

To: Department of Water and Environmental Regulation

Re: Western Australia's Climate Change Bill

17 October 2023

Introduction

AMEC appreciates the opportunity to provide a submission to the Department of Water and Environmental Regulation (DWER)'s Climate Change Bill explanatory paper, and the proposed ensuing climate change legislation for Western Australia.

We welcome continued engagement and consultation as these reforms progress.

About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry association representing over 560 member companies across Australia. Our members are mineral explorers, emerging miners, producers, and a wide range of businesses working in and for the industry. Collectively, AMEC's member companies account for over \$100 billion of the mineral exploration and mining sector's capital value.

Mineral exploration and mining make a critical contribution to Australia's economy, directly employing over 274,000 people. In 2021/22 Industry generated a record high \$413 billion in resources exports, invested \$3.86 billion in exploration expenditure to discover the mines of the future, and collectively paid over \$63 billion in royalties and taxes.

AMEC Climate Change position

The Association of Mining and Exploration Companies (AMEC) is committed to action: to support our members as they work to achieve net zero emissions.

The environmental, financial, regulatory, and transitional consequences of climate change are real and will reshape the Australian mining and mineral exploration sector.

An integrated, orderly, phased transition to a low carbon Australian economy aligned to the national commitments made under the United Nations Framework Convention on Climate Change (UNFCCC) will benefit all and future Australians.

The contribution of Australia's mining and mineral exploration extends beyond supplying the minerals and materials that will enable low emissions and abatement technology.

Achieving net zero emissions in our sector will require innovation, new technologies and a deep-seated commitment to drive change.

AMEC considers Australia needs to:

- Honour our commitment to achieve net zero emissions by 2050;
- Create a single nationally consistent, certain, and transparent climate change response;

- Implement these commitments across each sector of the economy and Government equitably;
- Support the development and deployment of low emissions and abatement technologies with a focus on outcomes rather than fuel or technology type;
- Reward innovation and Greenhouse Gas abatement that surpass regulated levels; and
- Enact policy that does not significantly disadvantage new entrants in comparison with established companies.

Australia's commitment should not disadvantage trade exposed industries and their workers in comparison to international competitors or result in carbon leakage.

Climate Change and Industry's response to it is evolving. Over the last several years the ambitions, targets, and action on emission reduction among member companies has rapidly accelerated.

Government and Industry need to work together to put Australia at the forefront of global action.

Climate Change Bill

General Comments

Each Australian Government, from the Commonwealth to each State and Territory Governments, is actively considering a robust climate change agendas to align with international expectations and net zero commitments.

The Bill includes a range of concepts such as emission reduction strategies, climate adaption strategies, sectoral adaption strategies and emission budgets that all need individual consultation during their development, prior to introduction.

An omission from this explanatory paper is the State Government's effort to align with the Commonwealth and reduce duplication. The explanatory paper speaks to Australia's international commitments but does not mention how the Commonwealth Government is actively regulating and managing Australia's carbon economy. The Commonwealth Government's engagement in reform of the management of Australia's carbon emissions has increased substantially in the last 18 months.

The State Government is not addressing a regulatory failure, instead it could be duplicative of the regulation of carbon emissions. The Commonwealth Government has regulatory apparatus already established to guide Australia toward meeting the various international agreements. This legislation needs to acknowledge that the Commonwealth regulates carbon emissions and clarify that the State will step away from creating costly duplication and align with the Commonwealth.

Explanatory Paper

Purpose

AMEC has read the explanatory paper and attended the briefing provided by the Department to industry associations that the Government intends for no additional requirements for industry. However, we welcome a firm commitment to give needed certainty that this will be the case. There is substantial concern that this legislation will lead to duplication and red tape as an unintended consequence.

Data collection.

Greater information is sought on how the data will be collected for the activities under the auspices of the Bill. It appears the legislation will duplicate existing efforts undertaken to support Commonwealth regulation via the National Inventory report.

The National Inventory Report is submitted to the United Nations Framework Convention on Climate Change (UNFCCC) each year by the Commonwealth Government. The State and Territory Greenhouse Gas Inventories are also later separately published as a disaggregation of the emission estimates in an overview of annual greenhouse gas emission estimates for each Australian State and Territory.

Will Western Australia rely on the same data or seek it be provided separately? How will this of measurement be managed and resourced? How will it not duplicate the Commonwealth requirements?

The Explanatory Paper states on page 5 that the role of Sectoral Emissions Reduction Strategies (SERS) is to “provide robust and credible emissions reduction pathways aligned to its target of net zero emissions by 2050”. However, following their introduction it is unclear what impact that will have on Industry. As it will not be possible to set targets, track progress or demonstrate a pathway to these targets in line with expectations, without the collection and collation of underlying information. AMEC questions how this legislation will deliver on the pathway, without these fundamental factors being resolved.

Targets

The Bill will require the setting of interim targets for 2035, 2040 and 2045. However, it will also be required to report for an interim point target for 2030 which will not be set out in the Act but will be required under Article 4.9 of the Paris Agreement. AMEC seeks clarification that mining (and or resources / exploration) will not be further listed as a subset of the ‘primary industries’ sector, for the sector adaption plan.

Further, the preparation of a climate adaptation strategy within five years of the Act coming to effect will need to align with the Commonwealth this rapidly evolving area. The work will have to consider the recommendations of the various reviews and findings stemming from State and Commonwealth regulatory frameworks, existing and emerging.

Emissions Budget

The Explanatory Paper makes passing reference on page 6 to the introduction of Emissions Budgets. Industry is concerned with regards to what is expected in an emissions budget, how that will be regulated, and what targets will be set by whom. Some in Industry has asked will an Emissions Budget put a cap on the growth of Western Australian industry? Is that cap in the global interest given Western Australia is an international supplier of the critical minerals that will underpin the necessary energy transformation to drive the world to a lower carbon future?

Offsets

Industry is concerned as to what the proposed 'alignment of offsets with international best practice' will mean. The legislation also appears to deliberately duplicate Commonwealth legislation by detailing that for offsets to be deemed as eligible offsets under this framework they will need to be prescribed in the Regulations. Australian Carbon Credit Units are already rigorously governed by Commonwealth legislation. All Western Australian offsets necessary to achieve regulatory outcomes are, by definition, governed by regulatory conditions. It is unclear what the policy objective that is being sought to be achieved by this duplicative layer of regulation.

If the Minister is required when setting an interim target to set limits on the extent to which eligible offsets can be used to meet the targets, industry should be assured that existing and planned offsets used across the mining and exploration sector, will not be impacted.

Government will likely be required to report on these offsets that they do not manage, so care must be taken so as not to commit to reductions beyond the State Government's use of offsets, into the private sectors.

Final Comment

AMEC welcomes continued engagement as DWER progresses the Climate Change Bill, and the raft of other environmental and climate-related reforms for WA. It is important that where possible, alignment with the Commonwealth reforms is maintained, and best-practice consultation with industry is prioritised.

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