





ENGINEERS  
AUSTRALIA



# Climate Active Program



Consultation December 2023  
Submission by  
Engineers Australia

## Climate Active Program: Engineers Australia submission

Author: Simon Koger

© Institution of Engineers Australia 2023

All rights reserved. Other than brief extracts, no part of this publication may be reproduced in any form without the written consent of the publisher. The report can be downloaded at [engineersaustralia.org.au](https://engineersaustralia.org.au)

Engineers Australia

11 National Circuit, Barton ACT 2600

Tel: [+61 2 6270 6555](tel:+61262706555)

Email: [policy@engineersaustralia.org.au](mailto:policy@engineersaustralia.org.au)

[engineersaustralia.org.au](https://engineersaustralia.org.au)

# Contents

Introduction.....	2
Engineers Australia .....	2
Recommendations .....	2
Response to Consultation Paper .....	3
Emissions reduction .....	3
Emissions boundary and mandatory inclusions.....	3
Carbon Offsets.....	4
Electricity Emissions.....	4
Voluntary action and Australia’s national emissions reduction target .....	4
Certification claims .....	5
Certification pathways.....	5

# Introduction

## Engineers Australia

Engineering is the essential link between thinking and doing. Between idea, and implementation. It's our means for positive, sustainable change, with an influence on every aspect of modern society. Engineers are the enablers of productivity because they convert smart ideas into new products, processes and services.

As Australia's national body for engineering, we are the voice and champion of our 120,000-plus members. We provide them with the resources, connections, and growth they need to do ethical, competent and high-value work in our communities.

A mission-based, not-for-profit professional association, Engineers Australia is constituted by Royal Charter to advance the science and practice of engineering for the benefit of the community. We back today's problem-solvers, so they can shape a better tomorrow.

Engineers are passionate participants in public discourse, contributing to important community and policy discussions that impact the economy and society. Engineers Australia's policy agenda is focused on engineering:

- a sustainable future
- a skilled future
- an innovative and productive future.

The Climate Active Program is a highly valued certification scheme whereby businesses and organisations can measure, track, and improve their environmental performance against leading practices. Engineers Australia fully supports the scheme and endorses the intent of this current consultation opportunity to increase the certification standards contained therein.

# Recommendations

We have responded to the questions outlined in the consultation paper but would like to offer some high-level recommendations that exemplify the basis for our responses.

**RECOMMENDATION 1:** Provide hands-on support and guidance for businesses and organisations attempting to define, measure and report Scope 3 emissions. Reporting on Scope 3 emissions is a challenge and the provision of guidance in this regard will be essential.

**RECOMMENDATION 2:** Promote point-source abatement over the use of offsets. The role of engineering in addressing climate change is critical and we support innovative, engineered solutions targeting the source of emissions themselves. Offsets have historically been of varying quality, coupled with their vintage this presents a scenario whereby actual emissions reduction is questionable.

**RECOMMENDATION 3:** Establish the Climate Active Program as a mandatory requirement for government procurement, government projects, and government funding criteria such as that with ARENA, the CEFC or even facilities captured under the Safeguard Mechanism. This will ensure best practice outcomes for those projects and facilities and will set the government as a leader in this space.

**RECOMMENDATION 4:** Expand the audit and verification processes to include Chartered Engineers as well as Chartered Accountants. Engineers are highly attuned analysts with strong evaluation skills. Expanding the verification process to include engineers would lessen the burden on the accounting profession and enable a greater capability response from within businesses and organisations as well as across supply chains.

# Response to Consultation Paper

## Emissions reduction

*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.*

1.1 Do you support a requirement for participants to set near-term and long-term gross emissions reduction targets? Why/why not?

Yes, this is supported. Setting targets for near and long-term emissions reduction establishes a framework consistent with Australian and international standards that enables the measurement, reporting, and reduction of emissions in line with Australia's NDC.

1.2 Do you agree with aligning the near-term gross emissions reduction target with Australia's NDC at a minimum? Why/why not?

Yes, this is supported. The NDC establishes an overall minimum target for Australia's emissions reduction, however it should be promoted as a floor not a ceiling. Where participants abate emissions faster than the NDC, then consider enabling a recognition of this in a participant's certification claim.

1.3 Do you agree with how the department proposes to calculate alignment to Australia's NDC (i.e., 2.7 per cent annual reduction from Australia's emissions in 2021 to correspond with the start of the NDC period)? Why/why not?

Emissions reduction in line with Australia's NDC is supported as a minimum target.

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

2.1 Do you support limiting certification to businesses and organisations that have demonstrated they are on track to meet their near-term emissions reduction targets? Why/why not?

Certification should mean that businesses and organisations are actively managing their emissions reduction and have in place a plan to reduce emissions or are achieving emissions reduction.

## 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.*

3.1 Do you support the department developing additional guidance on emissions boundaries? Why/why not?

Yes, this is supported, however this should also include understanding, measuring, tracking and reporting Scope 3 emissions in general. The success of introducing these changes to the Climate Active Program will rely upon the support and guidance provided in addressing Scope 3 emissions.

3.2 Do you support mandating specific indirect (scope 3) emission sources for all certification types? Why/why not?

Yes, an initial set of scope 3 emissions sources is supported.

3.3 If so, which scope 3 emission sources should be considered mandatory?

This will depend on the nature of the participants' business or organisation, however waste, transport/freight, travel are all common. Participants will need to be provided with hands-on support and guidance and a plan should be in place to address Scope 3 emissions from products and services over the medium term.

## Carbon Offsets

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

4.1 Do you support the introduction of a 5-year rolling vintage rule for eligible international carbon offsets used under the program? Why/why not?

Engineers Australia supports the use of carbon offsets as a means of businesses and organisations reaching net zero emissions only where they are not capable of achieving point source abatement. For example, if they are a service industry, or if their purchase is a temporary means of emissions reduction while point source abatement is developed and installed, which is particularly relevant in hard-to-abate sectors.

If the purchase of carbon offsets aligns with this approach, then high-quality Australian Carbon Credit Units are preferred within a vintage of no more than five years.

## Electricity Emissions

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

5.1 Do you support introducing a requirement for businesses and organisations to source a minimum percentage of renewable electricity under the market-based method? Why/why not?

Introducing a minimum percentage of renewable energy for participants sends a strong signal to further develop renewable energy projects within Australia. It has been internationally recognised at COP28 that countries need to phase out fossil fuel production and use and so mandating a minimum percentage of renewable energy sourced aligns with this.

5.2 What minimum percentage of renewable electricity should be required (i.e., percent by year)?

In locations where the local electricity grid is able, the end goal must be 100% renewable energy. However, a sliding scale via transition plan could be introduced, whereby participants source a minimum of 50% renewable energy (annually) with a view to increasing this over time.

## 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.*

6.1 Do you support this proposal? Why/why not?

Australia's emission reduction target should consider both point source abatement and ACCUs surrendered under the scheme, especially if there is a mechanism to drive further source abatement than purchasing offsets. Nevertheless, the offsets surrendered should still count towards the NDC.

International offsets procured should still be considered additional and not included in the NDC, and it is for this reason International offsets are not supported.

Further, there is potential for the Climate Active Certification Scheme to be mandatory in itself, particularly if linked to government procurement, government projects, and government funding criteria such as that with ARENA, the CEFC or even Safeguard Facilities, in which case all emissions reduction under the scheme should count towards Australia's NDC.

## Certification claims

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

7.1 Do you support discontinuing 'carbon neutral' to describe the certified claim? Why/why not?

The term Carbon Neutral has been used widely and is subject to greenwashing. Recommend discontinuing its use.

7.2 If so, what claim should members be able to make once they have achieved certification?

Like any other certification scheme, for example NABERS, the Climate Active Program can simply have a certification relating to its title. In this instance it would be 'Climate Active Certification'. This would help raise the profile of the certification scheme itself and remove any reference to carbon neutrality.

## Certification pathways

*Proposal 8: Introduce a certification pathway.*

8.1 Do you support the proposed certification pathway? Why/why not?

Having a tiered approach linked to overall progress / pathway development is supported and aligns with other national certification schemes.

8.2 What name should be given to the 'Pending' stage?

Pending is ok but consider 'Planning' or 'Review' Stage.

8.3 Are the requirements to meet the 'Pending' stage appropriate?

Yes, but consider qualifying 'eligible offsets' with 'Australian Carbon Credit Units'.

8.4 What claims, if any, should participants in the 'Pending' stage be able to make?

Develop a Pending or Planning Stage logo. Reserve the full certification logo for certified participants.

8.5 Is 3 years an appropriate maximum timeframe for participation in the pending stage?

Yes.

8.6 Should a longer timeframe be considered for hard to abate sectors to demonstrate they are on track to meet their target (i.e., longer than 3 years)? Why/why not?

Yes, that seems reasonable. Up to five years for hard to abate businesses or organisations.

8.7 To transition from 'Pending' to 'Certified' stages, what should the minimum amount of time be to demonstrate progress towards meeting their reduction targets? E.g., 1 or 3 years of reductions against their base year.

Annual progress reviews need to demonstrate emissions reductions are actually taking place, to a maximum of up to three years.

Regarding review and auditing, Engineers Australia would like to offer that Chartered Engineers be able to undertake reviews and audits on behalf of the scheme in line with that of a Chartered Accountant.