

21 May 2024

Outreach and Engagement Team
Strategy Branch
Climate Change Authority
GPO Box 2013
Canberra Act 2601

Dear Outreach and Engagement Team

RE: Issues Paper on Targets, Pathways and Progress

Sheep Producers Australia welcomes the opportunity to offer feedback on the Climate Change Authority's Issues paper on 'Targets, Pathways and Progress'. Sheep Producers Australia is the collective national voice on issues affecting Australian sheep production, representing the interests of close to 20,000 sheep farming businesses. Our purpose is to provide strategic leadership for Australia's sheep industry, working to enhance the productivity, profitability and sustainability of the sheep and lamb industry.

The Australian sheep industry is committed to positive environmental outcomes, including reducing greenhouse gas emissions. In meeting this goal, our industry recognises the need for a collaborative and coordinated approach with government, our broader supply chain and the regional communities where our producers live and work.

Our submission supports Minister Watt's statement during the February Senate estimates that the Commonwealth government is not proposing to introduce an emissions reduction target specifically for the ag sector. This is important because of the great diversity of Australia's sheep industry – operating as producers and land managers in arid and wet temperate to subtropical climates, and on a very large to very small scale. This means that it is difficult to envisage arrangements that could be implemented for all or even most producers regardless of how well intentioned and designed those arrangements might be.

Recognition of this diversity will be vital in enabling the Authority to provide effective advice on the Issues Paper's objectives of:

the social, employment and economic benefits of any new or adjusted greenhouse gas emissions reduction targets and associated policies, including for rural and regional Australia;

the physical impacts of climate change on Australia, including on rural and regional Australia.

We commend the submissions of the National Farmer's Federation and the Red Meat Advisory Council on this Issues Paper to you as they both also reflect the views of Sheep Producers Australia. Also, we refer you to our January submission (<https://www.sheepproducers.com.au/2024submissions>) to the

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Department of Agriculture, Fisheries and Forestry (DAFF) discussion paper on development of an Agriculture and Land Sectoral Plan. This submission was informed by 8 principles, attached here as **Appendix 1**, which should underpin any future sectoral pathways for Land and Agriculture being contemplated by the Authority.

In addition, Sheep Producers Australia highlights the following real-life complexities associated with calculating emissions in the agriculture sector including:

- Emissions are highly influenced by cyclical weather patterns including drought, resulting in difficulties establishing the “right” baseline year and ensuring fair comparison over time. Multi-year averaging would be required, which is a further complication.
- Agriculture is dominated by smaller businesses and relatively higher emission profiles than other sectors. Even thresholds of 100,000 t CO₂-e would capture some larger family businesses, resulting in disproportionately high regulatory burdens.
- Agricultural emission estimation is still in flux. Until there is certainty across the emissions profile, it isn’t possible to report accurately.
- Agriculture has the capacity for removals, not only emissions. However, there is no realistic framework for accounting removals today other than ACCU scheme methods, which are extremely expensive to generate and piecemeal, covering only some parts of a farming business. Until Government provides a fair and manageable approach to removals accounting, it would be unreasonable to expect businesses to report emissions which could result in regulatory burdens in the future.

These complexities could in part be addressed by Government providing more options for accounting for the full spectrum of on-farm emissions and removals, including new approaches to modelling the projected impacts of interventions to assist sheep producers make more informed decisions about their land and stock management options.

It is unrealistic to think that industry can undertake this level of change management without increased investment and support from Government. While industry-led capability building has proven the most impactful, there is also a clear need for this change to be underpinned by increased coordination and collaboration with governments, across the supply chain, and with other agriculture sectors to ensure broad based adoption.

We would welcome further opportunities for engagement with the Authority, especially on addressing the uncertainties listed above. We are currently working towards building an effective Climate Smart Work Plan for Sheep Producers Australia and early engagement with the Authority would be particularly timely.

Should you wish to discuss this submission further please do not hesitate to contact me at ceo@sheepproducers.com.au.

Yours sincerely,



Bonnie Skinner
Chief Executive Officer
Sheep Producers Australia

Appendix 1. Principles to guide consideration of Agriculture's role in emissions reduction

Principle 1: A formalised consultation mechanism be established between industry and government to co-design a clearly defined, efficient and least cost pathway for the sector which will allow producers to practically adjust their farming systems within realistic timeframes and minimise the risk of disrupting vulnerable rural communities.

Principle 2: The Australian sheep industry is an important part of Australia's rural economies and is comprised of highly diverse production systems and scales of production that necessitates rigorous ground truthing of policy design and efficacy to safeguard the industry, rural economies and communities.

Principle 3: Adjusting sheep production businesses to reduce emissions will be difficult without substantial investment to support producers with a suite of education, tools and access to consistent methodologies that allow them to determine their emissions profile and meet reporting requirements for carbon incentive programs easily and consistently. Government must play a role in providing confidence to this growing market through an accessible verification or quality assurance process.

Principle 4: A common approach for GHG accounting across agricultural sectors is essential to enhance consistency, transparency and confidence in sector-level GHG reporting.

Principle 5: To align with the Paris Agreement, methane emissions do not need to be reduced to zero, therefore future emission reduction targets related to the sheep industry need to reflect a different emission reduction pathway, and a non-zero methane end-point at 2050.

Principle 6: Emissions reduction from enteric methane in the sheep industry will not be achieved without technological breakthroughs and significantly increased investment, however this requires realistic timeframes for development, commercialisation and adoption.

Principle 7: Additionally, producers require suitable incentives to support emission reduction practices while maintaining business sustainability, currently there are limited incentives available to producers, which are often complex, poorly understood and potentially unviable.

Principle 8: Agriculture requires a suite of ACCU scheme methods that better manage landholder requirements to increase carbon removals while maintaining productive grazing enterprises. Clarification of the business carbon liabilities is essential to ensure sheep producers do not sell assets they may require in the future for market access, or access to finance.

