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Standing Committee on the Environment and Energy  
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Canberra ACT 2600  
Submitted via email: [Environment.Reps@aph.gov.au](mailto:Environment.Reps@aph.gov.au)

3 April 2020

RE: National Greenhouse and Energy Reporting Amendment (Transparency in Carbon Emissions Accounting)  
Bill 2020

To the members of the committee,

Thank you for the opportunity to make a submission to this inquiry.

The Australasian Centre for Corporate Responsibility (ACCR) is a registered charity with the Australian Charities and Not-for-profits Commission (ACNC). ACCR invests in and engages with Australian listed companies in regard to their performance on various issues, including climate and the environment. ACCR regularly discusses with companies their approach to the management of climate risk, their emissions performance and targets.

ACCR relies heavily on publicly available information, from both government and corporate sources. The transparency of carbon emissions data, at both a national and corporate level is essential for tracking Australia's progress towards the Paris Agreement.

ACCR will comment on what we believe are the two most significant changes proposed in this bill: the inclusion of Scope 3 emissions, and the timing of reporting.

## **1. Inclusion of Scope 3 emissions**

### **a. Australia's Scope 3 emissions are globally significant**

Australia is the world's largest coal (thermal and metallurgical) exporter, and the world's largest LNG (liquified natural gas) exporter. According to Climate Analytics, in 2017 the emissions from Australia's fossil fuel exports accounted for 3.6% of global emissions<sup>1</sup>. In the absence of regular and reliable government data, the

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<sup>1</sup> Climate Analytics, Evaluating the significance of Australia's global fossil fuel carbon footprint, July 2019

Australian public is only aware of these facts through the work of academics and non-governmental organisations (NGOs), like Climate Analytics.

The University of New South Wales' (UNSW) Practical Justice Initiative found that in 2018, the emissions produced from the coal extracted by Australia's six largest coal producers (551Mt CO<sub>2</sub>e) were greater than all of Australia's domestic emissions (534MT CO<sub>2</sub>e)<sup>2</sup>. Furthermore, in 2018 Australia's ten largest producers of fossil fuels (including coal, gas and oil) extracted products containing the equivalent of 669.7Mt CO<sub>2</sub>e<sup>3</sup>.

The quarterly reporting of Australia's Scope 3 emissions could easily be derived through the use of, for example, the Resources and Energy Quarterly<sup>4</sup>, produced by the Department of Industry, Innovation and Science. The emissions embedded in Australia's exports could easily be calculated by applying "energy content factors" and "emissions factors" to the volume of fossil fuels exported each quarter.

Quarterly Scope 3 emissions data would allow for the measurement of and changes to Australia's total carbon footprint. Usefully, it would also provide some understanding of how Australia's trading partners are using its exports, and how that use changes over time.

#### **b. Corporate emissions data is currently unreliable**

Corporations registered under the National Greenhouse and Energy Reporting Act 2007 must report their greenhouse gas emissions, and energy production and consumption to the Clean Energy Regulator by 31 October each year. The Clean Energy Regulator then publishes the reported Scope 1 and Scope 2 emissions and net energy consumption for each corporation (that exceed the publication threshold of 50kt CO<sub>2</sub>e) by 28 February each year.

It is ACCR's understanding that this annual reporting requirement on corporations will not change, other than the inclusion of Scope 3 emissions. While quarterly emissions reporting by corporations would be useful, ACCR acknowledges the effort required to produce and verify such reporting. ACCR firmly believes that the Clean Energy Regulator could and should produce corporate emissions and energy data much sooner than 28 February each year.

The Australian Council of Superannuation Investors (ACSI) publishes an annual assessment of corporate reporting on environment, social and governance (ESG) issues, including carbon emissions. In August 2019, ACSI found that while 61% of ASX200 companies reported Scope 1 or Scope 2 emissions, just 28.5% of ASX200 companies (or 57 companies) reported their Scope 3 emissions<sup>5</sup>. While this list of companies who reported on Scope 3 includes major companies AGL Energy, BHP Group, Origin Energy, Santos and Woodside Petroleum, ASX-wide reporting is far from comprehensive. A requirement for companies to report Scope 3 emissions to the Clean Energy Regulator would improve transparency in annual reporting, and promote better understanding of climate risk by investors.

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<sup>2</sup> Moss, J and Fraser P, (2019) Australia's Carbon Majors, Practical Justice Initiative, UNSW

<sup>3</sup> *ibid.*

<sup>4</sup> <https://www.industry.gov.au/data-and-publications/resources-and-energy-quarterly-all>

<sup>5</sup> Australian Council of Superannuation Investors, ESG Reporting by the ASX200, August 2019

Corporate reporting of Scope 3 emissions is also aligned with both the CDP<sup>6</sup> (formerly the Carbon Disclosure Project) and the G20 Financial Stability Board's Taskforce for Climate-related Financial Disclosures (TCFD)<sup>7</sup>. These global, investor-led initiatives encourage the greater transparency of carbon emissions data. Greater transparency would improve corporate governance and risk management.

## 2. Timing of reporting

The predictable timing of the publication of emissions data is vitally important. As outlined by the proponent of the bill, the Member for Clark, Andrew Wilkie, ministers have routinely delayed the publication of carbon emissions reporting - in some cases by months, and in other cases to coincide with a busy news period or public holiday, which has the effect of "burying the story" and reducing public oversight.

Economic data such as inflation and unemployment figures long ago ceased to be the plaything of ministers seeking to hide poor results. The reporting of carbon emissions should not be subject to political interference or the volatility of the news cycle. The suggested reporting times by the Minister for Clark are reasonable and thoroughly achievable by the Clean Energy Regulator.

Should you require further information, please email [REDACTED] or call [REDACTED].

Yours sincerely,

Dan Gocher  
Director of Climate and Environment

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<sup>6</sup> <https://www.cdp.net/en>

<sup>7</sup> <https://www.fsb-tcfd.org/>