

SUSTAINABILITY: GLOBAL AND LOCAL POLICY ENVIRONMENT

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DAIRY AUSTRALIA

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My task today is to talk about government policies affecting dairy – so I’m starting with the global policy framework, to give context to the Australian government policy framework. I’ve been asked to both lift the gaze from this room in Bendigo and leave you with a strong sense of dairy’s role in the big pressing challenges of our time. While I will have a couple of black-hatted slides, we should be ultimately optimistic about our industry and it’s role in our future society.



The General Assembly Hall during an event in 2016 to mark the one year anniversary of the adoption of the 2030 Agenda and the Sustainable Development Goals. UN Photo/Cia Pak

Source: <https://www.un.org/en/about-us/main-bodies>

Lift your gaze out of Bendigo, out of Victoria, out of Australia and cast your mind to this room in New York where 193 nations come together in the General Assembly for discussion and policy-making on the full spectrum of international issues covered by the Charter of the United Nations. Each year the General Assembly meets and adopts resolutions and agrees on charting a course for the future.

This is where the Sustainable Development Goals were born and adopted. 193 nations, each with one vote, agreed in 2015 to pursue these goals within their own nation states and report on progress over 15 years. The Sustainable Development Goals are a call to action by 193 nations to “end poverty, protect the planet and improve the lives and prospects of everyone, everywhere”.



You've all heard of the Sustainable Development Goals – SDGs. There are 17 of them.

The goals are ambitious – in fact audacious – but the task was not cynical, it was optimistic, in light of human and planetary plight and it was intended that nations, comprising their governments, industries and private citizens would put in place plans, pathways, programs and funding to step towards 2030 goals.

Each nation made a commitment. Not legally binding. Nevertheless, countries are expected to take ownership and establish a national framework for achieving the 17 Goals. In simplistic terms, the role of governments here, specifically, was to, IS TO, put in place policy and legislative settings that incentivise the private sector to be in lock step with these global goals, and as a last resort compel action.



September 2023, New York



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End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Global hunger

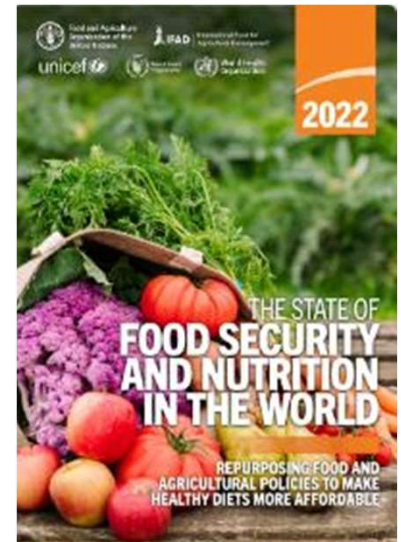
2019: 678 million

2020: 782 million

2021: 828 million



Almost 3.1 billion people could not afford a healthy diet in 2020



We are now at the mid-way point. 2030 is only 7 years away. Today, progress is being made in many places, but, overall, action to meet the Goals is not yet advancing at the speed or scale required.

The mid-way Summit, again auspiced by the General Assembly of the United Nations, will consider progress. The outcome of the Summit will be a negotiated political declaration. Australia will be there. Was is agreed there, will come home.

Early announcements say it will seek to address the impact of multiple and interlocking crises facing the world, including the deterioration of key social, economic and environmental indicators. The 4C's are prominent in recent commentary: COVID-19, high costs, new conflicts, and climate change. And the impacts of these have intensified the challenges outlined in 2015. The mid-way Summit pre-work has resulted in a clear agreement that it will focus first and foremost on people and ways to meet their basic needs.

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One goal now seems wildly ambitious – ending global hunger. I chose this goal as an illustration, because your industry and agriculture are such a key part of people meeting their basic needs. We have 7 harvests, if you think like a grain grower, to

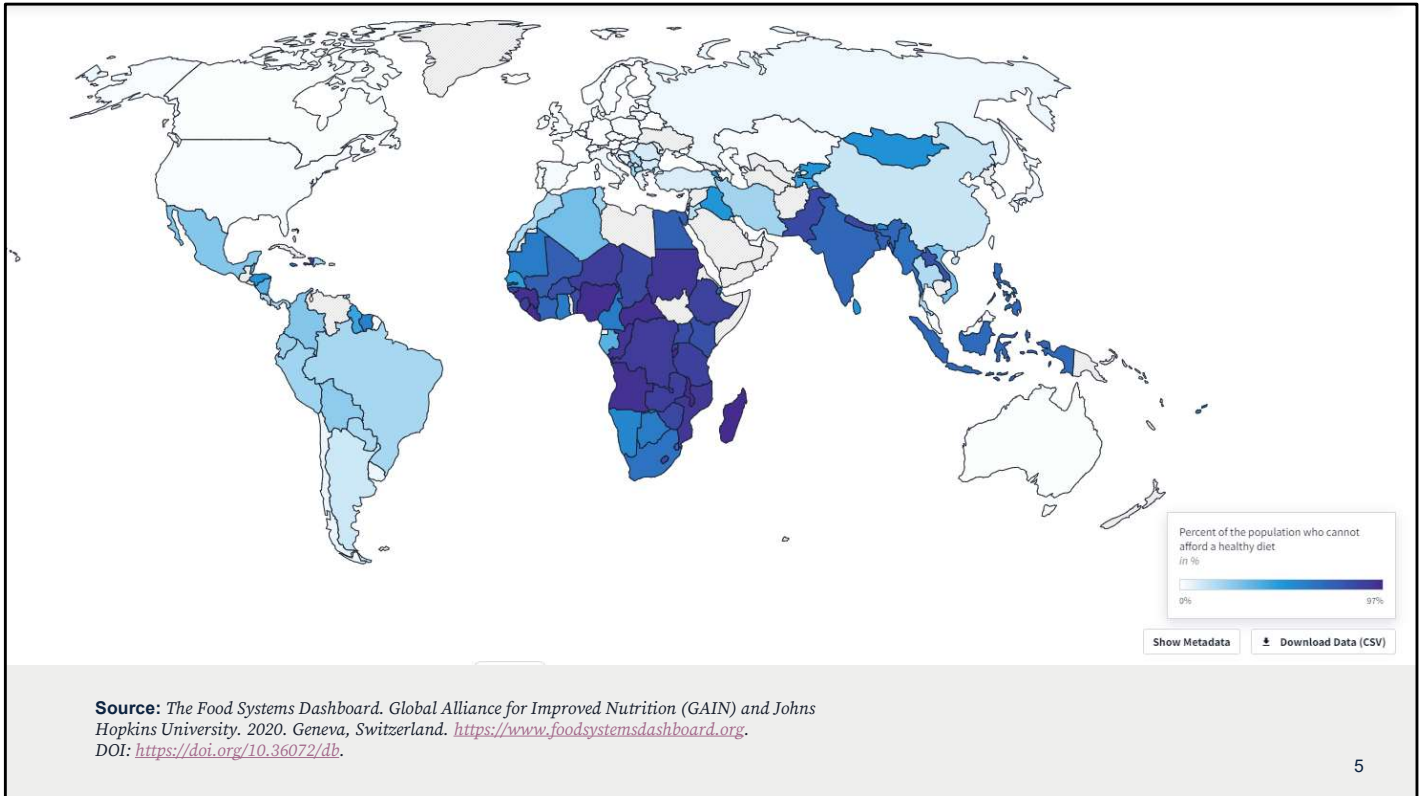
realise this ambition.

CLICK

Despite the ambition, zero hunger, the number of people affected by hunger has risen.

In 2020, 3.1 billion could not afford healthy food exacerbated by the economic impacts of the pandemic. An astounding 2 in 3 children are not fed the minimum diverse diet needed for them to grow and develop to their full potential.

Add the climate crisis, the extinction of species and the Russian war of aggression against Ukraine and the UN says (in this recent report) that the world is currently facing the worst food crisis since World War II.



To illustrate that point further, this FAO-commissioned infographic shows the proportion of a population who cannot afford a healthy diet. That is the lowest cost set of foods that would meet requirements for dietary guidelines, even if spending up to 52% of their income on food.

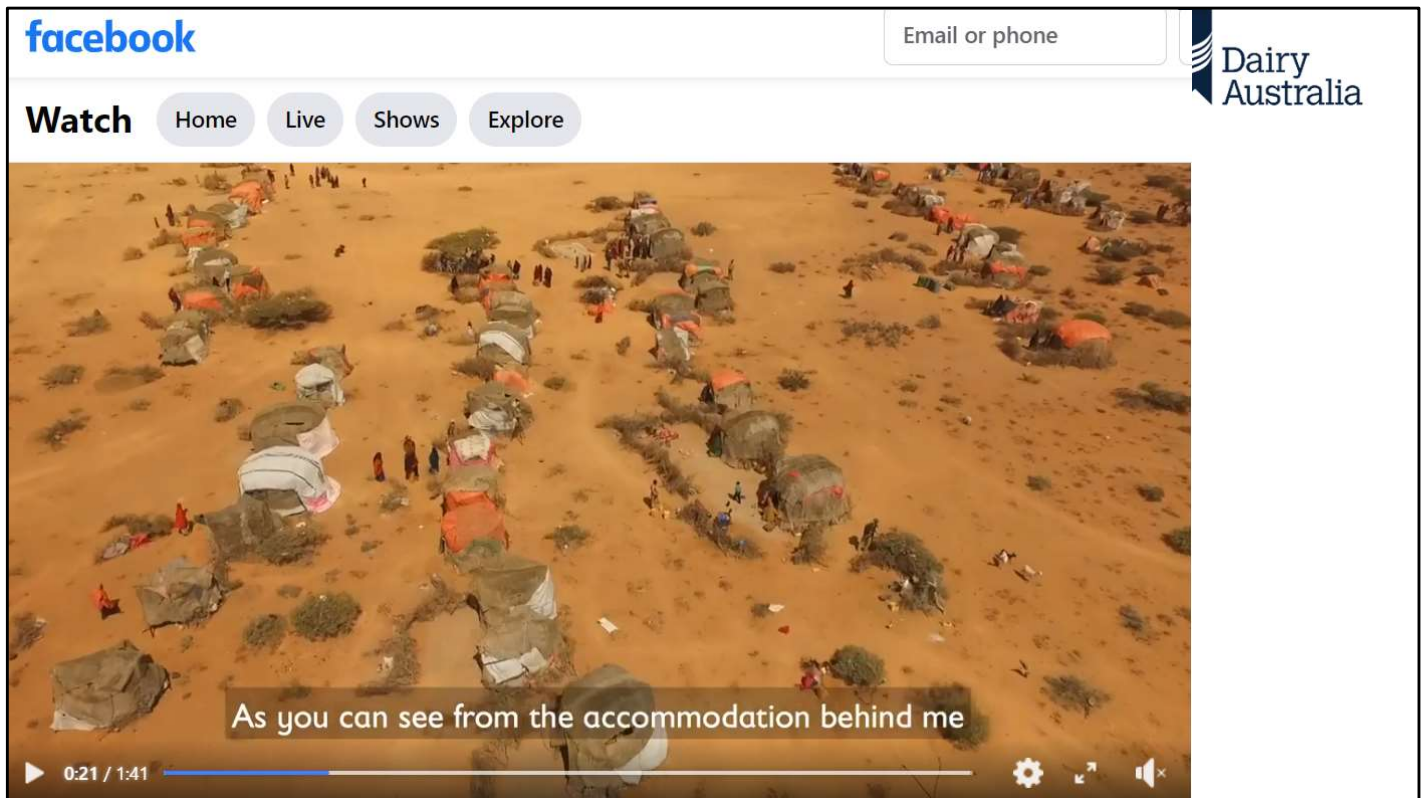


Zooming in to one of these countries – Somalia.

(Just to prove to you all that my presentation today hasn't been generated by ChatGPT)

– here is a picture of my husband back in 2017 in Somalia, where in 2023 there are 8 million people living in crisis levels of food insecurity.

People are forced to make impossible choices when they are starving – skip meals, marry off children. They are heavily dependant on external aid.



In this particular location, where my husband was standing, 1000 families share a single tap. A single water tap.

The food supply is reliant on milk and cereals.

You can see in this landscape how important to a family or group of families the nutrition provided by a single goat or small herd of sheep becomes. Camels and their milk are the lifeline for many.

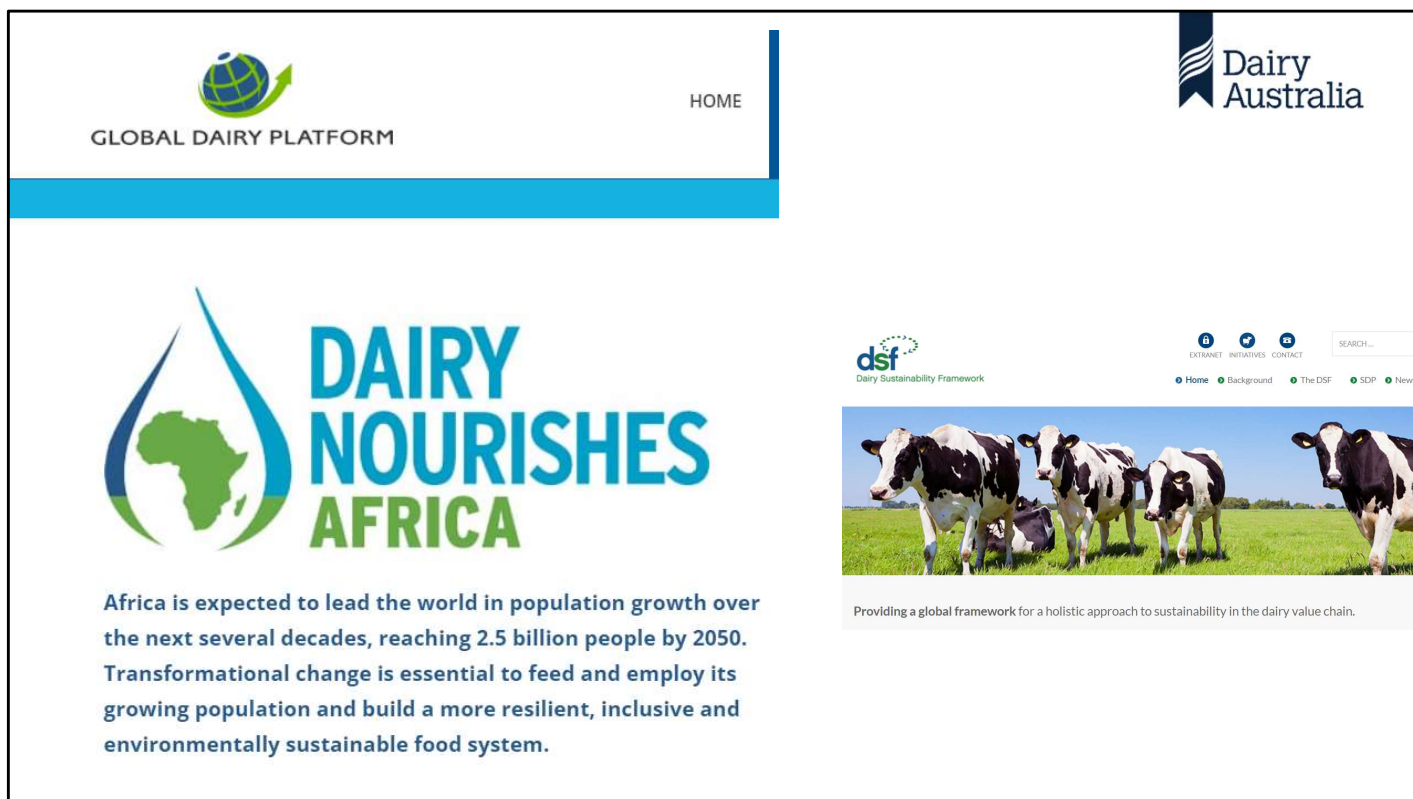
Healthy herds are helping Somali communities survive.



A blackhead sheep gets injected with anti-parasitic medicine. CC BY-NC-ND / ICRC / Abdikarim Mohamed

SOURCE:
<https://www.icrc.org/en/document/somalia-food-security-milk-camel-meat-vaccination>

This is a community animal health worker being trained by the International Committee of the Red Cross, recognising that in the absence of any vets, there are a whole host of critical animal husbandry skills that need to be gained by and delivered to these communities. I don't have to point out to you, that these communities cannot survive without an industry like yours. Nor how transformative some very simple interventions can be – vaccination, basic animal meds, AI – a healthy herd is a lifeline.



In fact, in the lead up to the mid-way Summit, this is the current home page of the Global Dairy Platform. Global Dairy Platform has a membership of dairy companies, associations, scientific bodies and other partners who collaborate pre-competitively to lead and build evidence on dairy's role in the diet, and show the sector's commitment to responsible food production. The GDP maps dairy to the Sustainable Development Goals demonstrating our strong and positive influence on society.

Dairy Nourishes Africa is a flagship program leading into the mid-way Summit. Dairy Nourishes Africa (DNA) is building a unique 15 to 20 year public-private partnership leveragingindustry, community and governmental stakeholders to support and build relationships in a new, growing market. GDP is providing critical technical dairy capabilities in partnershipThe ambition is to transform African dairy industries to improve nutrition, enhance livelihoods and stimulate economic growth – in a way that only dairy can.

This initiative advances 8 of the SGDs and leverages the Global Dairy Sustainability Framework. Dairy is part of the solution.

13 CLIMATE
ACTION

TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

15 LIFE
ON LAND

PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL
ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION,
AND HALT AND REVERSE LAND DEGRADATION AND HALT BIODIVERSITY LOSS

6 CLEAN WATER
AND SANITATION

ENSURE AVAILABILITY AND SUSTAINABLE
MANAGEMENT OF WATER AND SANITATION FOR ALL

Though I've pulled out the Zero Hunger goal as an illustration that dairy is part of the Solution, at the same time we have 16 other Sustainable Development Goals to heed. They are all interrelated but these are other especially topical goals for which we're running out of time.

The consequences of delaying climate action are on full display. Coral reefs are dying, droughts are protracted, extreme events are more prevalent (we've had more than we can say in this country over the past two years).



In places like the European Alps where I was in Dec/Jan, we were in t-shirts on 1 Jan 2023, in the heart of the European winter, and in the weeks we had there of bright sunshine, there was no snow. It was warmer than it was in Melbourne.

All the local businesses, who had lost their Christmas holiday ski trade, were in what they themselves described as climate grief and loss. The local communities were in tangible shock, feeling the economic loss as winter trade literally dried up. I'm not showing you this photo from my collection as irrefutable evidence of climate change, or indeed of hardship. I'm showing it because the locals made a strong association. And they are the voting citizens of Europe, of France in this case, and this is how a response becomes political. If European climate scientists are saying no more skiing in the Alps by 2050, we can perhaps expect that to motivate political change more than images from Somalia.

In the Netherlands, the second biggest ag exporter after the US, the nitrogen pollution is so severe its threatening whole ecosystems.

The Dutch Government proposes to slash farm emissions by 50% or more (the percentage will differ by geographic area and be based on the damage in that location) and there will be no other way to do it than to shrink the herd. Unbelievably, the government has issued statements directing farmers to consider whether they can continue their business. News outlets have quoted the relevant

politicians saying things like *"My message is not one our farmers want to hear"*. There is talk of compulsory buyouts. The CAP payment system, which is the subsidies paid to European farmers, will be ramped up in Holland but Dutch farmers have taken to the streets, also in shock at their livelihoods in peril. Farmers with dairy production in their blood, third, fourth generations on the land. Sounds relatable doesn't it. As such, the relocation or buyout of farmers is almost inevitable, reports the BBC, but forced buyouts are a scenario many hope to avoid.

GLOBAL FOOD FORUM FOR FOOD AND AGRICULTURE



15. GFFA 18-21 January 2023 in Berlin

Food Systems Transformation:
A Worldwide Response to Multiple Crises



So these are stories that illustrate the urgency. These are the stories that governments are acutely aware of in the lead up to the Mid-Way Summit in September.

The mid-way Summit has a huge program leading into it, involving governments, international organisations, the private sector, civil society. There are series of forums, summits and meetings with heads of state and governments. Dairy is represented by the International Dairy Federation at many of these forums and the Global Dairy Platform has a presence too. The G20 Leaders Summit in Bali and the COP27 Climate Change Conference in Egypt in November, for example, where a day was dedicated to agriculture. The UN Water Conference to be held in New York next week. The Treaty of the High Seas, to safeguard and recuperate marine nature, was just finalised in Singapore two weeks ago – something Tanya Plibersek just gave fanfare to on behalf of Australia.

UN Food Systems Summit was held in September 2021. That summit underlined the challenge ahead. We're not on track. By 2050, feeding a global population of almost 10 billion will require a radical transformation in how food is produced, processed, traded and consumed. Scientists agreed that "transforming our food systems" is among the most powerful ways to change course.

Global Food Forum for Food and Agriculture has just been held in January in Berlin to consider this. One of the key events was the Agriculture Minister's Conference.

64 Ag Ministers, including our own Minister for Agriculture, Senator Murray Watt, came together to discuss Food Systems Transformation.

What does that mean? Food systems transformation?

Well first – **food system**. A sustainable food system is one that delivers food security and nutrition such that it is *profitable* throughout, ensuring economic sustainability, it has broad-based *benefits for society*, securing social sustainability, and that it has a *positive or neutral impact* on the natural resource environment, safeguarding the sustainability of the environment.

Transformation then, given the progress against the SDG ambitions has fallen so short, for a range of reasons – transformation means **orienting food systems towards healthier diets for all, within sustainable planetary boundaries**.

The 64 Ag Ministers committed to some key actions:

- They remained committed to the 2030 goals, in particular the right to adequate food, and the globe should be united in this.
- Young farmers, women and smallholder farmers should be supported
- hunger, energy and climate crisis, extinction of species must be dealt with multilaterally, that is – together, cooperatively
- Transformation of sustainable food systems should be supported and accelerated

So what does this mean for government policy? What do all these Agriculture Ministers take home and act upon, within their own economies and their own politics.

European Green Deal

- The path to a green transition
- First climate-neutral continent by 2050
- Economic growth decoupled from resource use
- No person or place left behind

The benefits of the European Green Deal

The European Green Deal will improve the well-being and health of citizens and future generations by providing:



fresh air, clean water, healthy soil and biodiversity



renovated, energy efficient buildings



healthy and affordable food



more public transport



cleaner energy and cutting-edge clean technological innovation



longer lasting products that can be repaired, recycled and re-used



future-proof jobs and skills training for the transition



globally competitive and resilient industry

Climate action: renewables and efficiencies, ETS, Carbon Border Adjustment Mechanism

Sustainable transport: EVs, public transport, hydrogen

Biodiversity: halt losses, restore degraded ecosystems

Circular economy: efficient resource use, waste minimisation

Sustainable Food System: Farm to Fork Strategy

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Before we discuss Australia, let's look at the EU and NZ, for example.

The **EU Green Deal** is the biggest reform agenda Europe has embarked on for some time.

Its aim is to become the first climate-neutral continent by 2050.

This is to be embedded into all decision-making processes. A sweeping program of support and reform touches every sector of the European Community. These can be read as policy objectives. This is the yard stick for all new rules and laws.

CLICK

Here are some key areas of focus:climate action, transport, biodiversity, circular economy.

The EU **Farm to Fork Strategy** is at the heart of the European Green Deal. It sets out the EU version & interpretation of a transition to a "sustainable food system".

Its pillars include Sustainable Production, Food Waste Prevention, Sustainable Food Processing & Distribution, and notably Sustainable Food Consumption.

There is an overt objective to evolve diets – **moving to a more plant-based diet** (with statements such as 'environmentally-friendly food to reduce life-threatening diseases

and address the environmental impacts of food production’). There is much to debate in such statements.

But not just domestically, the EU Green Deal sets out to change the way we all operate. And while this posture might raise some eyebrows, their habitual practice of extending their own domestic rules to those who export to them (which they call ‘leadership’ while others of us might smell colonialism), makes the moves of the European Commission highly material to us.

One example of this, close to home, is the EU domestic ban on the use of some antibiotics in animal agriculture – to combat human antimicrobial resistance. A clause in that law makes the banned list apply not only to farmers in Europe but also to all imports. In effect this means those medications can’t be used in the production of those imports - the extension of their long arm into our farming systems. It doesn’t matter that our own risk management strategies for protecting antibiotics for serious human illness are actually really good (and contextualised for AU); the EU ban can impact our trade. This is an example of how government policy elsewhere can step into the Australian farm.

Another example we are watching carefully is their Carbon Border Adjustment Mechanism. That jargon means that when a product reaches the EU for import, there will be a penalty, a price, based on the carbon footprint, if it is higher than the same good produced in Europe. And in imposing this price, EU producers of that good will not be disadvantaged and the EU will have incentivised the importer to lower their emissions.

Initially it will be targeting those goods that are most emissions intensive: cement, iron and steel, aluminium, fertilisers, electricity and hydrogen. But they have flagged that the scope of the new rules will expand over time and agriculture has been mentioned.

What they are doing here is multifaceted: one of those facets is that if they are going to raise their climate ambition internally, they need to level the playing field, as they put it. The whole Green Deal is a hot negotiation in Europe, not supported by all. This is EU domestic politics playing out among 28 member states. Some of these rules being made to apply to imports are the only way progress can be made domestically.

New Zealand greenhouse gas targets

- **Net Zero by 2050 except biogenic methane**
- **Biogenic methane emissions reduction by 24-47% by 2050 (including 10% reduction by 2030)**

Price agricultural emissions from 1 January 2025

- farm-level levy approach
- Different levy rates to apply to short-lived and long-lived gases
- Farm emissions baseline to be calculated by Dec 22 (“know your number”)

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Another government we are also watching is New Zealand, where agriculture constitutes more than half of the country’s greenhouse gas emissions. New Zealand has legislated a specific goal around biogenic methane reduction.

New legislation requires a price to be applied to agriculture emissions.

So a government-industry-Maori partnership was formed to work up a proposal for how this could be done.

New Zealand is now working towards a farm-level levy, based on a split-gas approach, that is: distinguishing between CO₂, methane and nitrous oxide and their relative impacts on global warming.

In simple terms, the levy would be reduced as a farm business reduces those emissions.

The levy will be used for R&D focused on technologies to reduce those emissions.

This proposal is subject to some intense industry government discussions and politics over there at the moment, as you would have seen unfold in the media. But the first thing farmers are required to do is – Know your number; Calculate your baseline.

Podcasts

The Monthly

Capitalism after the crises

By Jim Chalmers



Jim Chalmers. Photograph by Michael Zavros

In a time of serial disruption – to our economy, our society and our environment – the treasurer argues for the place of values and optimism in how we rethink capitalism

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Politics, society, culture.

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Turning to home. I've set the global context, the multilateral approaches being taken to deal with the pressing issues of our time, and the manifestation of that in the examples of the EU and NZ.

Some of you may have read the Treasurer's recent essay in The Monthly. It really is very unusual to see a federal politician wax intellectually in a long form written piece like this, and I found it fascinating. Aligned with the multilateral sustainability agenda, the Treasurer speaks of 5 challenges acutely shaping policy right now -

the war in Europe,
how China emerges from zero-COVID policies,
potential recessions in the big, developed economies of the northern hemisphere,
when and how rate rises will bite here at home, and
the uncertain impact of future natural disasters.

It's notable, and a sign of the policy agenda to follow, that the Treasurer is thinking deeply about what he calls 'values-based capitalism for Australia'. His view that the only way a government should respond to the big challenges we face here and globally.

Whatever your view of this essay, (and it did attract a day of Twitter-ati rousing here in Australia), it can be viewed his Great Explainer and heralds the ALP policy agenda

to come.

He's talking up a national wellbeing agenda, by tracking a range of outcomes broader than, but not instead of, traditional measures of economic strength.

And so we see that an Employment White Paper is coming, we see a new sustainable finance architecture emerging that enables investors to understand the climate impacts of investments, he talks about the role for impact investing in aged care, education, disability sectors, and setting up a market framework for that to exist. He speaks of addressing vulnerabilities that have become crises.

And this starts to sound like a sustainability agenda.

So ALP policies now in train shouldn't come as surprise – the big emphasis on public-private investment in pursuit of sustainable growth, using market mechanisms to deliver social and environmental impacts (like the biodiversity market design being proposed), reinvigorated emphasis on diplomacy and foreign affairs with a particular focus on the Pacific and Asia but also restoring our reputation in the global sustainability agenda, restoring integrity in institutions and strengthening institutions, anda “just and orderly climate transition”.

Powering Australia

Labor's plan to create jobs, cut power bills and reduce emissions by boosting renewable energy.



Australia's first National Electric Vehicle Strategy (NEVS): Have your say

HAVE YOUR SAY ENERGY

28 September 2022

The NEVS consultation gives every Australian the opportunity to shape our first national electric vehicle (EV) strategy.



Australian greenhouse gas reduction targets

- **Net Zero by 2050**
- **43% reduction by 2030**
- **Signatory to Global Methane Pledge; methane reduced by 30% by 2030**

Rewiring the Nation

Rewiring the Nation will unlock Australia's renewable energy future.

National Reconstruction Fund



The ALP Powering Australia Plan is the policy platform that Australian Labor brought to the last election and is now seeking to implement.

At the centre of the Plan is a legislated a net zero by 2050 target and a stronger 2030 target to reduce emissions by 43 per cent below 2005 levels. State governments have comparable targets. The Fed Gov has also signed the Global Methane Pledge under which participants agree to contribute to a collective effort to reduce global methane emissions by 30 per cent by 2030.

CLICK

Policies targeted at the Energy, Transport, Industry & Carbon Farming sectors, who collectively represent 79% of Australia's emissions, underpin the Powering Australia Plan. The Government says that investment in renewable energy will create jobs, and modelling suggests the vast majority of these jobs will be in rural Australia.

CLICK TWICE

The Rewiring the Nation policy targets the electricity sector and aims to modernise the grid to support and unlock investment in renewables. The \$15B National Reconstruction Fund is intended to finance projects that diversify and transform Australia's industry and economy. This includes investment towards reducing agricultural methane through the MERiL grants under the Livestock Emissions

Roadmap.

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Currently under design is the Powering the Regions Fund, the National Electric Vehicle Strategy and Driving the Nation Fund. The intent is that decarbonised and emerging industries will become the new foundation of many regional economies and communities.

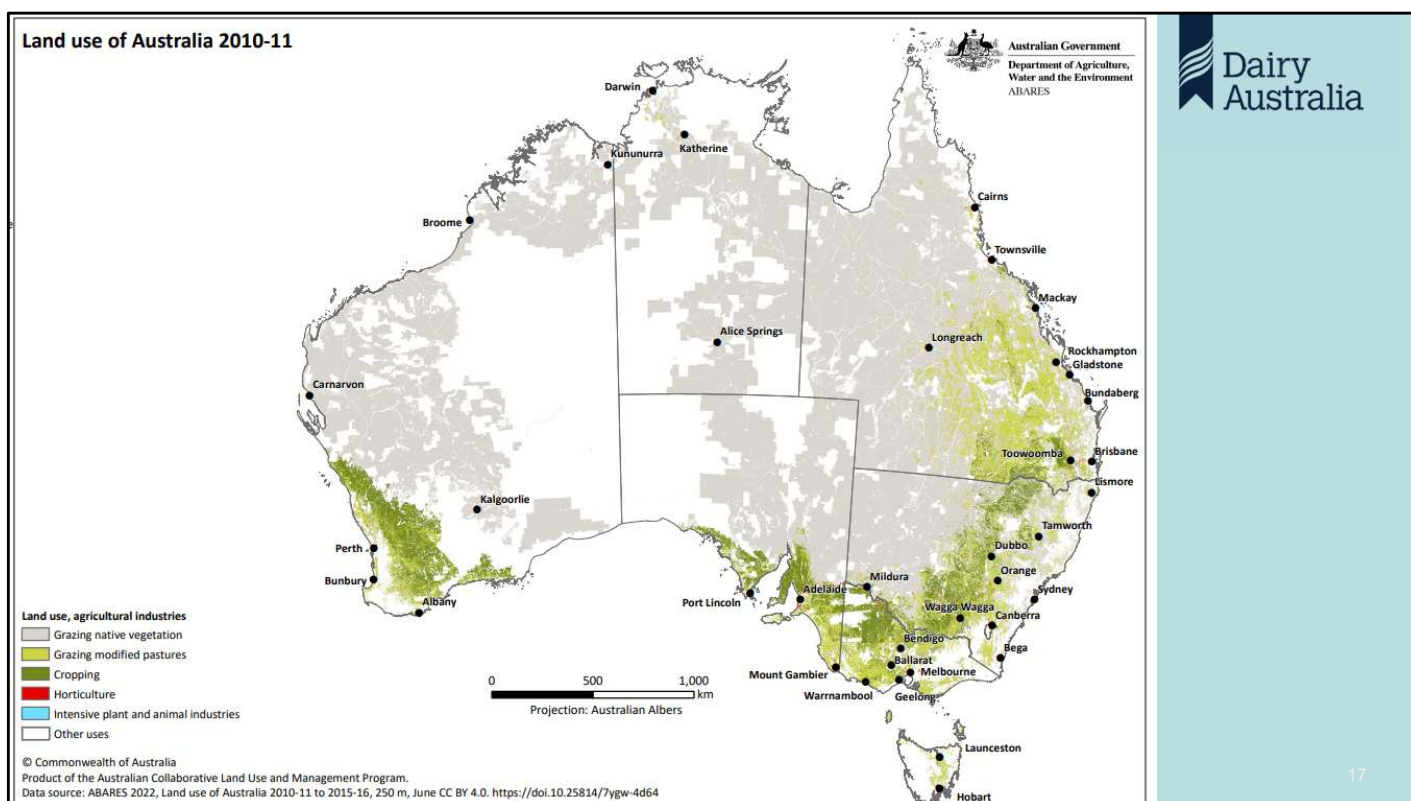
The net zero by 2050 target has bipartisan support, it is enshrined in the *Climate Change Act 2022*, so that is now a policy platform that industry can see as stable and it allows businesses to move on their decarbonisation programs, their transition pathways with more confidence than before. Next thing coming is Treasury's contemplation of disclosure on scope 3 emissions, and disclosure on climate risks. This will have a bearing on farm businesses and their service sector. Sustainability measurement and reporting will be required.

The current debate on the safeguard mechanism might derail things in terms of policy stability. The debate is whether big emitters should be allowed to buy unlimited offsets for their emissions. No 'cap' on offsets, means these emitters don't actually have to reduce their emissions – they can buy the carbon credits elsewhere.

The NFF says that while agriculture is not listed as one of the 215 largest greenhouse gas emitters to whom this would apply, there is a watching issue with this. The trees and vegetation that would be needed by these emitters to purchase would have to be grown...somewhere... on private or leasehold land.

What does this mean for agriculture? Is it an opportunity, another income stream or does this require significant tracts of agricultural land otherwise used for and suited to food production.

So agriculturalists may be very much in the heart of the impacts of public policy here and need to be closely engaged.



Indeed this image shows just how closely engaged agriculturalists must be.

Agriculturalists manage over 60% of Australia's land mass. Government needs to work with farmers on these policies given so much of the geography is under their management.

Half of this is freehold and half is leasehold. Here, we produce so much food that we export a whopping 75% of it, so we play an important role in providing nutrition for people around the world.

Balancing a policy for unlimited offsets needs to be balanced with policies in support of food production and nutrition.



The dairy industry here in Australia in 2015 began a new approach to telling the world about what a positive contribution we make, when it established the Australian Dairy Industry Sustainability Framework. The framework makes a promise and four key commitments, representing recognised sustainability criteria. The industry measures and reports on progress annually.

The goals are set at 2030 but a cyclical review makes the framework a living document. We constantly keep a check on whether we are pursuing those things that most matter to markets, consumers and the environment. The framework covers dairy farmers and dairy processing, but the service sector to dairy, the herd improvement sector, plays a critical role in fulfilling the industry's ambitions.

As an example,

Larger milk processing companies currently have to report on their scope 1 and 2 emissions. That is those they directly generate and those from the generation of purchased energy. Treasury is contemplating whether regulation is required for reporting on scope 3. Scope 3 for a milk processor is the dairy farm. For the dairy farm, you are the scope 3 emission – that is, the carbon in the downstream supply chain that is emitted in the provision of that good or service.

Dairy farms will at some stage in the future, need to know their baseline carbon foot

print and be able to demonstrate they can measure any attested emissions reduction. And this will come sooner rather than later. The Sustainability Framework will evolve as this occurs. It faces our markets and in this way we can tell our markets what we are doing and how we are part of the solution.



So the world is slowly coming to realize the significance of the impacts of these big sustainability issues: Hunger, climate, conflict. Our ability to develop sustainable and resilient food systems is critical to all aspects of human survival.

And all of this is, by extension, relevant to herd improvement industry players. You are about improving the quality and productivity of the national herd – and other herds, if you're online with us today. Your delivery of improved genetics, AI services, veterinary services, animal disease surveillance, animal medicines, make our animals healthier, happier, more productive and sustainable.

More able to be part of the solution.