Friday 31 January 2025

Emissions Reduction Assurance Committee
c/o Department of Climate Change, Energy, the Environment and Water
E: ACCUSecretariat@dcceew.gov.au

RE: Submission to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) – Australian Carbon Credit Units ACCU Review – Recommendations on Method Revisions

The Australian Dairy Industry Council (ADIC) welcomes the opportunity to provide a submission on sunsetting ACCU methods due to sunset between now and 1 April 2026, and specifically whether specific methods should be remade.

We have worked with Dairy Australia (DA) in the development of this response.

This submission reflects the collective views of our members.

Dairy is the third largest Australian rural industry and a key sector of the agricultural economy, with a farmgate value of $6.2 billion and a direct workforce of almost 31,300 across dairy farms and processing. In 2023/24, 32% of milk production was exported, worth around $3.6 billion. Australia is a significant exporter of dairy products and ranks fifth in terms of world dairy trade.

Since 2012, the dairy industry has operated under the leadership of the ADIC Australian Dairy Sustainability Framework, with commitments around reducing our environmental impact considering emission reduction, waste, packaging, and water use.

We note as part of this review, DCCEEW will look at methods with active projects and whether they should be remade considering current and likely future uptake, abatement potential, and whether they still meet the legislated Offsets Integrity Standards.

The Department will also look at methods with no active projects registered under them, proposing that they will be allowed to sunset and not be remade.

The ADIC wishes to stress our commitment to working closely with DCCEEW during the redevelopment of these methods to ensure they are fit for purpose and practical for the Australian dairy sector.

We recommend that 'likely future use' is a consideration for remaking methods with active projects and no active projects, based on sustainability and climate commitments.

Furthermore, we support the continuation of other methodologies currently in use, as proposed, to maintain consistency and avoid disruption to existing projects and progress toward climate goals.

About the Australian Dairy Industry

The ADIC the peak national body of the Australian dairy industry, representing the interests of dairy farmers and dairy processors through its two constituent bodies Australian Dairy Farmers and the Australian Dairy Products Federation. It aims to create a more prosperous and sustainable future for the local industry and the regional communities that rely on it.

Australian Dairy Farmers (ADF) is the national peak Industry Representative Body (IRB) representing all dairy farmers from across Australia's six dairy producing states. ADF's membership includes the State Dairy Farming Organisations from each State as well as direct farmer members.

The Australian Dairy Products Federation (ADPF) is the national peak policy and advocacy body representing the post farm-gate members of the Australian dairy supply chain, including processors, traders, and marketers of Australian dairy. ADPF members process more than 90% of Australian milk volumes and provide dairy products for both domestic and export markets.

Dairy Australia (DA) is the national services body for dairy farmers and the industry. Its role is to help farmers adapt to a changing operating environment, and achieve a profitable, sustainable dairy industry. As the industry's research and development corporation (RDC), it is the 'investment arm' of the industry, investing in projects that cannot be done efficiently by individual farmers or companies.

Specifically, the ADIC recommend that four of the sunsetting methods should be remade beyond their original sunset date due to their importance to the Australian dairy industry.

We provide a brief rationale for each:

1. **Domestic, Commercial, and Industrial Wastewater Method**
   This method is directly relevant to dairy processors utilising anaerobic digesters. It supports emissions reduction by replacing open lagoons with enclosed systems, capturing methane for combustion. Given the significant potential for further adoption and its alignment with emissions reduction goals, this method should be remade to enhance accessibility and applicability.

2. **Alternative Waste Treatment Method**
   The dairy industry is committed to reducing its environmental impact through initiatives targeting emissions reduction, waste management, packaging, and water use, as outlined in its sustainability framework. This method offers significant potential to support these goals, particularly in enhancing landfill diversion. By clarifying and refining its application scope, this approach could further contribute to sustainability outcomes across the dairy sector and related industries.

3. **Estimating Sequestration of Carbon in Soil Using Default Values Method**
   This method has significant relevance to dairy farmers interested in soil carbon

sequestration. Remaking it could enhance accessibility for farmers, offering a simpler alternative to the more resource intensive soil organic carbon measurement and models method.

4. **Reforestation and Afforestation 2.0 Method**
   This method offers an essential mechanism for integrating farm forestry, such as shelterbelt establishment, into dairy systems. With no replacement available, its remaking is critical to maintaining options for incentivising farm and forestry integration.

The ADIC supports remaking of all methodologies currently in use, including those not specifically addressed above.
Re-making the methodologies currently in use will maintain consistency, provide certainty for stakeholders, and avoid disruption to existing projects and investments that are actively contributing to emissions reductions and broader climate goals.

The ADIC would also like to highlight implications of the discontinuation of the beef herd management method.

While we acknowledge that this method was discontinued after being assessed as non-compliant with the Offsets Integrity Standards, its cessation may have indirect implications for the dairy industry. Although it does not directly apply to dairy herds, its absence could hinder efforts to incentivise emissions reduction strategies, such as dairy beef integration. Given the limited mechanisms available to reduce emissions in biological systems, restricting opportunities to enhance system efficiency and reduce emissions appears misaligned with overarching objectives and targets.

The ADIC would also appreciate engaging with DCCEEW in the development of new ACCU methodologies.

We are particularly interested in methodologies that link directly to productivity gains within the Australian dairy industry. This includes exploring innovative ways to integrate carbon abatement opportunities with on-farm productivity improvements, such as enhancing feed efficiency, improving herd management practices, or leveraging advanced waste treatment systems.

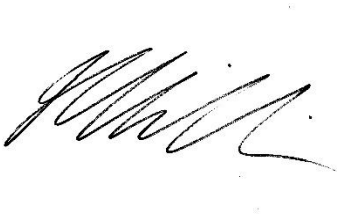
The development of new, tailored methodologies represents a significant opportunity to align emissions reduction with broader industry sustainability goals. We believe that such advancements can facilitate the dual benefit of reducing the dairy industry's carbon footprint while driving tangible operational efficiencies and economic returns for farmers and processors.

The ADIC strongly encourages a collaborative and transparent process for remaking the sunsetting methods and developing new methodologies that are robust, practical, and relevant to the unique conditions of the Australian dairy sector.

We would appreciate working with DCCEEW to provide industry expertise, ensure methods align with the operational realities of dairy businesses, and optimise their potential to contribute to Australia's climate targets without imposing undue burdens on the sector.

For further information, or to discuss our submission in more detail, please contact us as per the details below.

Yours sincerely,



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