



Level 5, 131 Clarence Street
Sydney NSW 2000
GPO Box 149
Sydney NSW 2001
Telephone: (02) 9290 3700
Facsimile: (02)9290 2808
Website: www.feedlots.com.au
A.B.N. 16 009 928 018

1 March 2024

Australian Accounting Standards Board
530 Collins Street
Melbourne VIC 8007

Submission via [AASB online platform](#)

Australian Lot Feeders' Association (**ALFA**) appreciates the opportunity to provide feedback on the Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information.

ALFA is the Peak Industry Council representing 349 accredited cattle feedlots, with approximately 1.2 million cattle on feed. The feedlot industry makes up 47% of the cattle slaughtered in Australia and contributes to over 35% of Australia's total beef exports. As a key contributor to a trade-exposed industry, up-stream supply chain operators, such as meat processors, retailers, and exporters, rely heavily on the feedlot industry for the supply and export of high quality, safe, grain-fed beef to feed families in Australia and abroad.

Fundamentally, ALFA believes that feedlots and the livestock industry should be excluded from Climate Related Financial Disclosure (**CRFD**) requirements due to the critical role the industry plays in feeding families in Australia and abroad. If required to disclose climate-related information, adequate provision must be given to allow for the development of fit-for-purpose reporting, and ongoing engagement to establish the necessary expertise to support agricultural entities to report meaningful climate-related financial information.

ALFA and the Australian red meat and livestock industry more broadly is concerned about the compliance burden of CRFD reporting, especially in the context of scope 3 emissions obligations, short timeframes to comply and lack of access to requisite expertise. Failure to adequately understand CRFD requirements will impact various parts of the economy, particularly those as important as food production, risks creating unintended consequences and undermining the great strides industry has made towards a more sustainable future.

Whilst ALFA acknowledges that the initial scope of the mandatory reporting is focused on larger corporations, we are concerned not enough is understood about the impacts this may have on the producers, lot feeders and smaller businesses in their supply chains. ALFA shares the concerns raised by other peak industry councils and rural Research and Development Corporations, including the Red Meat Advisory Council, Cattle Australia and Australian Pork Limited.

ALFA and its members recommend that the Australian Accounting Standards Board (**AASB**) consider the following feedback regarding sustainability reporting and the disclosure of climate-related financial information:

- ALFA and its members have significant concerns about the proposed of disclosure requirements based on International Financial Reporting Standards (**IFRS**) S1 to climate-related financial disclosures. There is currently limited guidance and expertise on climate-related disclosures within the agricultural industry, and a cause of great concern within the feedlot sector.

- Australian Sustainability Reporting Standards (**ASRS**) should avoid duplication and not create regulatory burden on entities subject to reporting requirements. The agricultural industry is currently experiencing labour shortages across all aspects of the supply chain, from operational staff to those undertaking managerial roles. The feedlot sector will struggle to access the necessary skills and expertise to fulfill climate-related financial reporting requirements.
- ALFA supports the ability for entities to voluntarily make industry-based disclosures, and promotes linkages to the beef industries on the [Australian Beef Sustainability Framework](#) as a method to do this.
- ALFA supports AASB's position that the benefits of reporting should not outweigh the cost and effort required to prepare such reporting. For example, it is onerous and unacceptable to farming enterprises for an entity to be required to include a detailed index table that displays all climate-related financial disclosures (i.e. governance, strategy, risk management, and metrics and targets) and the relevant disclosure sections and page numbers.
- Interim reporting must be approached with a level of flexibility that acknowledges there is a significant lack of knowledge and available expertise regarding climate-related financial reporting in the feedlot sector and agricultural industry more broadly. It is unacceptable to require this when there is a complete lack of resources and knowledge, and no clear plan from authorities to foster this.
- ALFA supports AASB's position to not specify the upper-temperature scenario that an entity must use in its climate-related scenario analysis, which mainly assesses climate-related physical risks. This is because scenarios used in assessing physical risk would depend on the entity's facts and circumstances, including the nature and location of its operations.
- AASB notes that the National Greenhouse and Energy Reporting (**NGER**) Scheme legislation does not provide methods for the estimation of emissions from agricultural sources or land use, land use change and forestry. Methods for estimating emissions within the agricultural industry must be fit for purpose and take into consider the natural carbon cycle. Further, there is a lack of access to requisite expertise and guidance to inform agricultural entities subject to reporting requirements. These challenges must be addressed in the provision of interim arrangements and reporting timeframes. ALFA recommends that a moratorium be extended to the feedlot sector until such time that these deficiencies are appropriately rectified.

Sustainability and the impact of grain-fed beef production on the environment has long been a key consideration for the feedlot sector. Further to the above feedback, ALFA encourages recognition of the following industry led initiatives that promote sustainability within the feedlot sector and red meat industry more broadly.

Australian Beef Sustainability Framework

Sustainability is the production of beef in a manner that is socially, environmentally, and economically responsible. The beef industry does this through the care of natural resources, people and the community, the health and welfare of animals, and the drive for continuous improvement. The Australian Beef Sustainability Framework is used to inform industry investment and promote the longevity and prosperity of the industry. It operates under the banner of four themes of best animal care, economic resilience, environmental stewardship, people and the community.

Red Meat Industry CN30 Target

The Australian red meat industry has set a target to be carbon neutral by 2030 (**CN30**). This means that by 2030, Australian beef, lamb and goat production, including lot feeding and meat processing, aim to make no net release of greenhouse gas (**GHG**) emissions into the atmosphere. Meat and Livestock Australia's (**MLA**) investment into CN30 research, development (**R&D**) and adoption aims to

enable and empower the red meat industry to achieve the target, reduce operating emissions while maintaining productivity gains.

Ruminant animals, like cattle and sheep, are often linked to climate change because they emit methane. But often overlooked is the fact this enteric methane is part of a natural – or biogenic – carbon cycle, in which the methane breaks down into carbon dioxide (CO₂) and water after about twelve years. Grass then absorbs the CO₂ through photosynthesis, ruminants eat the grass, and the cycle continues. In contrast, methane released from fossil fuel extraction has been stored underground through geological processes over millions of years and CO₂ from burning fossil fuels continues to build up and heat the atmosphere over centuries. This natural carbon cycle means that the reporting of climate-related information in the agricultural sector is complex and requires specialist skills and expertise to accurately report.

The CN30 target demonstrates that the livestock industry is proactively addressing emissions and taking action to improve long-term productivity. To date, the Australian red meat industry has decreased annual emissions by 57% towards our target or the equivalent of diverting 133.36-54.61 Mt of greenhouse gases from entering the atmosphere. By taking action, the red meat industry pre-empts current and future market expectations regarding environmental credentials which will allow red meat producers to stamp their mark in a competitive global protein market. CN30's suite of innovation will also deliver win-win benefits for producers, including productivity gains and profit drivers through the carbon market or premium supply chains.

ALFA is concerned with the impact and substantial compliance burden CRFD will place on businesses, bound by data, capability, and technological limitations. Feedlots and the red meat and livestock industry plays a critical role in underpinning Australia's national food security.

Thank you for the opportunity to provide feedback. We look forward to engaging more effectively during a specific land sector consultation process. Should you have any questions, please contact policy@feedlots.com.au or 02 9290 3700.

Sincerely,



Michael Lancaster
General Manager – Policy and Biosecurity
Australian Lot Feeders' Association