Economic Reform Roundtable Submission: The Economic Case for Environmental Investment

Productivity, Resilience and Budget Sustainability Through Environmental Policy

About EIANZ

The Environment Institute of Australia and New Zealand (EIANZ) is Australasia's peak body for environmental professionals. We represent around 4,000 members and certified environmental practitioners in our region.

Our members come from a diverse range of technical professions, including scientists, policymakers, engineers, lawyers, and economists. They are at the forefront of issues such as impact assessment, biodiversity, climate change, and nature positive. EIANZ represents environmental practitioners at all stages of their career, from student and early career practitioners to senior leaders.

Executive Summary

A healthy environment is a prerequisite for a healthy economy. Environmental reforms are not costs but strategic economic investments that (based upon US data) deliver, among other benefits, 1:6 to 1:13 return ratios through disaster risk reduction (every $1 invested saves $6-$13 in avoided costs).[1] These investments directly address all three Economic Reform Roundtable priorities while being budget positive at minimum, potentially strongly budget positive.

Economic activity is underpinned by natural capital and environmental services (many of which are assumed to be delivered for free). Benefits derived from environmental services beyond avoided disaster costs include healthcare savings and new market

opportunities. A transformation in national thinking and project design from *harm minimisation* to *nature positive* is essential to stem and reverse the published decline in the health of Australia's environment (see both the State of Environment Report and the Samuel Review).

We welcome the opportunity to make a submission on this important topic that will benefit the lives of Australians now and for future generations. EIANZ considers it necessary that all measures under consideration by the Economic Reform Roundtable be assessed for the way in which they protect and restore nature and the environment. In addition, specific environmental actions are required to improve economic productivity and resilience.

Alignment with Economic Reform Roundtable Priorities

Priority 1: Improving Productivity - Cutting Red Tape Without Lowering Standards

Accelerating Project Approvals Through Quality Systems

Timeframes to obtain approvals for greenfield and brownfield developments are currently too long. Although regulatory reforms can streamline existing processes and lead to faster approvals, another way to accelerate project approvals is to rigorously follow the process rather than cutting corners or politicising issues – albeit with a more robust front-end process, facilitated by experienced assessing officers, of identifying key risks for mitigation or elimination. Many of today's delays are "own goals" by developers or proponents who try to cut corners and fast track approvals.

Expert professional advice will be increasingly required to deliver economic productivity and sustainability. Many jurisdictions do not define well "suitably qualified professionals" for the provision of environmental advice or for sign-off of regulatory submissions. Since 2004, the Certified Environmental Practitioner Scheme (CEnvP) has been providing: a) proponents with a way to evidence their competency and ethical standing; and b) government with assurance that work is being undertaken by reliable professionals.[2] There is opportunity for governments to better define “suitably qualified” and incorporate certification such as our CEnvP scheme.

Quantified Productivity Benefits:

- **Reduced approval times** through certified professional involvement[3]
- **Decreased administrative burden** for government agencies[4]
- **Quality assurance** at no additional cost to taxpayers[5]

- **Elimination of arbitrary decision-making** through standardised, science-based methodologies[6]

Market-Based Solutions

Harness the power of environmental markets - Australia has some experience with environmental (water, greenhouse gas emission and nature repair) markets. Properly designed and regulated markets allow for financial and engineering creativity. Once national environmental standards and other environmental objectives have been defined, let the market optimise the solution. The administration of environmental markets should be streamlined and where possible integrated, for example a single regulator deployed for both climate emissions and nature repair markets to enable stacking of credits.[7]

Priority 2: Building Economic Resilience - Managing Global Uncertainty

Building Market Confidence Through Environmental Certainty

Build confidence in the environmental protection system - markets don't like risk and uncertainty. Too often environmental protection is seen as a drag on development rather than an investment in our national capital and long-term sustainability. Developers need to have confidence in being able to obtain bankable outcomes from a properly functioning environmental protection system and conversely have confidence that substandard environmental protection will have consequences.

Quantified Resilience Returns: Proponents with confidence in the system will save time and money. Projects will be delivered and provide economic returns more quickly.

Managing Export Dependency and Supply Chain Risks

Australia's export income is currently highly dependent upon three (iron ore, coal and natural gas) carbon intensive commodities. Although the emissions from these commodities are included in the national inventories of customer countries, Australia must anticipate market disruptions as the world progresses to carbon neutrality. As a nation, we need to be much more open to discussing jointly the benefits, impacts, risks and opportunities of various solutions, increasingly diversify our range of exports and reduce our dependency upon carbon intensive exports.

Australia's reliance on carbon intensive exports exposes our financial system to significant climate-related risks that require disclosure and management. Scope 3 emissions reporting reveals supply chain risks across the whole business cycle, as the total climate-related risk of a reporting entity is the sum of risks across its whole supply chain.[9] This creates systemic risk for Australia's economy as global decarbonisation

progresses - our major export customers will increasingly face regulatory and market pressures to reduce their Scope 3 emissions, directly threatening demand for Australian fossil fuel exports and requiring urgent economic diversification strategies.

Ecological Restoration for Economic Risk Mitigation

Ecological restoration delivers quantified economic benefits beyond biodiversity outcomes, directly reducing environmental disaster risks and maintaining agricultural productivity. Restoration helps prevent costly environmental disasters like the algal blooms witnessed in the Murray-Darling Basin and the current marine environmental challenges in South Australia, which impose substantial economic costs on affected regions.

Direct Economic Services from Biodiversity: Agricultural productivity depends on ecosystem services that deliver measurable economic value:

- **Crop pollination services** worth billions annually to Australian agriculture
- **Natural pest control** reducing pesticide costs and crop losses
- **Erosion control** protecting valuable agricultural land and infrastructure
- **Water filtration** reducing treatment costs and maintaining water quality

Risk Reduction Through Restoration: Environmental restoration can and does create economic resilience by preventing costly disasters. Healthy ecosystems provide natural buffering against extreme weather events, reduce flood damage through improved water retention, and prevent the expensive environmental collapses that require costly remediation. Investment in ecological restoration represents a proactive approach to risk management that delivers superior returns compared to reactive disaster response.

Priority 3: Strengthening Budget Sustainability - Budget Positive Returns

Direct Budget Benefits from Environmental Investment:

- **1:6 to 1:13 positive returns** from disaster risk reduction investments[10]
- **Healthcare cost savings** from improved air quality, reduced contamination and urban nature access[11]
- **Infrastructure cost reductions** through nature-based stormwater and flood management[12]

Revenue Generation Through Environmental Markets:

- New market creation through nature repair methods and biodiversity markets[13]

- Property value increases generating higher local government revenue[14]

Specific Reform Proposals: Fiscally Responsible and Nationally Beneficial Environmental Approval Reform

Environmental approvals is a federated process in Australia - States, Territories and the Commonwealth need to work together on reforms that improve the efficiency and effectiveness of project approval and nature repair outcomes.

National Framework Development

- **National Environmental Standards** should underpin protecting and restoring a healthy environment. EIANZ calls for a comprehensive suite of practical and effective standards during the current term of Parliament.
- **Environment Protection Australia** (to promote arm's length approvals) and **Environment Information Australia** (as a central repository of decision-making information) to improve assessment effectiveness and efficiency. Both need to be fully resourced and empowered to efficiently and speedily acquit their roles and expedite project delivery and environmental protection - both of which have broader direct and longer-term economic benefits. Cost recovery for "services provided" can defray budget impacts if they are reasonable, not a revenue raising tax, nor lead to regulator capture.

Strategic Planning for Efficiency: Regional and Strategic Planning is one way to improve planning and project approval efficiency. These were recommendations from Professor Samuel. Once properly in place they should be allowed to work and be trusted (albeit with regular continuous improvement reviews). The full benefit of these measures will only be realised once duplicative measures are removed from project specific assessments and approvals processes.

Climate Change and Energy System Reform

More effective climate (mitigation and adaptation) solutions are required right now. Many, however, are long term and capital intensive. These solutions are amenable to technical and financial creativity if the underpinning markets are given, and have faith in, long term continuity of requirements. Narrow intra sector requirements will be less efficient than economy-wide ones and these latter ones allow synergies between sectors to be identified and deployed.

Community Engagement for Long-Term Success: At the end of the day, confidence in the integrity of long-term requirements will depend upon garnering broad based community support. Ongoing effort is required in engaging with and listening to middle Australia on the means and benefits of climate action.

Opposition to solar, wind and transmission energy project approvals and construction in some areas of rural Australia is escalating. Over the past few years, there have been flaws in planning, consultation and listening with regard to these projects. Much more on-the-ground work will be necessary until 2035 (and beyond) to decarbonise our energy systems. A reset of trust with rural Australia is needed.

Environmental Education and Workforce Development

A nature positive and zero emissions Australia opens up many economic opportunities but will require considerable transition for carbon and resource intensive industries, communities and workforces. The transition will be faster and more productive if done with the impacted communities and individuals (rather than done to them), and if a healthy workforce pipeline is available for the emerging jobs. It is essential that today's governments build the knowledge and skills we will need for a nature positive, net zero world.

As noted above EIANZ has developed its Certified Environmental Practitioner (CEnvP) Scheme to assist in ensuring ethical professionalism. This improves the efficiency of selection of appropriate environmental practitioners for work and assurance of their work. Governments are encouraged to more rigorously specify how suitably qualified environmental professionals are defined in regulation.

Five-Pillar Productivity Agenda Alignment

Creating a More Dynamic and Resilient Economy: Environmental investment creates resilience through 1:6 to 1:13 return ratios on disaster risk reduction while generating new market opportunities through nature repair industries and environmental markets.

Investing in the Net Zero Transformation: Financial system stability through climate risk disclosure and management positions Australia competitively in emerging green economy sectors and maintains access to international capital markets.

Building a Skilled and Adaptable Workforce: Professional certification systems reduce regulatory burden while maintaining standards and create opportunities for high-value employment in growing environmental services sectors.

Harnessing Data and Digital Technology: Standardised environmental assessment methodologies and monitoring systems enable efficient market operations and evidence-based decision-making through centralised information repositories.

Delivering Quality Care More Efficiently: Nature-based solutions deliver healthcare cost savings through improved environmental quality and infrastructure cost reductions such as through efficient stormwater and flood management.

Implementation Roadmap

Immediate Actions (Next 12 Months):

1. Establish National Environmental Standards during the current term of Parliament
2. Create Environment Protection Australia and Environment Information Australia with full resourcing
3. Implement mandatory professional certification requirements for environmental assessments

Medium-Term Reforms (1-3 Years):

1. Establish integrated environmental markets with a single regulator for climate and nature credits
2. Implement regional and strategic planning frameworks with removal of duplicative processes
3. Launch comprehensive workforce development programs for nature positive transition

Long-Term Strategic Positioning (3-5 Years):

1. Complete transition from harm minimisation to nature positive approaches across all sectors
2. Achieve full integration of environmental considerations in economic decision-making
3. Position Australia as global leader in environmental economics and sustainable development

Conclusion

Environmental investment represents the most fiscally responsible approach to achieving the Economic Reform Roundtable's three priority areas. With demonstrated 1:6 to 1:13 return ratios, environmental reforms deliver exceptional productivity gains, build genuine economic resilience, and strengthen budget sustainability through positive fiscal returns.

A healthy environment is a prerequisite for a healthy economy. The transformation from harm minimisation to nature positive is not just an environmental imperative - it's an economic necessity. Too often environmental protection is seen as a drag on

development rather than an investment in our national capital and long-term sustainability.

The choice facing the Roundtable is between short-term thinking that creates expensive future problems and strategic environmental investment that delivers sustained productivity growth, economic resilience, and budget sustainability simultaneously. The evidence is clear: environmental reform is economic reform.

The question is not whether Australia can afford to invest in environmental protection, but whether it can afford not to.

References

[1] U.S. Chamber of Commerce (2024). The Economic Benefits of Investing in Climate Resilience and disaster preparedness studies showing 1:6 to 1:13 return ratios

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[8] U.S. Chamber of Commerce (2024). The Economic Benefits of Investing in Climate Resilience - disaster preparedness return ratios

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