

## **Analysis of the Bill**

2.1 This Chapter examines the evidence received by the Committee during the inquiry. It concludes with a Committee comment and recommendation.

### **Inclusion of scope 3 data in greenhouse reporting obligations**

2.2 Chapter 1 outlined the Bill's intention to include scope 3 emissions data in Australia's greenhouse gas reporting obligations. The current arrangements require that only scope 1 and 2 emissions (which can be directly linked to a particular facility or activity) are reported. This section discusses the key arguments raised in evidence to the inquiry relating to the Bill's amendment to include scope 3 emissions data reporting. In particular, it considers:

- whether the amendment provides transparency for policy makers and the public
- the complexities associated with the calculation and reliability of scope 3 emissions data
- whether scope 3 emissions data is effectively 'double counting' existing scope 1 and 2 emissions data as reported by other countries
- that some Australian companies already voluntarily report on their scope 3 emissions.

## Transparency for policy makers and the public

- 2.3 The Bill seeks to ensure transparency and accountability in the way the Australian Government reports Australia's carbon emissions. NGERs is a single national framework for reporting and disseminating company information about greenhouse gas emissions, energy production, consumption and other information specified under the National Greenhouse and Energy Reporting Act 2007 (NGER Act). Currently, NGERs reports only on scope 1 and 2 emissions.
- 2.4 Inquiry participants considered whether the amendment to include scope 3 emissions data in Australia's greenhouse gas reporting obligations would provide increased transparency for policy makers and the Australian public.
- 2.5 Doctors for the Environment Australia's (DEA) submission to the inquiry considered that by not including scope 3 emissions data, Australia's contribution to global greenhouse gas emissions were not fully accounted for. DEA argued that because the intention of the NGER Act is to 'provide for the reporting and dissemination of information related to greenhouse gas emissions, greenhouse gas projects, energy consumption and energy production of corporations',<sup>1</sup> the Act is constrained from:
- ... transparently and completely reporting the full life cycle of emissions which includes scope 3 emissions ...<sup>2</sup>
- 2.6 DEA further argued that the inclusion of scope 3 emissions data would improve public health and environmental policy outcomes.
- 2.7 The Australasian Centre for Corporate Responsibility (ACCR) argued that for many years Australia's largest companies and their investors have taken the same view that producers [that export materials that will generate emissions] cannot be held responsible for their customers' emissions.<sup>3</sup> According to ACCR this view is rapidly changing and as such:
- It is dishonest and immoral for Australia to claim that we are reducing emissions in Asia with our coal and gas exports while, at the same time, failing to accept responsibility for all of the emissions embedded in those exports.<sup>4</sup>
- 2.8 Indeed Mr Daniel Gocher, Director of Climate and Environment for the ACCR, made the point that by assessing scope 3 emissions in one country
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1 Doctors for the Environment Australia, *Submission 3*, p. 4.

2 Doctors for the Environment Australia, *Submission 3*, p. 4.

3 Mr Daniel Gocher, Director of Climate and Environment, Australasian Centre for Corporate Responsibility, *Committee Hansard*, 1 May 2020, p. 22.

4 Mr Daniel Gocher, Director of Climate and Environment, Australasian Centre for Corporate Responsibility, *Committee Hansard*, 1 May 2020, p. 22.

there would be the opportunity to verify the scope 1 emissions reported in another country, thereby improving the rigour of the international reporting and carbon accounting system:

You can look at country-level emissions data, so you can look at how the Japanese electricity grid, for instance, was saying, 'We'll look at our national electricity grid,' and you can see how it has used coal and gas and nuclear over time. But that is not tracked back to say: 'What is the proportion of that electricity that was derived from Australian coal and gas?'<sup>5</sup>

2.9 In contrast, other contributors to the inquiry held the view that the inclusion of scope 3 emissions data in Australia's greenhouse gas reporting obligations would not provide additional clarity on emissions because NGERS is designed to only report on scope 1 and 2 emissions that occur within Australia's territorial boundaries.

2.10 According to the Department of Industry, Science, Energy and Resources (DISER), the current NGERS was designed to sit within the UN climate treaty transparency framework. DISER's position was that the inclusion of scope 3 emissions data in Australia's greenhouse gas reporting obligations would:

... take NGERS outside of the UN systems transparency framework scope, so it would not be assisting the government in meeting its Paris Agreement commitment.<sup>6</sup>

2.11 The Australian Industry Greenhouse Network (AIGN) submitted that the amendment to include scope 3 emissions was 'not a new idea' and that while it:

... 'may' add to the depth of emissions reporting, the Committee must consider the complexity, cost and possible commercial issues that may arise, for both liable entities and the Government ...<sup>7</sup>

2.12 AIGN questioned whether the amendments addressed a demonstrable market failure where 'the cost of regulation is less than the cost of ongoing market failure.'<sup>8</sup>

2.13 According to the Minerals Council of Australia (MCA):

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5 Mr Daniel Gocher, Director of Climate and Environment, Australasian Centre for Corporate Responsibility, *Committee Hansard*, 1 May 2020, p. 23.

6 Mr Rob Sturgiss, General Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 4. See also: Department of Industry, Science, Energy and Resources, *Submission 10*, p. 4.

7 Australian Industry Greenhouse Network, *Submission 5*, p. 3.

8 Australian Industry Greenhouse Network, *Submission 5*, p. 3.

... the current greenhouse gas accounting rules already provide for an accurate accounting of emissions. In practice a facility's scope 3 emissions is fully and accurately accounted for as another sector's scope 1 regardless of whether they are emitted domestically or internationally.<sup>9</sup>

- 2.14 The MCA contrasted the accounting of scope 1 and 2 emissions against scope 3 emissions. It noted that scope 3 emissions are generated from external sources not necessarily owned or controlled by local facilities. As such, scope 3 emissions are 'often far removed from the point of raw material extraction.'<sup>10</sup>

## **International practice**

- 2.15 In considering whether the amendment was consistent with international practice, inquiry contributors provided evidence about current international treaty requirements for reporting; and whether other countries also reported scope 3 emissions data.

## **International treaty requirements for reporting scope 1 and 2 emissions**

- 2.16 Chapter 1 outlined the international treaty requirements for reporting scope 1 and 2 emissions. Inquiry participants considered whether the Bill's proposal to include scope 3 emissions data in Australia's greenhouse gas reporting obligations was consistent with its international treaty obligations.
- 2.17 DISER told the Committee that:
- Under the terms of every UN climate treaty since 1992, the Australian government is accountable for the emissions occurring within Australia's territorial boundaries. ...<sup>11</sup>
- 2.18 The Chamber of Minerals and Energy of Western Australia's (CMEWA) submission to the inquiry was also of the view that the amendment was:
- ... inconsistent with the long-established United Nations Framework Convention on Climate Change's (UNFCCC's) production based emissions accounting rule, which underpins the Paris Agreement. Under the current approach all emissions are assigned to the country which directly produces them.<sup>12</sup>

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9 Minerals Council of Australia, *Submission 6*, p. 1.

10 Minerals Council of Australia, *Submission 6*, p. 1.

11 Mrs Helen Bennett, Head of Division, Climate Change Division, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 2.

12 The Chamber of Minerals and Energy of Western Australia (CMEWA), *Submission 7*, p. 1.

- 2.19 By contrast, the Australia Institute was of the view that the inclusion of scope 3 emissions in Australia's reporting obligations was consistent with international obligations. In its submission to the Committee, the Australia Institute advised that the concept of 'scopes' (such as scope 3 emissions) does not appear within the international climate treaty system and is a concept that 'arose within the business sector to meet a need for investment information.'<sup>13</sup>
- 2.20 The Australia Institute's submission to the inquiry further noted that the UNFCCC and subsequent international climate treaties referred to national obligations to reduce 'territorial emissions'. The submission stated that:
- ... no part of any UNFCCC treaty forces countries to consider and reduce only territorial emissions and prohibits other considerations. On the contrary, the Paris Agreement includes a range of obligations which cover emissions reductions outside of national territories, including overseas development assistance, technology transfer and "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development".<sup>14</sup>

### Practice by other countries

- 2.21 DISER was asked if other comparable countries reported scope 3 emissions and it confirmed that other countries did not report scope 3 emissions. For example, the Committee was advised that both the European Union and US greenhouse gas reporting programs are similar to the NGERS and do not require scope 3 emission estimates to be made.<sup>15</sup>
- 2.22 ACCR advised that it was not aware of any analysis that provided insight into the tracking of emissions that have derived from Australian coal and gas exports, rather the analysis was done on a country level.<sup>16</sup>

### Calculation and reliability of scope 3 emissions data

- 2.23 Many inquiry participants, including DISER, held concerns about the calculation and reliability of scope 3 emissions data. DISER was of the

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13 The Australia Institute, *Submission 9*, p. 9.

14 The Australia Institute, *Submission 9*, p. 9.

15 Mr Rob Sturgiss, General Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 2.

16 Mr Daniel Gocher, Director of Climate and Environment, Australasian Centre for Corporate Responsibility, *Committee Hansard*, 1 May 2020, p. 23.

view that because NGERS data was designed to support Australia's UN treaty obligations, and consequently also support the government action to fulfil those obligations, public confidence in the accuracy and transparency of the data was important.<sup>17</sup>

2.24 DISER told the Committee that it had not developed a methodology or the arrangements that would enable companies to report scope 3 emissions, nor, therefore, had it conducted an assessment of the compliance costs of the proposed Bill.<sup>18</sup> Its experience in developing methodologies for scope 1 and 2 emissions reporting provided an insight into the complexity and costs for companies reporting scope 3 emissions.<sup>19</sup> It was also likely that companies making such reports would require resources and incur costs in having scope 3 emissions data audited.<sup>20</sup>

2.25 DISER's submission to the inquiry suggested that the higher information requirements for obtaining scope 3 emissions data would be costly and it would be difficult for estimates to be verified.<sup>21</sup> DISER advised that approximate estimates could be developed at lower cost but that these would be 'relatively uncertain'. One drawback of developing estimates of this nature is that '... the results obtained reflect typical industry profiles rather than facility-specific information associated with the facility's actual production or commercial decisions.'<sup>22</sup>

2.26 Inquiry participants argued that the calculation of scope 3 emissions required a significant understanding of the complete international supply chain and product lifecycle by the Australian entity liable to report the emissions. DISER's submission to the inquiry advised that:

The complexity stems from the intensive information requirements. In essence, to prepare an estimate of scope 3 emissions, the operator of a facility needs to also make an estimate of the emissions associated with the upstream supply of all inputs into the facility's production as well as an estimate of emissions

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17 Mrs Tamara Curll, Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 2.

18 Department of Industry, Science, Energy and Resources, *Supplementary Submission 10.1*, p. 2.

19 Mrs Tamara Curll, Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, pp. 4-5.

20 Mrs Tamara Curll, Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, pp. 4-5.

21 Department of Industry, Science, Energy and Resources, *Submission 10*, p. 6.

22 Department of Industry, Science, Energy and Resources, *Submission 10*, p. 6.

associated with all elements of the downstream supply chain of all of its products until the good or service is utilised by a consumer.<sup>23</sup>

- 2.27 The CER told the Committee that some difficulties in calculating scope 3 emissions arose because liable companies would also need to accurately attribute scope 3 emissions from imports that form part of its own supply chain and manufacturing processes.<sup>24</sup>
- 2.28 AIGN was asked whether the Bill's amendment requiring scope 3 reporting would be practical for companies with international supply chains. AIGN replied that this would differ between companies and depend on the complexity of individual supply chains. It noted that 'life cycle assessments' - a variation on a scope 3 report - could take between six and 18 months and be dependent on the level of accuracy required and the assumptions that underpin them.<sup>25</sup>
- 2.29 The MCA's submission to the inquiry advised that scope 3 emissions would include emissions generated following extraction and as part of the value-adding process. These processes include manufacturing, transport, storage, sale, usage and the ultimate disposal, recycling, re-use or repurposing of those materials.<sup>26</sup> The MCA suggested that a scope 3 emissions reporting regime would:
- ... necessarily force firms to adopt imprecise proxy estimation approaches to represent unidentified downstream emissions processes. A more appropriate assignment of these emissions is to those firms responsible for their release (i.e. scope 1) and who have a complete understanding of how they have been generated and more importantly how they can be mitigated at point source.<sup>27</sup>
- 2.30 The CMEWA's submission to the inquiry highlighted the specific challenges that some industry participants would face in reporting scope 3 emissions. For example, it questioned how scope 3 emissions from steel manufacturing could 'be reported between the producers of the inputs including metallurgical coal, iron ore, electricity, scrap steel, and other processes associated with steel manufacture?'<sup>28</sup> It further questioned how

23 Department of Industry, Science, Energy and Resources, *Submission 10*, p. 6. See also: Mr Rob Sturgiss, General Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 2.

24 Ms Shayleen Thompson, Executive General Manager, Clean Energy Regulator, *Committee Hansard*, 1 May 2020, p. 7. See also: Ms Susan Smith, Chief Executive Officer, Australian Industry Greenhouse Network, *Committee Hansard*, 1 May 2020, p. 17.

25 Ms Susan Smith, Chief Executive Officer, Australian Industry Greenhouse Network, *Committee Hansard*, 1 May 2020, p. 19.

26 Minerals Council of Australia, *Submission 6*, p. 1.

27 Minerals Council of Australia, *Submission 6*, p. 2.

28 The Chamber of Minerals and Energy of Western Australia (CMEWA), *Submission 7*, p. 2.

liquefied natural gas exporters could accurately and efficiently trace final consumption of gas offshore (downstream of their wholesale purchasers) to determine the usage of that natural gas between different manufacturing processes with different scope 3 outcomes.<sup>29</sup>

- 2.31 The ACCR, however, advised the Committee that the calculation of Australia's scope 3 emissions was not as complex as had been put by others. It submitted that:

The quarterly reporting of Australia's scope 3 emissions could easily be derived through the use of, for example, the Resources and Energy Quarterly, 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.<sup>30</sup>

### **'Double counting' of emissions data**

- 2.32 Some inquiry participants argued that the inclusion of scope 3 data in Australia's reporting obligations effectively 'double counted' the scope 1 and 2 emissions that had been reported by another entity in Australia or elsewhere.
- 2.33 DISER explained to the Committee that under the UN treaty system, every tonne of fossil fuel that is combusted will be reported and accounted for by only one government. Reporting scope 3 emissions:
- ... runs the risk of making every company and every nation in the supply chain think they have some accountabilities ... if every country has some notional accountability, there's double-counting of accountability. That's not consistent with having clarity about who is actually responsible and who is actually accountable ....<sup>31</sup>
- 2.34 The AIGN told the Committee that in considering scope 3 emissions, these emissions have already been assessed as another facility's scope 1 emissions and that arguably '... scope 3 reporting is not necessarily about a gap in reporting but rather that it is a form of analysis of that reporting.'<sup>32</sup>
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29 The Chamber of Minerals and Energy of Western Australia (CMEWA), *Submission 7*, p. 2.

30 Australasian Centre for Corporate Responsibility, *Submission 8*, p. 2.

31 Mr Rob Sturgiss, General Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, pp. 3-4. Supported by: Ms Shayleen Thompson, Executive General Manager, Clean Energy Regulator, *Committee Hansard*, 1 May 2020, p. 7.

32 Ms Susan Smith, Chief Executive Officer, Australian Industry Greenhouse Network, *Committee Hansard*, 1 May 2020, p. 17.



- 2.35 The CMEWA submitted to the Committee that the current approach of not including scope 3 emissions:

... avoids issues with double accounting whilst providing the greatest opportunity for complete, accurate, administratively efficient and timely reporting of emissions by placing the onus on those most directly able to control and measure these emissions.<sup>33</sup>

- 2.36 On the issue of double counting of emissions the ACCR told the Committee that:

Arguably, at a global level of course it's double counting. Australia is attempting to take credit for displacing more carbon intensive fuels than other countries; we're taking credit for exporting coal and gas, but we're not looking at the whole picture. ... The exercise is to be more informed and to understand where Australia's exports are going and the emissions that those exports are producing.<sup>34</sup>

- 2.37 The Australia Institute's submission to the inquiry advised that rather than being considered as double-counting, scope 3 emissions provide a different perspective to looking at emissions. The submission stated that the:

... National Greenhouse Emissions Reporting scheme (NGERS) has long required reporting of scope 2 emissions, which are also scope 1 emissions for someone else. Those objecting to inclusion of scope 3 do not appear to be objecting on the same grounds to scope 2 reporting.<sup>35</sup>

### **Current (voluntary) reporting by some Australian companies**

- 2.38 The Committee received evidence that suggested that, while it was not mandatory, some Australian companies did voluntarily report on their scope 3 emissions.<sup>36</sup>
- 2.39 ACCR's submission to the inquiry highlighted an annual assessment by the Australian Council of Superannuation Investors which reported that in August 2019:

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33 The Chamber of Minerals and Energy of Western Australia (CMEWA), *Submission 7*, p. 1.

34 Mr Daniel Gocher, Director of Climate and Environment, Australasian Centre for Corporate Responsibility, *Committee Hansard*, 1 May 2020, p. 24.

35 The Australia Institute, *Submission 8*, p. 6.

36 Mr Rob Sturgiss, General Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 2.

... 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>37</sup>

- 2.40 The MCA submitted to the Committee that many of its members already voluntarily report on scope 3 emissions.<sup>38</sup> This practice was also highlighted by The Australia Institute, which submitted to the inquiry that:

The practicality of reporting scope 3 emissions is also demonstrated by the actions of some of the largest producers of scope 3 emissions on the planet.<sup>39</sup>

- 2.41 In considering how it was currently possible for some Australian companies to report scope 3 emissions given the complexities and costs associated with the accurate estimation of these emissions, DISER advised the Committee that it had not conducted any analysis of the quality of those estimates and that:

... the boundaries around what constitutes scope 3 would be difficult. You could imagine the idea of working out what emissions were generated in all of your capital equipment. What were the emissions generated downstream by downstream users that you have no visibility of? How many downstream users do you consider? Is it just the company that purchases your metal rods, or do you need to think about what happens to the equipment that used your metal rods further on in the economy?<sup>40</sup>

## **Committee comment**

- 2.42 In considering the evidence presented to the inquiry, the Committee views that there is insufficient evidence to support the inclusion of scope 3 emissions data in Australia's greenhouse gas reporting obligations.

## **Transparency for policy makers and the public**

- 2.43 The Committee notes the views of some inquiry contributors that the amendment would provide policy makers and the public with additional information to assess the impact of Australia's global contribution to
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37 Australasian Centre for Corporate Responsibility, *Submission 8*, p. 2.

38 Minerals Council of Australia, *Submission 6*, p. 2.

39 The Australia Institute, *Submission 9*, p. 7.

40 Mr Rob Sturgiss, General Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 5. Similar evidence presented by Ms Shayleen Thompson, Executive General Manager, Clean Energy Regulator, *Committee Hansard*, 1 May 2020, p. 7.

greenhouse gas emissions. The Committee however agrees with DISER that the amendment to NGERs would fall beyond the remit of Australia's greenhouse gas reporting obligations.

### **International practice**

- 2.44 The Committee believes that it is in Australia's interests to ensure that laws relating to the reporting of greenhouse gas emissions comply with its international obligations. At present, these obligations require the reporting of scope 1 and 2 emissions, consistent with the international requirement that Australia reports emissions from within its territorial boundaries. Importantly, Australia's current greenhouse gas reporting practice is also consistent with that of other comparable international jurisdictions.

### **Calculation and reliability of scope 3 emissions data**

- 2.45 The Committee received significant evidence about concerns relating to the calculation and reliability of scope 3 emissions data. In the first instance, the Committee agrees with DISER that the reporting of emissions data under NGERs is a matter of public confidence. Without this, the Australian Government would have difficulty in garnering support for its emissions reduction policies and strategies.
- 2.46 After careful consideration of the evidence, the Committee is of the view that the calculation of scope 3 data by Australian companies would be a significant undertaking both by Australian NGERs liable companies and the regulator. It would require a complete and complex understanding of each company's supply chain and product lifecycle - in many cases these processes are conducted overseas and readily available data is unlikely to be available or have the capacity to be audited.
- 2.47 Significantly, the Committee notes comments from DISER that a methodology to comprehensively calculate scope 3 emissions has yet to be developed. Estimating scope 3 emissions information would be costly and difficult to verify. In the Committee's view, the development of a methodology for the calculation of scope 3 emissions for use by Australian NGERs liable entities is likely to be a significant and complex undertaking that is unlikely to provide value beyond the scope 1 and 2 emissions data that is already internationally available.

### **'Double counting' of emissions data**

- 2.48 The Committee acknowledges the concerns raised by some inquiry participants that the inclusion of scope 3 emissions in Australia's greenhouse gas reporting obligations would amount to scope 1 emissions

being counted twice. Scope 3 emissions are indirect greenhouse gas emissions that are emitted either domestically or internationally as a result of a scope 1 emissions-producing activity in Australia but from sources not owned or controlled by the source of the scope 1 emissions.

- 2.49 As such, scope 3 emissions are likely to include emissions that have already been reported as scope 1 emissions by another country. The Committee is of the view that if Australia and other international parties continue to adhere to the international treaty principle that each jurisdiction is liable only for those emissions occurring directly within its territorial boundaries, there is reduced opportunity for scope 1 emissions to be counted twice and therefore the reporting provides a more accurate representation of each nation's progress against its international commitments.

### **Current (voluntary) reporting by some Australian companies**

- 2.50 The Committee accepts that there are a number of Australian companies that do voluntarily report on their scope 3 emissions, despite it not being a requirement under NGERS. The Committee notes comments by DISER stating that it had not assessed the quality of the estimates produced by companies, and thus, individual company assessments of scope 3 emissions are not of regulatory value.

### **Quarterly reporting of greenhouse gas emissions inventory estimates to parliament**

- 2.51 This section considers the Bill's amendment that the quarterly update of the National Greenhouse Gas Inventory (NGGI) be prepared by the CER, instead of DISER and presented to the Minister. Under the amendment, the Minister would then be required to table it in Parliament each quarter.<sup>41</sup>
- 2.52 This section considers a number of issues raised in the inquiry relating to the tabling of DISER's quarterly updates in Parliament:
- timing and regularity of national reporting; and
  - differences in coverage between DISER's NGGI quarterly update and the CER's NGERS annual report.

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41 Explanatory Memorandum, National Greenhouse and Energy Reporting (Transparency in Carbon Emissions Accounting) Bill 2020, p. 2.

## Timing and regularity of national reporting

- 2.53 Some inquiry contributors raised concerns about the timing and regularity of NGGI reporting by DISER. DISER advised the Committee that while it prepares an annual report submitted under the UNFCCC, it also prepares quarterly comprehensive emissions estimates in the form of a quarterly update of the Australian national greenhouse gas inventory.<sup>42</sup>
- 2.54 DISER told the Committee that the update:
- ... is published every three months. We publish five months after the end of the reporting period for most of the inventory, but for electricity we report within two months of the end of the reporting period in that same document.<sup>43</sup>
- 2.55 The quarterly update is published on DISER's website and is also tabled in the Senate under a Senate order.<sup>44</sup>
- 2.56 The ACCR argued that on a number of occasions, there had been significant delays between DISER providing the Minister with the report and that report being tabled in Parliament.<sup>45</sup> It questioned why similar delays were not acceptable for economic data but had become so with the publication of Australia's emissions data.<sup>46</sup>

## Differences in coverage between the NGGI quarterly update and the NGERS annual report

- 2.57 While the Bill proposes that the NGGI quarterly updates be prepared by the CER and tabled by the Minister in Parliament, some inquiry contributors discussed whether the CER's NGERS data could also be tabled on a quarterly basis.<sup>47</sup>

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42 Department of Industry, Science, Energy and Resources, *Submission 1*, p. 2.

43 Mr Rob Sturgiss, General Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 4.

44 Mr Rob Sturgiss, General Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 4.

45 Mr Daniel Gocher, Director of Climate and Environment, Australasian Centre for Corporate Responsibility, *Committee Hansard*, 1 May 2020, pp. 21-22.

46 Mr Daniel Gocher, Director of Climate and Environment, Australasian Centre for Corporate Responsibility, *Committee Hansard*, 1 May 2020, pp. 21-22. See also Australasian Centre for Corporate Responsibility, *Submission 8.1*.

47 See for example: Minerals Council of Australia, *Submission 6*, p. 2.

- 2.58 DISER advised the Committee that tabling the NGERS data on a quarterly basis would be problematic and that it 'would be quite a radical change to the way NGER operates ...'<sup>48</sup> There are two broad reasons for this.
- 2.59 The first reason is that the NGERS data collected by the CER does not capture all sectors within the economy – only approximately 60 per cent of it – and within that, only those sectors which produce emissions over defined thresholds.<sup>49</sup>
- 2.60 The Committee was advised by DISER that the NGGI quarterly update does not rely on data collected under NGERS.<sup>50</sup> As such, given the separate data requirements of the NGGI and NGERS:  
... it would seem inconsistent, within the scope of NGERS, to include in the NGERS publication requirements a requirement to produce data for the entire national inventory.<sup>51</sup>
- 2.61 The second reason is that under the current NGERS legislation, entities that trigger the relevant NGERS threshold are required to submit reports by October 31 of the financial year that has been recently completed. The CER is required to make its report on scope 1 and 2 emissions data by 28 February each year.
- 2.62 During the period between companies reporting to the CER and the CER making its report, the Committee was advised that the NGERS data is subject to a quality assurance process.<sup>52</sup> As such the CER believed that:  
...within the current legislative settings, it really wouldn't be possible for us to do the equivalent of the quarterly inventory reporting and provide that to parliament.
- 2.63 From an industry perspective, CMEWA did not support the amendment to require the Minister to report quarterly to the Parliament given that the current NGER Act:

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48 Mr Rob Sturgiss, General Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 4.

49 Mr Rob Sturgiss, General Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 3. See also: Ms Shayleen Thompson, Executive General Manager, Clean Energy Regulator, *Committee Hansard*, 1 May 2020, p. 8.

50 Mr Rob Sturgiss, General Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 4.

51 Mrs Tamara Curll, Manager, National Inventory Systems and International Reporting Branch, Department of Industry, Science, Energy and Resources, *Committee Hansard*, 1 May 2020, p. 4.

52 Ms Jane Wardlaw, General Manager, Clean Energy Regulator, *Committee Hansard*, 1 May 2020, p. 7.

... provides reporters with a four-month period from the end of financial year to prepare and validate the accuracy of greenhouse gas reporting. It is currently unclear, therefore, how in practice the altered requirements on the Minister would be translated in to altered requirements on industry...<sup>53</sup>

## **Committee comment**

- 2.64 The Committee does not support the Bill's proposed amendment that the Minister table NGGI quarterly updates in the Parliament within 15 sitting days of the report being presented to the Minister by CER.

## **Timing and regularity of national reporting**

- 2.65 A number of inquiry participants expressed concerns about the timing and regularity of reporting of the NGGI quarterly updates. In the Committee's view, these updates serve as indicators of the progress of the information that will ultimately comprise the Australian Government's annual international greenhouse gas reporting obligations. The Committee is satisfied that these indicative reports, while perhaps of interest to those seeking more regular reporting of emissions data, are published on the Department's website and also produced under a Senate Order.
- 2.66 The Committee notes evidence that suggests data from a number of Commonwealth agencies are released on schedules independent of the Government.<sup>54</sup> The Committee considers that the Department should ensure that its data releases are timely and well publicised.

## **Differences in coverage between the NGGI quarterly update and the NGERS annual report**

- 2.67 The Bill sets out a requirement for CER to produce a quarterly NGGI estimates report and present it to the Minister for tabling. In developing a process for this to occur the Australian government would need to consider how the CER would produce these estimates, which is inconsistent with its current mandate. The CER is already required to produce the annual NGERS report which reports on scope 1 and 2 emissions. In the Committee's view, the CER would need to be equipped with the staff and resources to acquit such a function on a quarterly basis. This would include the need to redesign both its reporting processes to the likely detriment of NGERS liable entities and also the assurance processes required to assess the data reported by liable entities.

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53 The Chamber of Minerals and Energy of Western Australia (CMEWA), *Submission 7*, p. 2.

54 The Australia Institute, *Submission 8*, p. 11.

**Recommendation 1**

- 2.68 The Committee recommends that the National Greenhouse and Energy Reporting Amendment (Transparency in Carbon Emissions Accounting) Bill 2020 not be passed.

**Mr Ted O'Brien MP**  
**Chair**