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6 June 2023

Senate Standing Committee on Environment and Communications
Submission: Greenwashing Inquiry

Climate Action Network Australia (CANA) welcomes the opportunity to participate in the Senate Standing Committee on Environment and Communications' Greenwashing inquiry. CANA is a member-based organisation made up of over 150 civil society organisations advocating for Australia's rapid transition to a zero-emissions country. We seek a fair Australia, free of climate pollution, where people and nature are protected from dangerous climate change.

We welcome improvements to climate policy made by the Albanese Government, including the passage of the Climate Bill 2022 and update to Australia's Nationally Determined Contribution (NDC) under the Paris Agreement as well as the reforms to the Safeguard Mechanism. We also welcome the recent Federal budget allocations of \$14.2 million and \$4.3 million towards sustainable finance and the policing of greenwashing. These commitments are important steps towards reducing Australia's environmental and climate footprints.

Greenwashing by businesses is prevalent across the globe as highlighted in the United Nations' latest report Integrity Matters¹. In particular, this report singles out fossil fuel companies that claim to be 'net zero' while continuing to build new fossil fuel projects. These fossil fuel companies rely on uneconomical and under-performing methods such as carbon capture and storage (such as Chevron's Gorgon project²) and low integrity carbon offsets to achieve their net zero commitments. Often, such claims are difficult to verify and this has led to an increase in regulatory attention and enforcement. For example, fossil giant Santos has been recently taken to court for allegedly violating Australian Consumer Law for its net zero claims³. Greenwashing is evident in the Australian banking, insurance and superannuation industry as well. For example, the Australian Securities and Investments Commissions currently has a case against Mercer Superannuation for allegedly making misleading statements about the sustainability of its investment options⁴.

The Australian Competition and Consumer Commission (ACCC) has found that businesses in Australia were making false and misleading environmental and climate claims⁵. The ACCC report also found that businesses were failing to provide consumers with information and evidence to support their claims and were setting net zero and/or

¹ https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf

²

<https://www.theguardian.com/environment/2023/apr/21/emissions-wa-gas-project-chevron-carbon-capture-system-pilbara-coa-st>

³ <https://www.choice.com.au/shopping/packaging-labelling-and-advertising/advertising/articles/santos-greenwashing>

⁴

<https://asic.gov.au/about-asic/news-centre/find-a-media-release/2023-releases/23-043mr-asic-launches-first-court-proceedings-alleging-greenwashing/>

⁵ <https://www.accc.gov.au/system/files/Greenwashing%20by%20businesses%20in%20Australia.pdf>

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environmental goals with no clear plan to achieve them. The ACCC found the volume of third party certification schemes such as marine stewardship certification, forest stewardship certification etc were confusing for consumers. These findings were also reflected in the Consumer Policy Research Center's report on greenwashing (published 2022)⁶.

Given the matters raised above, CANA urges the Senate Committee on Environment and Communications to significantly clamp down on misleading and false environmental and climate claims as part of this inquiry. Doing so will provide greater consumer confidence that their purchase of goods and services are ethical. By regulating greenwashing in Australia, the government will also provide confidence and an equal playing field for those businesses and entities that are delivering genuine and positive ecological and social outcomes.

CANA makes the following recommendations for the Senate Committee to consider as part of the inquiry:

1. Introduce Federal legislation to prevent greenwashing in Australia.
2. Strengthen the regulatory and enforcement powers of ASIC and ACCC to respond to greenwashing, including greater monitoring of company claims and higher penalties for violations.
3. Establish a clear definition or baseline for good environmental / climate practices for businesses that they can meet and exceed to ensure that practices deliver for the planet and people.
4. Greater scrutiny of fossil fuel companies when it comes to their net zero claims, particularly, when they use measures such as carbon offsets and carbon capture and storage.
5. Increased education of the Australian public to ensure that they can make informed decisions when it comes to the purchase of goods and services, particularly, in relation to 'third party' certification schemes.

Should you have any questions, please feel free to contact me using the details below.

Sincerely,

Hasmukh Chand
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Climate Action Network Australia

⁶ <https://cprc.org.au/green-claims/>