



18 October 2022

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

Via email: ACCUReview@dcceew.gov.au

Dear ACCU Review Secretariat,

RE: REVIEW OF AUSTRALIAN CARBON CREDIT UNITS (ACCU)

The Red Meat Advisory Council (RMAC) and its members welcome the opportunity to provide a submission to the Independent Review of Australian Carbon Credit Units (ACCU) under the Emissions Reduction Fund (ERF).

RMAC is Australia's only policy leadership and advisory forum made up of the following prescribed industry representative bodies under the Australian Meat and Live stock Industry Act 1997, representing the entire supply chain from paddock to plate:

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

SUMMARY

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 without compromising productivity or livestock numbers.

On our pathway to carbon neutrality the industry is now poised to adopt methane-reducing feed additives with the potential to reduce enteric methane production by 90%.

While novel supplements such as Bovaer[®] are approaching commercial readiness, an approved methodology to earn ACCU's is not yet available for the feeding of methane-mitigating additives.

There is concern amongst the industry that by adopting early, they will forego eligibility to register carbon projects due to the additionality requirements ordinarily included in ERF/Climate Solutions Fund (CSF) methodologies.

To ensure adoption of critical innovation is not hindered, and that the Australian red meat sector can participate fully in the Australian carbon market, an exemption clause to the additionality principle will be necessary for the feeding of methane-mitigating additives.

Recommendations:

- a) A methodology be expedited under the CER/ERF for feeding methane mitigating supplements to livestock, in particular for the feedlot sector.*
- b) In lieu of this, an exemption to the additionality clause could address the barriers to adoption and avoid further delay of an essential emissions reduction activity.*

BACKGROUND

In 2017, the Australian red meat industry first outlined our commitment to be carbon neutral by 2030 (CN30). We have since developed the CN30 Roadmap to provide a framework to guide investment in technologies and research that will foster productivity and grow profitability throughout the red meat supply chain as we reduce emissions. Importantly, the Australian red meat industry is making great progress. Net emissions have reduced by almost 60% since 2005, representing by far the greatest reduction by any sector of Australia's economy.

Novel feed additives remain the most promising innovation for methane reduction in the red meat sector, and in trial have achieved up to 90% reducing in enteric methane.

In 2021, 1.1 million head of cattle passed through feedlot with enteric methane representing between 83.5 – 85% of total herd emissions (MLA 2021). Certain features of feedlot operations make emission mitigation more readily achievable and consequently the sector is well-poised to adopt methane mitigating additives.

Many corporate pastoral and feedlot companies have made direct and in-kind investments in the development of these additives as part of their own carbon neutral goals. Others hold limited rights-to-purchase agreements with manufacturers to secure limited supply of product.

The opportunity to generate carbon credits is considered the prime opportunity of carbon monetisation. At present, no method is recognised by the ERF / Clean Energy Regulator to generate ACCUs from the feeding of methane mitigants to livestock. As a result, there is concern among industry that by leading adoption, early adopters in the feedlot sector risk foregoing the ability to register carbon projects in future, due to the additionality requirements of the ERF.

By contrast, a method for feeding supplements does exist under the voluntary carbon credit market. A perverse outcome of the lack of an ERF methodology is that it may lead to greater participation in the voluntary market, with the resultant credits traded internationally, undermining progress towards both the CN30 target and Australia's national contribution under the Paris Agreement.

To ensure adoption and implementation of viable methane mitigating additives are not left behind, RMAC recommends that a methodology be expedited under the CER/ERF for feeding methane mitigating supplements to livestock, in particular for the feedlot sector. In lieu of this, an exemption to the additionality clause could address the barriers to adoption and avoid further delay of an essential emissions reduction activity.

We appreciate you considering our feedback and would be happy to answer any questions you might have regarding our submission.

Your sincerely

A handwritten signature in blue ink, appearing to read "Alastair James", with a large, stylized flourish extending to the right.

ALASTAIR JAMES
CHIEF EXECUTIVE OFFICER
RED MEAT ADVISORY COUNCIL