



Environment Institute  
of Australia and  
New Zealand Inc.

## **EIANZ'S RESPONSE TO QUESTIONS POSED BY SUSTAINABLE VIEWS – AN ONLINE PUBLICATION FROM THE FINANCIAL TIMES**

Claudia De Meulemeester's article '[New Australian government makes U-turn on climate policy](#)' is now available. The Sustainable Views site is subscription based but offers a free trial.

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### **How significant is the new climate bill proposed by the Labor government? Initial criticism points at the 43% emissions reduction target by 2030 as "easy" to achieve and not necessarily making much of a difference.**

The significance of having a 43% (minimum) target in legislation, providing direction to "whole of government", industry and the Australian community, should not be under-estimated. An important point is that a legislated minimum target gives business added certainty around investing in climate mitigation. If / when passed, a 43% 2030 target floor would be a clear advance over what was in place up until May this year.

The social, technical and costs of achieving the target and the societal change should also not be dismissed. However, a reduction of 43% in 2030 still leaves much more still to be done to achieve net zero – anything possible to achieve more than a 43% reduction this decade would be welcomed. The target is an important step in the decarbonisation of the Australian economy and should: a) build community understanding and trust of what can be done; and b) reduce the cost burden on the next generation and help advance global action.

Mitigation is not just an environmental imperative with an engineering cost. It is an economic opportunity to tap into Australia's natural, education and political advantages to provide global goods and services and to the benefit of all Australians.

We look forward to broad parliamentary support for the target legislation.

### **Which are the specific areas in climate policy where the new government has set itself apart from the last administration which deserve praise?**

Whilst acknowledging the size and difficulty of the societal transition that is necessary to hit mid-term and mid-century targets, the current government:

- wants to accelerate mitigation with some adaptation action now, rather than to wait for improvement in technology.
- is focusing not solely on the engineering components of mitigation, but also on social and economic transitions in Australian regions dependent upon fossil energy resource exploitation.
- has been active on global and regional stages working together on climate solutions.
- Has commissioned an independent review of *Australian Carbon Credit Units* under the *Emissions Reduction Fund* which has been the centrepiece of Australian climate policy since 2014.
- Has announced transition of the *Safeguard Mechanism* from mid-2023 to a baseline and credit system with baselines for Australia's largest emitting industrial facilities reducing to net zero by 2050.

- Has introduced new regulations that: a) prohibits *Australian Renewable Energy Agency* from funding fossil derived hydrogen and carbon capture and storage projects; and b) expands ARENA's remit to fund the electrification of industrial processes.
- In its 'Rewiring the Nation' policy proposes 82% renewable energy penetration in the National Electricity Market (NEM) by 2030. The previous government's rhetoric was not as supportive of grids that could run up to 100% peaks of instantaneous renewable generation by 2025.

**It looks unlikely Labor will agree to a demand from the Greens to ban new fossil fuels projects. How do you see this play out? Could so-called "climate triggers" be key in negotiations?**

The future of new fossil fuel projects (particularly for electricity production<sup>1</sup>) can be looked at in terms of domestic and export focused projects.

For 100 years developed domestic economies have been built upon reliable and cost effective energy systems. We are convinced that even with the energy supply perturbations seen this year, an orderly electricity system decarbonisation can occur without passing undue costs onto the next generation. A legislated target will assist.

A domestic economy wide 43% reduction target will have deep ramifications for fossil fuel suppliers, users and new fossil fuel projects for Australian domestic markets. Use of coal for domestic electricity production from aging coal plants is already in accelerating decline. Energy market designers, regulators and operators need to drive market and transmission system reform such that gas is solely used for back up and mainly in the short term.

A domestic target will clearly impact fugitive emissions associated with exports, but by itself is unlikely to halt future fossil fuel projects as there are budgetary pressures on government to continue exports and contracts for gas exports can't simply be rescinded. Consequently, it is unclear how fossil fuel projects for the export market will be governed / impacted. The EIANZ supports the Australian and NZ governments showing comprehensive international leadership to come up with effective global solutions

The EIANZ would welcome the Federal Government setting a rigorous climate impact test in impact assessment legislation for new coal and gas projects (or when extending existing ones). This could be included within the Government's current assessment of [Prof Samuel's Environment Protection and Biological Conservation Act Review](#).<sup>2</sup>

**What are other contentious areas where Labor will have to compromise in order to get things passed with help from others?**

The EIANZ doesn't speculate on political decision making. Our priorities for the current government were outlined in our [election statement](#) and included: circular economy, Indigenous recognition, climate change and EPBC Act reform. All of these needs are well justified, but policy design in these areas involves complexities to achieve effective and acceptable reforms. One encouraging thing is that the Government's position is to act on these matters.

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<sup>1</sup> Technology for decarbonisation of electricity production is technically and commercially well proven in comparison to other uses of fossil fuels and some of the biggest contributors to emissions reductions this decade should be in the stationary energy sector.

<sup>2</sup> We do however note noting that Prof Samuel did not endorse climate change as an appropriate EPBC Act trigger – which needs to be properly considered.

## **How does Australia score in terms of ambition levels from an international standpoint especially compared to neighbouring New Zealand?**

EIANZ doesn't score one government against another. All countries have huge but differing challenges in protecting the environment, reducing emissions and adapting to the climate change already baked-in. The important thing is that all countries keep accelerating their actions and communicating with their populations so that they have the necessary licence. Whatever action is taken needs to be equitable across the community. Every country has a long way to go.

A legislated 43% minimum target is a significant shift by the Australian government and should diffuse some of the opprobrium focused on the previous government from the United Nations, European and Pasifika communities. This shift should help in the climate challenge but also provide Australia greater leverage to demonstrate climate policy leadership regionally and globally and have spin-offs into other diplomacy areas.