

**Submission  
No 51**

## **INQUIRY INTO CLIMATE CHANGE (NET ZERO FUTURE) BILL 2023**

**Organisation:** NSW Minerals Council

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# Climate Change (Net Zero Future) Bill 2023

## NSW Minerals Council Submission – October 2023

The NSW Minerals Council (NSWMC) welcomes the opportunity to comment on Portfolio Committee No. 7 - Planning and Environment's inquiry into the *Climate Change (Net Zero Future) Bill 2023* (the Bill).

NSWMC notes that the Bill delivers on a pre-election commitment made by the NSW Government to legislate the State's 2030 and 2050 emission reduction targets and establish an independent Net Zero Commission (the Commission).

NSWMC supports the NSW Government's and the Commonwealth Government's greenhouse gas emissions reduction targets, as stated in NSWMC's Energy, Climate Change and Emissions Policy. Many of our member companies have established their own emission reduction targets and associated decarbonisation strategies, and many are also participants in the Commonwealth Safeguard Mechanism and are subject to regulated emissions reductions.

NSWMC has reviewed the Bill. Our primary concern relates to the potential complexity in climate change policy across the Commonwealth and NSW levels of government. Our comments and recommendations on the Bill are outlined below.

### Guiding principles (Clause 8)

The guiding principles in the Bill are generally sound. However, NSWMC recommends that they are strengthened with the following additional principles:

- Nationally coordinated climate policy - the development of varying climate change policies at the Commonwealth and State levels risks duplication, complexity and inconsistency. At the Commonwealth level there are already legislated emission reduction targets, a Climate Change Authority, proposals for a National Net Zero Authority, regulated emissions reductions through the Safeguard Mechanism, and the development of sectoral emission reduction pathways. Much of this framework is set to be reproduced at the NSW level. Furthermore, state governments need to fully recognise Australian Carbon Credit Units and Safeguard Mechanism Credits generated interstate in order for the Commonwealth's Safeguard Mechanism to operate efficiently. To minimise the risks of unnecessary complexity, there should be an overarching objective to integrate climate change policy and regulation to the greatest extent possible across each level of Government.
- Consideration of international trade relationships/strategic partnerships - NSW is a strategic supplier of energy and minerals to our international partners, who are reliant on a secure and stable supply of resources to meet their energy security and national security objectives. NSW should be cognisant of international trade relationships and market access developments in the development of climate policy and regulation. Recent interest from our trade partners in relation to Queensland and NSW policies on royalties demonstrates the potential implications for trade relationships.

- Consideration of the competitiveness of NSW business and industry - While action by NSW to reduce greenhouse gas emissions is necessary, this action needs to be undertaken as part of coordinated national and international action for it to be effective. Imposing requirements on NSW industry that are not imposed in other Australian jurisdictions, or internationally, creates the potential for carbon leakage, and potentially leaves NSW carrying a heavier burden in the national emissions reduction task. These implications should be considered in NSW climate policy development.

### **Calculation and assessment of greenhouse gas emissions (Clause 9)**

Clause 9(2) of the Bill provides that the regulation may make provision about:

- (a) the implementation of the 2030 and 2050 targets,
- (b) the calculation and assessment of greenhouse gas emissions, including by
  - (i) providing for a person to calculate or assess greenhouse gas emissions, and;
  - (ii) adopting documents in force from time to time,
- (c) other matters relating to the 2030 and 2050 targets.

The regulations are yet to be published. NSWMC recommends that in relation to clause 9(2)(b) that the regulations provide that for the purpose of the calculation and assessment of greenhouse gas emissions, facilities who report emissions under the National Greenhouse and Energy Reporting Scheme (NGERS) may adopt the same methodology for the purpose of any assessment requirements under the NSW Act.

### **Members of the Commission (Clause 12)**

The decarbonisation of heavy diesel equipment and fugitive emissions in the mining industry is technically complex. The mining industry has repeatedly experienced a disconnect between the understanding of abatement opportunities by stakeholders external to the industry, including some sections of the NSW bureaucracy, and the current state of technology, even following industry consultation.

NSWMC recommends that Clause 12(3) be expanded to include members with a range of specific industry expertise (including in the area of mining) given the importance of ensuring that all relevant key sectors of the NSW economy are considered in climate change planning in NSW.

Furthermore, Clause 12(3)(d) would benefit from Commissioners also having awareness of strategies, policies and programs beyond NSW including Commonwealth policies and international agreements, to help deliver coordinated climate policy and regulation.

### **Functions of the Commission (Clause 14)**

There are already several different NSW government agencies involved in climate change policy and programs, and the proposed formation of the Net Zero Commission and the standalone Department of Climate Change, Energy, Environment and Water has the potential to add further complexity to the existing arrangements.

NSWMC fully supports the proposed function of the commission to recommend “*ways to ensure a whole-of-government approach to addressing climate change in New South Wales*” (Clause 14(2)(h)). It is also important that the Commission itself does not duplicate the functions of the existing NSW Government bureaucracy.

NSWMC recommends this clause is expanded, or an additional subclause is added, giving the Commission a function to ensure that NSW integrates with national approaches to addressing climate change.

### **Considerations for Commission (clause 15)**

As highlighted previously in this submission, integration of climate change policy between the Commonwealth and NSW, and within NSW, is a key concern for the mining industry.

NSWMC recommends that the considerations for the Commission outlined in clause 15 of the Bill be expanded so that when exercising its functions the Commission must take into consideration existing NSW or national laws, policies, programs or guidelines concerning greenhouse gas emissions and climate change, to avoid duplication.

**NSW Minerals Council**

**October 2023**