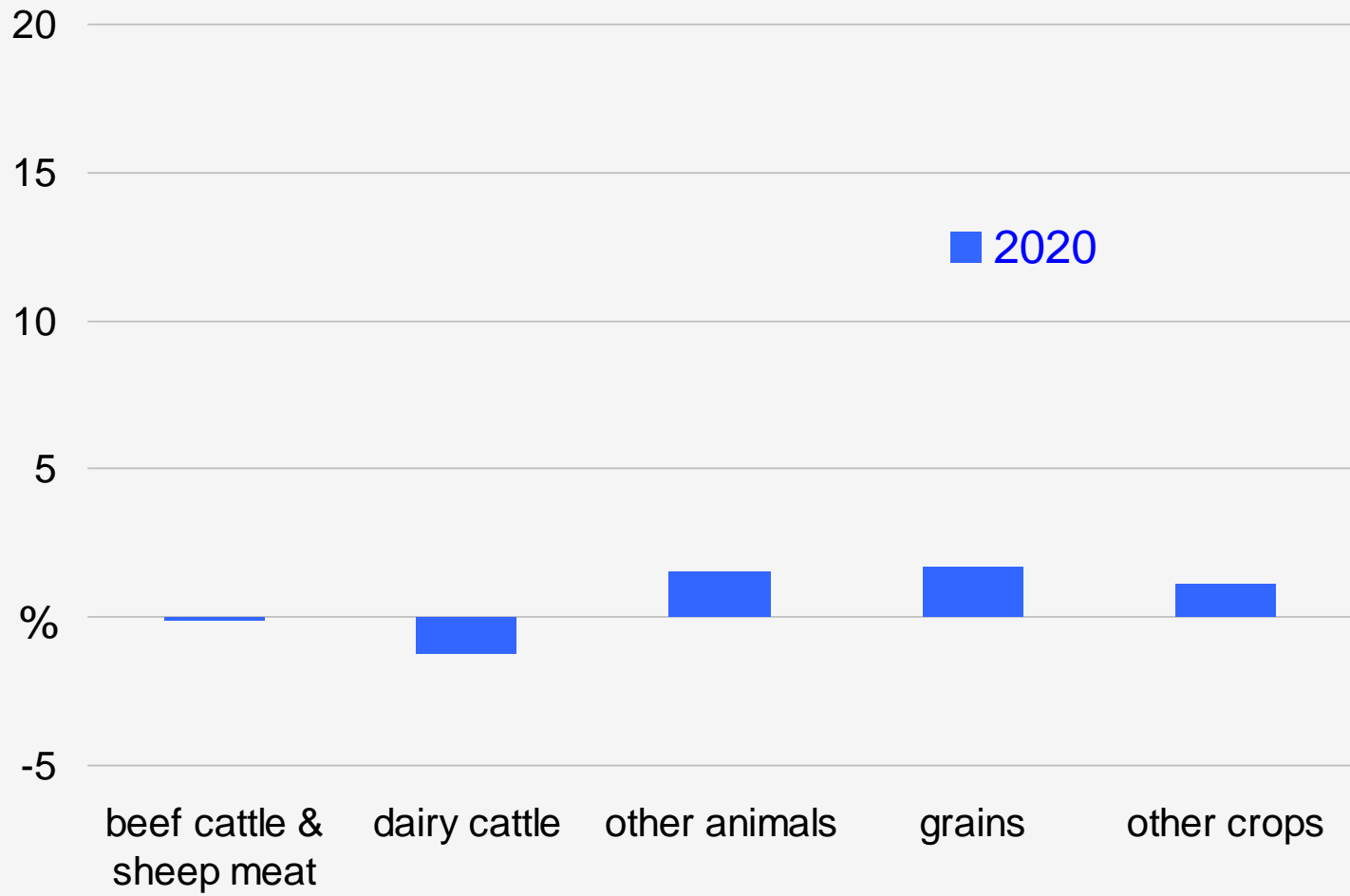
2010: percent change in agricultural input costs due to the CPRS



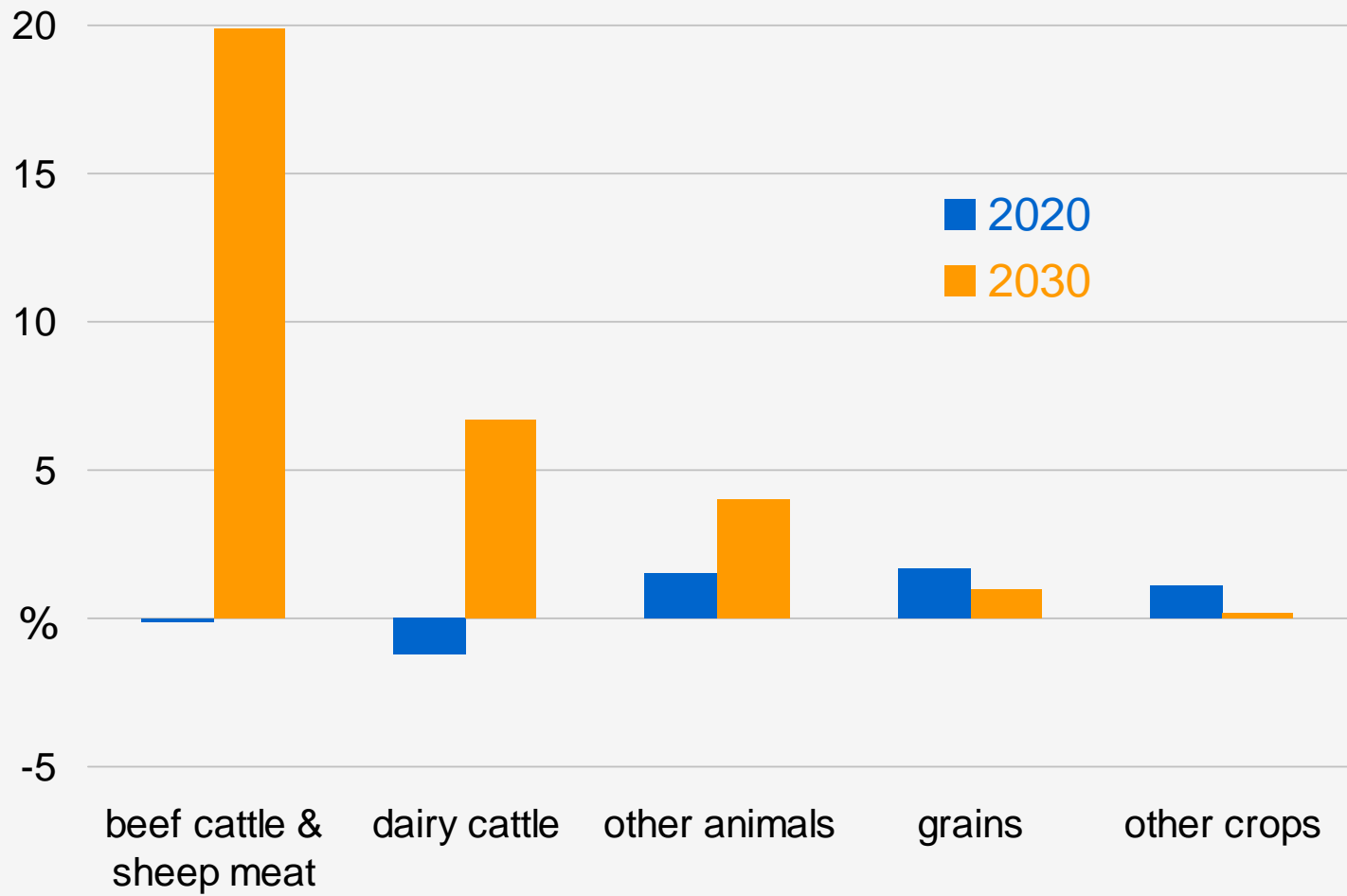
The economic impacts of the CPRS: the scenario

- in context of a global emissions trading scheme
 - international emissions trading from 2010
 - later entry for developing economies
- 2015: agriculture included
- eligible sectors receive transitional assistance
- consistent with government's emissions commitments
- emissions price consistent with Treasury modelling

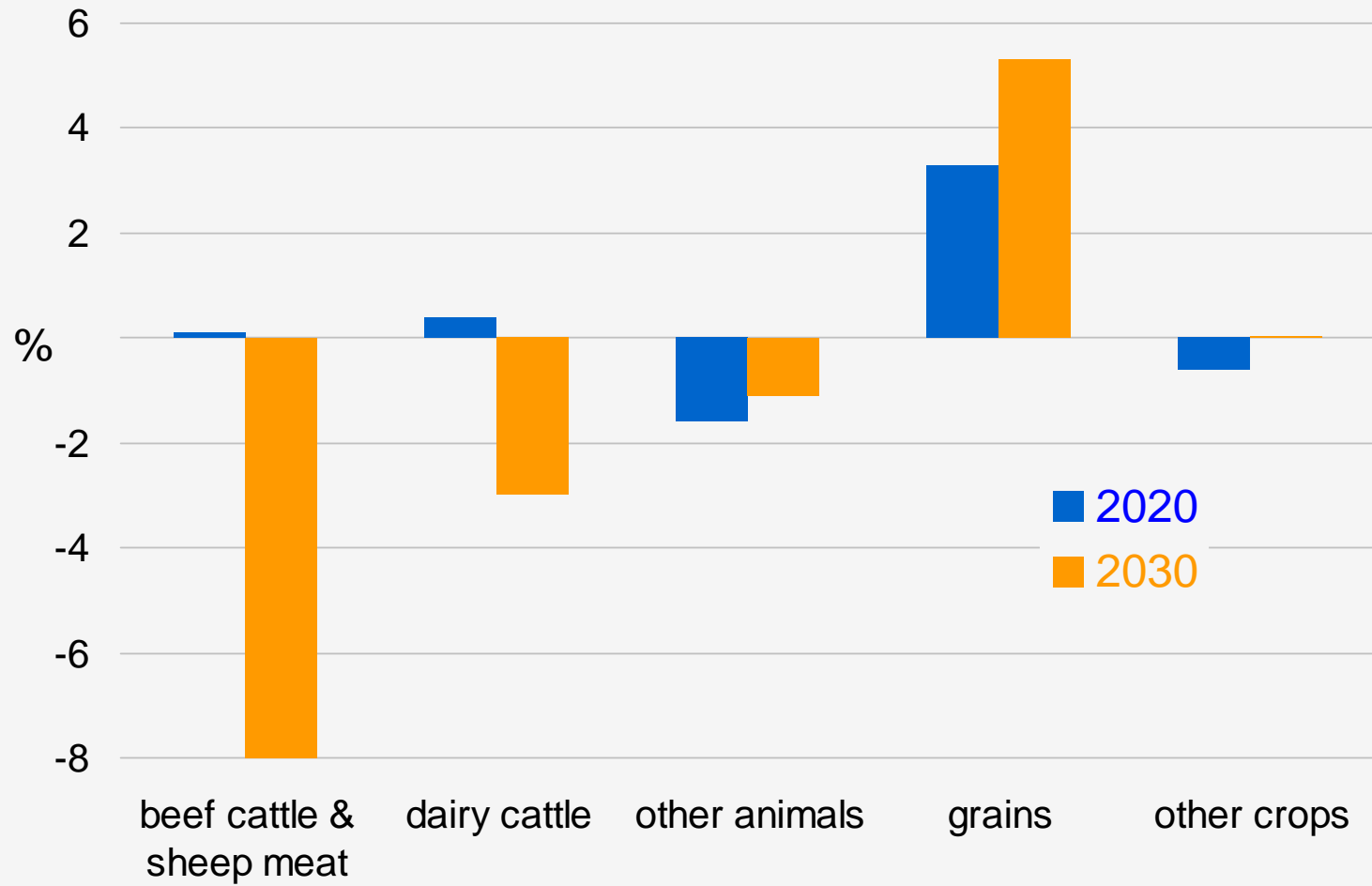
Percent change in agricultural production costs with the CPRS, relative to the reference case



Percent change in agricultural production costs with the CPRS, relative to the reference case

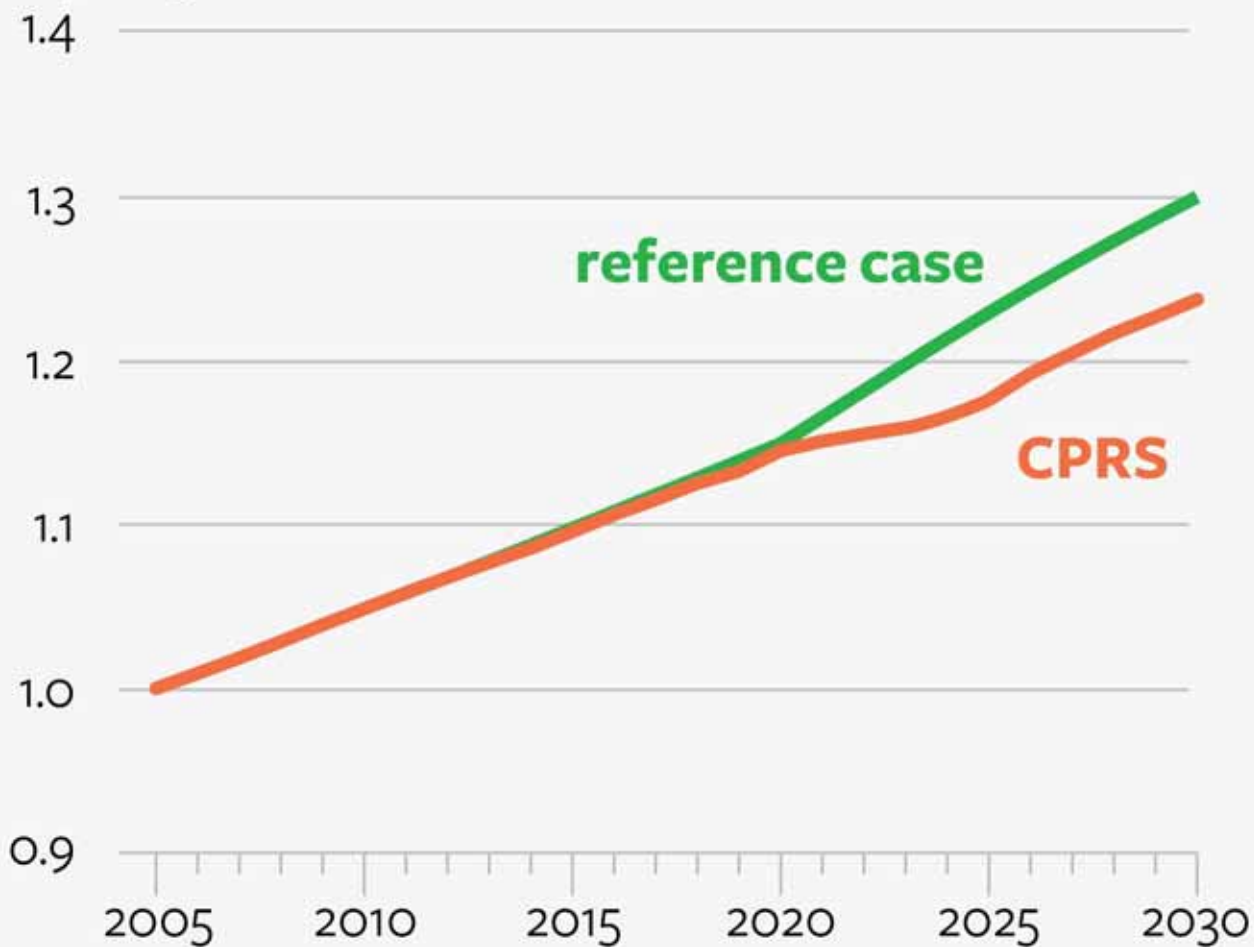


Percent change in agricultural production with the CPRS, relative to the reference case

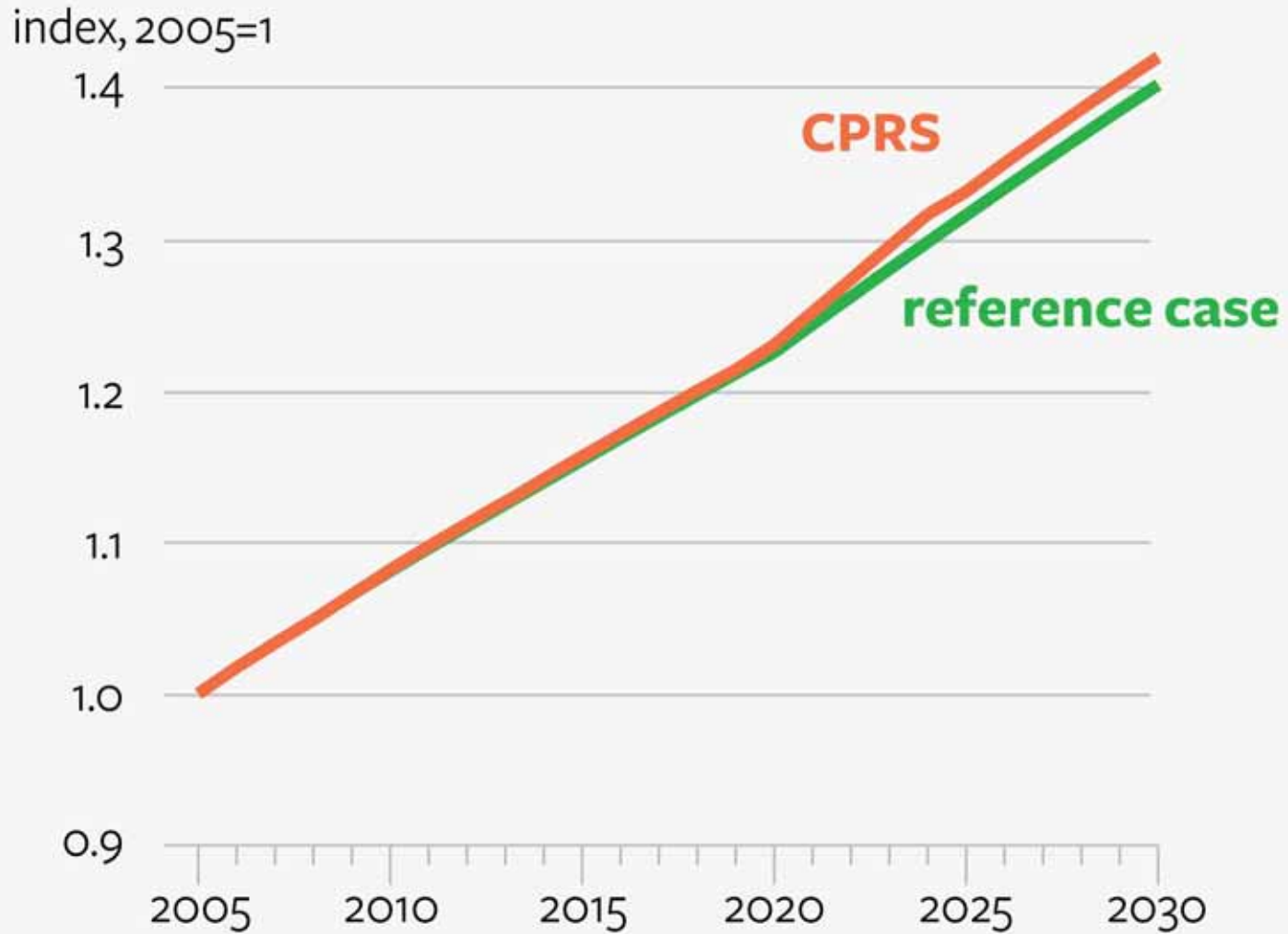


Output of livestock

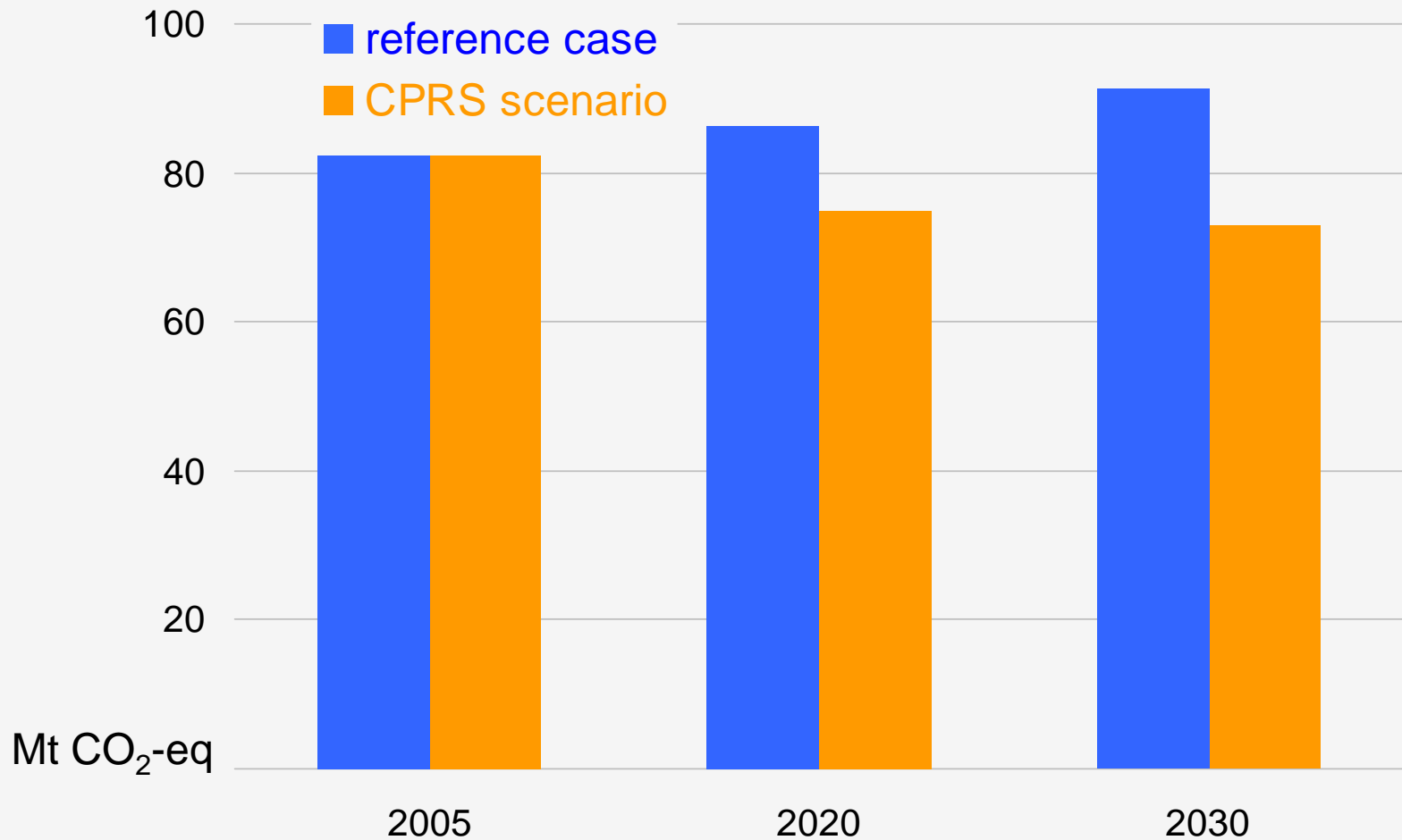
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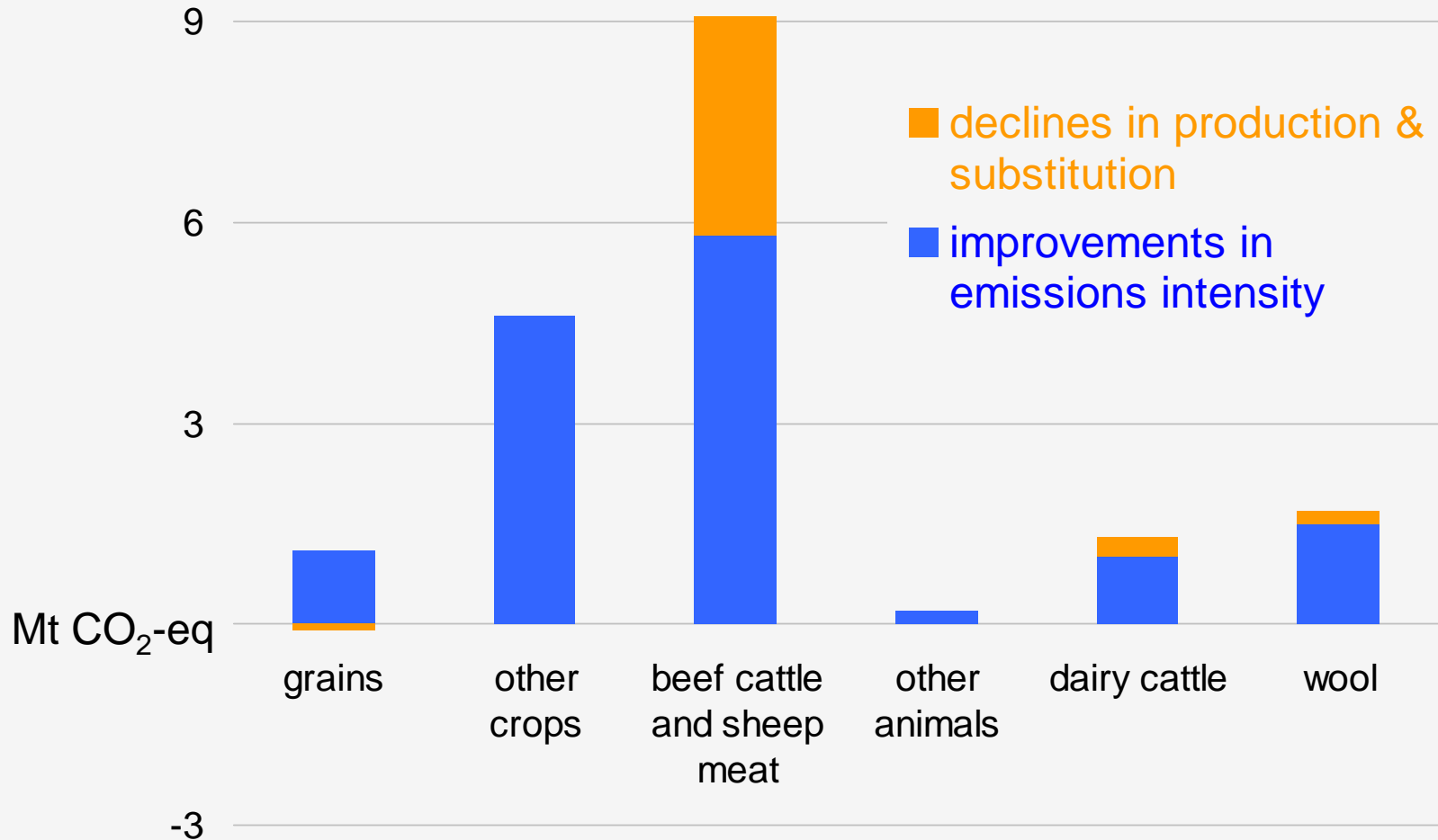
Output of crops



The CPRS: reducing Australia's agriculture emissions



Achieving reductions in Australia's agricultural emissions, relative to the reference case at 2030



Mitigation options

- improved feed conversion efficiency
- feed additives
- alter fertiliser applications
- waste management
- carbon sequestration
- GM technologies

Concluding comments

- relatively small impacts of the CPRS to 2020
- without transitional assistance the impacts are expected to be larger
- total agricultural production is expected to be relatively unaffected
- impacts differ significantly between industries
 - some gain, others do not
- R&D in emissions measurement and mitigation technologies is fundamental

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innovation in economics