Document tendered by
MR MARCUS RAY
Received by
MONICA LOPTUS
Date: 6/2/20
Resolved to publish (Yes) / No

THE HON ANGUS TAYLOR MP
MINISTER FOR ENERGY AND EMISSIONS REDUCTION

MC19-011684
20 NOV 2019

The Hon. Rob Stokes MP
Minister for Planning and Public Spaces
Level 15, 52 Martin Place
SYDNEY NSW 2000

Dear Minister Rob,

Thank you for your letter of 11 September 2019 regarding the consideration of scope three greenhouse gas emissions in Australia's national climate policy.

Principles

Action in response to the threat of climate change is most effective as part of coordinated global action. That is why the Australian Government has worked to ensure our climate policies are consistent with internationally agreed rules.

Emissions resulting from overseas actions are already managed through relevant legislative frameworks by the countries where those actions are occurring. Any requirement to consider scope three emissions within a sub-national or state jurisdiction is inconsistent with long-accepted international carbon accounting principles and Australia's international commitments.

Existing arrangements to manage scope three emissions

The *United Nations Framework Convention on Climate Change* (UNFCCC) and related rules have been in place since 1992 and are the foundation for the accountability of national governments for progress towards their international commitments.

These rules specify that all emissions associated with an activity within a nation's borders count towards that nation's emissions total. This means that emissions associated with the production of goods imported into Australia ('upstream' scope three emissions) are accounted for in producing countries' greenhouse accounts, just as emissions associated with Australian exports ('downstream' scope three emissions) are accounted for in importing countries' greenhouse accounts. This approach avoids double-counting and promotes complete, global coverage of emissions, as well as transparency, accuracy, and comparability across all countries.

With the adoption of the *Paris Agreement*, almost all countries including major developing countries have for the first time committed to respond to climate change and track their progress over time. Nations are individually responsible, and accountable for, determining their contribution to the global response to the threat of climate change. As you know, Australia is

committed to an economy-wide reduction in greenhouse gas emissions of 26–28% on 2005 levels by 2030.

The Government has a comprehensive set of policies to track, report and reduce domestic emissions. Australia's international emissions reporting is world class: no country has a more ambitious, comprehensive and timely reporting program for emissions. The National Greenhouse and Energy Reporting (NGER) scheme is a single, national framework for reporting on energy production, consumption and emissions, and in February this year the Government announced a $3.5 billion Climate Solutions Package that maps out, to the last tonne, how we will achieve the final 328 million tonnes of abatement needed to meet our 2030 Paris target.

The NGER scheme is designed to support the Government's international reporting obligations, and so does not require reporting of scope three emissions. The scheme is consistent with reporting systems in operation in the United States, the European Union and South Korea.

In its recent review of the NGER scheme, the Climate Change Authority considered a requirement to report scope three emissions. The Authority concluded that the challenges and burden of reporting scope three emissions outweigh any benefits, because the accurate estimation of scope three emissions associated with a specific economic activity is inherently complex and uncertain, involving many value chains across multiple economies.

Any requirement for Australian businesses to report or manage scope three emissions would duplicate existing obligations on third parties, would be impractical to implement and would impose a high regulatory burden for indeterminate benefits.

Thank you for raising this matter with me.

Yours sincerely

Angus Taylor

ANGUS TAYLOR