



*Australian Dairy Industry Council Inc.*

5 March 2007

Secretariat to the Task Group on Emissions Trading  
C/- Department of the Prime Minister and Cabinet  
PO Box 6500  
CANBERRA ACT 2600

Dear Secretariat

**RE: SUBMISSION**

**Australian Dairy Industry Council submission on Task Group on Emissions Trading issues paper**

The Australian Dairy Industry Council (ADIC) is the peak industry organisation and represents dairy farmers and dairy companies in developing whole of industry policy. The organisation is comprised of Australian Dairy Farmers Limited (ADF) and the Australian Dairy Products Federation Inc (ADPF) and agreed policy is used to advocate the interests of all sectors of the dairy industry to state, national and international governments and organisations. Based on the *National Greenhouse Inventory Report 2004* the dairy industry concludes that nationally the dairy industry emits approximately one per cent of national total emissions.

The ADIC appreciates the opportunity of reviewing the Prime Ministerial Task Group on Emissions Trading issues paper. Through the ADIC, this submission represents a combined response from dairy farmers and dairy manufacturers.

In making this submission, I ask the Task Group to note that the points below represent the dairy industry's initial analysis of emissions issues and the concerns we feel need to be addressed as the discussion progresses. Australian Dairy Farmers (representing the dairy farm sector) will also continue to work with the National Farmers' Federation (NFF) to further consider these matters and this will include analysis of additional information from Land and Water Australia.

We ask the Task Group to consider the following issues:

- The dairy industry believes that greenhouse gas emissions from farms should not be directly included in a "tradable rights" cap and trade system. In other words, seasonal, short-cycle agriculture emissions should not be linked to fossil fuel emissions.
- If there is to be an emission reduction program for agriculture, the dairy industry supports a continuous improvement approach to be achieved through management, research and monitoring. This science-based approach should be non-regulatory, non-prescriptive and non-trade based. Additional information is needed about emissions on farm before the industry can make any potential farm management changes. Preliminary research suggests that accounting of carbon and other greenhouse gases is extremely complex on farms and no cost-effective monitoring scheme can be implemented at this time.
- The dairy industry takes a very cautious position on emissions trading for the stationary energy sector. The industry needs to be reassured of the arrangements that all schemes proposed would address any distortionary risks to the value of land or unintended consequences on agricultural systems and/or communities.

Specifically the industry is concerned about agriculture's link to the cost of energy via trading and use of offsets and carbon sinks, without evidence of real benefits to the community, the environment and to farmers. We believe that carbon sinks are only a short-term approach to carbon storage and do not necessarily address the longer-term objectives of emissions

reductions. Furthermore, major land use change can potentially have unintended consequences e.g. water run off, pest and weed management and social change. These issues need to be carefully considered.

- The industry believes that agriculture must be engaged in any discussion regarding the establishment of any emissions trading scheme for the stationary energy sector. Agricultural industries must be engaged by governments to address the potential risks relating to the allocation of emissions permits, the setting of future emissions targets and to consider any unintended negative affects on agriculture.
- The Australian dairy industry recognises the importance of the issues raised on greenhouse gases and climate change both domestically and globally. However, the ADIC is concerned about potential reduction to the dairy industry's international competitiveness that could result from emissions schemes that are not well targeted, cost effective or not global in scope. Generating \$9 billion ex-factory, the dairy industry is the third most important rural industry in Australia at the farmgate, with exports valued at \$2.7 billion (2005/06) and the competitiveness of these exports can be jeopardised by increased costs.

In regards to these important issues, the ADIC requests the consideration of agricultural representation on the Task Group committee. We believe that this representation is needed to provide balance to the carbon trading debate.

The ADIC welcomes the opportunity to discuss these views further.

Yours sincerely,



**Allan Burgess**  
President