

11 April 2025

Emissions Reduction Assurance Committee  
Department of Climate Change, Energy, the Environment and Water  
GPO Box 3090  
CANBERRA ACT 2601

Via email: [ACCUSecretariat@dcceew.gov.au](mailto:ACCUSecretariat@dcceew.gov.au)

Dear Committee,

## **Re. Periodic review of the Soil Organic Carbon Method 2021**

Sheep Producers Australia (SPA) welcomes the opportunity to provide a submission to the periodic review of the *Carbon Credits (Carbon Farming Initiative – Estimation of Soil Organic Carbon Sequestration using Measurement and Models) Methodology Determination 2021* – the Soil Organic Carbon Method 2021.

Sheep Producers Australia is the national peak body representing Australia's 20,000 sheepmeat producers. This representation is across a range of issues, including animal health and welfare, biosecurity, natural resource management, emergency animal disease outbreak preparedness, market access and assurance and industry development. Our purpose is to provide strategic leadership for Australia's sheep industry, supporting a productive, profitable and sustainable future.

Australia's sheep meat industry recognises its responsibility to address greenhouse gas emissions in the sector, while building long term productivity and climate resilience. The Australian Carbon Credit Unit (ACCU) Scheme, and the associated Soil Organic Carbon (SOC) Method 2021 is an important mechanism for incentivising and rewarding improved land management, for enabling the agriculture sector to contribute to Australia's climate and sustainability goals and to participate in the growing carbon market.

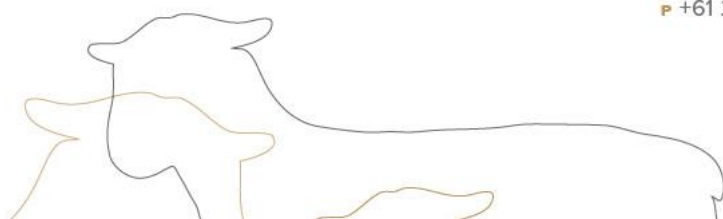
### **Regulatory certainty is critical**

The review of the SOC Method is welcomed by SPA as a timely opportunity to enhance the integrity of the method, account for advances in technology and knowledge that underpin both the sequestration and the measurement of SOC, and to consider how to reduce barriers to entry for new participants in the carbon market, particularly smaller producers for whom the compliance costs may be prohibitive. This review should build confidence in the SOC Method and the broader ACCU Scheme.

☎ +61 2 6103 0838 ✉ [admin@sheepproducers.com.au](mailto:admin@sheepproducers.com.au)  
PO Box 4225 Manuka ACT 2603

[sheepproducers.com.au](http://sheepproducers.com.au)

ABN 21 256 252 885



The abrupt suspension of the Beef Herd Method in December 2024, following an equivalent review process overseen by the ERAC, has created substantial uncertainty for existing and potential participants in the ACCU Scheme, and has sown distrust in the Australian Government's regulatory oversight. Development, registration and delivery of new projects can require substantial lead time and investment in innovation and practice change by proponents. Without confidence that the architecture of the ACCU Scheme will remain constant (albeit subject to important refinements), proponents will be discouraged from participating, and emissions reduction will be slowed.

The removal of the Beef Herd Method contradicts government efforts and rhetoric to encourage innovation and broad participation in projects that improve the carbon performance of the agricultural sector. SPA seeks assurance that the SOC Method review will not lead to a similar suspension of the method, but instead support its refinement and evolution, encourage participation, drive innovation and provide regulatory certainty for existing and prospective project participants.

### **Narrowed scope of the IFLM method is disappointing**

The consultation paper released for the SOC Method review advises that feedback provided on the SOC Method 2021 review will inform the development of the proposed Integrated Farm and Land Management (IFLM) Method. Sheep producers and many in the broader agricultural sector have been anticipating the release of the IFLM Method, which was intended to promote the uptake of multiple carbon abatement activities at a single property and streamline participation in the ACCU Scheme. The March 2025 update on the IFLM Method development was disappointing, revealing that the proposed scope has been narrowed to include only soil carbon and regeneration – excluding important opportunities for other activities such as livestock related emissions reduction.

The livestock sector requires a suite of ACCU Scheme methods that better encompass landholder requirements to increase carbon removals, while maintaining productive grazing enterprises. SPA believes the narrowing of the IFLM Method scope is a missed opportunity to incentivise and recognise a range of on-farm emissions reduction and avoidance activities, including those associated with livestock management.

### **Integrity of the SOC Method can be strengthened**

Providing certainty for producers is critical to encourage participation in the ACCU Scheme and to drive emissions reduction through the adoption of sustainable farming practices. Stakeholders need assurance that the SOC Method is credible and supported by government and need to have confidence in the integrity of the ACCU Scheme.

SPA understands one of the reasons behind the Committee's decision to recommend suspension of the Beef Herd Method was the possibility that seasonal variation rather than management was behind improved carbon performance over the measurement period. It has also been posited that soil carbon sequestration reported under the SOC Method may be attributable to above average rainfall during the measurement period, rather than project interventions<sup>1</sup>. Rather than suspend the SOC Method,

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<sup>1</sup> Mitchell E, *et al* (2024). Making soil carbon credits work for climate change mitigation. Carbon Management, 15:1 2430780. <https://doi.org/10.1080/17583004.2024.2430780>

consideration must be given to how the Method can be refined to account for short-term, climate-driven carbon gains or losses, while recognising long-term SOC sequestration achieved through eligible management interventions.

Rainfall and temperature are primary drivers of SOC storage and loss. Australia's climate is highly variable – and becoming more so. The SOC Method must ensure that climatic variability is adequately accounted for in the estimation of SOC gains, to ensure that the impacts of management practices are recognised, and credits are issued on genuine long-term carbon gains. Extending the minimum measurement period to five years and establishing science-based 'reasonable bounds' for expected long-term SOC gains from management interventions, as recommended by Mitchell *et al.* in the 2024 research paper assessing SOC changes reported under ACCU projects, would be supported by SPA. Building a high-resolution national picture of soil carbon change across agroecological regions will allow sense-checking of SOC gains made through the ACCU Scheme and – perhaps more critically, drive innovation and adoption of region and industry specific management strategies to optimise SOC.

The consultation paper seeks feedback on the possible use of paired control sites to account for climatic variation. SPA's view is that paired control sites for every project Carbon Estimation Area would be prohibitively expensive and challenging to implement in a practical way, particularly for smaller producers. Such a requirement would place an additional burden on project proponents and could act as a disincentive to participation. The proposed national soil carbon monitoring network (described above) would be a preferable approach – providing independence, transparency, and a dataset that can be used to drive further innovation in soil carbon management.

### **Reduction in measurement costs should be a priority**

The costs of soil sampling for projects under the SOC Method has been identified as a key barrier to participation. Measurement of SOC at a paddock scale is expensive, and when combined with often significant costs of implementing a project activity, can outweigh (or be perceived as outweighing) the potential returns of a project through ACCUs. SPA encourages the Committee to consider mechanisms to reduce measurement costs, particularly the costs of baseline SOC measurement. Over the longer term, this should include ongoing investment in research and development for innovative, low-cost, accurate technologies and methods to measure SOC across landscapes and time periods.

The advance payment of up to \$5,000 to assist with upfront costs of soil sampling for eligible projects is a welcome initiative, but the requirement for projects to deliver ACCUs within five years to pay back the advance payment may deter producers who are already uncertain about registering a project, and should be reconsidered. The public benefits that accrue from SOC gains make a strong case for government to incentivise activities that build SOC, and include not just emissions reduction, but improved soil health, water quality, biodiversity and drought resilience.

Given the costs and complexities associated with SOC measurement and the role of climatic fluctuations in SOC status over the project period, consideration should also be given to the possibility of a practice-based payment. Approved activities under the SOC Method are known to reduce carbon loss and drive carbon sequestration, and consistent adoption of these activities is simpler and cheaper to monitor and audit than the associated SOC status.

**Method design should encourage participation**

The integrity of the SOC Method is critical to the success of the ACCU Scheme, but a balance must be struck between scientific rigour and useability. Method complexity and the costs of compliance can discourage participation by eligible producers. By providing a financial incentive for landholders (through the potential sale of ACCUs) the Scheme has potential to drive uptake of sustainable farming practices at a large scale. This has myriad potential benefits not only for emissions reduction, but for environmental health and farm productivity. Reforms such as the simplification of requirements relating to the preparation of a land management strategy for each project have helped to address the complexity of compliance, but it remains a significant barrier.

SPA is a member of the National Farmers' Federation (NFF), and we offer our support for the submission provided by the NFF to this consultation process. In particular, we draw the Committee's attention to the NFF's support for using an evidence-based process to regularly review and expand the list of eligible management activities to include emerging and innovative approaches that reflect contemporary on-farm practice, including improved grazing practices.

Should you wish to discuss this submission further, please do not hesitate to contact me at [ceo@sheepproducers.com.au](mailto:ceo@sheepproducers.com.au).

Yours sincerely,



Bonnie Skinner  
CEO  
Sheep Producers Australia