

## Re: Consultation on the Climate Active Program

The Victorian Greenhouse Alliances are a network of regional partnerships bringing together councils and statutory agencies across Victoria. Representing most Victorian municipalities, the alliances deliver coordinated climate mitigation and adaptation programs that achieve economies of scale, build local capability, and enable projects that are typically beyond the reach of individual councils.

Through established partnerships, local knowledge and proven delivery models, the alliances provide an effective mechanism for collaboration between commonwealth, state and local government to deliver measurable outcomes for Victorian communities.

The Council Alliance for a Sustainable Built Environment (CASBE) is an alliance of Victorian councils committed to ensuring future generations can enjoy a sustainable built environment. CASBE provides a forum for local government leadership and best practice in Environmentally Sustainable Development.

Councils have a key role to play in the government's net zero agenda because of the close relationships they have with the community, and the levers they can pull to drive the required transition. The advantages of credibly quantifying greenhouse gas (GHG) emission include; supporting real and targeted carbon reduction activities, cost savings, risk reduction, enhanced reputation, marketing opportunities and influencing sustainable growth strategies.

Climate Active has played an important role in supporting and guiding Victorian councils to take voluntary action on climate change and communicate this action publicly. Victoria currently has five councils certified "active" under the Climate Active program. An additional seven councils have previously been certified (some for multiple years) but have ceased certification.

The below submission addresses the key consultation questions posed. We recognise that over 380 organisations, products, events and services utilise Climate Active and the impact of ceasing the program will be far reaching. This submission focusses primarily on the impact and experiences of local government.

This submission has been developed in consultation with the listed alliance member councils and approved through the governance structures of each alliance. It has not been endorsed through individual council approval processes.

The Victorian Greenhouse Alliances recommend that the Australian Government:

- **Recommendation 1:** Proceed with Option 2 as a practical pathway and opportunity to build on existing reporting framework and resources, helping organisations measure and report emissions in a consistent and comparable way.
- **Recommendation 2:** Assist organisations in responding to mandatory reporting requirements and supply chain information requests. Noting that large organisations are often better equipped to develop reliable reporting systems, while smaller organisations may have fewer resources and less capacity.
- **Recommendation 3:** Maintain access to key tools, templates and technical guidance after Climate Active closes. This ensures that useful resources will remain publicly accessible even after certification ends, and ensure the tools and guidance are maintained current through regular reviews and updates.

- **Recommendation 4:** Support transparent, voluntary emissions reporting by providing up-to-date standards, guidance and tools, while making it clear that this does not represent certification or a “carbon neutral” claim.
- **Recommendation 5:** Provide access to a consistent and regularly updated set of activity-based and spend-based emission factors for all climate reporting requirements and needs.
- **Recommendation 6:** Provide a clear approach explaining how the Australian Government will manage the existing reporting framework, including reports currently available through the website or portal, and how organisations can access their previous reports, communications and other information after the Climate Active website closes.

## Part 1: Ceasing certification

### 1) Climate Active certification will cease. How will this affect your organisation’s climate action plan?

As noted above, several Victorian councils have ceased Climate Active certification in recent years. Reasons for this vary, including concerns about the overall credibility of the program and offsets, budget priorities, heavy reliance on offsets and associated costs, the changing climate action landscape, community expectations and perceptions of value for money.

A key concern of local government is that Climate Active permitted organisations to achieve 'carbon neutral' status primarily through the purchase of low-integrity offsets without a corresponding requirement to demonstrate genuine, additional emissions reduction. By contrast, Victorian local government has spent over 25 years delivering measurable, directly attributable abatement, street lighting upgrades, fleet transition, waste diversion, and efficiency upgrades to public assets, outcomes the sector controls and can verify, rather than credits purchased to offset emissions.

Notwithstanding this, the removal of a nationally recognised voluntary framework may create challenges for organisations that wish to continue reporting voluntarily. While other international standards and initiatives are available, such as ISO standards, the GHG Protocol, the Science Based Targets initiative and other voluntary climate frameworks, it can be difficult for councils to understand which pathway is most appropriate, how the standards work and how to apply them consistently in an Australian context. The consultation paper recognises that these international frameworks exist as alternatives, but despite their ongoing evolution, they can be broad in nature, and may not provide the same practical, locally relevant structure that Climate Active has provided to Australian organisations.

Local governments can expect continued and evolving changes to climate policy in the years ahead as the understanding of the urgency of climate change deepens and the need for comprehensive and effective measures becomes more evident. These changes will likely only increase the need for local governments to accurately report their emissions using robust carbon accounting principles<sup>1</sup>.

Without consistent guidance, organisations may adopt different approaches to emissions reporting. This could make it harder to compare climate actions on a like-for-like basis across organisations.

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<sup>1</sup> Sustainability Victoria, Organisational Carbon Accounting for Local Governments, 2023

## Part 2: Options for program direction

### 2) Do you support Option 1 (Close the program) or Option 2 (Close the Climate Active program but the department retains some voluntary standards and select guidance)?

#### a) Please provide a short summary of your reasoning.

Whilst the Victorian Greenhouse Alliances understands and supports the Australian Government's decision to close the Climate Active program and cease voluntary certification, particularly given the changing policy and regulatory environment, there remains some concerns.

The Climate Active certification process has played an important role in making local government emissions inventories more robust, consistent and streamlined. It has also supported alignment with recognised good practice in emissions measurement, reporting and disclosure. Even for many councils who have not been Climate Active certified, the Climate Active framework and support from councils who were certified, has assisted those councils to improve their emissions accounting and reporting practices.

Climate Active has played an important role in helping local government follow a consistent and standardised approach for emissions measurement, reduction, offsetting and reporting.

Three years after the National Greenhouse and Energy Reporting Scheme (NGRS) was adopted, the Australian Government acknowledged local government was able to influence activities that are responsible for more than fifty per cent of Australia's greenhouse emissions through transport, infrastructure development, waste management and land use change<sup>2</sup>. The cessation of Climate Active follows a long history of similar initiatives closing and leaving local government without important frameworks and guidance, after a great deal of investment. This includes ICLEIs Cities for Climate Protection (CCP) Program, and the Cities Power Partnership.

This absence has created a significant policy and knowledge gap across the sector at a critical period in Australia's emissions reduction journey. We believe that fully closing the program without maintaining any standards or guidance would create an even larger gap for councils that wish to continue taking voluntarily climate action.

Although Climate Active may no longer be the right option going forward, the standards, tools and guidance remain a valuable and trusted source of information for councils.

Option 2 provides a practical pathway and opportunity to build on existing carbon accounting and reporting frameworks and resources, helping organisations measure and report emissions in a consistent and comparable way. These standards and guidelines have improved significantly over time to reflect the changes in technology and reporting methodologies. However, without continuous review and maintenance may quickly become outdated.

In the absence of a national and credible pathway to recognise emissions reductions, Victoria's Greenhouse Alliances support Option 2, however it is important to note option 2 is limited in its capacity to fill this significant gap. We believe that DCCEE should retain a regularly updated selection of voluntary standards, tools and guidance as public resources, while clearly stating that they do not represent certification or endorsement of individual claims. This would maintain the most useful parts of Climate Active, support a

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<sup>2</sup> Bulkeley, H 2000, 'Down to Earth: Local Government and greenhouse policy in Australia', Australian Geographer, vol. 31, no. 3, pp. 289-308

smooth transition, and help organisations continue to undertake transparent and consistent voluntary climate action.

**Recommendation 1:** Proceed with Option 2 as a practical pathway and opportunity to build on existing reporting framework and resources, helping organisations measure and report emissions in a consistent and comparable way.

### **Option 1: Close the Climate Active program after a transition period**

#### **3) What impact would Climate Active's closure have on your organisation?**

Climate Active is one of the more affordable certification options available to local government. Although the reliance on consultants to set up an accounting and management plan can be out of reach for smaller councils, it is nearly half of the ISO 14068-1 2023 set up costs. Like many SME's, regional local government has rarely been able to access Climate Active due to lack of resources. It is a notable policy gap that the sector responsible for a substantial body of genuine, long-standing abatement now has no formal mechanism for its recognition.

To this end, ceasing Climate Active certification and a national reporting framework, may lead to a fractured approach to emissions reporting. Emissions reporting can be particularly complex for electricity-related emissions and Scope 3 emissions due to the complexity of the methodologies and challenges in accessing publicly available, up-to-date emission factors. This could make it harder to compare organisations on a like-for-like basis and may create confusion for stakeholders.

#### **a) Aside from the Climate Active program, what Australian Government guidance, tools or support have been useful to help your organisation reduce your carbon footprint?**

The following Australian Government resources are useful in helping councils measure, manage and reduce their carbon footprint:

- National Greenhouse Accounts Factors
- Clean Energy Regulator website and guidelines
- Australian Government Net Zero Plan and emissions reduction policy guidance
- Australian Government Emissions Reporting Framework

Other national resources available at cost include:

- IELab ISAPC Scope 3 Emission Factors
- AusLCI Carbon Emission Factors
- Ironbark's Science Derived Targets (SBTN, GCOM)
- AASB S2 / TPG24

Victorian councils have also used a range of Victorian Government and other resources to help measure, manage and reduce our carbon footprint, including:

- Victoria's Future Climate Tool (DEECA)
- EPA Victoria
- DEECA Environmental Data Reporting Tool v1.03 (2025 emission factors)
- Snapshot Climate emissions profiles

- Sustainability Victoria materials and guides (closed program)
- The Built Environment Sustainability Scorecard tool (BESS) and BESS Subdivisions tool (Council Alliance for a Sustainable Built Environment CASBE)

## Option 2: Retain some voluntary standards and select guidance

### 4) Would you use Australian voluntary standards once certification ends? Please provide a short summary of your reasoning.

The most useful aspect of the current Climate Active approach has been its ability to bring emissions reporting together within one framework. The measurement methodology and the Public Disclosure Statement requirement through Climate Active required organisations to calculate emissions using a standardised approach aligned with the National Greenhouse Accounts Factors and recognised GHG accounting principles, across all three scopes, with a defined boundary. It offered hundreds of Australian organisations (including councils), a common, comparable basis for quantifying their footprint, something many of them wouldn't have built the discipline to do otherwise. This is increasingly important as mandatory sustainability and climate-related reporting requirements are progressively introduced in Australia, and it offers a credible path for local governments to transition to ISO 14068-1.

Having an agreed Australian emissions accounting and reporting framework is important to ensure clear and practical access to consistent tools and meaningful understanding of outputs by the sector and the wider community.

Additionally, the Public Disclosure Statement is an important transparency mechanism; providing a mandatory, published, annually updated document itemising emissions by scope, what reduction activities were undertaken, and exactly which offsets were purchased and retired. This provides a meaningful and more rigorous public form of accountability than many voluntary corporate or council sustainability reporting undertake, largely because it's auditable and comparable year to year.

Although it is not yet clear whether mandatory reporting requirements will apply to local government in the future, the existing tools and guidance remain valuable in helping organisations prepare for future mandatory sustainability reporting. Because Climate Active follows the foundations of ISO 14068-1, its methodology and technical guidance have value, independent of the trademark and the offset-based neutrality claim.

Consistent emissions data will therefore become increasingly important, particularly for organisations that are part of larger entities' supply chains and may be required to provide climate-related information.

As a signatory to the Coalition for High Ambition Multilevel Partnerships (CHAMP), Australia has committed to working with subnational governments in the planning, financing, implementation and monitoring of climate strategies. The continued provision of guidance on emissions reporting is central to this commitment.

**Recommendation 2:** Assist organisations in responding to mandatory reporting requirements and supply chain information requests. Noting that large organisations are often better equipped to develop reliable reporting systems, while smaller organisations may have fewer resources and less capacity.

**5) We would like your feedback about the current program's standards, tools and guidance:**

**a) What elements of the current suite of Climate Active's standards, tools and guidance do you find useful and not useful?**

Useful resources within the Climate Active framework include:

- Carbon inventory calculator
- Electricity calculator
- Electricity Accounting paper
- Activity data calculator
- Public Disclosure Statement
- Climate Active Carbon Neutral Standard for Organisations
- Climate Active Technical Guidance Manual
- Technical Assessment for carbon neutral certification

**b) Which elements should the government consider maintaining after Climate Active certification ends?**

- Publicly available/unlocked templates and calculators supporting inventory development
  - Carbon inventory calculator
  - Electricity calculator
  - Activity data calculator
  - Events calculator
  - WFH emissions calculator
- Public Disclosure Statement
- An updated "Climate Active Carbon Neutral Standard for Organisations" to reflect the recent changes
- Climate Active Technical Guidance Manual
- Electricity Accounting paper

**Recommendation 3:** Maintain access to key tools, templates and technical guidance after Climate Active closes. This ensures that useful resources will remain publicly accessible even after certification ends, and ensure the tools and guidance are maintained current through regular reviews and updates.

The government should also make the following available and provide a commitment to keep current:

- All Climate Active technical guidance
- Guidance in alternative pathways to certification (which ideally align with already existing standards)
- GHG emissions inventory guidance
- Guidance on landfill and wastewater treatment emissions (CH<sub>4</sub>) and measuring through NGER calculators.

**Recommendation 4:** Support transparent, voluntary emissions reporting by providing up-to-date standards, guidance and tools, while making it clear that this does not represent certification or a "carbon neutral" claim.

Access to publicly available, reliable, consistent and comprehensive emission factors is critical, for Scope 1, Scope 2 and Scope 3 emissions. The NGAs provide an incomplete data set for Scope 3 emissions, and it has required organisations to purchase data sets, such as the Footprint Lab data, or spend significant time engaging their value chain seeking their Scope 1 and 2 emissions to feed into their Scope 3 calculations. This is particularly relevant to spend-based data.

It is noted that separately the Australian Treasury Department is undertaking a review on *Improving the efficiency of climate-related financial disclosures*. In this the Government is seeking views on whether increasing the availability of publicly accessible domestic emissions factors could improve reporting efficiency and reduce reliance on primary data collection across value chains. There is a clear logic in ensuring consistent emission factors across reporting requirements is provided.

**Recommendation 5:** Provide access to a consistent and regularly updated set of activity-based and spend-based emission factors for all climate reporting requirements and needs.

## 6) What are your views on NABERS and the Green Building Council of Australia (GBCA) undertaking the certification pathway for buildings?

The Victorian Greenhouse Alliances note the potential role of NABERS and GBCA assuming the building certification pathway due to the robust outcomes from each in the built environment. Their impact is particularly salient due to their 'as built' application. However, despite councils acting as the state land use Planning Authority, the use of NABERS and GBCA are limited, except for large council developments of their own. Neither can be specified in planning applications without a Planning Scheme Amendment which takes many years. The State Government controls the Victorian Planning Provisions and has been sitting with local government's 'Elevating ESD Targets' amendment proposal since July 2022.

GBCA / Green Star touches planning in three ways. First, many Victorian councils with ESD local policies (the CASBE/SDAPP group) accept a Green Star Buildings rating as an alternative to BESS (their Built Environment Sustainability Scorecard). Second, Green Star Communities is GBCA's precinct-scale tool and speaks directly to subdivisions and master-planned estates. In practice it is largely used by large developers and state land agencies, not local governments who are largely too resource constrained. Third, a NABERS commitment agreement may be used at planning stage to meet planning application requirements.

By contrast, the Built Environment Sustainability Scorecard (BESS) is a tool purpose-built for assessing sustainable design at the point of planning application. However, BESS, and its partner tool, BESS Subdivisions, are not mandatory and not 'as built' tools and are limited in their scope to deliver "carbon neutral" buildings."

GBCA and NABERS certify beyond 'as built' through their ongoing 'performance' certification. 'As built' is limited to the performance of a building just after the construction and commissioning is complete. Whereas the Green Star Performance certification which can include the Carbon Neutral Standard for Buildings can continue for many years.

However, the built environment, as noted earlier, is only one component of a range of emissions under local government responsibility. Far larger emissions issues are consistently addressed by local government in waste and landfill management, and infrastructure construction and management such as roads and public lighting.

Our view is that offsets should only be used for residual emissions after genuine emissions reduction actions have been prioritised. Future building certification should place stronger emphasis on reducing operational and embodied carbon before offsets are considered. This would be consistent with the broader shift away from “carbon neutral” claims and toward direct decarbonisation.

### Part 3: Transitional arrangements

#### 7) Would program closure raise any issues for your organisation that may need to be accounted for in the transition process?

For councils which are already Climate Active certified or had planned to become certified, one of the key potential issues is the risk that, without a defensible emissions inventory and action plan, this may create uncertainty about council’s ongoing climate commitments and ability to take real action to reduce emissions.

Regardless of whether there is certification, the ability to continue to access the existing (and updated) resources and tools will enable councils to at least maintain the level of reporting they have been to date and not have to take a step backwards.

**Recommendation 6:** Provide a clear approach explaining how the Australian Government will manage the existing reporting framework, including reports currently available through the website or portal, and how organisations can access their previous reports, communications and other information after the Climate Active website closes.

#### 8) Do you have any other feedback on the proposed transitional arrangements?

As carbon offsets remain a challenge in terms of credibility in achieving net-zero targets, organisations need clear and transparent guidance on offset integrity and the role of offsets in meeting net-zero expectations.

The future pathway should be designed to prioritise genuine emissions reductions, with offsets used only as a secondary mechanism for hard-to-abate residual emissions. Offsets should only be used for residual emissions after genuine emissions reduction actions have been prioritised. Future building certification should place stronger emphasis on reducing operational and embodied carbon before offsets are considered. This would be consistent with the broader shift away from “carbon neutral” claims and toward direct decarbonisation.

Further clarification may also be needed on the use of terms such as “carbon neutral”, “net zero”, “climate positive” to avoid confusion and support consistent communication.

The development of alternative schemes and obtaining user commitment can be challenging due to migrating historical data base across and loss or concern over historical data integrity, which can stall data analysis. Also getting users trained and sufficiently conversant with new systems can see loss of momentum and sometimes can result in loss of organizational effort for some entities.

The Victorian Greenhouse Alliances recognise the Government's decision to discontinue Climate Active certification. However, the end of certification should not mean the loss of nationally consistent emissions accounting guidance. Retaining and regularly updating practical tools, methodologies, disclosure templates and emissions factors will help organisations continue to measure, report and reduce emissions in a transparent and comparable way.

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- Gannawarra Shire Council
- Greater Bendigo City Council
- Hepburn Shire Council
- Loddon Shire Council
- Macedon Ranges Shire Council
- Mildura Rural City Council
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- Campaspe Shire Council
- Indigo Shire Council
- Mansfield Shire Council

- Mitchell Shire Council
- Moira Shire Council
- Murrindindi Shire Council
- Towong Shire Council
- Strathbogie Shire Council
- Wangaratta Rural City Council
- Wodonga City Council
- Alpine Resorts Victoria
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- Melton City Council
- Moonee Valley City Council
- Moorabool Shire Council
- Wyndham City Council