3 October 2023

ACCU Review Implementation
Department of Climate Change, Energy, the Environment and Water
GPO Box 3090
Canberra ACT 2601

Via email: ACCUScheme@dcceew.gov.au

To whom it may concern,

The Red Meat Advisory Council (RMAC) and its members welcome the opportunity to provide a submission to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) discussion paper on the proposed implementation of recommendations from the review of Australian Carbon Credit Units (ACCU).

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* (AMLI Act):

- Australian Livestock Exporters' Council,
- Australian Lot Feeders' Association,
- Australian Meat Industry Council,
- Cattle Australia,
- Goat Industry Council of Australia, and
- Sheep Producers 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. Australia's red meat industry is the world leader in agricultural environmental management and has set itself a goal to be carbon neutral by 2030 (CN30) without compromising productivity or livestock numbers.

Given the red meat industry's ongoing focus on developing viable methane mitigating additives for livestock, this submission is largely focused on the elements of the discussion paper related to the proponent-led process for developing and modifying methods as well as the arrangements necessary to make additional investment in the development, commercialisation and adoption of new methane reducing technology.

Summary of work underway to develop a method for methane mitigation supplements fed to livestock in Australia

- The Australian red meat industry has been working on developing meta-analyses to inform generic equations for calculating emissions reductions achievable for additives in relation to the production system, climate, feedbase, and additive dose. This has been undertaken via Meat & Livestock Australia's (MLA) CN30 Integrated Management Systems (IMS) work area and an ad hoc Methane Emissions Reduction in Livestock grant, conducted alongside development of the Livestock Emissions Framework for Feed Technologies (LEF)[1].
- Simultaneously, and independently of MLA, the Livestock Emissions Carbon Farming Working Group has developed a draft Carbon Farming Method Blueprint for Low Emissions Livestock from Feed Additives and Forage (the Blueprint).
- Recently, the CN30 IMS group have met with the developers of the Blueprint to embed generic additive equations underpinning the LEF within the Blueprint, as the two processes have been complementary and result in logical modular methodology approach.
- RMAC supports the collaboration between the MLA CN30 IMS group and the Livestock Emissions Carbon Farming Working Group. The combined blueprint methodology being developed through this approach and expertise of the people involved in its development mean the methodology would drive price reductions and adoption of currently available feed additives in the red meat industry, while simultaneously enabling, research and development, scale up, and commercialisation of novel additives.
- If an alternative methodology for feed additives is prioritised, the red meat industry would support that it be reviewed according to the same level of scientific rigour and expertise that has been applied to the combined blueprint methodology.

Request for urgent prioritisation of feed additive methodology

- The Australian red meat industry wants to reduce our emissions with the support of feed additives, but the technology to do so is still too expensive and remains out of the reach of producers, unless there is the possibility of receiving ACCUs. However, this will require methodologies which could take many years to develop, even under the proponent led process that has been proposed.
- To assist commercial adoption and implementation of viable methane mitigating additives, a methodology should be urgently expedited under the new ACCU scheme for feeding methane mitigating supplements to livestock. In lieu of this, an exemption to the newness requirement (see below) could address the barriers to adoption and avoid further delay of an essential emissions reduction activity.

[1] https://www.dcceew.gov.au/climate-change/publications/livestock-emissions-framework-feed-technologies-factsheet

- A feed additive methodology will have multiple benefits for the red meat industry, including:
    - Encouraging large trials needed to inform Standardised Emissions Factor approaches for all feed additives
    - Ability for research trials and commercial projects to generate income from the use of feed additives
    - Progress towards CN30 and other industry/national emissions reduction targets
    - Confidence by additive manufacturers/providers to scale production to match demand, thus facilitating the price of additives becoming more acceptable by users.

Request for exemption to the newness clause for businesses that have adopted commercially available technologies early or participated in research and development trials

- The strict rules around newness mean that even undertaking trials of a particular technology could rule a company out of ever earning ACCUs when that work is operationalised. For example, early adopters and innovators using feed additives, which in non-commercial trials achieved up to 90% reduction in enteric methane, risk foregoing the ability to register carbon projects in future.
- While additionality is important in maintaining the overall integrity of the framework, these strict conditions are stifling research and development and acting as a barrier for the red meat sector to accelerate sustainability outcomes and bridge some of the significant gap that makes additives commercially viable.
- By contrast, a method for feeding supplements does exist under the non-government carbon credit market. A perverse outcome of the lack of an ERF methodology is that it may lead to greater participation in the non-government market, with the resultant credits traded internationally, undermining progress towards both industry emissions reduction targets and Australia's national contribution under the Paris Agreement.
- RMAC is supportive of the options recommended in the discussion paper under 'dealing with newness', to make trials exempt from additionality. To be most effective, trials should be defined to include any work that helps understand how a technology properly functions in any part of the supply chain. This would include large scale trials, commercial trials and in market trials. It will not be enough if technology that requires proving across vast geographical beef supply chains, and in multiple environments, is only allowed to be conducted in laboratory style settings.
- Furthermore, RMAC recommends that an 'in lieu of newness' clause be automatically added to any program of work designed to reduce methane emissions in agriculture. Removing the strict newness requirements, especially when it comes to methane mitigation will recognise that the technology is currently not commercially viable and inevitably help to accelerate research and development that will make the commercialisation of technology a reality, sooner.

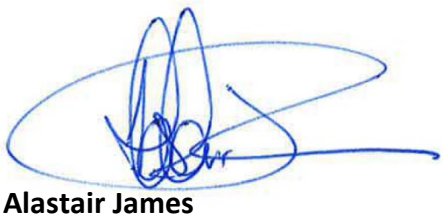
Request for agricultural businesses to be able to claim the net reduction where ACCUs are sold to the government

- Where ACCUs are sold to the government there is a need for agricultural businesses to be able to claim the net emissions reduction against their own business' carbon footprint, without fear that this will be considered 'double counting' as per the precedent set under the safeguard mechanism.
- There is a precedent established for facilities under the safeguard mechanism, whereby ACCUs generated by emission reduction activities, as recognised by the ERF can be sold to the government under an emissions reduction fund contract, and the net reduction in emissions retained by the facility.
- The reduction in net emissions will occur at the facility or business that generated the ACCUs regardless of whether the ACCUs were sold to the government by the facility itself or by another party. Such conditions are not currently possible in the ERF for facilities or industries outside of the scope of the safeguard mechanism, which is the case for Australian red meat producers. At the same time, the red meat industry is strongly opposed to the inclusion of agriculture under the safeguard mechanism and is seeking reassurances from the Australian Government that this approach will not be considered under a future scheme.

Conclusion

The lack of certainty around ACCU's (along with concerns around costs, efficacy, and productivity) is adding to hesitation in the red meat industry regarding widespread adoption of feed additives to reduce enteric methane. This is ultimately limiting the amount of greenhouse gas emissions that could otherwise be avoided if more widespread adoption could occur. The urgent prioritisation of a feed additive methodology and/or clarification around the newness clause could significantly assist with addressing these concerns.

RMAC appreciates the opportunity to make a submission to DCCEEW's discussion paper and would welcome the opportunity to engage further on the contents.



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