



27 August 2007

51 Walker Street
North Sydney NSW 2060
PO Box 289
North Sydney NSW 2059
Australia

ABN 76 369 958 788

Committee Secretary,
Senate Environment, Information Technology & Arts Committee,
PO Box 6100
Parliament House
Canberra ACT 2600

Tele: +612 9466 5566
Fax: +612 9466 5599
www.aigroup.asn.au

Dear Sir/Madam,

National Greenhouse & Energy Reporting 2007

The Australian Industry Group welcomes the opportunity to make a submission to the Senate Environment, Information Technology and Arts Committee on the National Greenhouse & Energy Reporting Bill 2007.

Ai Group has a strong interest in climate change policy and has developed the following set of principles to guide our approach to climate change policy.

1. Australia should be proactive in the development of effective, global responses to climate change.
2. The competitiveness of Australian business should be a leading consideration in the development of any policy options.
3. Any policy options developed should aim to maximise certainty for medium and longer-term investments.
4. Any additional policy measures adopted by Australia should be linked with clear progress towards effective global measures.
5. Any additional measures adopted by Australia should be phased in over timeframes that permit reasonable time for adjustment.
6. Any additional measures adopted by Australia should be consistent across the country and should have the support of all levels of government.
7. Net additions to government revenues generated by policies to reduce the growth of greenhouse gases should be applied to reducing existing taxes - particularly those borne by business.
8. In designing any additional measures to reduce greenhouse gas emissions strong preference should be given to a market-based approach such as emissions trading.
 - a) The greatest benefits from a market based approach would be achieved with a broad coverage with as few regional or sectoral sub-targets as possible.
 - b) To avoid disincentives against adopting emission-reducing measures, the design of any emissions trading scheme should recognise early action taken to reduce emissions.
 - c) To the fullest extent possible existing regulatory arrangements on greenhouse gas emissions should be removed or folded into any new arrangements to improve efficiency and reduce compliance burdens.

9. A key avenue for policy should be on informing business and the broader community of options (including technological options) for energy efficiency and emissions reduction and in providing incentives for their research, development and adoption.

While the Bill does not appear to be inconsistent with these principles, there is great uncertainty about the details of the reporting regime introduced by the Bill.

We continue to have strong concerns about the compliance costs imposed on businesses. While we recognise that some costs are necessary, we think that the strongest possible efforts should be taken to reduce such costs. The streamlining of reporting is essential to the issue of costs and we emphasise that while there is an intention, there is no guarantee that the new regime will result in the streamlining that needs to occur – this depends on the States.

This is clearly a need for a great deal of consultation with the business community and others as the operational details are developed through regulations. Ai Group is committed to being closely involved in the consultation process associated with the reporting regime.

While Ai Group understands that the detail of the Bill will be contained in the regulations to the Act, there are some issues that should be raised at this time. The following comments refer to specific provisions in the Bill:

PART 1 INTERPRETATION

- *Clause 7: Definitions*

A key definition in this clause is the *controlling corporation* which determines the entity responsible for reporting under the Bill. The controlling corporation is defined so that the corporation at the top of the corporate hierarchy is the corporation responsible for reporting. This differs from the definition of *operational control* used under the Energy Efficiency Opportunities (EEO) measure which refers to operational control vesting in the entity that last paid the energy bill. As the EEO measure will apply until a fully operational emissions trading scheme is in force, this definitional discrepancy needs to be addressed.

- *Clause 9: Facilities*

Provisions in the Bill relating to facilities give rise to uncertainty about the scope of the definition of facility for the purpose of the Bill. Which activities will be deemed to be facilities for the purpose of the Act? It is vital that companies understand the extent of their compliance obligations under the Bill.

PART 2: REGISTRATION

- *Clause 13: Thresholds*

Provisions of the Bill that deal with reporting triggers are confusing with respect to the interaction between the different thresholds. For example:

- Will the facility threshold also trigger the company-wide *threshold where the company falls below the company* threshold? Ai Group's view is that it should not.
- Will companies that trigger the facility and/or corporate level *energy* threshold be required to report on their *greenhouse* emissions even if they not they meet the threshold for direct emissions? Ai Group's view is that they should not.
- Where a company triggers the corporate-wide threshold but has 98% of its energy consumption on one site, is it required to conduct audits of a number of small sites that are part of the corporate group?

PART 3 OBLIGATIONS OF REGISTERED COMPANIES

- *Clause 19 subclause(6) : Streamlined reporting*

This clause provides for the reporting requirements of the various states and territories to be provided through the national reporting framework-a single reporting function. However the time frame for this is uncertain and it is unlikely that a single reporting function will be available at the time of the first reporting period. Further the reporting timeframes for various greenhouse measures vary. Clarity on the transition to single line reporting system is necessary as soon as possible.

The second reading of the Bill refers to the use of the Australian Government's Online System for Comprehensive Activity Reporting (OSCAR) (developed for the Greenhouse Challenge Plus Programme), for managing reporting under the Bill. A concern expressed by some large companies with respect to the uptake of OSCAR as an internal management and reporting tool is the storing of extensive corporate data on an external server.

Ai Group understands the importance of developing a robust reporting system to underpin Australia's national emissions trading scheme and welcomes the objective of the Bill to subsume current reporting requirements into a single reporting requirement. We look forward to working with the Greenhouse Taskforce on the detail of the Bill.

Yours sincerely,



Heather Ridout
Chief Executive