



**CEMENT INDUSTRY
FEDERATION**



Cement Industry Federation

SUBMISSION TO THE TASMANIAN
DRAFT CLIMATE CHANGE (STATE ACTION) AMENDMENT
ACT 2021

November 2021



Introduction

The Cement Industry Federation (CIF) appreciates the opportunity to make a submission on the *draft Climate Change (State Action) Amendment Act 2021*.

The CIF is the national body representing all Australian integrated cement manufacturers and comprises the three major Australian cement producers – AdBri Ltd, Boral Cement Ltd and Cement Australia Pty Ltd.

Together these companies account for 100 per cent of integrated clinker and cementitious supplies in Australia. Cement is a critical input for Australia’s residential and commercial construction industry, as well as for major infrastructure projects.

This submission should be read in conjunction with the CIF’s April 2021 submission to the Independent Review of the Climate Change (State Action) Act 2008, as well as Cement Concrete & Aggregates Australia (CCAA) and Cement Australia’s submissions on the draft Climate Change (State Action) Amendment Act 2021.

It should be noted that Cement Australia has an integrated cement manufacturing facility in Railton, Tasmania that produces over 25 per cent of Australia’s domestically produced cement.

1. Key Issues

- The CIF welcomes the Tasmanian Government’s decision not to legislate sectoral targets. This position recognises that critical industries, such as cement and concrete manufacturing, require support in terms of technological adoption and policy change to ensure their future international competitiveness is not eroded.
- The proposed objects of the Act should be updated to reflect the importance of a partnership-based approach (as opposed to a prescriptive approach) to achieving significant emissions reductions, whilst maintaining the international competitiveness of critical manufacturing industries.
- The CIF supports the Government’s stated commitment to developing a partnership approach with business, industry and the community to reduce emissions and build resilience to the impacts of climate change.
- Any climate action plan should also consider the impacts of emissions reduction activities on business, industry and the community – with the aim of avoiding potential economic impacts that could curtail the competitiveness of business/industry as well as the economic and social well-being of the community.
- The CIF supports the requirement for the Minister to take into account consultation with industry business, research institutions and a broad range of the Tasmanian community.
- The CIF would welcome an opportunity to meet with relevant officials to discuss the emissions profile of the cement and concrete sector in the context of the proposed emissions reduction target, as well as the identified decarbonisation pathways.



2. State-based targets versus a nationally consistent approach

The CIF commends Tasmania's proven track record in reducing greenhouse gas emissions and the Government's commitment to practical action on climate change to protect Tasmania, create opportunities and contribute to national and global emissions targets.

However, the CIF considers that State-based greenhouse gas reduction targets are not the most efficient and equitable means to achieve meaningful levels of carbon abatement. A single, nationally agreed approach should be developed that includes measures to maintain the international competitiveness of key manufacturing industries while meeting nationally agreed climate goals.

Consistency in legislative and policy approaches to the issue of climate change across all levels of government would provide confidence to business, industry and the community, that Australia can effectively determine and meet its climate change objectives.

3. Objects of the Act

3.1 Recommended change to the Objects of the Act

The CIF generally supports the objectives as set out in the draft bill and the Government's commitment to supporting business, industry and the community in the transition to a low emissions economy.

In particular, the CIF welcomes the Tasmanian Government's decision not to legislate sectoral targets. This position recognises that critical industries, such as cement and concrete manufacturing, require support in terms of innovation and technological adoption in the area of emissions reduction to ensure that their future international competitiveness is not eroded.

In support of this decision, the CIF recommends a change to the proposed objects of the Act to reinforce the importance of a partnership-based approach (as opposed to a prescriptive approach) to achieving significant emissions reductions, whilst maintaining the international competitiveness of critical manufacturing industries.

As such, the CIF proposes that the objects of the Act be updated to include the following (in red):

(a) to support Tasmania to take action on climate change by providing for –

*(i) the setting of a target for the reduction of greenhouse gas emissions in Tasmania, **without the need to prescribe sector-specific targets**; and*

(ii) reporting and Parliamentary oversight of progress made towards achieving Tasmania's emissions reduction target and other targets; and

3.2 Support for a partnership approach

The CIF commends the Government on supporting a partnership approach to reducing greenhouse gas emissions and including this as an object of the act (*Section 4,(e) support a partnership approach with business, industry and the community to reduce greenhouse gas emissions and build resilience to the impacts of climate change*).

A partnership approach with business and industry, coupled with tailored measures and incentives, has the potential to accelerate the development of and investment in new emissions reduction technologies.

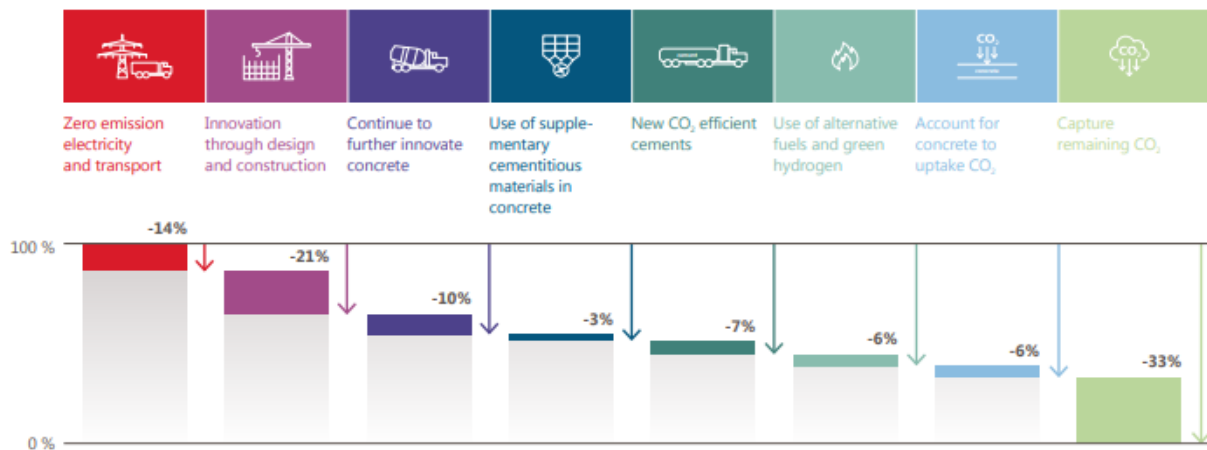


CEMENT INDUSTRY FEDERATION

Our sector has recently commissioned an [independent report](#) on decarbonisation pathways for the Australian cement and concrete sector (**Figure 1**).

Compiled by VDZ, a world-renowned cement and concrete research centre, this report found that significant regulatory, technological, structural and behavioural changes would be required across all segments of the cement and concrete value chain in order to decarbonise the sector by 2050.

Figure 1: Cement and concrete decarbonisation pathways – percentage CO₂ reductions 2020-2050



It also found that the investment requirements will be significant, and that financial and policy support will be essential to ensure the Australian cement and concrete sector remains sustainable during the transition.

*'As a trade exposed sector, a fundamental requirement will be that the transition does not lead to undermining the competitiveness of the Australian cement and concrete manufacturing base and the thousands of jobs it supports.'*¹

4. Target and action planning

4.1 Tasmania's emissions reduction target

The draft Bill states that Tasmania's emissions reduction target under this Act is to achieve net zero, or lower, greenhouse gas emissions in Tasmania from 31 December 2030 (Section 5, (1)).

This would be, by the Government's own admission, a nation leading target and one of the most ambitious in the world.

Setting overly ambitious targets without a clear pathway to reaching those goals has the potential to lead to policies and measures that could distort markets and negatively impact on the competitiveness of business, industry and the economy.

Understanding the emissions profile and decarbonisation pathways of critical industries, such as cement and concrete manufacturing (outlined above), will therefore be essential in order to achieve this ambitious target.

The *Climate Change (State Action) Amendment Act 2021* should recognise current sector-based action to reduce emissions, as well as identified future decarbonisation pathways.

¹ [Decarbonisation Pathways for the Australian Cement and Concrete Sector](#), pg 4



4.2 Climate change action plan

Section 5A of the draft legislation calls for the Minister to prepare a climate action plan every five years. It also specifies that the actions in the climate action plan must:

- (a) reduce Tasmania's greenhouse gas emissions; and*
- (b) build climate resilience to the impacts of a changing climate through adaptation measures; and*
- (c) manage climate-related risks and take advantage of potential opportunities from a changing climate.*

The climate action plan should also consider the impacts of emissions reduction activities on business, industry and the community – with the aim of avoiding potential economic impacts that could curtail the competitiveness of business/industry as well as the economic and social well-being of the community.

For example, adding a clause to Section 5A, sub-section (3), along the lines of the following should be considered:

- (d) identify and seek to minimise potential adverse impacts of emission reduction activities on business, industry and the community.*

Such an approach would be in line with the Government's stated position to support business, industry and the community to transition to a low emissions economy.

The CIF supports the requirement for the Minister to take into account consultation with industry business, research institutions and a broad range of the Tasmanian community (Section 5A,(4),(e)). This will be important to gauge the impact of the proposed legislation on critical sectors of the economy.

4.3 Sector-based transition planning

Section 5C of the draft legislation requires the Minister to consult with business and industry representatives from identified sectors, including industrial processes and product use, to develop sector-based emissions reduction and resilience plans.

This approach is supported over setting sectoral targets as it allows for consideration of challenges and opportunities for each sector in the context of achieving the required emissions reduction target for the state.

For example, the set of interdependent pathways outlined by VDZ in their recent report demonstrates that Australia can have a decarbonised cement and concrete sector if all stakeholders continue to work cooperatively across the value chain to reduce emissions.

Pathways to reduce emissions will require action across the entire value chain - including cement and concrete customers, developers, designers, building material procurers, architects, standards authorities, government and non-government agencies, and concrete and cement manufacturers.

It will need an effective policy framework which ensures a level playing field that allows the production of low-carbon and successively decarbonised cements and concretes to be competitive.

Importantly, sector-based emissions reduction plans should not be prescriptive, but should take a practical and balanced approach to managing sectoral emissions.



**CEMENT INDUSTRY
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A collaborative, partnership-based approach to managing the transition will help ensure that the international competitiveness of critical industries such as cement and concrete manufacturing is not eroded.

The Australian cement industry is a domestically focused sector with over 98 per cent of cementitious materials manufactured in Australia consumed locally. As a result, Australian cement manufacturing is commonly referred to as an 'import-competitive' sector, which means it must keep production costs lower than its international counterparts to remain competitive.

In support of this, the following addition should be considered to Section 5C, (2):

The development of emissions reduction and resilience plans must support –

- (a) emissions reduction; and*
- (b) the transition to a low emissions economy; and*
- (c) maintaining the competitiveness of business and industry; and*
- (d) resilience to climate-related risks.*

5. Summary

The Australian cement and concrete sector understands the challenge of decarbonising by 2050, which will require significant regulatory, technological, structural and behavioural changes across all segments of the cement and concrete value chain.

It will also require cement and concrete customers, developers, designers, building material procurers, architects, standards authorities, government and non-government agencies, and concrete and cement manufacturers to work together closer than ever before.

The CIF would welcome the opportunity to meet with relevant officials to discuss the emissions profile of the cement and concrete sector in the context of the proposed emissions reduction target, as well as the identified decarbonisation pathways.

6. Further Contact

Thank you for the opportunity to provide the above comments. The CIF is available to discuss any of the comments included in this submission.