



Re: Australian Dairy Industry Council (ADIC) Submission to the Senate Standing Committees on Environment and Communications Inquiry into Greenwashing

On 29 March 2023, the Senate Standing Committees on Environment and Communications was referred an inquiry into greenwashing, particularly claims made by companies, the impact of these claims on consumers, regulatory examples, advertising standards, and legislative options to protect consumers, with a report due by 5 December 2023.

The ADIC appreciates the opportunity to provide a submission to this inquiry. This submission seeks to highlight the significant investment by all sectors across the dairy value chain into the Australian Dairy Industry's Sustainability Framework (ADSF). In place for over 10 years, the ADSF serves as an industry benchmark validating the sustainability work and commitment across the dairy supply chain – and in turn the associated communication. We note that the Terms of Reference for review do not define 'greenwashing', and **we have taken greenwashing to occur when a company misrepresents the extent to which their practices are environmentally friendly, sustainable, or ethical.**

This ADIC submission has focussed on addressing items 1, 3 and 5 of the below Terms of Reference.

Inquiry Terms of Reference (ToR)

An inquiry into greenwashing, with particular reference to:

1. the environmental and sustainability claims made by companies in industries including energy, vehicles, household products and appliances, food and drink packaging, cosmetics, clothing and footwear;
2. the impact of misleading environmental and sustainability claims on consumers;
3. domestic and international examples of regulating companies' environmental and sustainability claims;
4. advertising standards in relation to environmental and sustainability claims;
5. legislative options to protect consumers from green washing in Australia; and
6. any other related matters

Key Points

- **The Australian dairy industry welcomes this inquiry, highlighting the need for robust, credible evidence to underpin environmental and sustainability claims.**
- **We ask the Committee to recognise the decade-long significant commitment, investment and progress made by all sectors across the Australian dairy value chain to key sustainability indicators.**
- **Over the past ten years, the Australian dairy industry has publicly reported its progress against its whole of industry Australian Dairy Sustainability Framework (ADSF), and agreed commitments, goals and targets addressing environmental, economic, health and social sustainability metrics.**

- **By publicly reporting its progress and by being transparent and accountable, the ADSF provides confidence and certainty on its sustainability claims to stakeholders. A continual cycle of reviewing practice change also underpins the ADSF to maintain its high standards.**
- **The introduction of new legislation on sustainability claims is not supported. There are already sufficient provisions in the *Australian Competition and Consumer Act 2010* and other legislation to protect consumers and competitor companies from false advertising. Efforts from government should focus on co-investing with industry on data collection and RD&E to support validation and continuous improvement of sustainability credentials.**

The Australian dairy industry has already made significant investment to provide robust and transparent industry reporting and communication on sustainability. We look forward to working collaboratively with the Committee to progress this Inquiry, with open discussion on any additional measures being considered.

1. The Australian Dairy Industry:

Dairy is the third largest Australian rural industry and a key sector of the agricultural economy, with a farmgate value of \$4.9 billion supporting a direct workforce of almost 35,000 across farms and dairy processing¹. Dairy companies generate approximately A\$15.7 billion in sales and support the equivalent of more than 70,000 full time jobs across the national economy – most in regional areas². In 2022, 36% of milk production was exported, worth around \$3.8 billion.

The ADIC is the peak national representative body of the Australian dairy industry, representing the interests of dairy farmers and processors through its two constituent bodies Australian Dairy Farmers (ADF) and the Australian Dairy Products Federation (ADPF).

The Australian Dairy Products Federation (ADPF) is the national peak policy and advocacy body representing the post farm-gate members of the Australian dairy supply chain, including processors, traders, and marketers of Australian dairy. ADPF members process more than 90% of Australian milk volumes and provide dairy products for both domestic and export markets.

Australian Dairy Farmers (ADF) is the national advocacy body representing dairy farmers across the six dairying states. The ADIC has also consulted with Dairy Australia, the national services body for the Australian dairy industry, on the development of this submission.

Dairy Australia (DA) is the national services body for dairy farmers and the industry. Its role is to help farmers adapt to a changing operating environment, and achieve a profitable, sustainable dairy industry. As the industry's research and development corporation (RDC), it is the 'investment arm' of the industry, investing in projects that cannot be done efficiently by individual farmers or companies.

2. Dairy Sustainability and Existing Reporting Measures:

(This section addresses ToR 1, 3 and 5)

A. Australian Dairy Sustainability Framework

The Australian dairy industry is focused on continuous improvement in both dairy farm and processor practice. Over the past 10 years, the [Australian Dairy Sustainability Framework](#) (ADSF) has

¹ [In Focus](#) 2022, Dairy Australia

² [Industry Resources - ADPF](#)

publicly reported on the industry's sustainability improvements under four sustainability commitments, each with goals and measurable indicators, which include:

- Commitment 1 - Enhancing economic viability and livelihoods
- Commitment 2 - Improving wellbeing of people
- Commitment 3 - Providing best care for all our animals
- Commitment 4 - Reducing our environmental impact

The Australian Dairy Industry Council (ADIC) has ultimate responsibility for the industry's Sustainability Framework, supported by the Sustainability Steering Committee, comprising representation from across the dairy industry, as well as secretariat services from DA. Collectively, they ensure the ADSF represents industry best practice and can deliver the level of credibility and integrity needed to meet customer, community, and investor expectations.

The latest full Materiality Assessment for Australian dairy was undertaken in 2019/20 – and the report is publicly available. To ensure that the Materiality Assessment was done in accordance with key standards and methodologies and the report was credible, Bureau Veritas – a world leader in testing, inspection, and certification – was contracted to review the Report.

The industry also uses dairy farmer surveys to collect data on a number of areas reported under the Sustainability Framework. Again, to ensure the reporting and data obtained by these surveys is robust and a credible representation of industry practices, Bureau Veritas reviewed the Animal Husbandry and Genetics Survey – methodology and data reporting – as an example. Bureau Veritas found both the Materiality Assessment Report and the Survey report were **credible sources of information**.

The Bureau Veritas Statement is also publicly available – refer to the Material Issues here: <https://www.dairy.com.au/sustainability/Australian-dairy-sustainability-framework> for both the Materiality Report and the Bureau Veritas Statement. **No other agricultural industry has done this.**

The Bureau Veritas assurance found that:

“...nothing has come to our attention:

- to indicate that the statements reviewed within the scope of our assurance engagement are inaccurate and the information included therein is not fairly stated.
- that causes us to believe that the information, within the scope of our assurance engagement, is not prepared, in all material respects, in accordance with the criteria indicated under “Understanding how Dairy Australia has Prepared the Information”.

The ADSF Steering Committee is currently undertaking a review of the ADSF commitments, goals, targets, and indicators to ensure they:

- Remain aligned with stakeholders' expectations, locally and internationally.
- Are robust and ambitious to support changes to 2030, and beyond.
- Are based on the most appropriate targets and indicators.

The ADIC acknowledges that there are gaps in data and extension activities to monitor and drive improvement in some areas of the framework. Funding is required to make these robust in the future.

B. Dairy Manufacturers Sustainability Council and the Environmental Scorecard

Australian dairy processors are highly committed to reducing their environment impact.

Under the guise of the ADSF, Australian dairy processors work together pre-competitively on projects to reduce their environmental impact through the [Dairy Manufacturers Sustainability Council](#) (DMSC). To note, this is in addition (and runs complementary) to their own business commitments to improve environmental performance and sustainability in their business operations.

The DMSC is a nationally recognised community of practice, comprised primarily of environmental and sustainability group managers from dairy processing companies across Australia. The DMSC produces an annual post farmgate Environmental Scorecard that underpins the reporting of the ADSF's post farmgate Environmental Commitments based on data collated from each member processor on four key areas:

- Water use
- Greenhouse gas (GHG) emissions
- Waste
- Packaging

Dairy processors may also provide information in their company reports aligned with the recommendations of the [Taskforce on Climate-related Financial Disclosures](#) (TCFD). The [Financial Stability Board](#) (FSB), an international body that monitors and makes recommendations about the global financial system, created the TCFD to provide guidance on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks—risks related to climate change.

Fonterra Australia, The Bega Group, Lactalis Australia and Saputo Dairy Australia all produce public sustainability reports that include carbon and climate-related information, alongside their Annual Reports. According to [KPMG's survey in 2022](#), globally 37% of N100 companies in the food and beverage sector had their reported sustainability information assured. In Australia, 51% of the ASX100 obtained third party assurance of reported sustainability information.

In addition, firms over a certain size already have mandatory reporting on scope 1 and 2 greenhouse gas emissions, and [Federal Treasury](#) is actively considering mandatory reporting for Scope 3 emissions. Scope 3 emissions for processors would include accounting for supplier emissions – including dairy farm emissions. This accounting is not yet mature and is an area of focus for the industry, particularly through tools such as the recently updated [Australian Dairy Carbon Calculator \(ADCC\) by Dairy Australia](#).

The ADCC is the fifth iteration of an on-farm emissions calculator developed specifically for dairy, and allows farmers to understand their net emissions both in absolute terms and emissions intensity for fat and protein corrected milk (both accepted industry units of measurement). The development of the new tool used 15 years' worth of science, data, expertise and investment from Dairy Australia, the Tasmanian Institute of Agriculture, and the Victorian State Government. This tool uses the updated and published International Dairy Federation's (IDF's) globally accepted methodology to determine GHG emissions and meets international and national standards for calculating GHG emissions.

3. Other Reviews into Greenwashing and Sustainability Reporting:

A. [Treasury review into Climate Related Financial Disclosure](#)

The ADIC provided a [submission](#) to the recent [Treasury review into Climate Related Financial Disclosure](#). The dairy industry supported the Australian Government's move to develop standardised, internationally aligned requirements for disclosure of climate related financial risks and opportunities in Australia with noted considerations on existing industry requirements and legislation, scope, assurance, and timing.

B. [ACCC Review into Greenwashing](#)

The [ACCC Review into Greenwashing has recently been completed](#), whereby an 'internet sweep' of websites across a range of consumer products highlighted a number of potentially misleading messages including vague and unqualified claims, a lack of substantiating information and the use of aspirational claims, with little information on how these goals will be achieved. We understand next steps are for industry guidance materials to be developed.

C. Other

The Australian Dairy Sustainability Steering Committee is also watching with interest developments overseas, including the EU's [sustainable food labelling initiative](#), which aims to standardize labelling to avoid consumer confusion, and the EU [green claims directive](#), which is proposing new laws on green claims. The success or otherwise of these programs may prove instructive for the sector, depending on the industry burden of such regulation.

Conclusion

The Australian dairy industry has already made significant investment to provide robust and transparent industry reporting and communication on sustainability, to ensure that consumers can confidently continue to enjoy dairy products knowing that the industry is committed to sustainability and climate goals.

By publicly reporting its progress and by being transparent and accountable, the ADSF provides confidence and certainty on its sustainability claims to stakeholders.

The ADIC looks forward to working collaboratively with the Committee on this Inquiry to ensure the integrity of environmental claims, with open discussion on any additional measures being considered – with the ADSF as an industry benchmark. We would be happy to discuss any of our submission in more detail.

Yours sincerely



Rick Gladigau
Chair

Australian Dairy Industry Council
E: adf.president@australiandairyfarmers.com.au



John Williams
Deputy Chair

Australian Dairy Industry Council
E: john.williams@adpf.org.au