



CATTLE COUNCIL OF AUSTRALIA

SUBMISSION

14 January 2022

David Byers
Chair, Emissions Reduction Assurance Committee (ERAC)

Via email: ERAC-submissions@cer.gov.au

Dear Chair,

Re: Submission to Beef Cattle Herd Management Method – Crediting period extension review

Cattle Council of Australia (CCA) is the peak industry organisation representing Australia's grassfed cattle producers. Established in 1979, CCA 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.

The grassfed cattle industry is the single largest and most widely dispersed agricultural industry in Australia. Comprising 51,319 businesses¹ and providing custodianship to more than 77 per cent of the total land area used for agricultural production², the industry makes an important contribution to the Australian economy accounting for around 21 per cent of the total gross value of farm production and 22 per cent of the total value of farm export income.

CCA welcomes the opportunity to provide a submission to the Emissions Reduction Assurance Committee (ERAC) to inform its crediting period extension (CPE) review of the Carbon Farming Initiative—Beef Cattle Herd Management Methodology Determination 2015 (the Method) under section 255A of the *Carbon Credits (Carbon Farming Initiative) Act 2011* (CFI Act).

CCA provides this submission without prejudice to any additional submission from our members or individual producers. CCA understands that Paraway Pastoral Company, will be making a submission that will contain specific data and comments based on their experience using the Method and we refer ERAC to their submission for this information.

Background:

CCA recognises that beef producers are in a unique position to be part of the solution to climate change. Our beef producers are custodians to almost 80 per cent of Australia's agricultural land. To ensure a profitable and resilient future for the beef industry, CCA supports investment in initiatives that engage producers to access the support, technology, and incentives they need to minimise the impact of beef production on the climate.

¹ Meat & Livestock Australia, 2021, *State of the Industry Report*.

² Thompson, T & Litchfield, F, 2020, *Australian beef: financial performance of beef farms, 2017–18 to 2019–20*, ABARES, Canberra, September.

The Australian beef industry is committed to becoming carbon neutral by 2030 (CN30) and is playing a lead role in reducing Australia's greenhouse gas accounts. CSIRO research has confirmed the red meat sector has the necessary greenhouse gas mitigation potential³ to achieve this target and Meat & Livestock Australia (MLA) have developed a CN30 Roadmap to get the industry there. Good progress is being made and in 2018 the Australian beef industry recorded a **51.46% reduction** in the carbon footprint of the industry since baseline year, 2005. This was achieved while progressively rebuilding the Australian beef cattle herd.

Every year, MLA invests approximately \$10 million of producer levies and Australian Government matched funding (through MLA Donor Company partnership investment) into development of new technology to reduce and avoid greenhouse gas emissions from red meat production. CCA believes there is significant opportunity for the Emissions Reduction Fund (ERF) to play a greater role in incentivising uptake of this technology as it becomes commercially available.

Submission response:

CCA supports further development of market-based mechanisms and financial incentives to reward beef producers that choose to invest in emissions reduction, conservation, and regeneration activities. CCA emphasises the following objectives that the industry sees as priorities for ERF method development generally:

1. Reducing cost and administrative burden associated with undertaking an ERF project to increase uptake and enable producers to participate directly in ERF projects,
2. Keeping a range of methodology options open and available to producers to enable them to meet their various goals, and
3. Ensuring that new technology can be efficiently incorporated into new or existing ERF methods as it becomes available.

The Beef Herd Method (the Method) has had low uptake across the beef industry since it was introduced in 2015. There are five currently registered projects using the Method and uptake has been dominated by very large corporate producers. Beef cattle being run under a project using this method represent only around 4.5 per cent of the 24.7 million head of cattle in Australia⁴. With growing interest from producers and consumers in reducing the impact of beef production on the climate, CCA considers there is great potential to increase uptake of the Method, by making it viable for small to medium sized producers.

Feedback from participants suggests that several factors prevent the Method from being adopted by small and medium sized beef producers. These include:

- **Annual reporting must occur at regular intervals which can be difficult.** For example, the requirement to muster and weigh cattle at the same time each year is not practical for smaller producers who take a more opportunistic approach to their annual muster to take advantage of weather conditions and staff availability.
- Production efficiency gains and **abatement achieved is low and slow**, and these gains take significant and consistent management inputs to achieve. Larger producers can overcome this hurdle due to economies of scale, but this is more difficult for small and medium sized producers.
- The **seven-year crediting period is too short** to see a return on investment, particularly on activities that drive significant change, such as pasture improvement and genetic improvement.

³ Mayberry, D., Bartlett, H., Moss, J., Wiedemann, S., & Herrero, M. (2018). Greenhouse gas mitigation potential of the Australian red meat production and processing sectors. Meat & Livestock Australia, North Sydney.

⁴ 2020 State of the Industry, MLA

- The Method has **high administration and data requirements that apply to both the application and process and ongoing reporting** requirements. A few larger corporate beef producers have assisted with uptake of the Method by enabling medium sized producers to piggyback off their own larger projects to reduce this burden, however uptake remains low.

CCA considers that if the above issues were improved, uptake and carbon abatement under the Method would increase significantly and this would help drive adoption of research outcomes.

On the question of ‘**additionality**’ under the Method - carbon farming consultants, and users of the Method say that the Method provides the discipline and the additional incentive required for liveweight gains across the herd to occur, that are additional to what would ordinarily occur. It does this by facilitating consistent, accurate and detailed monitoring of the herd and subsequent discipline of management actions.

The **value of the Method** is in this intensive style of management that it incentivises, which enables productivity gains to occur where they would ordinarily be difficult to achieve for example in low rainfall areas and rangeland systems. The Method has potential to generate data of significance on rangeland livestock management that could be of research value which may lead to further efficiencies in livestock management and additional abatement.

The Method also offers the northern beef industry in particular, an avenue to participate in the ERF that they may not otherwise have had. CCA’s northern members have reported **difficulty accessing other ERF Methods** for various reasons. For example, the Savannah Fire Management Method has complex land tenure issues that add prohibitive cost and burden to the application process. The Soil Carbon Method is generally not accessible to northern producers due to the nature of the soil and conditions in the north. There is also flexibility in the Beef Herd Method that comes from it being attached to the herd itself rather than to a specific parcel of land.

CCA understands there is potential for the Beef Herd Method to be absorbed into the proposed **Active Land Management & Agricultural Production Method (AL-MAP)**. CCA supports that the AL-MAP is now on the Australian Government’s priority list for method development in 2022. Incorporating the ‘activities’ listed under the Beef Herd Method into the list of activities allowed under an AL-MAP is another way to increase uptake of these activities in beef herds and increase carbon abatement. CCA notes alongside this approach, it would be important to consider the costs and benefits of also retaining the Beef Herd Method as a separate method, to keep options open for producers not wanting to take on a broader AL-MAP project.

CCA considers allowing producers the option to **extend the crediting period for a project under the Method beyond 7 years**, would make the Method attractive to more producers. The current 7-year period is not long enough for producers to make the necessary productivity gains to earn enough credits for a project to be profitable. For example, it could take more than 5 years of hard work on genetics before producers begin to see productivity increases. Extending the crediting period would also enable capital expenditure on equipment such as livestock scales, genetics, and data management systems to be depreciated over a longer time. A longer crediting period may also make it more attractive for corporate producers already using the Method to invest in innovations such as software developed to make data collection and reporting under the Method more efficient.

CCA recommends **allowing producers the option to extend the crediting period out to 25 years** in line with other ERF methods like the soil carbon method. CCA understands that the **Source Separated Organic Waste Method⁵**, has provisions that account for business-as-usual improvement on a whole of industry baseline. This could be adapted to extend the crediting period under the Beef Herd Method as much as possible

⁵ Carbon Credits (Carbon Farming Initiative—Source Separated Organic Waste) Methodology Determination 2016, Section 48.

whilst ensuring ‘additionality’ requirements are met. Section 48 of the Source Separated Organic Waste Method incorporates an improvement factor and then applies it to the crediting period in line with that factor. Under the Beef Herd Method, a similar equation could be adopted to benchmark additional liveweight gains achieved under a project over time, against the autonomous rate of liveweight gain across the industry.

To expand the scope of the Method even further, CCA notes that a range of **innovations are in the pipeline that could be included as ‘activities’ under the Method** where this makes sense. ***Australia’s Long Term Emissions Reduction Plan***⁶ includes a focus on identifying technological solutions for reducing methane emissions from livestock. Promising technologies listed in the Government’s Plan released in late 2022 include: feed supplements such as red algae, chemical inhibitors and tannins, alternative forage feeds, and genetic selection and breeding for low methane traits. In addition, other environmental stewardship activities have herd productivity as a co-benefit and could be included in this Method to broaden its scope. For example, monitoring and building soil carbon may lead to increases in herd productivity above what would ordinarily occur.

Concluding comments:

CCA emphasises that there is value in continuing to improve the accessibility and feasibility of the Beef Herd Method, to make it accessible to a wider range of beef producers including small and medium sized producers. To increase uptake of the Method, CCA recommends allowing producers the option to **extend the crediting period beyond 7 years**, and out to 25 years in line with other ERF Methods. CCA considers this is likely to result in production and economic efficiencies that would increase uptake of the Method and result in abatement that would be unlikely to occur in the ordinary course of events.

CCA looks forward to further consultation with ERAC on this important process. If there are any queries about this submission, please do not hesitate to contact our office on 1300 653 038 or email cca@cattlecouncil.com.au.

Yours sincerely

Travis Tobin
Chief Executive Officer

⁶ Australia’s whole-of-economy Long-Term Emissions Reduction Plan, 2020, Australian Government Department of Industry, Science, Energy and Resources.