



Tasmanian Minerals, Manufacturing
& Energy Council

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Tasmanian Climate Change Office
Department of Premier and Cabinet
15 Murray Street
Hobart Tas 7000

Via email: climatechange@dpac.tas.gov.au

To Whom it May Concern,

Re: Feedback on the Draft Climate Change State Action Amendment Bill 2021 – Consultation Draft

The Tasmanian Minerals, Manufacturing and Energy Council (TMEC) welcomes the opportunity to provide feedback to the Tasmanian Government on *the Draft Climate Change State Action Amendment Bill 2021*.

TMEC represents Tasmania's minerals, manufacturing and energy industries and provides leadership, effective issues management and cooperative action on behalf of its members. Our mission is to promote the development of sustainable exploration, mining, industrial processing, and manufacturing sectors which add value to the Tasmanian people and communities.

TMEC's membership base represents an important wealth creating sector within the Tasmanian economy. minerals export alone account for greater than 60% of Tasmania's commercial exports and is the foundation stone of many regional communities with approximately 2,800 direct jobs. Similarly, Tasmania's manufacturing sector is responsible for approximately 15,800 direct jobs. With the combined GSP of \$3.2B, TMEC's membership sectors contributed 10% of the entire states GSP and continues to be a powerhouse of the economy.

Regarding the *Draft Climate Change State Action Amendment Bill 2021 – Consultation Draft*, TMEC is supportive of the objective of reducing emissions and acknowledges the draft legislation will enable this to occur and recognises the legislation currently reflects what is legally within the jurisdiction of Tasmania and is bound by convention set nationally. The gap in the legislation is the role Tasmania could play in reducing global emissions even if Tasmania's absolute emissions increased – which is an outcome inconsistent with this legislation. For example, if a major electricity consumer who had a production process which generated greenhouse gasses were to relocate from a fossil fuel jurisdiction to Tasmania's renewable energy jurisdiction, there could be a net benefit multiple times greater than the absolute increase Tasmania experiences.

TMEC believes providing a mechanism in the legislation where there is a material net benefit overall for the above scenario occurring would position Tasmania as a global contributor to a global improvement. The legislation as it is currently drafted would preclude this happening.

TMEC wishes to highlight an anomaly with the data system which will become the basis of measuring the effectiveness of Tasmania's climate change response. This issue is explained under Recommendation 1.

TMEC's feedback to each of the seven recommendations are noted accordingly.

1. Net zero emissions by 2030

TMEC acknowledges both the benefit and challenge of setting a world leading target of net zero emissions by 2030. Given Tasmania's proven track record of achieving net zero since 2015 it would be easy to be lulled into believing this is a conservative target.

Tasmania does benefit from the carbon sequestration impacts of its vast forest reserves. The 2019 data in the Government's response shows the net carbon impact classified by the Land Use, Land Use Change and Forestry (LULUCF) segment at -10.04 Mt CO₂-E is currently greater than the sum of all other greenhouse gas emissions (8.36 Mt CO₂-E).

Tasmania's renewable energy sector is the next biggest driver of lower greenhouse gas emissions when compared with other Australian states and overseas countries. The current capacity to generate renewable electricity is directly linked to rainfall patterns and wind resources. The vulnerability of the LULUCF, water catchments and wind generation to external events (bushfires, droughts, cyclical weather patterns, etc) which the government has nil control over could remain as a potential barrier to achieving net zero. Given this, there should be recognition in the legislation of the effects of external factors and ensuring any additional net zero reductions will not be required to be provided by other sectors.

While setting this target will attract positive attention from investors and build on Tasmanian's positive image regarding climate change, it will impose a constraint on businesses who have Scope 1 emissions in their process and may see Tasmania as a superior location to relocate to or set up in. The irony is a scenario where hosting a new business which emits a quantity of greenhouse gas emissions and thereby contributes to an increase in Tasmania's emissions, but operates on 100 percent renewable electricity, which currently has an Emission Factor of 0.16 in Tasmania may be discouraged to relocate and therefore remain in Victoria or NSW which has Emission Factors of 0.79 and 0.96 respectively. In this example excluding this business from Tasmania results in 5 to 6 times the volume of greenhouse gas being emitted into the atmosphere via its scope 2 emissions while its Scope 1 emission remains unchanged. The legislation should permit a science-based judgement which does not limit the greenhouse gas benefit to Tasmania's jurisdiction alone.

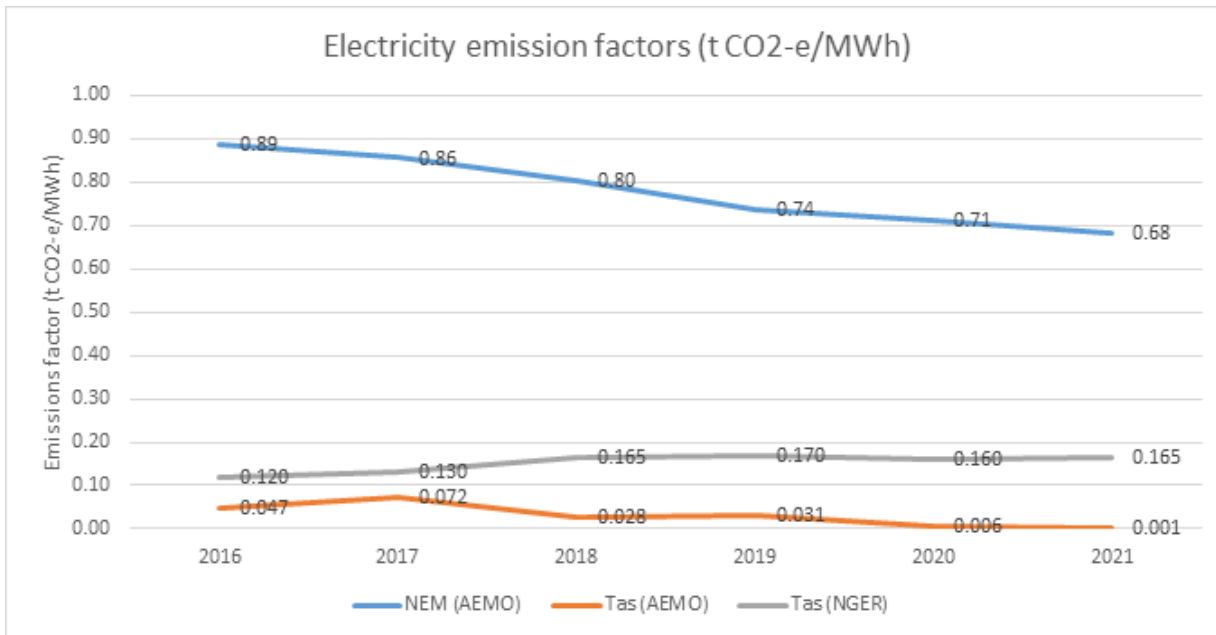
As with any target, scrutiny will be applied to the integrity of the measurement system in use to report results. It is TMEC's understanding some of the nationally reported data such as the National Greenhouse and Energy Reporting Act (NGER) can be up to 3 years behind current date and therefore will not show the improvements from present benefits. By way of example, electricity factors that have been given in NGER to cover the period 1 July 2021 – 30 Jun 2022, the most recent AES tables at the time were FY18-19. Therefore, the FY21-22 NGER electricity grid factors are the average of the data from FY16-17, FY17-18, FY18-19. Using this data set, given the lag may result in over expenditure to achieve reductions.

A number of TMEC's manufacturing members can potentially provide their products to new markets, if their CO₂ emissions were less. The emission factor has a major bearing on this opportunity yet does not make sense to customers who see Tasmania's Hydro, Wind and Export capability.

As the time frame to achieve a result (by 2030) shortens, the measurement system needs to be more responsive. This legislation should permit additional measures to be included to ensure Tasmania retains the ability to gain an accurate measurement of its performance and give confidence to all stakeholders the data is accurate and current.

In Figure 1, this graph demonstrates the differences in the historical electricity emission factors from 2016 to 2021 using the Australian NEM (AEMO), the Tasmanian (AEMO) and the Tasmanian (NGER).

Figure 1. Electricity emission factors – Australian NEM (AEMO), Tasmania (AEMO) and Tasmania (NGER)

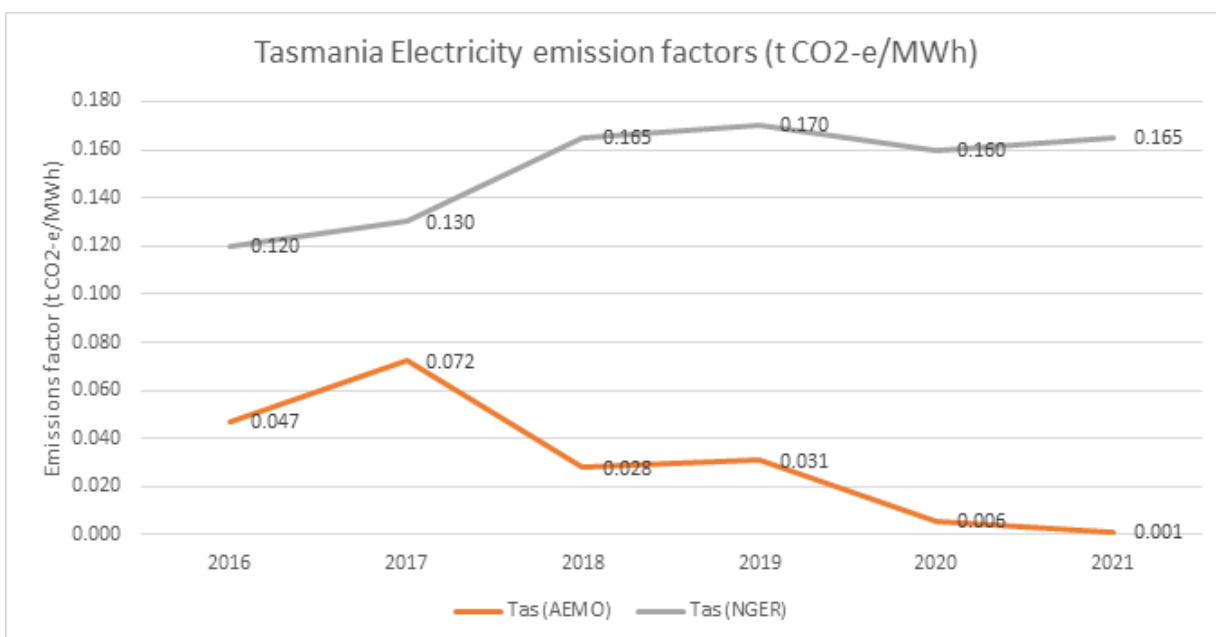


Source: <https://aemo.com.au/en/energy-systems/electricity/national-electricity-market-nem/market-operations/settlements-and-payments/settlements/carbon-dioxide-equivalent-intensity-index>

NGER Source: <https://www.industry.gov.au/sites/default/files/August%202021/document/national-greenhouse-accounts-factors-2021.pdf>

In Figure 2, this graph illustrates the differences in the historical electricity emission factors for Tasmania from 2016 to 2021 using the Tasmanian (AEMO) and the Tasmanian (NGER).

Figure 2. Electricity emission factors –Tasmania (AEMO) and Tasmania (NGER)



Source: <https://aemo.com.au/en/energy-systems/electricity/national-electricity-market-nem/market-operations/settlements-and-payments/settlements/carbon-dioxide-equivalent-intensity-index>

NGER Source: <https://www.industry.gov.au/sites/default/files/August%202021/document/national-greenhouse-accounts-factors-2021.pdf>

Recommendation 1:

TMEC encourages the Tasmanian Government to influence the NGER calculations, and be representative of current energy trends, not using historically lagging data. Additional renewable capacity in Tasmania in the last two years has ensured Tasmania's 100% renewable status, and this should be reflected in the current emissions factor.

TMEC supports the Tasmanian Government providing clear messaging on this issue. The challenge for current and prospective businesses, is Tasmania publicly conveying 100% renewable messaging with a target of 200% by 2040, yet the Scope 2 emissions with any factor above 0, puts this statement at risk. By setting a target, the Tasmanian Government will bring focus to all parties who influence emissions as a means of conveying clearer and achievable goal setting. TMEC is not supportive of a target which drives adverse outcomes which ultimately result in a net increase in greenhouse gas emissions overall.

2. Consolidate the objects of the Act

In Section 4 (e) of the draft legislation the Ministerial role in the process of implementing Recommendation 7 does not appear to be stated as clearly as is contained in the Tasmanian Government Response 2021 under Recommendation 7.

Recommendation 2

TMEC is supportive of the recommendation to consolidate the objects of the Act.

3. A set of principles to guide climate action

Guidelines will ultimately become a determinant of what future activities are likely to be consistent with Tasmanian Government policy. There may be some risk the guidelines take precedence over other planning policies. TMEC would want to see how this will be managed before fully supporting this recommendation particularly given the general view which describes Tasmania's planning systems and how they interplay creates complexity for any party considering a development. Introducing a further set of criteria, if applied to planning assessments will need to ensure assessors and developers can utilise them effectively.

Transparency and reporting are clearly a critical foundation in building trust which TMEC supports in principle. One consideration should ensure innovators who may seek to carry our Research and Development (R&D) on emission reduction technology in Tasmania are not exposed to any requirement which may reveal intellectual property being shared inappropriately.

How the guidelines reflect and are updated considering complementarity factors, given the number of fronts which are in a heightened state of development will be critical. How updates are made, how consultation occurs, timeframes to move from one set of guidelines to an updated guideline will be important to mitigate plans having to be changed mid-stream.

Recommendation 3

TMEC supports having a set of guidelines to guide climate action, however TMEC would need to understand how existing businesses will be treated by new legislation before it would fully support this recommendation.

4. Relevant policies and strategies informed by climate change

Applying a climate change lens to relevant policies, plans and strategies will be important to ensure there is cohesion in what and how Tasmania goes about adapting to a net zero emission state.

Recommendation 4

TMEC would need to be assured the legislation will ensure there is balance across a suite of relevant policies and assessing a proposal includes but not dominated by climate change in isolation.

5. Make a Climate Action Plan a legislative requirement

The intent of establishing a Climate Action Plan as a legislative requirement is consistent with setting targets and future ambitions, however TMEC is not supportive of setting sectoral targets within the Climate Action Plan. Retaining a single Tasmania wide target is appropriate and recognises the variation in how and where emission occur in Tasmania. A one size fits all mindset through having sectoral targets underestimates the complexity and overlooks the improvements which have occurred over the last decade or longer.

For some businesses substantial reductions have occurred since those businesses commenced operating in Tasmania and the reality is many industrial processes do not have technical nor commercial alternatives now. Closing a business could become the only means to achieve a reduction and TMEC does not believe this would be the intent of the legislation, particularly if the closure of a Tasmanian business resulted in the same production process being established in a higher emissions state or country.

TMEC is not suggesting there shouldn't be any impetus for business to improve. Businesses and sectors should continue to set aspirational objectives (not targets) that will encourage businesses to be proactive and remain open to adopting technology when it becomes commercially viable. In some cases, breakthroughs in these areas may come much sooner than anticipated but there will no doubt be examples which take much longer than anticipated or envisaged.

Recommendation 5

TMEC supports the establishment of a Climate Action Plan, but not supportive of including sectoral targets as part of the plan.

6. Statewide climate change risk assessment

TMEC is fully supportive of the establishment of a statewide climate change risk assessment on the basis it is a resource which all businesses and communities can access and use at their discretion. Some of the major businesses already have some form of climate change risk assessment in their overall corporate strategy and therefore this would be a supplementary resource for those businesses. For TMEC members who may not have anything this formal, the risk assessment permits industry wide discussions and input into other policy decisions or support mechanisms which may be needed to adapt.

TMEC's key area of interest, on the basis the document itself is produced is whether the legislation may impose expectations on businesses to adopt mitigations.

Recommendation 6

TMEC supports the establishment of a statewide climate change risk assessment and prefer to see the Risk Assessment inform policy and then specific policy change consultation processes be adopted on a case-by-case basis.

7. Emission Reduction and Resilience Plans

TMEC fundamentally supports the intent to have a plan which describes the actions planned and underway which are intended to deliver emission reductions. TMEC does not support including sectoral based targets as part of the plan. The target of net zero by 2030 is a Tasmanian target and is world leading and this should not be overlooked or positioned to attract detractors. As outlined in our Recommendation (5), there are a range of reasons why a sector base target may result in adverse outcomes, including the potential for an overall increase in emissions globally which is not the intended outcome.

Establishing plans collaboratively is a sensible approach therefore any proposed legislation needs to recognise some emission reduction actions may be subject to any intellectual property constraints and therefore its reference in any public plan needs to reflect this. Tasmania has an excellent environment for research and development and any proposed legislation should be drafted to attract R&D to Tasmania, not exclude it.

As stated in our earlier recommendation (1), Tasmania may be presented with an opportunity that results in Tasmania's emissions rising, but by hosting the process with Scope 2 emissions of nearly zero, there is a substantive overall reduction in global emissions. The legislation needs to ensure there is a mechanism to include offsets from emissions not produced because of Tasmania hosting a business.

Recommendation 7

TMEC supports a plan to deliver emissions reductions but does not support the inclusion of sector-based targets as part of this process.

In conclusion, TMEC supports the Tasmanian Government with this vital initiative to help drive key climate change actions through a robust legislative framework and plan.

TMEC looks forward to working collaboratively with the Tasmanian Government through this process with any resulting initiatives that support our members and their businesses.

Yours sincerely,



Ray Mostogl
Chief Executive Officer