



Australian Dairy Industry Council Inc.

Principles: Dairy industry emissions reduction

Australian dairy industry

The Australian Dairy Industry Council (ADIC) has established these Principles to provide a basis of understanding on emissions management and reduction for the dairy industry.

The Principles briefly summarise the current political situation on emissions trading (as at Jan 2010) and the expected flow-on affect of these government actions on dairy farmers and milk processors. But regardless of the future of the government's Carbon Pollution Reduction Scheme the dairy industry recognises that emissions obligations will not diminish and therefore the industry will continue to progress the development of emissions reduction practices.

The dairy industry will continue its commitment of working with all government and shadow government agencies as this provides an optimal basis for industry messages to be taken into account in any future government emission reduction actions.

Current situation

Shifting Australia to a low carbon economy presents major challenges for integrated, livestock-based food processing sectors such as dairy. The policy pathway for achieving this shift remains unclear. In late January 2010

- The Government proposes to implement a national emissions trading scheme - the Carbon Pollution Reduction Scheme (CPRS) – to drive long term reductions in emissions.
- The Government intends to indefinitely exclude the agriculture sector from the CPRS - this can only be changed by Act of Parliament.
- Dairy processing will be included in the CPRS but firms will not qualify for 'Emissions Intensive, Trade Exposed' (EITE) status under current draft rules.
- With on-farm emissions the Government has said it will work with industry to consider a range of ways in which the agriculture sector can contribute to Australia's transition to a low-carbon economy. This includes;
 - Monitoring worlds best practice in reducing agricultural emissions
 - Voluntary emissions reporting trials in 2011 to allow the sector to better understand and manage its emissions
 - A Productivity Commission review in 2015 of the extent to which the agriculture sector has achieved world's best practice
- The Government intends to provide for crediting of emissions abatement from agriculture but any offsets will be required to meet the internationally accepted (Kyoto) principles of permanence, additionality, measurability, avoidance of leakage, independent audit and registration.
- The Federal Opposition policy is not yet available but is understood to exclude carbon trading and incorporate broader offset arrangements for agriculture.

Dairy industry involvement

The elimination of greenhouse emissions from livestock-based industries is not realistic. However, the dairy industry is prepared to work with Government, Parliament and all relevant bodies to try and develop sustainable policies and systems that will allow both dairy (and agriculture more broadly) to contribute to a reduction in national carbon emissions over time by lowering agriculture's carbon footprint.

The dairy industry will base its involvement on the following core principles.***1. The dairy industry understands:***

- The on-going exclusion of the farm sector from the CPRS or any ETS scheme will still require dairy producers to contribute to national emission reductions.
- The problem of accurate on-farm emissions measurement is yet to be resolved.
- There are challenges associated with competing policy objectives (e.g. reducing carbon while trying to provide food security for an increasing world population).
- The carbon mitigation schemes applied in other countries can significantly affect the international competitiveness and viability of Australian dairy products.
- Current Kyoto principles on offsets are exceptionally challenging for most farming activities – and primarily promote tree planting.

2. The dairy industry is strongly committed to:

- Establishing national carbon footprint estimates '*per unit of product*' for major dairy products such fresh milk, milk powder, cheese and yoghurt. These values will be based on a full life cycle analysis (LCA).
- Reducing emission intensity on major products over time.
- Working with Government (e.g. the Department of Climate Change's Technical Options Development Group forums) to collectively explore the options for on-farm emissions management.
- Working with Government on research projects that will assist on-farm measurement / verification of emissions, and work to develop technologies that specifically reduce methane and nitrous oxide emissions from grazing industries.

3. The dairy industry has a strong preference for:

- Voluntary schemes that provide different options for different farm situations and farm systems to facilitate change in on-farm practices.
- Providing positive signals for farm practice change rather than using blunter instruments based on penalties.
- Providing direct emissions management signals to individual dairy farmers.
- Policies that recognise the integrated nature of the Australian food processing sector and so do not jeopardise its ongoing international competitiveness or its contribution to the national economy and regional communities.
- Emission reduction targets that are both reasonable and achievable based on best practice emissions management or reduction measures rather than automatic cuts in production or farming systems.

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