21 July 2023

Climate Disclosure Unit
Market Conduct and Digital Division
The Treasury
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To Whom It Concerns,

**IoT Alliance Australia submission - Climate-related financial disclosure consultation paper –
    June 2023**

Internet of Things Alliance Australia (IoTAA) thanks the Department of Treasury for the opportunity to submit feedback to the Climate-related financial disclosure consultation paper – June 2023

IoTAA is the peak body for the Internet of Things (IoT) in Australia. A non-profit industry association, we formed in 2016 to enable a data smart Australia, which advances society through trusted, accessible real-time data, powered by Internet of Things technologies.

IoTAA fully supports the Government mandating climate-related risk disclosures, the reform principles and agrees on the need for standards to be developed quickly.

Digital enablement of emissions data capture and management

Our submission focuses on digitally enabling data capture and management which we see as critical for a scalable, lower cost, continuous disclosure climate-related financial risk reporting framework that is future capable.

It is also critical to enabling data sharing to support local and global carbon markets, timely exchange of scope 3 emissions and simplification scope 3 reporting across supply chains.

 Our suggestion is aimed at creating a framework and a timeframe that enables and accelerates market adaptation and provides opportunity for Australian exporters to better trade in a national and global net zero market. There are three elements we see as critical such a framework :

- The need for continuous measurement, verification and reporting
- Collecting emissions data digitally, at source and in an automated way, wherever possible
- Lowering cost and friction in sharing of emissions data

The consultation paper pushes out the discussion and progress on what the data challenges to the medium term. (Page 18).

Weakening disclosure reform principles

The lack of a pathway and timing to a trusted, verifiable, quantitative end-state will significantly impair a number of key reform principles (page 4) of the proposed financial disclosure program, namely:

- **Improving information flows** - The lack of near-real time information combined with asynchronous data collection across scope 3 emissions sources makes meaningful continuous disclosure practically unfeasible.
- **Scalability and flexibility** – in the absence of at source, digital data collection, a relatively inflexible system of post-event, digitalisation of infrequent estimates is the model which is not well suited for the desired scenario analysis capability or for informing and spurring market adaptation.
- **Proportional to risk** – we would suggest that the costs and risks of maintaining a manual, post event data collection model, in the long term will be too high and less effective in reaching Australia's emissions goals and impair our international trading potential.

IoT Alliance Australia would be pleased to contribute in more detail to those issues in due course, however for present purposes we wish to emphasise the criticality of automated data in meeting any continuous reporting framework, and that many digitally enabled enterprises already have access to key datasets with their existing IoT installations. Retrofitting, enhancing or expanding the reach of readily available IoT sensing and data across enterprises will permit more granular GHG reporting while also enabling productivity savings and lower overall operational costs.

Global perspectives and industry capability

There are a considerable number of digital sustainability platforms, data collection technologies and existing data sets already available that can (and do) inform GHG emissions in real or near-real time.

For digitally enabled businesses there may be an incremental cost for the addition and integration of devices to enable accurate data readings, however this would be offset against automation, granularity and simplification of data collection and verification, sharing and scenario planning – and ultimately costs.

According to a recent IDC report, regarding the state of maturity of digital technologies for carbon data capture and reporting, by 2024, 50% of Asia-based 2000 (A2000) companies will capture their carbon data and report their enterprise-wide carbon footprint using quantifiable metrics compared with 30% today. [1]

There are many providers of industrial software and devices that can measure emissions at source and then translate that data into useable data for reporting purposes. The competition amongst providers means that there is a platform to suit most manufacturing or operational requirements. It is beyond the scope of this submission to list all such providers, though, we list four below:

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[1] https://www.idc.com/getdoc.jsp?containerId=prAP50457123

a. Wollemi.io - a climate reporting platform for the land and agricultural sector that measures financed emissions (bank/insurance/asset management business activities) per the TCFD/PCAF/ISSB [2]

b. Avarni.co - end to end carbon accounting management software that identifies and calculates scope 1 - 3 emissions [3]

c. IBM Envizi Environmental Suite – capture, consolidation, management, analysis and reporting of environmental data [4]

d. The "GLens" solution by Knowledge Lens (a Rockwell Automation Company) - this platform permits real time acquisition, monitoring, reporting and analytics of environmental data;

    IoTAA would be pleased to gather and provide a more extensive list.

The New Zealand government has recognised the value and urgent need to embark on a technology roadmap for emissions reductions after a report found that 42% of emissions reductions could be enabled by digital technologies.

https://nztech.org.nz/2022/11/07/nztech-inform-reducing-climate-impacts/

https://nztech.org.nz/reports/an-emissions-reduction-technology-roadmap-for-aotearoa/

Recommendations

We contend that government and industry need a firm ambition for near real-time quantitative data acquisition and verification that better drives confidence in the data and informs adoption to better to meet emissions goals. This ambition would better align with the direction of global markets and our ability to compete. Our recommendations are:

- Set a roadmap for the design and implementation of automated, best practice data collection, processing, verification and reporting and a target for industry adoption (say, for example, 80% within 3 years of start of reporting - 2027);

- Consider setting an earlier target for verified digital data collection within two years for offsets and ACCUs, to build confidence in the value and authenticity of this transition mechanism

- Identify the key industry metrics for automated data collection;

- Design and enable a trusted emissions data sharing framework;

- Set up a taskforce to develop a digital roadmap, training and support for companies not already on the digital reporting pathway.

The IoTAA would welcome the opportunity to discuss any aspects of our submission in further detail and how the IoT industry may help to achieve a trusted, efficient and forward-looking climate related financial disclosure measurement and reporting system for Australia.

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[2] https://www.wollemi.io/

[3] https://www.avarni.co/

[4] https://www.ibm.com/products/envizi

Yours sincerely,

Frank Zeichner

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Appendix 1, About IoTAA

IoTAA is the peak body for the Internet of Things (IoT) in Australia. A non-profit industry association, we formed in 2016 to enable a data smart Australia, which advances society through trusted, accessible real-time data, powered by Internet of Things technologies. Our broad membership of over 300 companies and 1000 participants collaborate to drive adoption though knowledge creation and sharing, building ecosystems and public advocacy.

Our focus

We focus on the three key areas that matter most for Australia:

- Sustainability: defining and promoting how organisations access the data they need to support their pathway to net zero and circularity
- Productivity: identifying use cases, highlighting leaders, codifying good practice, IoT/OT convergence and quantifying the value of IoT adoption
- Trusted technology: demystifying IoT technology, creating design and deployment tools and guides, setting the principles and good practices for trust in IoT and developing an IoT for Good charter.

What is IoT?

The Internet of Things (IoT) is a transformative suite of technologies that, if appropriately and sensitively implemented, can help address the great social and ecological challenges of our time. The Internet of Things encompasses Industrial IoT, which is fundamental to Australia's economy including critical infrastructure, manufacturing, cities and placemaking, construction, productivity and consumer IoT. Consumer IoT is growing exponentially and introducing a seismic shift in data use, trust and the balance in consumer and service provider interactions.