

Economics Legislation
Answers to questions on notice
Climate Change, Energy, the Environment and Water Portfolio

Inquiry: Offshore Petroleum and Greenhouse Gas Storage Legislation
Amendment (Safety and Other Measures) Bill 2024

Question No: IQ24-000054

Hearing Date: 14 March 2024

Division/Agency: Net Zero Industries Division

Topic: DCCEEWs plan to reduce emissions

Hansard Page: 42-43

Question Date: 14 March 2024

Question Type: Spoken

Senator Cox asked:

Senator COX: DCCEEW, how in this moment does this schedule 2, part 2, provide a blueprint—I'll put it in that way—for the government to be able to ensure opening up new oil and gas projects across this country through this legislative change? That's the trajectory we're going on now. Minister King will have the power to be able to do that. How does Minister Bowen possibly think we're going to achieve our Paris targets and the legislated climate emissions targets of 43 per cent? Are we going to pass them off down to Minister King's electorate, down to the local factory that was already shut down because of that? Or is it going to be passed to the Australian taxpayer? Are we not going to pass a proper vehicle standards now? Are we not going to do all of the climate change stuff because it's all going to be undone because we're doing something to give someone the power to just accelerate the climate emergency? What's the plan?

Mr Gaddes: The primary mechanism for reducing industrial carbon, the likes of which you would get through new oil and gas fields, is the safeguard mechanism. The safeguard mechanism places obligations on the largest 200 emitting facilities across the country. New facilities including new offshore oil and gas fields will be subjected to a zero carbon emissions requirement for their produced carbon from the reservoir and they'll also have best practice standards placed upon them from day one. The minister is currently consulting on what those best practice performance measures are. Those performance measures decline at a rate consistent with net zero by 2050. The safeguard mechanism is the primary mechanism by which these oil and gas field facilities will be regulated for CO2 emissions.

Senator COX: But we already know, Mr Gaddes, that Barossa and Scarborough are the biggest carbon bombs that we're going to open up in this country and set off on the coast. The people who are going to be most affected by it are going to be small island nations. People who are contributing the least to the climate emergency are the ones who are going to be most affected. But we don't have a plan. Essentially, we're just going: 'We'll fumble along. We've got this safeguard thing.' But it's going to be an exercise of creative writing for industry to make sure that they can get around all of that. That's what we're doing right now. We're finding a workaround, are we not?

Mr Gaddes: Sorry, Senator, I struggled to follow. Could you put that into a question, please? There was a lot of statement there.

Senator COX: I'm happy for you to take that on notice because I'm really interested to hear what DCCEEW's plan is to reduce emissions when we're giving a power to bypass the EPBC, when we're still in a review process, we're still asking questions of NOPSEMA and DISR about what went wrong in our EPAs. We're still doing all of this work yet we're just ramming through a piece of legislation because Kevin Gallagher cosigned a letter with the Japanese and South Koreans to say: 'Let's make these easier for industry. We don't care what else is going on. We're sure as hell not going to listen to First Nations people—they didn't even get a Voice up.'

Seriously? This is what's happening right now—

Mr Gaddes: Chair, if I could ask—

Senator COX: and yet we're sitting here talking about how we're good global citizens. We're not, because we don't have a plan.

CHAIR: Thank you, Senator Cox. We're obviously at time.

Answer:

The Australian Government has strengthened Australia's climate action, including legislating a stronger 2030 emissions reduction target of 43 per cent below 2005 levels by 2030, and net zero by 2050, through the *Climate Change Act 2022*. The Government is implementing a suite of measures to transform our economy and electricity grid to ensure we meet these legislated goals.

Net Zero Plan

To sustain action well beyond 2030, the Government is developing a Net Zero Plan, which will articulate how Australia will transition to a net zero economy, consistent with our international and domestic commitments. As part of the process for developing the plan, the Government will determine Australia's next medium-term target for reducing emissions by 2035.

The Net Zero Plan and 2035 target will be underpinned by six sectoral plans which, collectively, cover all major activities within the Australian economy which either produce or remove greenhouse gas emissions. These sectors are: electricity and energy, transport, industry, resources, built environment, and agriculture and land. The waste sector will be included in the industry plan and a focus on the circular economy will be a cross-cutting issue for all sectoral plans. In addition to the circular economy, other cross-cutting topics such as jobs and skills, regional impacts and climate adaptation will also be considered in all sectoral plans.

The Government is engaging with industry, the climate movement, experts, unions, youth, First Nations people, the community, and with all levels of government to develop these plans, ensuring they are robust, ambitious, evidence based, achievable, and accepted by the community.

The Government's 2035 target will be informed by independent advice from the Climate Change Authority (CCA). The CCA will also provide advice on sectoral decarbonisation pathways to help inform the plans' development.

The Net Zero Plan and sectoral plans will provide a clear and credible pathway to net zero by 2050 and help attract the billions in new investment we need to decarbonise our economy and become a renewable energy superpower. Where needed, the plans will include new policies to help put Australia on track to reach net zero emissions by 2050. They will also take into account the effect of existing emission reduction policies, such as the Safeguard Mechanism.

Safeguard Mechanism

The Government has reformed the Safeguard Mechanism to help Australia meet its climate targets and to ensure Australia remains competitive in a decarbonising world. The reforms will reduce net emissions limits, known as baselines, at Australia's largest industrial facilities, including in the oil and gas sector, gradually over time on a trajectory consistent with achieving Australia's emission reduction targets of 43 per cent below 2005 levels by 2030 and net zero by 2050.

The scheme's settings provide assurance that emissions from both new and existing Safeguard facilities will stay within the scheme's emissions targets. These targets are legislated in the objects of the *National Greenhouse and Energy Reporting Act 2007*, with the Climate Change Authority being required to publicly report on whether these targets will be met.

Further, the Environment Minister is required to pass on information relating to the scope 1 emissions from approvals of new or expanding projects under the *Environment Protection and*

Biodiversity Conservation Act 1999 that are expected to enter the Safeguard Mechanism or increase emissions from an existing Safeguard Mechanism facility to the Minister for Climate Change, as well as the Climate Change Authority and the Secretary of the Climate Change Department. If emissions are expected to breach the scheme's targets, the Minister for Climate Change will be required to act, such as by amending the scheme rules or taking other policy actions. Consultation would need to be undertaken before any amendments to the rules are made.

Australia's 2023 emissions projections show that Australia is projected to achieve a 37 per cent reduction on 2005 levels in 2030 under the baseline scenario, which includes the Safeguard Mechanism reforms. Under a 'with additional measures' scenario which includes the Government's 82 per cent renewable electricity target and proposed new vehicle efficiency standards, Australia is projected to achieve a 42 per cent reduction on 2005 levels by 2030. The 2023 emissions projections estimate that emissions from coal mining and oil and gas extraction will fall by 14 per cent from 90 Mt CO₂-e in 2020 to 77 Mt CO₂ e in 2035. The projected emissions decline is due to lower coal production and abatement activities at coal mines and oil and gas facilities.