

## SUBMISSION

24<sup>th</sup> February 2023

Climate Disclosure Unit  
Market Conduct Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Via email: [climatereportingconsultation@treasury.gov.au](mailto:climatereportingconsultation@treasury.gov.au)

Dear Sir/Madam

### **Re: Response to Climate Related Financial Disclosure (CRFD) Consultation Paper**

Cattle Australia (CA) is the peak industry organisation representing Australia's grass-fed cattle producers. Established in 1979, CA (formally known as Cattle Council of Australia) brings together all state-based farming organisations representing cattle producers in their jurisdiction, associate member organisations with close connections to the cattle industry, and individual cattle producers. CA provides clear leadership and direction for the grassfed beef cattle industry by developing and driving contemporary policy, guiding research, development and adoption, and marketing investment for the sector, and advocating on matters important to the Australian cattle industry.

CA welcomes the opportunity to provide a submission on the Climate Related Financial Disclosure (CRFD) discussion paper. CA only became aware of this consultation process the day prior to submissions closing and we appreciate the offer of an extension until Friday 24<sup>th</sup> February 2023. CA emphasizes the importance of the Australian beef industry being invited to participate in consultation processes, given our interest in climate policy and the potential flow on impacts of CRFD frameworks on beef producers.

### **Considerations for a CRFD**

The future impact that CRFD may have on Australia's agricultural and food production supply chains needs to be better understood and considered as part of this process. It is unclear, how much of the beef production sector might be impacted directly if CRFD was further imposed on industries in Australia. Even if a staggered approach is taken, focusing on listed entities and large corporations first, certainly some partners higher up the beef supply chain would be impacted, which will have flow-on effects to the beef production sector.

Given the export-oriented nature of the Australian beef industry, CA considers it critical that any reporting burden in terms of costs, time and manual effort needs to be acknowledged, managed, and streamlined so it does not unfairly impact on specific businesses to the point of competitive disadvantage for Australian products.

Government and industry need to work together to ensure the extra work associated with CRFD is minimised for end users, and more importantly, that it truly leads to improved climate outcomes for all. This will help ensure the cost of CRFD reporting can be offset by increased industry resilience, increased profitability, and progress towards climate goals of industries and governments, as well as Australia's international commitments. This must be achieved whilst ensuring Australian industries remain engaged, sustainable, and profitable and can continue competing in global markets.

For these reasons, CA considers it important that any standards setting board or governance mechanism designed to oversee CRFD standards and processes, needs to be independent, and contain the right mix of expertise to ensure that CRFD is implemented fairly and effectively. Given that Australia's agricultural producers manage over half of the landmass in this country, it is reasonable to expect that the agriculture sector should have a seat at this table.

It is important to our producers, that the unique and sustainable nature of beef production systems in Australia is understood and valued in discussions about climate reporting and emissions reduction. Simply imposing standards and frameworks that have been developed overseas will not necessarily lead to the same outcomes under Australian conditions.

### **The Australian beef industry's climate response**

To ensure a profitable and resilient future for the beef industry, CA supports government investment in initiatives that engage producers to access the assistance, technology, and incentives they need to minimise the impact of the cattle industry on the climate and maintain balanced ecosystems. CA supports the ongoing development of accurate, accessible emissions accounting frameworks, and metrics to enable emissions reductions to be accurately measured and demonstrated.

Our beef producers are custodians to almost 80 percent of all agricultural land in this country which is close to 50 percent of Australia's total landmass. This means that the beef industry is uniquely positioned to be part of the solution to Australia's climate challenges.

The beef industry is Australia's largest agricultural industry, with 24.4 million head of cattle at the end of June 2021. The red meat and livestock industry's turnover totalled \$67.7 billion in 2020–21, accounting for approximately 1.7 percent of Australia's total key industry turnover. Beef cattle farming alone had a turnover of \$ 23,191 million<sup>1</sup>.

CA anticipates that the sustainability of food production will continue to be in the spotlight given the growing emphasis on both food security and climate change worldwide. The beef industry's contribution to food security cannot be overstated. Australia was the fourth largest beef and veal exporter in 2021, after Brazil, India, and the United States. Over the past 20 years, global consumption of meat has been increasing at an average rate of 1 percent per year for beef. Through reducing methane emissions and storing carbon, Australia's beef producers can continue to feed the world and play a key role in environmentally sustainable food systems.

With about 75 percent of Australian beef production exported, our industry policy, and national policy must keep pace with that of our global competitors, and the expectations of our customers. To address this need, the Australian red meat industry made a pledge in 2017 to be carbon neutral by 2030 (CN30). This will make red meat the first industry in Australia to reach this goal.

The CN30 Roadmap<sup>2</sup>, developed by Meat and Livestock Australia (MLA) is a science-based plan to reach CN30 without compromising on productivity or livestock numbers. CN30 progress is independently tracked using the National Greenhouse Gas Inventory (NGGI) combined with other data and is reported annually in the Australian Beef Sustainability Framework (ABSF). Since 2005 the beef industry has reduced its net CO<sub>2</sub>e emissions by 58.21%.

MLA has invested \$200 million since 2017 to progress towards CN30 and has plans to invest a further \$150 million in the development and adoption of new technology. Strong partnerships between the industry and government will be critical to ensuring that technology and resources are available to producers so they can understand their emissions account and make the practice changes necessary to achieve CN30.

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<sup>1</sup> State of the Industry Report, 2022, Meat and Livestock Australia, available at: [2879-mla-state-of-industry-report-2022\\_d6\\_low-res\\_spreads.pdf](#)

<sup>2</sup> MLA, 2020, 'Carbon Neutral by 2030 Roadmap', available at: [2689-mla-cn30-roadmap\\_d3.pdf](#)

Australia's beef producers also deserve recognition for the important role they play in caring for Australia's landscapes, managing trees and vegetation, and building healthy soils. The latest Australian Bureau of Statistics data indicates that 7.6 million hectares of cattle producing land – an area larger in size than Ireland – is set aside for conservation or protection purposes, which is significant.

### **Australian Beef Sustainability Framework**

The Australian Beef Sustainability Framework (ABSF)<sup>3</sup> is an industry-led but customer and investor focused framework. It commits industry to a pathway of best practice and track performance through independent evidence against indicators relevant to critical sustainability issues as defined by the four themes of: Best Animal Care; Environmental Stewardship; Economic Resilience; and People and the Community.

The ABSF is informed by regular material assessments, applying the principle of double materiality, in recognising industry impacts and the influence customer and investor decision making and is informed by the Global Reporting Initiative (GRI) sustainability reporting standard. This ensures that industry is supporting best practice in addressing its sustainability impacts and supports equity and equivalency for the Australian context in global reporting.

### **Climate accounting and reporting progress**

Cattle Australia advocates for continuous improvement of emissions accounting and reporting frameworks at both the on-farm level and the National Greenhouse Gas Inventory level as technology and research advances.

There are numerous considerations for formal corporate reporting of climate-related issues for the Australian beef sector. Measuring and accounting for greenhouse gas emissions (GHG) within the sector is not yet widespread practice and technology supporting its measurement is relatively new. This is a rapidly evolving space, with numerous tools on the market. At the same time, beef producers deal with a broad range of conditions that vary considerably across time and across the country.

It is important to highlight that there are current limitations in metrics and reporting, with limitations in data availability and quality, access, equivalency, and automation with methodologies still evolving and being scientifically validated, presenting the risk of inaccurate and counterproductive reporting and disclosures. It is currently difficult and expensive to measure gas emissions (and carbon sequestration) on-farm. For this reason, carbon accounting is done through calculations to produce an estimate of emissions and sequestration. Investment is needed to encourage the ongoing development of these tools, continued development of underpinning datasets to improve accuracy of modelling, as well as to facilitate greater adoption of their use (via agricultural extension).

In the context of CRFD, according to MLA's carbon accounting technical manual<sup>4</sup> (2021), it is important to look holistically at emissions. If you only focus on scope one and two emissions in a livestock enterprise it is difficult or impossible to compare (benchmark) companies accurately, because each may operate in a different part of the supply chain (breeding, growing, finishing). For the same reason, it is problematic and not advised to determine an emission intensity value based only on scope one and two emissions for benchmarking purposes. A carbon footprint requires scope one, two and three emissions to be included. This is required for carbon neutral certification under systems such as the Federal Government's Climate Active program (climateactive.org.au).

MLA's carbon accounting technical manual also indicates that much of the information for carbon reporting may be currently available for producers, but that it needs to be properly identified and collated. The information

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<sup>3</sup> See Australian Beef Sustainability Framework website: <https://www.sustainableaustralianbeef.com.au/>

<sup>4</sup> MLA, 2021, 'Carbon Accounting Technical Manual', available at: [carbon-accounting-technical-manual.pdf \(mla.com.au\)](https://www.mla.com.au/carbon-accounting-technical-manual.pdf)

required to utilise the carbon accounting tool should be available from farm taxation records, or management records. This includes:

- Livestock inventory: births, deaths, purchases, sales, weights and liveweight gain (LWG), weaning rates and reproductive status of animals. This contains the main information used to predict livestock-related emissions, such as enteric methane emissions. This information could exist in livestock reconciliation records for taxation or records in a livestock management program.
- Records of farm inputs: fertilisers, bought animal feed, fuel, electricity and purchases. This information is needed to estimate GHG emissions resulting from goods that you purchase from other companies. This information should be available in your tax records.
- Tree planting including area (hectares), species and planting date (if available).
- General farm information (usually producers can do this from memory).
- Area and age of existing forest and woodland cover or area of regrowth.

Further investment is required to enable greater adoption of carbon accounting in the industry. The beef industry via MLA is currently investing in furthering the industry's understanding of:

- How methane and other GHGs contribute to livestock emissions budgets.
- Implications of GHG emissions reporting approaches to livestock emissions reporting
- Different GHG emission sources and carbon sinks available to livestock industries.

In addition, the industry via MLA is investing in additional resources to enable more producers to more easily calculate and optionally report their performance across a range of sustainability themes, including carbon, biodiversity, tree cover, groundcover, and drought resilience. Some of these resources are available now, with others expected to be released by the end of 2023.

## **In conclusion**

The reporting burden associated with a potential CRFD framework in terms of costs, time and manual effort needs to be acknowledged, managed, and streamlined so it does not unfairly impact on specific industries and businesses to the point of competitive disadvantage. This is particularly important when it comes to our agricultural producers and food supply chains which already experience significant costs pressures and mounting compliance burdens.

CA reiterates that the future impact that CRFD may have on Australia's food producers and supply chains needs to be better understood, which is important when contemplating an application of mandatory reporting on entities. CA urges that any mandatory application of CRFD must be implemented with a reasonable transition period for businesses and relief provisions provided to enable all entities impacted along supply chains the time to build in necessary methodologies, systems and reporting structures for compliance.

If there are any queries about this submission, please do not hesitate to contact our office on [REDACTED] or email [REDACTED]. CA looks forward to being involved in future consultation processes.

Yours sincerely

[REDACTED]

CEO