



Protection key as EPA turns carbon neutral



ON THE face of it, the fact Victoria's Environment Protection Authority will today declare itself "carbon neutral" may spark as much surprise as Melbourne moving to Stage Four water restrictions if the big dry doesn't break.

After all, if a body set up 35 years ago to protect the state's environment isn't setting the pace on curbing greenhouse gas emissions, who else would?

"If we don't lead, it's hard to have someone point the finger at an individual business," says Terry A'Hearn, director of the EPA's sustainable development unit. In practice, though, the goal of neutrality turned out to be far more challenging than expected, not least because there is no gold-standard gauge of how to measure carbon emissions and nullify them through offsetting actions, such as tree planting.

"We couldn't find anywhere around the world a basis to judge the different options," A'Hearn says.

The EPA is publishing its conclusions as carbon management principles aimed at helping to set guidelines that businesses in Victoria and beyond can mimic. EPA chairman Mick Bourke says companies have a much better grip on how carbon emissions

trading might work than on how to secure carbon neutrality.

"If you can trade cocoa beans, you can trade carbon credits," he says. "But if you want to know about how you generate the gain, and measure the carbon impacts and offset them or ameliorate them through avoidance, then you have to have a sophisticated process."

The EPA sifted what it deemed were the best global standards, including the Greenhouse Gas Protocol developed by Washington's World Resources Institute, and then customised them to include indirect emissions, such as those derived from shared energy use involved in office block air-conditioner and lift use.

"You could be legitimately called 'carbon neutral' without including it," Bourke says. "But we think it's proper to include them."

The first stage of gaining carbon neutrality will cost \$80,000, while the targeted emission cuts of a further 10 per cent over the next few years (in addition to 40 per cent of energy savings reached since 1999) alone will recoup up to \$60,000 annually. The exercise is as much about improving productivity as sustainability, he says.

"Every time I use less energy,

every time I use less water, every time I generate less waste, I'm actually putting money back in my pocket," Bourke says.

Investors and analysts support efforts to establish greater transparency in carbon disclosure, although several say definitional issues still need debate.

"There's a question of where the boundary is in terms of taking responsibility," says Patricia Boyce, national leader for energy markets at Deloitte. The risk of double counting may be a sizeable one if suppliers and customers are added in.

One sensitive sector is the energy-intensive export industry. "Where is the appropriate point of measurement of their impact," Boyce says. Alcoa Australia, for instance, is in talks with the State Government over how a carbon emissions market might affect the proposed expansion of its Portland aluminium smelter.

Carbon neutrality is by its nature a lot harder for large emitters to achieve, says Rob

Hogarth, from KPMG's Risk Advisory Services.

"They can't be carbon neutral because it's part of the framework of doing business," he says. "They can reduce emissions but they can't be carbon neutral."



Still, as a recent Deloitte survey of NSW government bodies found, reporting on sustainability remains immature.

“There is no set system, there’s no set methodology; every department is reporting currently using their own system, and there will have to be some form of systemisation and con-

sistency going forward because at the moment there isn’t,” says Vessa Playfair, director of communications at Deloitte.

The EPA is confident its management principles will be further refined and adopted, helping consumers and businesses assess how carbon neutral they are. The principles “are

critical,” Bourke says. “They will bring you to a certifiable position.” The EPA also plans to launch a free online neutrality calculator for businesses.

LINK

▶ www.epa.vic.gov.au



Fired up. EPA chairman Mick Bourke says the authority researched the best global standards in the world, and then customised them to include indirect carbon emissions

KEY POINTS

- The EPA hopes its principles will be copied by others.
- The first stage of carbon neutrality will cost \$80,000.
- Some analysts are concerned about double counting.