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## Carbon will cost food, fibre: AWI

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FOOD and fibre production would suffer under the proposed Carbon Farming Initiative and drive land use toward agro-forestry, Australian Wool Innovation has told the Federal Government.

Lead author of the AWI's CFI submission, Dr Paul Swan said detailed farm economic modelling showed that under the expected range of carbon prices, \$20-\$40 a tonne, wool enterprise gross margins would be substantially reduced and only forestry would be economically sensible.

"Break-even prices of up to \$250/t would be required for most scenarios," he said.

The proposed CFI would also commit participating farmers to zero or low productivity gain in other parts of their enterprises.

The Gillard Labor Government has said it will open up new opportunities for Australian farmers and landholders to participate in lucrative international markets for carbon credits in a new Carbon Farming Initiative.

"Farmers and landholders will benefit from a new income stream, and the environment will benefit from reduced pollution," the Federal Government said.

However, Dr Swan said the CFI as proposed had little by way of practical cost-effective options for participation by wool growers. Wool growers would find it difficult to meet proposed eligibility criteria for additionality and permanence, implementation costs were likely to exceed CFI offset credit revenue and lack of landholder knowledge and local enterprise networking would make aggregation and cost-sharing difficult. Leakage and administrative obligations were complex and demanding, and transaction costs would potentially be high, he said.

AWI proposed that the CFI should be complementary to Australia's long-term food and fibre security, avoid deleterious impacts to the economy and communities, and minimise cost or regulatory burdens while facilitating efficient carbon markets operation.

Dr Swan said AWI had proposed revision of the CFI definitions for permanence, additionally and leakage; detailed investigations into the potential CFI impacts on landholders and regional communities before implementation, and; development of methodologies allowing broad scale participation at producer, regional and industry level.

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