

15 December 2023

Climate Active Review Secretariat
Department of Climate Change, Energy, the Environment and Water
GPO Box 3090
Canberra ACT 2601

By email: climate.active@industry.gov.au

To whom it may concern,

Re: Climate Active Program Direction Consultation 2023

On behalf of our member councils, the Victorian Greenhouse Alliances welcome the opportunity to make a submission to the *Climate Active Program Direction Consultation*.

The Victorian Greenhouse Alliances (VGA) are formal partnerships of local governments and statutory agencies driving climate change action across Victoria's municipalities. The Alliances' work across their networks, communities and partners to deliver regional mitigation and adaptation programs and have been active for over 22 years. This includes the implementation of joint initiatives that provide economies of scale and enable projects typically beyond the reach of individual councils and agencies. Our project work is complemented by targeted advocacy, capacity building activities and regional partnerships.

We directly represent the interests of local government who have expressed a strong desire for meaningful action on climate change. Our councils have committed to their own emissions reduction targets, which go beyond State and Federal government climate commitments and are based on science-based targets. 40 councils have set either corporate carbon neutral or zero net commitments with the majority planning to achieve these targets by no later than 2030. The primary focus of councils in meeting these targets is the reduction of direct and indirect greenhouse gas emissions.

Victorian councils are active participants in the offset market (as purchasers), and several are now certified carbon neutral under the Government's Climate Active program, however councils have significant and increasing concerns with the associated costs of being Climate Active certified. In addition to concerns about accreditation and offset costs, councils are increasingly looking for more meaningful 'offset' outcomes that are focused on local climate action that deliver a range of co-benefits. We expect Local Governments will play a key role in stimulating the ongoing demand for high-value and high-quality offsets and are uniquely placed to coordinate with other spheres of government to ensure the growth of a diverse and affordable domestic offset market.

In principle we support the process underway to enhance the integrity and robustness of the Climate Active Program. We urge the Government to carefully consider the following key recommendations we have outlined against the eight proposals below:



Emission Reductions

Proposal 1: All participants must produce an emissions reduction strategy that includes a near-term and long-term gross emissions target aligned with Australia's NDC (at a minimum) applicable to the item being certified.

VGA supports the Climate Active program prioritising direct emission reductions over offsetting and the proposal to include both near-term and long-term gross emission reduction targets. However, aligning with the Nationally Determined Contribution does not go far enough (even for a minimum). If it is up to organisations to set their own targets, what incentives will be provided to go over and beyond the minimum target?

VGA also notes the consultation paper defines near-term as between 2025 – 2035. We consider 10 years is too long and suggest this should be five years maximum.

Recommendation 1: The VGA recommends that participants should be encouraged to go beyond Australia's NDC by implementing a science-based target, as Australia's current emissions target is not sufficient to achieve a safe climate. The Mission Zero report published by the Climate Council¹ in September highlighted that we are already at 1.2°C of global warming, and thus to achieve the target of 1.5°C under the Paris Agreement, Australia must get our emissions on a steep downward trajectory, to reduce emissions by 75 percent below 2005 levels by 2030, and reach net zero by 2035.

To this end, it would be easier to set short and medium-term targets if Climate Active provided examples or case studies for different sectors, much like how the Science-Based Targets Initiative provides sectorial guidance on setting targets.

Proposal 2 - Businesses and organisations must demonstrate that they are on track to meet their near-term gross emissions reduction targets to be certified.

VGA in principle agrees that businesses and organisations must demonstrate how they are on track to meet near-term gross targets to become certified and agree that this is a necessary component of strengthening corporate emissions reduction strategies.

However, this needs to be balanced with the reality that organisations may not be able to make significant progress towards targets. In some instances, being on track to achieve a near-term gross emissions reduction target may need to be demonstrated via works undertaken rather than emission reductions to date. For example, a growth area Council that operates a landfill may not be able to demonstrate gradual emission reductions towards an interim target, until the methane treatment plant for the landfill becomes commissioned and operational, and a step change reduction is achieved.

Recommendation 2: The proposal needs to be clearer on how Climate Active will recognise businesses and organisations currently certified under the program that have already achieved significant emission reductions and may then be constrained from making further reductions due to cost and/or technology barriers. This could also be extended to organisations that have already made significant emission reductions prior to seeking Climate Active certification. When an organisation only has significant constraints on further emission reductions, this could be a significant barrier to seeking Climate Active certification.

¹ [Mission Zero Report, Climate Council, September 2023](#)



Recommendation 3: There needs to be more clarity provided to the sector on what additional verification costs, resource and time requirements might be needed to track emission reduction targets in order to meet this proposed requirement.

Emissions Boundary and Mandatory Inclusions

Proposal 3: Develop additional guidance to support businesses and organisations to establish robust emissions boundaries, including mandating specific indirect (scope 3) emissions sources.

VGA supports the mandatory inclusion of Scope 3 emission sources, however, we would like to see reporting requirements developed for each sector (e.g. agriculture, mining, local government). VGA would also like to see Scope 3 emissions with high emission impacts prioritised, where organisations have significant options for reducing these rather than emphasising the full breadth of potential scope 3 sources that may add significantly to time and resource barriers, without providing significant emission reductions. For example, if use of concrete is high by an organisation it can have high emission impacts, but few options are available as a low emissions alternative.

VGA also recognises that certification to Climate Active has a high barrier to entry both in terms of costs and time. This is a significant deterrent to organisations joining Climate Active. Increasing scope 3 reporting and potentially the number of offsets required – and will make it more expensive again. For some scope 3 emission categories such as Investments, that are potentially quite significant with few viable alternatives, there is no guidance or standard calculation methodology specific to Australia on how these should be calculated.

Recommendation 4: VGA recommends that Climate Active develop sectoral guidelines and tools for scope 3 reporting including specific guidelines for Local Governments. Supply chains vary greatly across sectors (i.e., mining, agriculture) and therefore Scope 3 emission profiles will be different for a given sector. The same could be said for Local Governments where there will be differences between regional and metropolitan councils. Therefore, guidelines should be developed to match the specific context of each sector or Local Government context.

Recommendation 5: VGA recommends that Climate Active should differentiate between reporting on Scope 3 emissions and offsetting them. If all reported Scope 3 emissions must be offset, then the boundaries should be quite narrow and limited to the current operational control method of Climate Active. However, if reporting on Scope 3 emissions should have wide boundaries and breakdowns (more specific requirements) to improve transparency across the value chain then requirements to offset Scope 3 emissions should be limited to specific circumstances, in order to allow resources to be focused on emission reductions rather than offsetting large amounts of Scope 3 emissions.

Carbon Offsets

Proposal 4: All eligible international carbon offsets used under the program are subject to a 5-year rolling vintage requirement.

VGA is generally supportive of the proposal to restrict eligible offsets to those that have been issued no more than 5 years prior to their cancellation under the program, and supports a 5-year rolling period. This should not just apply to international carbon offsets but all offsets including those produced in Australia.



VGA would also like the program to go further to improve the quality of carbon offsets used under the program. While Climate Active has a direct role in changing the requirements for offsets purchased as part of certification under the program, Climate Active could also have a role to play in advocating for improving offsets purchased beyond the program, and thus improve the quality of carbon offsets currently being purchased in Australia. At the very least, carbon offsets used under the program should align with the [Core Carbon Principles](#) developed by the Integrity Council for Voluntary Carbon Markets (ICVCM). The current market does not always supply high quality offsets with co-benefits, so further government support is needed to stimulate supply, rather than just waiting for the market to respond to demand.

Recommendation 6: Climate Active should provide detailed guidance on how to identify high-quality carbon offsets and what due diligence actions should be undertaken to determine the quality of an offset.

Electricity emissions

Proposal 5: Mandate a minimum percentage of renewable electricity and use of the market-based method to set emissions liability.

VGA does not support mandating a minimum percentage of renewable electricity and believes there are better means for supporting the development of renewable energy such as the recent announcement by the federal Labor government plans to secure 32GW of new wind, solar and storage capacity to meet its ambitious 82 per cent renewable energy target for 2030 through a series of auctions.

Voluntary action and Australia's national emissions reduction target

Proposal 6: In future, abatement from all ACCUs used under Climate Active would count toward meeting Australia's emissions reduction target under the Paris Agreement

VGA does not support the inclusion of abatement from all ACCUs used under Climate Active to count toward Australia's emissions reduction target under the Paris Agreement. Voluntary action undertaken by non-state actors should be recognised as over and above the national emissions reduction commitments. Failure to do so significantly reduces the integrity of Australia's climate policy architecture, diminishes the impact of voluntary action, and erodes the robustness of any associated environmental claims.

Certification Claims

Proposal 7: Discontinue the term 'carbon neutral' to describe the certified claim.

The carbon neutral claim is well understood by participants within the Climate Active program and therefore VGA would like to see alternative proposals before supporting a move away from the carbon neutral claim. If the carbon neutral term is retained, we would suggest that greater clarity is then provided on the inclusions and exclusions that can be made with the claim to provide greater clarity to the general public. The term has been used and abused beyond the confines of the certification scheme, such that the general public may not understand the term as well as might be hoped and has led to several greenwashing claims. This has resulted in the ACCC recently releasing draft guidance² to improve the integrity of environmental and sustainability claims made by businesses and to protect consumers from greenwashing.

² [ACCC Environmental and Sustainability Claims Draft Guidance for Business July 2023](#)

Internationally we are also seeing efforts to strengthen and increase consistency for claims that can be made from the use of carbon credits such as the recently published Claims Code of Practice by the Voluntary Carbon Markets Integrity Initiative.

Recommendation 7: Climate Active should provide clear guidance on what claims can be communicated to their stakeholders and general public.

Certification Pathways

Proposal 8: Introduce a certification pathway

VGA is generally supportive of the new certification pathway proposed. However, as outlined under Proposal 2, Climate Active needs to be clear on how it will recognise and transition businesses and organisations currently certified under the program who have already achieved significant emission reductions and may be constrained from making further reductions due to cost and/or technology barriers.

In the case of some member councils of VGA, they have been certified carbon neutral from Climate Active for 10+ years and have largely addressed the low hanging emission reduction opportunities. However, under the current proposal, organisations certified as carbon neutral could have their certification status switched to 'pending' when they can't further demonstrate how they are tracking towards their target, and this could be problematic if only hard to abate emissions are remaining.

Whilst we are generally supportive of the proposal, an alternative proposal we would like to suggest is, that when organisations start out on their Climate Active journey they are listed as a Climate Active participating organisation. Once all requirements are met to achieve carbon neutrality they can then be listed as a carbon neutral organisation.

Thank you for your time considering our submission. We would be happy to discuss any of the information provided above in more detail.

Councils and contacts

Greenhouse Alliances and contacts

- Barwon South-West Climate Alliance (BSWCA), Sue Phillips, Executive Officer, sue.phillips@bswca.org
 - City of Greater Geelong
 - Golden Plains Shire
 - Surf Coast Shire
 - Borough of Queenscliffe
 - Colac Otway Shire
 - Warrnambool City Council

- Central Victorian Greenhouse Alliance (CVGA), Annika Kearton, Chief Executive Officer, ceo@cvga.org.au
 - Ararat Rural City Council



- o Ballarat City Council
 - o Buloke Shire Council
 - o Central Goldfields Shire Council
 - o Gannawarra Shire Council
 - o Greater Bendigo City Council
 - o Hepburn Shire Council
 - o Loddon Shire Council
 - o Macedon Ranges Shire Council
 - o Mildura Rural City Council
 - o Mount Alexander Shire Council
 - o Pyrenees Shire Council
 - o Swan Hill Rural City Council
- Eastern Alliance for Greenhouse Action (EAGA), Scott McKenry, Executive Officer, scott.mckenry@maroondah.vic.gov.au
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 - o Glen Eira City Council
 - o City of Knox
 - o Maroondah City Council
 - o Monash City Council
 - o Stonnington City Council
 - o Whitehorse City Council
 - o Yarra Ranges Council
- Gippsland Alliance for Climate Action (GACA), Tiffany Harrison, Coordinator, tiffany.harrison@gccn.org.au
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 - o East Gippsland Shire Council
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 - o South Gippsland Shire Council
 - o Wellington Shire Council
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 - o Campaspe Shire Council
 - o Greater Shepparton City Council
 - o Indigo Shire Council
 - o Mansfield Shire Council
 - o Mitchell Shire Council
 - o Moira Shire Council
 - o Murrindindi Shire Council
 - o Towong Shire Council
 - o Strathbogie Shire Council
 - o Wangaratta Rural City Council
 - o Wodonga City Council
 - o Alpine Resorts Victoria
 - o Goulburn Broken Catchment Management Authority
 - o North East Catchment Management Authority
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 - o City of Darebin



- o Hume City Council
 - o Manningham City Council
 - o City of Melbourne
 - o Merri-bek City Council
 - o Nillumbik Shire Council
 - o City of Whittlesea
 - o City of Yarra
- South East Councils Climate Change Alliance (SECCCA), Dan Pleiter, Acting Chief Executive Officer, dpleiter@seccca.org.au
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 - o Cardinia Shire Council
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 - o Greater Dandenong City Council
 - o Frankston City Council
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- Western Alliance for Greenhouse Action (WAGA) Ashley Onori, Acting Executive Officer, AshleyO@brimbank.vic.gov.au
 - o Brimbank City Council
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 - o Hobsons Bay City Council
 - o Melton City Council
 - o Moonee Valley City Council
 - o Moorabool Shire Council
 - o Wyndham City Council

This letter has been approved through the Greenhouse Alliances governance structures but may not have been formally considered by individual members. The submission does not necessarily represent the views of all members.