Submission Template

Emissions Reduction Fund draft determination

Carbon Credits (Carbon Farming Initiative—Beef Cattle Herd Management) Methodology Determination 2014

Overview
This submission template should be used to provide comments on a draft Emissions Reduction Fund determination

Contact Details

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<th>Indigenous Land Corporation</th>
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<td>Date:</td>
<td>7 January 2015</td>
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Confidentiality

All submissions will be treated as public documents, unless the author of the submission has requested that the submission not be published on the grounds that its publication could reasonably be expected to substantially prejudice the commercial interests of the author or another person. Public submissions will be published in full on the Department of the Environment’s website, including any personal information of authors and/or other third parties contained in the submission. Confidential submissions will not be published but will be provided to the:

- Department of the Environment;
- Emissions Reduction Assurance Committee; and
- Clean Energy Regulator.

If any part of the submission should be treated as confidential then please provide two versions of the submission, one with the confidential information removed for publication.

A request made under the Freedom of Information Act 1982 for access to a submission marked confidential will be determined in accordance with that Act.

Do you want this submission to be treated as confidential?  [ ] Yes  [ ] No

Submission Instructions

Submissions should be made by close of business on the day the public consultation period closes for the determination. This date will be specified on the website. The Department reserves the right not to consider late submissions.

Where possible, submissions should be lodged electronically, preferably in Microsoft Word or other text based formats, via the email address – EmissionsReductionSubmissions@environment.gov.au

Submissions may alternatively be sent to the postal address below to arrive by the due date.

ERF Governance, ERF Division
Department of the Environment
GPO Box 787
CANBERRA ACT 2601
**Name of draft determination:** Carbon Credits (Beef Cattle Herd Management) Methodology Determination 2014

**General/overall comments**

The Indigenous Land Corporation (ILC) is an independent Commonwealth corporate entity established in 1995 to assist Indigenous people to acquire and manage land to achieve economic, environmental, social and cultural benefits. The ILC is interested in the opportunities available to Indigenous landholders through CFI projects, including the potential to generate income through the sale of carbon credits, create sustainable jobs and protect important environmental and cultural values. The ILC is keen to support the development of scientifically robust, appropriate and fair approaches to greenhouse gas abatement, particularly methods relevant to Indigenous-held land.

The ILC support sustainable land management practices that deliver benefits to Indigenous people, including access to country, training, employment and revenue generation. The ILC implemented the first successful Early Dry Season Savanna Burning CFI project through the Fish River Fire Project, and is supporting the development of further land sector methodologies for emissions abatement and biosequestration through Savanna Fire Management. The ILC runs the 12th largest cattle herd in Australia and is keen to engage in initiatives that sustainably increase productivity, profitability and that provide income diversification opportunities on Indigenous held pastoral properties.

The ILC welcomes the presentation of the draft determination, providing an opportunity for generating carbon credits in areas not covered by other methodologies and on marginal land requiring diversification options to ensure financial viability. The ILC also notes that eligible project activities are likely to increase the efficiency of participating cattle operations, and may improve land condition.

However the ILC notes that:

a) The unfortunate timing of the consultation period is likely to have excluded participation of some producers, given it occurred during the end of year break, which overlaps the wet season shut down of many northern pastoral properties.

b) The draft determination is unclear in a number of areas, and would benefit from the addition of practical examples. The material also appears to require significant further testing and development in both technical and practical areas. The ILC would be happy to consider contributing to the further development of this methodology through implementation trials, testing assumptions in the Herd Management Calculator and sharing information to benefit Indigenous land holders, as appropriate.

The ILC’s comments on the draft methodology can be summarised into four main areas:

1. The capacity of Indigenous pastoral operations to provide independently verifiable data to demonstrate baseline herd details and the implementation of project activities.

2. With respect to other CFI methodologies that might apply to the same property:

   2.1. Comparable elements of other CFI methodologies should be synchronised to rationalise project administration costs, data collection and facilitate method stacking. This could include the Emissions Abatement through Savanna Fire Management (emissions avoidance), Biosequestration in high rainfall areas through Savanna Fire Management, Reducing

2.2. The determination could include relevant related project activities. For example, the calculations developed for the ‘Reducing Greenhouse Gas Emissions in Beef Cattle Through Feeding Nitrate Containing Supplements’ could be incorporated into the Herd management calculator, so it can be included as a project activity in the Herd Management methodology.

3. The implementation of project activities may require gradual development and in-house trialling and assessment of performance before any commitments can be made (such as a prospective abatement bid into the ERF). The methodology should allow for transition years between baseline emissions being verified and accepted and the commencement of a project, as exists under the Reduction of Greenhouse Gas Emissions through Early Dry Season Savanna Burning—1.1 methodology.

4. As part of common business practices, cattle bred on one property are often finished for slaughter or live export on a second property operated by the same business. It is not clear whether this is admissible in the draft methodology. The ILC considers it essential that these practices are accommodated in the methodology.

Do you consider that this determination may have any adverse environmental, economic or social impacts? What existing frameworks are in place to address any adverse impacts?

Small operations, operations recently commenced and recently acquired properties may have limited capacity to provide the required information to generate baseline stocking data. These operations would therefore be excluded from participation and the associated income diversification opportunity unless alternative mechanisms to support the establishment of baselines can be provided.

One suggestion to address this is to consider providing for alternative means of generating a conservative stocking baseline. For example, using a portfolio of evidence of herd size and classes that might include independent expert property survey, considering land condition and carrying capacity, herd size projections based on sales and environmental data, and the use of reference areas considered to be in similar condition with a similar sales history.
### Specific comments – please insert your specific comments below, listed against the part of the draft determination to which they apply

<table>
<thead>
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<th>Determination reference:</th>
<th>Comments</th>
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| Part 1, Section 6        | The records required within the emissions intensity reference period are:  
  a) the number of animals in each livestock class;  
  b) the liveweight of animals that left the herd in each livestock class for live export or slaughter; and  
  c) the number of animals that left the herd in each livestock class for a purpose other than live export or slaughter.  
  One copy of these records must have been created by the project proponent, and the other copy of each by a person who is not the proponent or delegate of the proponent (hereafter referred to as the 3rd party).  
  In relation to these required records:  
  a) The number of animals in each livestock class is normally recorded by cattle producers/project proponents. However, it is not normal for a 3rd party to also create these records. Additionally, to host a 3rd party over the entire six month mustering period in Northern Australia to obtain an independent record would be prohibitively expensive. Reference to ATO returns may be a reasonable alternative approach to 3rd party verification of cattle producers/project proponent records, during the emissions intensity reference period or thereafter. However these records may provide limited detail.  
  b) Live export. It is not standard practice for cattle producers/project proponents to weigh all cattle destined for live export as these are weighed (usually at an export depot) prior to loading onto ship, and payment is based on these ‘point of sale’ weights. Although cattle producers could change their practice in future to weigh all cattle prior to trucking (at some cost), it is unlikely that many will have these records for the emissions intensity reference period.  
  It is suggested that liveweights created at point of sale (and obviously agreed to by vendor [cattle producer/project proponent] and purchaser [3rd party]) are considered adequate records for live export cattle for the emissions intensity reference period and thereafter.  
  Slaughter cattle. Many cattle producers would not normally weigh cattle prior to transport to a meatworks. Sale prices are generally determined at the meatworks on the basis of either liveweight or hot standard carcass weight (HSCW, being the weight of saleable carcass following initial abattoir processing). These records are created by the meatworks. There is no other party likely to have weight records for these animals during the emissions intensity reference period.  
  Although there is a linear relationship between HSCW and liveweight, this varies with a range of factors including age, sex, breed, frame score, fatness, muscularity etc. A beef specification tool is available from Meat and Livestock Australia (MLA) to calculate one from the other, accounting for the range of variables. |
It is suggested that either liveweight or HSCW records created at point of sale (and obviously agreed to by vendor [cattle producer/project proponent] and purchaser [3rd party]) are considered adequate records for slaughter cattle for the emissions intensity reference period and thereafter. If a project proponent wishes to change the slaughter cattle sale weight calculation method during the crediting period from liveweight to HSCW (or vice versa), the MLA beef specification tool may be employed to correlate emissions intensity reference period data with crediting period data. This tool could potentially be incorporated into the Herd Management Calculator to facilitate the utilisation of HSCW data.

c) Cattle producers/project proponents would normally maintain a record of numbers of animals that leave the herd for purposes other than live export or slaughter. Third party records are provided by the counter signature of the transport driver on the National Vendor Declarations which must be completed whenever cattle are sold.

If properties have recently been purchased it is not common practice for prior stocking information to be provided to new owners. A possible solution is described in the ‘adverse impacts’ section above.

Part 4, Division 4.2
In paragraph seven, the term “Reference Period” is used to describe the period for calculation of emissions of animals sold but not exported or slaughtered during the project. Clarification is required, as to whether this should read “emissions for the remainder of the crediting period” or it refers to the likely emissions of the animal if it had been on the property during the reference period.

Part 4, Division 4.3
Few operations will be able to accurately predict emissions reductions from projects without first undertaking a period of property-specific feasibility assessment, such as the establishment of new practices, systems and crops. Therefore, any bid into the ERF would need to be extremely conservative, and as a result, may be uncompetitive. To overcome this issue, the methodology should allow for a time lag between the establishment of baseline emissions and the commencement of a project.

Part 5, Division 5.3
Section 19
Comments made above in relation to the requirement to keep two records for the emissions intensity reference period (Part 1 section 6) also stand in relation to the crediting period.

In addition, ERF projects are subject to third party audits based on a schedule determined by the Regulator at the time of project registration. This two-step verification and auditing process could prove challenging and costly for projects.

Division 5.4
Section 21
Section 21 (2) requires that data supporting creation of records of numbers of animals in each livestock class be collected within one month of the beginning of the crediting period, or each anniversary thereof. This may not possible within an extensive grazing operation which may only undertake one complete round of mustering, occupying all staff for four to six months of the year.

Division 5.4
Section 21
Section 22 (1) requires that liveweight (LW) and liveweight gain (LWG) for each class of livestock in the herd be determined. For many producers, recording liveweights of all livestock, according to class, would be time consuming and impose substantial extra recurrent costs. For reasons previously outlined it could not be achieved within one month of the beginning of the crediting period or its anniversary. Third party creation of live weight and live weight gain records would confer considerable additional cost for reasons previously outlined.