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Submission to the Environment and Communications Legislation Committee for inquiry and report on the Environment Protection and Biodiversity Conservation Amendment (Climate Trigger) Bill 2022 [No.2].

Citizens' Climate Lobby Australia

Citizens' Climate Lobby Australia (CCL Australia) (1) is an all-volunteer grassroots think tank focussed on developing and advocating rational climate policies capable of providing effective solutions to the climate crisis.

CCL Australia welcomes the newly legislated *Climate Act* and Australia's new NDC (Nationally Determined Contribution) to reduce Australia's emissions by at least 43% below 2005 levels by 2030 and to achieve net zero emissions by 2050. These are goals that CCL supports.

However, we believe it is far preferable that we aim for negative emissions and that we get there before 2050. We also believe that this is possible with the right policies. The *Climate Act* and a reformed safeguard mechanism will help but will need to be supplemented with other policies. The amended EPBC with climate trigger will prevent many potential fossil fuel developments that will undermine the benefits of these and other climate policies.

Preamble

Considering the science now available to us, it is apparent that there is a gaping hole in the EPBC Act of 1999.

Recent IPCC reports have consistently told us that there is an established link between greenhouse gas emissions and environmental harm. The Australian newspaper's Chief Political Correspondent, Geoff Chambers wrote about the Government's own State of the Environment report, saying "The report which was compiled by 37 authors including 13 - Indigenous experts, calls for immediate global action to reduce carbon emissions, for greater Indigenous engagement, more coordinated data and holistic legislation." (2) It clearly stated that Australia is going backwards in its protection of the environment and describes our efforts as "poor and deteriorating".

Australians would expect that our laws reflect current science. Many would agree with the following statement, "I find it hard to believe that our national environmental law does not compel the environment minister to consider future climate impacts when assessing major projects," made by Sophie Scamps in a statement in support of the Bill.

As the EPBC Act was written in 1999, it does not reflect what has happened in the intervening years. Irrefutable evidence of the harm that greenhouse gas emissions are

causing to our environment and our communities can be used to inform the development of regulations such as the Climate Trigger. The omission of this particular trigger was noted in 1999, and it is high time to correct that omission in 2022.

Now the Government has legislated net-zero by 2050, and the destination is clear, policies to support that pathway need to be designed. It is logical that the Environment Protection and Biodiversity and Conservation cover the protection of the environment.

The Problem

The present situation has failed to protect 'matters of national environmental significance' (MNES), those being world heritage properties, national heritage places, wetlands of international importance (Ramsar wetlands), nationally threatened species and ecological communities, migratory species, Commonwealth marine areas, Great Barrier Reef Marine Park, the environment where nuclear actions are involved (including uranium mines) and a water resource, in relation to coal seam gas development and large coal mining development. All have suffered to varying degrees.

The most well-known of these is the effects on the Great Barrier Reef, with several bleachings over recent years, related to warming and acidifying oceans. The Great Barrier Reef Marine Park Authority said in a position statement that these events "have caused an unprecedented decline in the health of the Reef." (3)

It is vital that the federal government monitors the cumulative impacts on MNES and collaborate with States and Territories to address them.

Professor Graeme Samuels says

"The environment and our iconic places are in decline and under increasing threat. The EPBC Act does not enable the Commonwealth to effectively protect and conserve nationally important environment and heritage matters. It is not fit for current or future environmental challenges." (4)

If a climate trigger had been added either at the turn of the century or at the subsequent review in 2009, there may have been better outcomes for all of these significant sub-sections of our environment.

Two Recommendations

1. EPBC Act Amendments

We support the following amendments to the EPBC Act.

- require actions that would emit between 25,000 to 100,000 tonnes of carbon dioxide equivalent scope 1 emissions in any one year to be assessed for approval under Part 9 of the Act
- require the minister, when approving any such action or when considering whether to enter into a conservation agreement, to consider Australia's national carbon budget and greenhouse gas emissions reduction targets
- require the minister to reject the approval of actions that would emit over 100,000 tonnes of carbon dioxide equivalent scope 1 emissions
- require the Climate Change Authority to develop a national carbon budget to 2050 and to annually assess the budget; prohibit the minister, subject to certain exceptions, from using alternative approval processes for certain emissions intensive actions; and

- introduce penalties for undertaking certain emissions intensive actions without approval if the action has, will have or is likely to have a significant impact on the environment.

CCL recognises that the fossil fuel emissions that these amendments will prevent would be better addressed at source, that is, where they enter the economy - the port, mine or well-head. It is less efficient to try and prevent them downstream as proposed in the EPBC amendments. It requires expensive and time-consuming administrative and regulatory activity by government and industry that would be unnecessary if emissions were addressed at source. It also exposes the decisions of the department and the minister to increased political pressure and interference.

Therefore, CCL recommends that in addition to these amendments, an upstream fee be applied to fossil fuel emissions to enable much more efficient and effective emission reductions than would be achieved by the EPBC. The carbon fee combined with a dividend to households is presented here as [Climate Dividends](#).

2. Climate Dividends, a powerful but simple complement to other climate policies

[Climate Dividends](#) is an elegant solution to Australia's climate challenge. It can complement and enhance the EPBC Amendment 2022 by providing a clear price signal to proponents on whether their proposal is viable or not. By progressively pricing the greenhouse gas content of fossil fuels at their source the climate dividend takes much of the emissions-reduction burden off the EPBC, and other climate policies and provides certainty for industry and business.

It is **simple** - it only requires the setting of a single fee, with defined annual increments, to be levied on the greenhouse gas content of fossil fuels at their source. It will rely on existing volumetric measuring and reporting processes for the collection (perhaps by ATO) of the fee from a handful of producers and importers. The net revenue can be readily distributed as a monthly dividend to households, perhaps by ATO or Centrelink, or a new purpose-built authority.

The only complex element will be putting carbon border adjustments in place to protect against unfair competition from countries without a comparable carbon price. As the EU will soon introduce a Carbon Border Adjustment Mechanism (CBAM) Australia will need to respond anyway. With our own carbon price in place the CBAM would have no negative impact on Australia. Pending the introduction of CBAMs in larger economies, Canada has introduced an [interim solution](#) to complement its climate dividend scheme, now 4 years old and steadily rising in value.

It is **timely**. Climate dividends could be applied quickly (though probably not as quickly as the EPBC amendments). The only time constraint would be whatever consultations and political preparations may be needed to build awareness and acceptance in the community and with industry.

It is **effective**. A tax on the greenhouse gas content of fossil fuels is the one single policy that can quickly [end the fossil fuel subsidies](#) that will work directly against the safeguard. The recent [IMF report](#) is clear that

Raising fuel prices to their fully efficient levels reduces projected global fossil fuel CO2 emissions 36 percent below baseline levels in 2025—or 32 percent below 2018 emissions.

Whilst this figure assumes a global carbon price, it is likely that Australia's rate of reduction could be even more impressive, given our abundant resources. It suggests that Australia could choose a fairly slow rate of annual increments in the carbon price, if it is

complemented by other initiatives, such as the safeguard mechanism and this EPBC Amendment and whatever agricultural, forestry and land use policies are implemented.

It is **equitable**. Carbon dividends would be more equitable than the safeguard in two important ways:-

- It would ensure that fossil fuel emissions are progressively taxed out of the economy at a pre-set rate of reduction so that other policies (like the EPBC) do not have to address fossil fuel emissions as well as other sources of greenhouse gases.
- And importantly, it would be much more equitable in how it spreads the burden amongst the people of Australia, and to a lesser extent, people of the world. The dividend ensures that low-to -middle income households are able to manage the costs of the transition and to actively participate in the decarbonisation of our economy.

It is **efficient**. By covering 77% of emissions (excluding LULUCF) and not allowing any leakage, exemptions, profit-taking or gaming, climate dividends is the comprehensive policy necessary to reduce emissions quickly. It gives the government the ability to set the ideal rate of annual increments, i.e. fast enough to be effective and meet our targets, slow enough to enable society, industry and the economy to adapt with minimal disruption.

It also **minimises cost**, partly due to its efficiency, but also because it redirects over **\$50 billion of inefficient subsidies annually**, that are working against all the efforts of 3 tiers of government, industry and community to reduce emissions, protect the environment and support the health of citizens.

The G20 and COP26 both called for a phasing-out of 'inefficient' fossil-fuel subsidies. The International Energy Agency and the United Nations are both calling for an end to all new fossil fuel developments. Climate dividends can phase-out subsidies in a matter of years, thus saving Australia much unnecessary effort and expenditure.

The removal of [contradictory policies](#) that undermine or cancel each other out is critical if we are to address climate change. They are enormously wasteful of money, time and resources. And ultimately, they become pointless.

Another efficiency derives from the CBAM that would protect Australia from unfair trading and would in turn encourage other countries to similarly price carbon. As outlined by the IMF, a global carbon price would drive emissions down rapidly and enable the world to meet its Paris Agreement targets easily.

And finally, the greatest efficiency possible is the early return to a safe climate that is only possible with a comprehensive policy that reduces emissions quickly with minimal disruption and brings the rest of the world onboard.

Conclusion

In the absence of a comprehensive policy to drive down greenhouse gas emissions across the economy, policies like the EPBC can help reduce emissions, in the interim. A climate trigger is necessary in the short term to enable government to prevent new high-emissions developments coming onstream and undermining Australia's climate and environment policies.

Therefore, CCL supports the 'climate trigger' amendments to the EPBC.

We also recommend the adoption of a predictably rising fee on the carbon content of fossil fuels, at source, that gives a clear price signal to proponents of fossil fuel developments and enables them to assess their viability in a decarbonising economy. We recommend that the carbon fee is coupled with a [climate dividend](#) to protect low- and middle-income households from rising costs.

Climate policy reforms like the amendments to the EPBC are very welcome but they target limited components of the carbon emissions problem. Pricing carbon with a climate dividend will greatly enhance their reach and effectiveness and make it possible for Australia to reach its climate targets and achieve negative emissions much sooner.

References

- (1) <https://ccl.org.au/>
- (2) <https://www.theaustralian.com.au/nation/climate-change-threat-is-a-story-of-crisis/news-story/4594d12f18d0751f90616abb5c40a2b8>
- (3) [GBRMPA ELibrary: Position statement: Climate change \(Document no. 100486\)](#)
- (4) [Chapter 1 - National-level protection and conservation of the environment and iconic places | Independent review of the EPBC Act](#)