



Australian Government
**Department of Industry, Science,
Energy and Resources**

**DEPUTY SECRETARY
JO EVANS**

Senator the Hon David Fawcett
Chair
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senator

Thank you for the opportunity for the Department of Industry, Science, Energy and Resources (the Department) to respond to the Senate Environment and Communications Legislation Committee's inquiry into the *Environment Protection and Biodiversity Conservation Amendment (Climate Trigger) Bill 2020*.

The Department provides advice and implements a number of Australian Government policies and programs relating to industry, science, energy, resources and emissions reduction. The Department leads the development and coordination of domestic climate change policy, participates in international forums to support effective action on climate change and administers climate change programs to help reduce emissions.

Executive summary

The *Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)* is Australia's primary national environmental protection legislation. According to the first reading of the *Climate Trigger Bill*, the proposed amendment to the *EPBC Act* is put forward to "fulfil Australia's obligations under the Climate Change Conventions".

The Government has a comprehensive suite of policies and programs in place to drive emissions reductions across the economy and to fulfil Australia's international commitments under the Paris Agreement. These initiatives encourage innovation and expand the clean energy sector while maintaining a strong economy.

The *EPBC Act* is not considered to be the most appropriate mechanism to drive emissions reductions or ensure fulfilment of Australia's international obligations. The Bill's measures are duplicative: activities covered by the Bill are already subject to rigorous assessment and scrutiny by both Commonwealth and state authorities.

Further, the Bill would have a significant impact on key sectors of the Australian economy. The measures contained in the Bill are not consistent with the Government's 'technology not taxes' approach to reducing emissions.

Emissions reduction policies

The Government's emission reduction policies are working. *Australia's emissions projections 2019* (<https://publications.industry.gov.au/publications/climate-change/climate-change/publications/emissions-projections-2019.html>) show Australia is on track to exceed its 2030 target by 16 million tonnes (including past overachievement).

As part of the coordinated global effort to address climate change, the Government has set a strong, achievable target to reduce Australia's emissions by 2030 by 26 to 28 per cent below 2005 levels.

Australia's progress towards our 2030 target compares favourably with the progress of similar, commodity-exporting nations like Canada and New Zealand.

The \$3.5 billion Climate Solutions Package maps out how Australia will achieve its 2030 target. The Package includes a \$2 billion Climate Solutions Fund to build on the success of the Emissions Reduction Fund and continue the investment in low-cost abatement.

The Climate Solutions Package is supporting Australia's low emissions future through significant investments in energy infrastructure, such as the expansion of the Snowy Mountains Hydro Scheme, a range of new energy efficiency measures for homes and businesses and the development of a national strategy to support Australians who choose to adopt electric vehicles and address barriers to uptake.

The Government is also developing a Technology Investment Roadmap to bring a strategic and system-wide view to future investments in low emissions technologies. The Government's stated intention is to reduce emissions without imposing new costs on households, businesses or the economy. The Government's approach is about technology not taxes.

The Government sees great potential in technologies like hydrogen, carbon capture and storage, soil carbon sequestration and biofuels to reduce emissions in Australia and globally, while strengthening our economy.

The Government has already invested \$10.4 billion into more than 670 clean energy projects with a total value of \$35 billion. These investments are supporting new jobs, reducing power prices and improving the reliability of our electricity grid while lowering emissions. The Technology Investment Roadmap is focussed on getting our future investment settings right.

Consultation on the Roadmap will inform the development of the first annual Low Emissions Technology Statement, which will identify technology priorities and ensure the Government's investment portfolio can be refined and updated over time.

Measures to increase adaptation and resilience

In addition to reducing emissions, building Australia's climate resilience is a key priority supported by more than \$20 billion of investment to bolster our science agencies and help our communities adapt to a changing climate.

The Government is working with leading universities and science agencies on the world's most ambitious reef adaptation and restoration program. Our farmers are building climate resilience with the support of the National Landcare Program and the Future Drought Fund.

The Emergency Response Fund, the National Water Grid Authority and the Bushfire Recovery Agency are helping communities recover and build resilience to future natural disasters.

These practical efforts are being guided by a series of reviews into Australia's climate adaptation, resilience and science initiatives, including the Royal Commission on National Natural Disaster Arrangements and CSIRO's work, led by Chief Scientist Alan Finkel, to investigate and report on further practical resilience measures needed to continue Australia's efforts to adapt to the effects of climate change.

Impact of the proposed Climate Trigger Bill 2020

The Department notes the proposed Bill will have a significant impact on Australia's resources sector. As such, the Bill is not consistent with the Government's 'technology not taxes' approach to reducing emissions.

In 2019 the resources sector comprised 8.7 per cent of Australia's gross domestic product, 73 per cent of goods exports and employed over 250,000 people. Ongoing development of Australia's mineral and energy resources sectors provides significant opportunity for economic growth and prosperity for the Australian people.

Australia's resources sector is a major contributor to Australia's economy and our energy exports such as LNG are contributing to efforts to reduce greenhouse gas emissions globally. Both the CSIRO and the International Energy Agency (IEA) have noted in recent reports that coal-to-gas switching can reduce emissions by as much as 50 per cent when producing electricity.

In its report *The Role of Gas in Today's Energy Transitions* (2019), the IEA found that fuel switching has significant CO₂ and air quality benefits, and that on average, coal-to-gas switching reduces emissions by 50% when producing electricity and by 33% when providing heat. The IEA also found that coal-to-gas switching avoided more than 500 million tonnes of CO₂ emissions over this period 2010-2018.

As noted above, Australia's resource projects are rigorously assessed under existing state and Commonwealth law. Extending the review and assessment of projects will directly increase the costs associated with project development. In the resources sector, delays to project approval can cost project proponents up to \$16 million a month to retain necessary staff and capital required to commence development once a project has been approved.

One example of the potential negative impact of delays in project approvals relates to offshore oil and gas production activities. Offshore oil and gas activities are currently assessed by NOPSEMA under streamlined regulatory arrangements, and covered by a strategic assessment under the EPBC Act. This assessment requires proponents to describe how they will mitigate environmental impacts arising from their activity, including management of greenhouse gas emissions. This Bill proposes to require approvals for undertaking emissions-intensive actions, defined as an action that involves mining operations or drilling exploration. This would have implications for all such activities in the onshore and offshore resources sectors and could be a significant disincentive to investment.

In addition, the implementation of a climate trigger on the emission-intensive actions that are defined in the Bill will impose an additional regulatory burden on resource and agricultural industries and is contrary to government policy to reduce regulation where practical.

The Department notes the second independent review of the *EPBC Act* is currently underway and is due to report to the Minister for the Environment by the end of October 2020. The review's Interim Report is due in June. The outcomes of the review are expected to be relevant to the Committee in its consideration of the Bill.

I appreciate your consideration of this information and trust it will be of interest to the Committee.

Yours sincerely,

Jo Evans
Deputy Secretary
Climate Change and Energy Innovation Group
29 May 2020