

Standing Committee on the Environment and Energy

ANSWERS TO QUESTIONS ON NOTICE

Department of Industry, Science, Energy and Resources

Inquiry into National Greenhouse and Energy Reporting Amendment (Transparency in Carbon Emissions Accounting) Bill 2020

1 May 2020

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Public Hearing QoN - Inquiry into National Greenhouse and Energy Reporting Amendment (Transparency in Carbon Emissions Accounting) Bill 2020

REFERENCE: Question on Notice - Written (Committee)

QUESTION No.: 1

1. Much of the evidence of opponents to the bill including the Department cite that it would unduly onerous and costly on business to report scope 3 throughout the supply chain. The Department stated:

“The department believes that such a step could, perversely, weaken accountability and would likely impose significantly higher compliance costs on companies. It will rely on hard-to-verify data and generate emissions with relatively higher uncertainty.”

However, this kind of supply chain measurement proposed by this bill has been occurring with other risks and factors including for example the requirements under the Modern Slavery Bill which:

Establishes a Modern Slavery Reporting Requirement to require certain large businesses and other entities in Australia to make annual public reports (Modern Slavery Statements) on their actions to address modern slavery risks in their operations and supply chains.

The Regulation Impact Statement included in the Explanatory Memorandum states that the Modern Slavery Bill would have an annual regulatory impact on the business community of approximately \$65.85 million (\$21,950 per reporting entity).

Has the Department conducted a similar impact statement for business costs to comply with scope 3 reporting?

2. [Citizens are now taking companies](#) to court requesting the disclosure of companies scope 3 emissions.

Object 3 (1) (b) of the NGER Act is to “inform government policy formulation and the Australian public.” It is clear that the Act is falling short if citizens have to take companies to court for this essential information.

Has the Department factored legal actions into any analysis on whether to pursue uniform scope 3 reporting?

ANSWER

1. No. The Department has not conducted an assessment of the compliance costs of the proposals in the bill.

Nonetheless, the Department's expectation is that the compliance costs for business would be significantly raised compared with current compliance costs for NGER reporting. This is essentially because a business would need to seek considerable information from facilities that are outside of a company's operational control to make a scope 3 emission calculation. This process of information discovery would be complex. By contrast, currently an NGER reporter utilises information for facilities that are under its operational control only.

2. No.

Legal actions in other jurisdictions have not been taken into account in the Department's submission. The Department notes that the NGERs framework has been designed to simultaneously meet both the objective of supporting the Government's international commitments and the objective of providing information to policy makers. The Department notes that the proposal, if pursued, would take the NGERs outside of the Paris Agreement Transparency framework – a UN framework negotiated by all major governments and which assigns accountability for each emission to one government only – being the government of the jurisdiction where the emission occurred.