

22 May 2026

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Subject: Submission to the Carbon Credits and Other Legislation Amendment (Integrity and Transparency) Bill Consultation

Introduction

Australian Dairy Farmers (ADF) welcomes the opportunity to provide a submission on the Carbon Credits and Other Legislation Amendment (Integrity and Transparency) Bill Consultation.

ADF has worked with Dairy Australia in developing this response.

Australia's dairy industry is the nation's third largest rural industry, generating around \$5.96 billion in farmgate value and supporting almost 30,400 direct jobs across farming and processing. Around 36% of Australian milk production is exported, with dairy exports worth approximately \$3.8 billion annually.

Dairy farmers support practical and science-based emissions reduction opportunities that work alongside productive agriculture, not at the expense of food production, farm productivity or regional communities.

The dairy industry recognises the importance of a trusted and credible Australian Carbon Credit Unit (ACCU) Scheme. However, carbon market settings must also avoid creating unintended incentives that distort productive land use or reduce Australia's agricultural production capacity.

ADF is increasingly concerned that artificial market signals and policy incentives linked to carbon and environmental markets are contributing to the conversion of productive agricultural land into large-scale plantation or sequestration projects. In regions such as Tasmania and South West Victoria, dairy farmers are already observing increased land competition and investment pressure associated with carbon-driven land acquisition.

Carbon market frameworks emissions reduction policy must operate alongside continued food and fibre production, not displace it.

Dairy farms are highly integrated production systems involving interconnected decisions around emissions, vegetation, soils, productivity, water use and land management. Carbon market frameworks must reflect these whole-of-farm realities rather than treating agricultural activities as isolated components.

ADF broadly supports reforms aimed at improving integrity, transparency and governance within the ACCU Scheme. However, implementation will be critical. Reforms must remain practical, proportionate and workable for productive agriculture while maintaining investment certainty and protecting long-term food and fibre production.

Carbon market settings must also avoid creating unintended incentives that distort productive land use or reduce Australia's agricultural production capacity.

About Australian Dairy Farmers

Australian Dairy Farmers (ADF) is the national peak Industry Representative Body 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.

Recommendations

ADF broadly supports the intent of the proposed reforms. However, implementation settings will be critical to ensuring reforms remain practical, proportionate and commercially workable for agricultural systems.

Specifically, ADF Recommends:

Governance and integrity

1. Ensure the Carbon Abatement Integrity Committee (CAIC) includes genuine agricultural production expertise, including dairy and mixed farming system experience.
2. Integrity reforms must remain practical, proportionate and workable for commercial farming businesses.
3. Ensure carbon market settings do not create artificial land market distortions or incentivise the displacement of productive agricultural land through plantation expansion or carbon-focused land acquisition.

Whole-of-farm participation

4. Remove barriers preventing integrated whole-of-farm participation across sequestration, productivity and emissions reduction activities.

5. Improve interoperability between ACCU projects, sequestration activities and emerging environmental market frameworks.

Additionality and R&D

6. Protect farmers and researchers undertaking pilot activities and demonstration projects from being unintentionally excluded from future ACCU participation.
7. Provide clear implementation guidance so agricultural participants are not locked out of projects through administrative sequencing issues.
8. Reject economic additionality tests that penalise farmers for improving productivity while reducing emissions.

Integrity Risk Method Declarations (IRMDs)

9. Ensure strong safeguards, transition periods and practical implementation tests before existing projects are forced into new methods.
10. Protect long-term investment certainty for agricultural participants.

Administrative streamlining

11. Reduce duplication, reporting burden and compliance costs across environmental market schemes.
12. Prioritise interoperability between ACCU, Nature Repair and future environmental market frameworks.

Governance and Establishment of the CAIC

ADF supports the establishment of the Carbon Abatement Integrity Committee (CAIC) and broader reforms aimed at strengthening integrity, governance and transparency within the ACCU Scheme.

Strong governance is essential to maintaining confidence that ACCUs represent genuine and verifiable emissions reduction outcomes. However, governance arrangements must also remain practical and informed by real agricultural production systems.

The dairy industry strongly supports the inclusion of agricultural, food production, rural and regional expertise within the CAIC framework. As agriculture becomes more involved in carbon markets, integrity assessments and method development must include practical farming experience alongside technical carbon accounting expertise.

Carbon market policy increasingly influences land use and farm business decisions. As a result, integrity assessments and method design should consider broader impacts on

productive agriculture, food and fibre production, regional economies and long-term food security.

ADF considers it critical that future ACCU policy settings appropriately assess the broader economic and land-use impacts of carbon market incentives, including the cumulative effect of plantation expansion and carbon-focused land acquisition in productive agricultural regions.

Without appropriate safeguards, carbon market settings risk creating artificial investment distortions that favour non-agricultural land uses over ongoing food and fibre production.

ADF also supports maintaining flexibility within governance arrangements to ensure the Scheme can evolve alongside emerging technologies, integrated farm management systems and future agricultural innovation.

Enabling Integrated and Whole-of-Farm Participation

ADF acknowledges the Government's work to address limitations within the current ACCU framework relating to integrated or "stacked" projects involving both sequestration and emissions reduction activities.

For dairy farmers, whole-of-farm participation is critical. Current arrangements can create unnecessary duplication, fragmented incentives, overlapping projects and excessive administrative burden.

Agricultural businesses should be able to participate in emissions reduction and environmental markets through practical whole-of-farm approaches rather than multiple disconnected project structures.

Future reforms should prioritise:

- whole-of-farm participation;
- interoperability between frameworks;
- reduced duplication;
- practical implementation pathways; and
- lower administrative burden.

The dairy industry is also increasingly concerned about policy settings and artificial market signals that may encourage the permanent transfer of productive agricultural land into plantation or carbon-focused land uses.

In dairy regions such as South West Victoria and Tasmania, farmers are already observing increased external investment pressure linked to carbon and plantation markets. These trends have the potential to reduce agricultural production capacity,

increase land prices beyond productive value, distort regional land markets and undermine long-term food security and regional processing capacity.

ADF considers it critical that carbon market frameworks do not incentivise the displacement of productive agriculture or create unintended structural impacts across regional farming communities.

Additionality and R&D Pathways

ADF supports reforms aimed at ensuring participation in research, pilot programs and demonstration activities does not unintentionally exclude future ACCU participation.

Supporting innovation will be critical to developing practical agricultural emissions reduction opportunities over time.

However, dairy farmers remain concerned about project sequencing requirements, method eligibility timing and the interaction between R&D activities and future project registration.

Farmers acting in good faith should not risk being excluded from participation because practical activities commence before administrative processes are completed.

ADF supports clearer guidance, stronger education and practical implementation support to reduce inadvertent exclusion risks for agricultural participants.

ADF does not support economic additionality becoming a determining eligibility factor for agricultural projects.

In agriculture, emissions reduction, productivity, resilience and operational efficiency are often interconnected. Farmers should not be penalised for adopting practices that both improve productivity and reduce emissions.

The existence of commercial or productivity benefits should not invalidate legitimate emissions reduction outcomes.

Integrity Risk Method Declarations (IRMDs)

ADF supports maintaining strong integrity safeguards where material risks emerge within the ACCU Scheme.

However, powers capable of affecting existing projects and investments must be applied carefully and proportionately.

Dairy farmers require long-term investment certainty before participating in carbon projects. Retrospective changes to methods or project requirements risk undermining confidence in the Scheme and reducing agricultural participation.

Agricultural projects often involve:

- significant upfront investment;
- long project timeframes;
- evolving biological systems; and
- operational complexity.

Any framework requiring projects to transition to new methods must include:

- practical transition arrangements;
- clear safeguards;
- reasonable implementation timeframes; and
- consideration of transition costs and operational impacts.

ADF also considers greater clarity is required regarding the threshold for projects being “reasonably capable” of transitioning to new methods.

Administrative Streamlining and Flexibility

ADF broadly supports reforms aimed at reducing administrative burden and improving flexibility within the ACCU Scheme.

Dairy farmers require practical and workable participation pathways that minimise duplication and compliance costs.

ADF supports reforms that:

- improve reporting flexibility;
- reduce duplication between schemes;
- improve project modification arrangements;
- support changing land use over time;
- streamline project transfers; and
- adopt “tell us once” approaches across environmental market frameworks.

Agricultural systems regularly adapt in response to climate variability, seasonal conditions, infrastructure requirements, market pressures and operational needs. Scheme settings must allow projects to evolve over time without creating unnecessary regulatory barriers.

Implementation should also prioritise interoperability between the ACCU Scheme, Nature Repair Market and future environmental market frameworks to reduce duplication and support practical whole-of-farm participation.

Conclusion

Australian Dairy Farmers supports practical reforms that improve confidence and integrity within the ACCU Scheme.

However, reforms must remain grounded in the realities of commercial farming systems and avoid creating additional complexity, uncertainty or barriers for productive agriculture.

Future ACCU settings must support whole-of-farm participation, protect food and fibre production, reduce duplication across environmental markets and maintain investment certainty for agricultural businesses.

Carbon market policy must also appropriately consider impacts on productive land use, regional economies and Australia's long-term food security.

Ongoing engagement with agriculture will be critical to ensuring the ACCU Scheme evolves in a way that is practical, science-based and compatible with productive farming systems.

Australia's emissions reduction framework must maintain a clear balance between environmental outcomes and the ongoing need for domestic food and fibre production, regional economic activity and national food security. Carbon market policy must not create artificial investment incentives at the expense of productive agriculture.

Yours sincerely



Ben Bennett

President

Australian Dairy Farmers