

# Cotton and the CPRS

By Greg Kauter, NSW Policy Manager, Cotton Australia

The Australian cotton industry is aware of its responsibility to minimise carbon emissions for the environment. As the government proceeds towards the introduction of the Carbon Pollution Reduction Scheme (CPRS) in the Australian economy the process of determination of if and how the agriculture sector might be covered by the scheme is being lead by the federal Department of Climate Change (DCC) through a Ministerial Roundtable on Agriculture (and the CPRS).

The Ministerial Roundtable terms of reference include:

- Analysis of supply chains, compliance costs, and competitiveness issues;
- Development of emissions estimation options;
- Agriculture technical working group meetings to gain stakeholder input on specific issues; and
- Periodic roundtable discussions to inform stakeholders of key developments.

Although agriculture will not be covered by the scheme until 2015 the decision of how best to achieve greenhouse gas emissions (GHG) reductions from the Australian agriculture sector will be made in 2013. The DCC work plan outlines this process for engagement of the various agricultural industries in the lead up to the 2013 deadline.

It is clear that although rural industries account for some 16 per cent of Australian greenhouse gas emissions, the structure of the sector (about 150,000 farm businesses) does not allow cost efficient inclusion under the current CPRS format that is directed at the largest 1000 GHG emitting businesses in the economy.

There are numerous issues that will need to be resolved to understand the cost-benefit of including the direct emissions from agriculture (remembering that the indirect emissions from fuel and electricity for example will be covered by the CPRS). For irrigated cotton enterprises the primary GHG emissions (approximately 700 kg CO<sub>2</sub>-e/hectare) will come from the nitrous oxide emitted from the application of nitrogen fertiliser.

Whilst the level of cotton production emissions is of low intensity (especially considering the average lint yield has just exceeded 2000 kg per hectare) if cotton and agriculture does not participate in the reductions of GHG emissions, under the



cap and trade based CPRS, other sectors of the Australian economy will need to consequentially reduce their emissions.

A Technical Options Development Group has been established and is meeting regularly to develop and assess technical options for monitoring and reporting emissions and potentially including agriculture in the CPRS or applying alternative or complimentary measures.

Cotton Australia has been directly involved with the initial overview of abatement options for agriculture and policy options for cropping, including alternative baseline and credit schemes. Australian agriculture is a two-speed sector of the economy when it comes to greenhouse gas emissions in that the main cropping industries – grains, sugar and cotton – are generally low emissions intensive activities yet still very much trade exposed and livestock industries are generally high emissions intensive enterprises.

It is apparent to date that while the Australian Government is predisposed to include agriculture in the CPRS the process for consultation with the sector is actively exploring the differences in agricultural enterprises that make up the activities of Australian farm businesses.

The key milestones of the Agriculture Roundtable process for 2009 are the release of an issues paper on policy options for stakeholder comment by the end of the year and a stakeholder responses (to these issues) paper in early 2010.

The main objective for the work plan in 2010 is the development and release of a framework for the voluntary greenhouse gas inventory estimation and reporting trial for agriculture in late 2010.

Cotton Australia will continue to par-

ticipate in the policy development process through direct representation on cotton growing issues and through commodity membership of the National Farmers Federation on sectoral matters.

The participation of member organisations through the involvement of their nominated representatives will be critical in the lead up to the Government decision on coverage of agricultural emissions under the CPRS compared with potential alternative measures in mid 2013.

## NEW QUEENSLAND MANAGER

Cotton Australia has welcomed Gordon Baker to a new role as Queensland Regional Manager, with an emphasis on consultation work with local growers and Cotton Growers' Associations.

Gordon brings extensive experience working in the cotton industry to the role, and also is skilled in the areas of agribusiness, crop protection and animal health after holding key territory management roles.

Gordon joins the organisation's current regional manager team, and is based at Cotton Australia's Toowoomba office.



**Gordon Baker,**  
new Queensland  
Regional  
Manager at  
Cotton Australia.