



**Australian Pork
Limited**



ABN 83 092 783 278

www.australianpork.com.au

21 July 2023

Climate Disclosure Unit
Market Conduct Division
The Treasury Langton Crescent
PARKES ACT 2600
Submitted via email: climatereportingconsultation@treasury.gov.au

To whom it may concern,

Re: Australian Pork Limited (APL) response to *Climate-reporting financial disclosure Consultation Paper*.

On behalf of the Australian pork industry, we would like to thank you for the opportunity to provide a response to your consultation paper.

Given the complexity and impact of the proposed reporting requirements on our larger pork businesses, in addition to providing a response to your consultation paper (Appendix A) APL would welcome the opportunity to facilitate a consultative briefing with our Group 2 and Group 3 businesses.

About APL

APL is the peak national representative body for Australian pork producers. It is a producer-owned company combining marketing, export development, research and innovation and strategic policy development to assist in securing a profitable and sustainable future for the Australian pork industry.

APL is:

- The peak body leading the pork industry's Sustainability Framework implementation;
- The pork Research, Development and Extension organisation leading climate research and extension in partnership with the Australian government and the research community;
- Part of the sector-wide collaborative effort to develop Australian Agricultural Sustainability Framework, coordinated by the National Farmers' Federation on behalf of the Federal Department of Agriculture, and
- The industry signatory to the Emergency Animal Disease Response Deed along with Australian, State and Territory governments.



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The Australian pork industry is a national industry with a broad range of production systems employed. We represent a range of pig producers, from very small up to very large vertically integrated businesses. These large businesses are most likely to meet your "Group 2 or Group 3" reporting entities definitions.

As outlined in our submission into your initial consultation (February 2023), as both RDC and Peak body for the Australian Pork industry, we have identified a range of concerns and questions. APL would welcome the opportunity to provide practical advice and exchange knowledge.

The existing regulatory and supply chain oversight of Australian pork businesses is complex and extends to both State and Federal jurisdictions. APL can assist you to communicate with those businesses within our industry who will be expected to meet the mandatory disclosure requirements.

In addition, we would appreciate if you could please add us to your distribution list for notifications regarding the release of the exposure draft and further consultation activities.

To arrange a time for APL to support the provision of a more detailed briefing and discussion with our larger businesses, please contact the APL General Manager of Policy and Industry Relations, [REDACTED]

Yours sincerely,

[REDACTED]

[REDACTED]

Chief Executive Officer

Appendix A

APL response to the Consultation Paper

While APL understands and supports the action being taken, large businesses within the Australian Pork industry face a number of barriers to meeting the reporting expectations. There is an opportunity for the Department of Treasury and Finance to more closely work with APL and other rural RDCs to provide support and expertise.

Your proposal: *Disclosure of material Scope 3 emissions would be required for all reporting entities from their second reporting year onwards. Scope 3 emissions disclosures made could be in relation to any one-year period that ended up to 12 months prior to the current reporting period.*

APL recommendation for consideration: **That the Department of Treasury and Finance work more closely with the agricultural sector and rural RDCs, to share information regarding the practicalities of the Scope 3 reporting proposals.**

Further consideration would need to be given as to how the input supply chain and then post farm gate product Scope 3 emissions could be reported. The developing international guidance on this area would also need to be considered.

Your proposal: *From commencement, reporting entities would be required to use qualitative scenario analysis to inform their disclosures, moving to quantitative scenario analysis by end state.*

APL recommendation for consideration: **That the Department of Treasury and Finance work more closely with the agricultural sector and rural RDCs, to share information regarding the practicalities of the reporting proposals.**

There is no one size fits all mechanism to report on climate actions within Australian farms or across agricultural sectors. Each agricultural sector is at a different point within their progress towards industry agreed sustainability frameworks. Benchmarking activities, baseline data and reporting metrics are still being developed and field tested for on-farm practicality and achievability.

This will not be a pure accounting exercise. There will be consideration of science, some of which is not yet commercially available, which goes into the estimation and measurement of climate related financial disclosures. While mechanisms are being developed there is not yet a way to undertake quantitative scenario analysis.

Know & Show Your Carbon Footprint is an Agriculture Innovation Australia Ltd (AIA) initiative championed by GRDC. It involves the development of an easy to access, cross-commodity digital platform that will help growers to have a better understanding of baseline carbon emissions and residual footprint for their entire enterprise. Twelve RDCs are participating in the Discovery Phase of this initiative. The agricultural sector is investing heavily in developing measurement mechanisms however, there is a lot of research still to do to be able to undertake any form of quantitative analysis.

Your proposal: *From commencement, entities would be required to disclose information about material climate-related risks and opportunities to their business, as well as how the entity identifies, assesses and manages risk and opportunities. In addition to risks and opportunities themselves, entities would be required to disclose information about where risks and opportunities are concentrated in the entity's supply chain, the anticipated time horizon and metrics that help investors understand the scale and impact of risks and opportunities.*

APL recommendation for consideration: That consideration be given to allowing agricultural industries to first develop industry wide reporting on climate related risks and opportunities.

The Pork Industry Sustainability Framework (2021) set goals, targets, and measures to demonstrate the industry's commitments.

These commitments aim to reflect the community's concerns to improve social licence. The Framework will be reported on and updated and will track the industry's ongoing sustainability achievements/progress.

The Sustainability Framework is built around four priority pillars:

People – Producing our products in a way that supports both our industry's people and our local communities.

Pigs - A world leader in animal welfare and health.

Planet - A world leader in environmental best practice.

Prosperity - A revolutionary contributor to Australia's economy and those who work within the sector.

Our framework is aligned to the UN Sustainable Development Goals (SDGs) and we see a really strong opportunity for pork to assist in meeting these – particularly goal 12 (responsible consumption and production). The Australian pork industry has the potential to be a key domestic provider of safe, affordable, sustainable low emissions protein.

The APL Sustainability Framework was established to support the pork industry to adapt and mitigate the impacts of climate change, support activities being undertaken to mitigate the current labour shortages, reinforce the importance of animal welfare and biosecurity and support the pork industry's ability to thrive.

In the planet pillar we have three focus areas:

1. Carbon cycling and nutrient accounting.
2. Farm biodiversity and natural resource stewardship.
3. Closing the loop to reduce waste.

Pork is already a low emissions protein emitting 3.3kg of greenhouse gas emission per kilo of liveweight produced, second only behind chicken meat. The industry is making further gains through strong investment in decarbonisation such as through renewable energy technologies and better use of waste.

The pork industry has been actively mitigating climate change risks for decades (a 69% reduction in emissions to date) and must be provided with opportunities to demonstrate the contribution they can make to meeting national climate change targets.

Climate change is expected to impact the pork industry in a number of ways:

- Increased biosecurity threats: Animal health specialists are predicting that increased temperatures due to climate change, combined with biodiversity and species migratory changes, will lead to an increased risk of zoonotic diseases. The pork industry has responded to a range of animal disease threats (Swine influenza 2009, Japanese encephalitis virus 2022) while keeping a watchful eye on the potential threats from key exotic diseases such as Foot and mouth disease and African swine fever.
- Availability of stock feed: The grains industry will be particularly susceptible to the impacts of climate change. The quality and quantity of Australian grain produced and available as stock feed is expected to be impacted by:
 - Changes to the length of growing seasons impacting the varieties able to be successfully grown,
 - Erratic weather impacting the sowing or harvest periods,
 - Weather damage reducing the quality of the grain,
 - Greater potential for flood or heavy rainfall events to cause soil and crop damage, and
 - Increased frequency of droughts or below average rainfall.

Your proposal: *From commencement, transition plans would need to be disclosed, including information about offsets, target setting and mitigation strategies.*

APL recommendation for consideration: **That consideration be given to understanding the current regulatory barriers and providing national leadership for greater regulatory harmonisation to support producers to invest in long-term capital infrastructure which will deliver environmental and climate change adaption and mitigation benefits.**

As an agricultural industry, the pork industry is helping to drive emissions reductions in food production. While the transition is a challenge due to the technical complex nature of the science, the pork industry is resilient and has been investing in improvements to their processes that benefit both production and the environment over the last 40 years.

The key challenge for industry is to continue this approach as we get to the harder incremental stage of shifting to a low emissions protein where the improvements, we make are providing increasingly small emissions reduction “returns”. It is pivotal for the pork industry, and other agricultural industries, to be supported in this transition through clear long-term direction from the government. A stable operating environment, coupled with clear information, advice and research support would help the industry to continue to decarbonise.

The pork industry through our sustainability framework¹ have committed to being a low emissions protein by 2030. We are currently tracking well, with an average emissions intensity of 3.3 kg CO₂-e per kilo of liveweight in 2020, which has decreased by 69% (from 10.6 kg CO₂-e per kilo of liveweight) since 1980. We acknowledge there is more to do, both in further reducing intensity of emissions and overall emissions.

Industry research is also investigating opportunities to reduce waste by maximising the value of non-edible food and agricultural waste as pig food or feedstock to optimise performance of digesters. Ongoing water reduction has also been prioritised, with industry achieving an 80 per cent reduction in usage over the past three decades.

We have also extended investment to include dedicated resources to drive adoption of emissions reduction technologies which has seen good engagement and interest from farmers.

APL were working with 50 of our member producers across Australia to investigate the feasibility of anaerobic digestion of piggery manure either through digestion in covered anaerobic lagoons or in manufactured digester tanks. This has now progressed to detailed feasibility studies being prepared for 11 producers.

We are aiming for an increased adoption of anaerobic digestion by industry which in turn will deliver significant emissions reductions for the pork industry. It is not considered ‘new or innovative’, it is however proven technology which is a substantial opportunity for growth and therefore delivers the benefits of long-term emissions reduction.

The industry is guided by our Strategic Plan 2020-2025, with key targets aimed at ensuring pork is a low emissions protein, specifically 60 per cent of production using waste recycling and renewable energy technology. Our industry remains committed to further improving our already strong environmental credentials, maintaining our focus on carbon abatement strategies and technologies, along with circular economy approaches to waste reduction and energy production.

Australian pig producers were among the earliest participants in Australian government agriculture emissions reduction initiatives. APL continues to work closely with the Clean Energy Regulator at a Commonwealth level, along with jurisdictional regulators, to ensure policy settings and programs are aligned, and regulation is outcomes and risk based, responsive and proportionate. Getting these settings right is critical for ensuring our producers continue to play a key role in delivering environmentally sustainable protein to Australians every day.