



**Regulations Discussion Paper**  
**National Greenhouse and Energy Reporting System**

**COMMENTS BY AUSTRALIAN ELECTRICAL AND ELECTRONIC  
MANUFACTURERS' ASSOCIATION (AEEMA)**

**Introduction**

The Australian Electrical and Electronic Manufacturers' Association Ltd (AEEMA) is the peak national, industry body in Australia representing some 400+ infrastructure providers for Australia's ICT, electronics and electrical manufacturing industries. AEEMA is organised in three principal divisions (electrical, electronics and 'ICT Australia<sup>®</sup>'). On 30 October 2007, AEEMA members voted to consolidate AEEMA's members into the much larger Australian Industry Group (Ai Group), which will be effective from 1 January 2008.

AEEMA's policy platform is based on adherence to competitive market principles, removal of trade barriers including non-tariff barriers, reduced red tape, regulation only where required, equitable tax treatment for business and the removal of impediments to Australian manufacturing that harm its international competitiveness.

AEEMA members manufacture or supply a very wide range of products currently the target of energy efficiency schemes, such as power distribution transformers, whitegoods, consumer electronics, rotating motors and home entertainment products.

For many years, AEEMA has supported government efforts to improve energy efficiency in sectors such as those indicated above. AEEMA members are active participants in Minimum Energy Performance schemes (MEPS) for all products supplied or manufactured by them. Similarly, AEEMA welcomes government activities in the greenhouse emissions area, and will support appropriate efforts to ensure adequate

measurement and reporting of those emissions by Australian manufacturers and businesses.

However, members have crucial concerns about some aspects of the Regulations Discussion Paper on the NGER Act 2007 ('the Act'). As a matter of principle, members remain concerned at the ever-increasing levels of regulatory burdens on business, and specifically local industry, which is exposed to foreign competition that may not be required to operate under such burdens, thus giving those competitors a cost advantage at the outset. The negative impact of additional regulation and compliance is well known to those building the industry in Australia.

Additionally, if any future "carbon tax" or carbon trading scheme applied a cost impost to Australian Manufacturers on the same threshold basis as this reporting scheme, then it would create significantly unfair competition and an uneven playing field.

The Discussion Paper does not clarify how **import** competitors be held accountable under the regulations; if they are not treated the same way as domestic suppliers there will be clear discrimination in favour of offshore suppliers, and this will not be readily acceptable to Australian industry.

Some Australian manufacturers are trying to consolidate and "sweat assets" as far as possible to maximise global competitiveness. That means fewer, bigger facilities which are more efficient on a per unit basis both from an environmental and a cost point of view. This threshold reporting concept proposed in the Discussion Paper drives against that. For example, if production is moved from NSW to (say) other plants in China this whole reporting issue goes away but the emissions are the same, or greater. As a further example, energy consumption and emissions may increase on an aggregate basis but they will have declined significantly on an energy consumed per unit basis. It seems that the reporting system is not therefore concerned with effective reductions and efficiency but an overall rough measure of emissions on a variable and non comparable sample. Again this will only become an issue if such a system is used as any basis for tax or cost impost. On this basis it would be neither reliable nor equitable.

Specific issues include:

- i) The failure, at this stage, to state clearly which state reporting legislation will be eliminated by this "streamlined national reporting system" (page 2). The issue of multiple reporting agencies at different levels of government and the possible inconsistencies of these different reporting tools adds an extra regulatory burden

to suppliers and manufacturers. While the government claims to be reducing red tape, this remains a concern to industry. AEEMA has raised this concern with the Office of Best Practice Regulation. As an example of the duplication in reporting requirements, suppliers in Victoria are currently required to report to the following authorities (in addition to complying with the Act):

*The state EPA on Environment & Resource Efficiency Plans, the state EPA on National Pollutants Inventory, the state EPA on Annual environmental management reporting, the local water authority on Water Management Action Plans.*

Suppliers and manufacturers are actively trying to minimise their impact on the environment, but reporting the same information to different authorities detracts from the main job at hand. AEEMA urges state and federal authorities to work together to establish one set of reporting standards, at a national level. While section 5 of the Act provides an 'overriding' power to the Commonwealth, AEEMA is aware that this is not the most optimal method for federal government officials to manage the negotiations with state governments. Accordingly, AEEMA would like to see the negotiated elimination of all state enactments or programs that create duplication with the Act, before the effective implementation of the Act for industry, which is July 2008.

- ii) The lack of clear directions to those organisations that do not emit (and will possibly never do so) at or near the prescribed levels. The Discussion Paper implies that all companies must register and those below the threshold should register as a non-emitter. Again, this is an added regulatory burden on companies that do not fall within the legislative purview of the Act. AEEMA strongly suggests that, only when a company reaches the threshold, should it then be required to register as an emitter. AEEMA would like to see this aspect of the Discussion Paper reviewed by the OBPR.
- iii) Currently, according to the National Association of Testing Authorities (NATA), there are inadequate testing and auditing resources in Australia to meet the demands that these new regulations will create. This is of concern to AEEMA members, because unless there is a simple and accepted method of measuring, testing and auditing, suppliers will have no confidence in the reporting scheme.

Specifically, there should be a manual covering what and how to measure both the primary energy consumption, and the secondary effects, such as transportation, packaging and waste. It is interesting to note that the Discussion Paper suggests using ISO 14064-1 as the greenhouse gas reporting tool. Members have commented that, to date, most greenhouse gas reporting internally has been based on the AGO Factors & Methods Workbook, which does not specifically mention consistency with ISO 14064-1.

### **Conclusions**

AEEMA supports government efforts to improve energy efficiency and welcomes government activities in the greenhouse emissions area. The Association's members will support appropriate efforts to ensure adequate measurement and reporting of those emissions by Australian manufacturers and businesses, but do want to see a number of concerns addressed.

Particularly, AEEMA members want to see regulatory burdens on business eased, with federal and state authorities working together to establish one set of reporting standards. AEEMA also recommends that companies are only required to register as an emitter once they have reached the greenhouse gas emissions threshold. Finally, AEEMA members also emphasise the need for simple and accepted methods of measuring, testing and auditing any emissions scheme.