



28 July 2023

Climate Disclosure Unit
Market Conduct and Digital Division
Department of the Treasury
Langton Crescent
Parkes ACT 2600

Via email: ClimateReportingConsultation@treasury.gov.au

Dear Treasury,

The Red Meat Advisory Council (RMAC) and its members welcome the opportunity to provide a submission to the Department of the Treasury in response to proposed positions for the detailed implementation and sequencing of standardised, internationally aligned requirements for disclosing climate-related financial risks and opportunities in Australia.

RMAC is Australia's only policy leadership and advisory forum made up of producers, lot feeders, processors, manufacturers, retailers and livestock exporters, representing the entire red meat supply chain from paddock to plate. RMAC members are the following prescribed industry representative bodies under the Australian Meat and Live-stock Industry Act 1997:

- Australian Livestock Exporters' Council,
- Australian Lot Feeders' Association,
- Australian Meat Industry Council,
- Cattle Australia,
- Sheep Producers Australia, and
- Goat Industry Council of Australia.

Australia's red meat and livestock industry is comprised of more than 76,000 businesses and collectively services 25 million Australians and over 100 export destinations every day with safe, high quality and nutritious red meat. The industry is a major employer, especially in rural communities, and a key contributor to Australia's food security.

As stewards of over 50% of Australia's land mass and world leaders in sustainable livestock production, the Australian red meat and livestock industry is concerned about the compliance burden of Climate Related Financial Disclosure (CRFD) reporting, especially in the context of scope 3 emissions obligations and short timeframes to comply.

While we understand that the initial scope of proposed mandatory reporting is focused on larger corporations, we are concerned not enough is understood about the impacts this may have on the producers and smaller businesses in their supply chains.



AUSTRALIAN LIVESTOCK
EXPORTERS COUNCIL



AUSTRALIAN LOT FEEDERS'
ASSOCIATION



CATTLE
AUSTRALIA



SHEEP
PRODUCERS
AUSTRALIA

A land sector specific consultation, inclusive of the red meat and livestock industry is therefore necessary to ensure an appropriate understanding of the relevant issues and the impact CRFD will have. Further justification for this is provided throughout the remainder of this submission. Failure to adequately understand how these sweeping measures will impact various parts of the economy, particularly those as important as food production, risks creating unintended consequences and undermining the great strides industry has made towards a more sustainable future.

Red meat and livestock action on climate change

In 2017, the Australian red meat and livestock industry set a world-leading and ambitious target to be carbon neutral by 2030 (an initiative known as CN30). This means that by 2030, Australian beef, lamb, and goat production, including lot feeding and meat processing, aspires to make no net release of greenhouse gas (GHG) emissions into the atmosphere. Research undertaken by a consortium of organisations led by Australia's national science research agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), has shown it is possible for the Australian red meat and livestock industry to achieve this goal, provided sufficient R&D, investment and adoption.

Meat & Livestock Australia (MLA) has since developed the CN30 Roadmap in consultation with the broader red meat industry. The Roadmap is a science-based plan that defines carbon neutrality in the Australian red meat industry, explains why industry has set the target, the work areas where industry will focus between now and 2030, and how the industry can execute those work areas. Importantly, the Australian red meat industry is making great progress, with CSIRO analysis of the latest data from the National Greenhouse Gas Inventory showing the red meat industry has reduced sector emissions by more than 64% since the 2005 baseline.

Ruminant animals, like cattle and sheep, are often linked to climate change because they emit methane. But often overlooked is the fact this enteric methane is part of a natural – or biogenic – carbon cycle, in which the methane breaks down into carbon dioxide (CO₂) and water after about twelve years. Grass then absorbs the CO₂ through photosynthesis, ruminants eat the grass, and the cycle continues. In contrast, methane released from fossil fuel extraction has been stored underground through geological processes over millions of years and CO₂ from burning fossil fuels continues to build up and heat the atmosphere over centuries. This means that GHGs, including methane, generated by burning fossil fuels and their impact on our climate is far more destructive than methane emissions from livestock.

Detracting conversations about sustainable livestock production are often driven by wealthy northern hemisphere countries, where livestock are regularly housed in intensive systems over winter and generate relatively higher concentrated levels of N₂O and methane. Production systems in Australia are very different to this, and it is important that these differences are understood and valued. It's why the red meat industry remains steadfast in our commitment to openly explaining the credentials of our product and how it is produced. It's also time for those with an anti-red meat agenda to acknowledge the environmental stewardship credentials of our producers and their work to date in lowering emissions, as



well as their proactive commitment to intergenerational sustainability and improved production.

Sustainability frameworks

The Australian Beef Sustainability Framework (ABSF) and Sheep Sustainability Framework (SSF) are industry-led but customer and investor focused frameworks. They were developed to meet the changing expectations of customers, investors and other stakeholders, to ensure continued access to financial capital and markets and industry can keep pace with new commercial requirements. The frameworks are a testament to the red meat industry's commitment to transparently reporting industry performance and progress over time using defensible data relevant to critical sustainability issues, including annual estimates of industry wide GHG emissions.

The Frameworks are informed by regular material assessments encompassing a review of global standards and sustainability disclosures and reporting, an investigation of international and national industry-peer frameworks, and extensive external and internal stakeholder engagement. The assessments have identified GHG emissions as one of a range of highly material issues for the Australian red meat and livestock industry.

The Frameworks are also aligned with the UN Sustainable Development Goals (SDGs), demonstrating how the Australian red meat and livestock industry is contributing to sustainability in a global context.

Concerns with the proposed CRFD framework

While industry has been able to transparently report independently calculated national supply chain emissions, extending this to an individual business is extremely challenging. Most processors, medium-to-large feedlots and pastoral groups could meet the criteria outlined in the CRFD consultation information. However, unlike other parts of the economy, there are many barriers and a lack of available and timely data when it comes to accurately measuring business-level emissions.

The red meat industry is made up of over 72,000 farms, which channel livestock into consolidated lot feeding and processing sectors. These latter stages of the supply chain could, with investment, feasibly calculate their scope 1 and 2 emissions. However, attempts to calculate scope 3 emissions (i.e. those inherited from the on-farm stage of production) are extremely challenging. Accurate accounting and reporting of on-farm emissions is still a difficult, uncertain and technical process. This would require producers to access expertise at a significant cost to their businesses and represents a substantial compliance burden.

Measuring and accounting for GHG emissions within the red meat and livestock sector is not widespread practice and technology supporting its measurement is relatively new. This is a rapidly evolving space, with numerous tools on the market. However, it remains difficult and expensive to measure GHG emissions (and carbon sequestration) on-farm. At the same time, Australian red meat producers deal with a broad range of conditions that vary considerably across time and space. For this reason, carbon accounting is done through





calculations to produce an estimate of national emissions and sequestration. Investment is needed to encourage the ongoing development of these tools and to facilitate greater adoption (via agricultural extension).

The Australian red meat and livestock industry is also concerned that under the proposed CRFD framework the Australian Accounting Standards Board (AASB) may be empowered to create sustainability standards that may not apply to our sector and that financial auditors, without sustainability or livestock production expertise, would lead climate disclosure assurance engagements.

It is important that the downstream regulatory impacts of mandatory CRFD is assessed and properly understood through an extended consultation process with the land sector. We cannot accept a requirement that discriminates against parts of the economy that simply cannot capture and transfer necessary data to comply. There is further work required to quantify expected compliance costs and to identify pathways for these costs to be minimised. The benefits of CRFD must convincingly outweigh the costs.

The Australian red meat and livestock industry has great sustainability credentials and plays a critical role in underpinning our nation's food security – neither of these should be undermined by mandatory CRFD.

Conclusion

The red meat and livestock industry is concerned with the impact and substantial compliance burden CRFD will place on businesses, bound by data, capability, and technological limitations. We look forward to engaging more effectively during a specific land sector consultation process. Please do not hesitate to contact RMAC's Chief Executive Officer, Mr Alastair James, if you have any questions.

Yours sincerely

John McKillop
Independent Chair
Red Meat Advisory Council

