

15 September 2025

Productivity Commission

Submitted via [Online Form](#)

Dear Productivity Commission,

Submission on the Productivity Commission's interim report inquiry into 'Investing in cheaper, cleaner energy and the net zero transformation'

Environmental Defenders Office (**EDO**) welcomes the opportunity to make a submission on the Productivity Commission's interim report inquiry into Investing in cheaper, cleaner energy and the net zero transformation.

Overall, while this interim report provides some helpful guidance as to how the net zero transformation can be executed in Australia, we are concerned that there is limited inclusion of the full cost-benefit analysis more broadly that is relevant to the net zero transformation. Particularly, the significant costs of inaction on reducing emissions, which are already being felt every extreme weather event experienced across Australia. These impacts and costs are documented in the National Climate Risk Assessment released recently,¹ and therefore may be helpfully woven into the Productivity Commission's final report. But also with respect to the economic opportunities arising from this transition, which Australia is well-placed to benefit from if managed well.

This submission makes the following key recommendations:

1. *Incentivise technology that most effectively reduces emissions and do not lock in technology that does not maximise reducing emissions in the short and long term.*
2. *The reduction of the Safeguard Mechanism threshold to 25,000 tonnes CO₂e per year is strongly supported, and should be coupled with amendments to improve the effectiveness of the Safeguard Mechanism and the carbon offset market to genuinely reduce emissions.*
3. *Improving the accuracy of emissions estimates and reporting must be of focus in ensuring emissions targets are met, particularly for methane emissions from coal mining and gas production cycles.*
4. *Reforms to the EPBC Act must genuinely improve environmental protection and ensure community rights to hold decision makers to account, and not compromise this outcome through a focus on streamlining assessment and decision making.*
5. *Better resource environmental assessment and decision-making to ensure there is sufficient expertise and capacity to undertake thorough assessment in an efficient way.*

¹ <https://www.acs.gov.au/pages/ncra-climate-risks>.

6. *The Coordinator-General role federally is not supported and poses serious risks to accountability, transparency and quality of decision making if remotely akin to similarly named state and territory roles.*
7. *The EPBC Act should be amended to require reporting and assessment of greenhouse gas emissions and the environmental impacts these emissions will have on matters of national environmental significance, if the Act is to achieve its objectives. Along with this, we support the Act being amended to require consideration of the importance of a project to efforts to reduce emissions in Australia where these claims are appropriately scrutinised.*
8. *Increased coordination between national and subnational governments to address climate risk and introduce adaptation requirements is strongly supported, including through the implementation of centralised climate risk information and independent oversight by the Climate Change Authority (with increased resourcing to do so) to provide an accountability lens on adaptation actions at all levels of government.*
9. *Economic planning must be undertaken to address preparatory adaptation requirements as well as reparation from extreme weather events, both of which have significant costs to Australia's economy and have and will continue to greatly impact productivity if not undertaken.*

Recommendation 1.1 – Reducing emissions in the electricity sector after 2030

EDO supports national incentives for lowest cost clean energy where this energy is truly clean and reduces emissions meaningfully, and does not displace implementation and investment in technology that provides the most effective emissions reductions. Just as fossil fuel subsidies have supported the industry to thrive for many decades, it is now important that the government incentivises and supports the transition to renewable energy. It is important that the government works to ensure that technologies which displace the resourcing of meaningful emissions reductions options are not supported, for example there should be no further subsidies for Carbon Capture and Storage at the expense of meaningful investment to support the transition to renewable energy.

- 1. Incentivise technology that most effectively reduces emissions and do not lock in technology that does not maximise reducing emissions in the short and long term.**

Recommendation 1.2 - The Safeguard Mechanism should cover more industrial facilities and carbon leakage provisions should be improved

EDO strongly supports increasing the coverage of the Safeguard Mechanism to cover more industrial facilities by reducing the threshold to 25,000 tonnes of CO₂e per year. Bringing more facilities into the remit of the Mechanism will help normalise emissions reductions considerations across industries more broadly.

However, this needs to be coupled with amendments to the Mechanism to improve its effectiveness at reducing emissions, including with respect to ensuring the integrity of carbon offsets do not

jeopardise work to reduce emissions.² There have been questions raised as to the integrity of Australian Carbon Credit Units (**ACCU**) methodologies, bringing into serious doubt the credibility of ACCUs in reducing emissions, which then increases the costs of the impacts of climate change on society.³ Most compliance with the Mechanism since inception has been through the purchase of carbon credits or utilising loopholes available, as opposed to genuine efforts to reduce emissions.

Reforms are needed to:

- limit access to carbon offsets such that they are only available where all other emissions reductions efforts have been maximised, to drive meaningful emissions reductions;
- prioritise availability of ACCU approaches based on quality methodology providing clear additionality, permanence and biodiversity benefits, and phase out low-integrity methods;
- require transparent monitoring and reporting over the provision of ACCUs, to build public and market trust that ACCUs are truly delivering emissions reductions outcomes;
- extend the definition of covered emissions to cover scope 2 and 3 emissions;
- improve accuracy of methane emissions measurement across the production cycle for coal mining and gas activities to more accurately report and apply the Mechanism to these high risk emissions;
- clarification of the definition of new entrants such that fossil fuel projects cannot falsely claim association with an existing project to get around the stronger practice standards on new entrants;
- enforce a hard cap to ensure total emissions allowed under the Safeguard Mechanism are limited and decline to meet Australia's carbon budget;
- remove headroom for existing projects which allows facilities to maintain inflated baselines and undermines integrity and meaningful emissions reductions activities. Baselines should be based on actual current emissions and must be ratcheted down over time, to ensure all players are doing their fair share of work to reduce emissions.

The Safeguard Mechanism should be clearly linked to the emissions reduction target and to the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (**EPBC Act**) to ensure coherence in policy and the achievement of targets.

- 2. The reduction of the Safeguard Mechanism threshold to 25,000 tonnes CO₂e per year is strongly supported, and should be coupled with amendments to improve the effectiveness of the Safeguard Mechanism and the carbon offset market to genuinely reduce emissions.**

² See EDO's submission to the Climate Change Authority which outlines amendments needed to the Safeguard Mechanism: <https://www.edo.org.au/publication/submission-on-the-2025-annual-progress-report-to-inform-the-ministers-4th-annual-climate-change-statement-to-parliament/>.

³ For example, Macintosh, A. et al. Australia National University. Implications of the Independent Review of ACCUs and low integrity ACCUs for Australia's Safeguard Mechanism. 2023. Available at: <https://law.anu.edu.au/files/2024-02/Impact%20of%20Low%20Integrity%20ACCUs%20on%20the%20SGM%20Final%20150223.pdf>.

Recommendation 1.4 - Apply frameworks to achieve emissions targets at least cost and improve transparency

Transparency around emissions-reduction policies and their effectiveness is strongly supported, including the implementation of this through an independent agency.

This must be backed by accurate data of emissions – which is currently lacking due to the inadequacy of monitoring and reporting requirements, particularly for methane emissions.⁴ Site specific monitoring and reporting is needed to garner true emissions data to feed into informed decision making on where decarbonisation activities are needed to adequately reduce Australia's emissions.

Given the high costs of climate impacts being exacerbated by continued greenhouse gas emissions, the focus should be on where emissions reductions can be most effectively met, not just the least cost options for emissions reduction.

3. Improving the accuracy of emissions estimates and reporting must be of focus in ensuring emissions targets are met, particularly for methane emissions from coal mining and gas production cycles.

Recommendation 2.1 – Reform national environmental laws

EDO strongly supports efforts to reform national environmental laws that will strengthen environmental protection in Australia, particularly through the introduction of clear, objective national environmental standards, better quality environmental information to improve the quality of decisions, an independent and strong EPA, and a definition of nature positive that is consistent with international goals and agreements. Standards must be accompanied by a clear, objective definition of 'unacceptable impact', providing more certainty to industry upfront as to where development just isn't appropriate and where to focus development proposals – this will provide big wins in efficiency in environmental assessment and decision making.

The need for transparent, high-quality information to help guide better decision-making and conservation planning going forward was a key pillar of Samuel's recommendations. This will make for more efficient processes, particularly in reducing the need for public critique of poor-quality impact assessment documentation.

EDO also strongly supports improved consultation and engagement with local communities and First Nations at all stages of environmental decision-making. This inevitably increases productivity by ensuring social licence is more likely achieved and that projects are in line with community expectations and needs. The federal government should implement all principles of the United Nations Declaration on the Rights of Indigenous Peoples, including self-determination and free prior

⁴ See EDO's reports for NSW and Qld: [Improving coal methane regulation in NSW - Environmental Defenders Office](https://www.edo.org.au/publication/improving-coal-methane-regulation-in-nsw/) - <https://www.edo.org.au/publication/improving-coal-methane-regulation-in-nsw/>; [Regulatory reform can rapidly reduce Qld's methane emissions, new analysis shows - Environmental Defenders Office](https://www.edo.org.au/2024/09/05/regulatory-reform-can-rapidly-reduce-qlds-methane-emissions-new-analysis-shows/) - <https://www.edo.org.au/2024/09/05/regulatory-reform-can-rapidly-reduce-qlds-methane-emissions-new-analysis-shows/>

and informed consent and these principles should be upheld meaningfully in law in environmental assessment and decision making across national and subnational frameworks.

Landscape scale assessment

EDO notes that the push for speeding up renewable energy approvals is necessary but most effectively achieved without compromising biodiversity or good quality agricultural land by planning and mapping the ideal locations for renewable energy industries across Australia. This work should be undertaken in coordination with state and territory governments to align policies and laws to reflect the landscape scale assessment of ideal renewable energy locations. Where renewable energy projects are moving slowly through existing assessment pathways it is most likely because they are being proposed in high conservation value areas creating complexity in the assessment, rather than in brownfield areas where they would likely be assessed quickly under both national and subnational laws.

Further EDO supports the introduction of cumulative assessment of regions to determine ‘no go’ and ‘go’ zones based on transparent, quality assured data. However, we note that the proposal of the Productivity Commission and the federal government appears to be akin to how strategic assessments operate under the EPBC Act, rather than regional planning. We question why there is a push to use and reform the regional planning framework to provide for this assessment.

Offsets must be effective under the new laws and not just allow inappropriate impacts without benefit

EDO does not support financial settlement of offsets. This reduces the likelihood of offsets being effectively achieved to compensate for an impact as well as the timeliness of any offset implemented. Where this operates in some states it has led to offsets being approved which cannot actually be delivered and for which the impact should just not have been allowed. Instead significant money has banked up for example in [Queensland](#) with nearly \$10 million received in financial settlement offsets as at 2018 alone, and only \$1.5 million of that had been able to be allocated to delivering offset projects.

We do support the offset framework being brought into the EPBC Act clearly with implementation of the mitigation hierarchy that ensure that it achieves environmental outcomes, and doesn’t just facilitate inappropriate development impacts without any environmental outcome or net gain.

We note that community participation in environmental decision making is a central pillar of ensuring good quality decisions that are accountable to the public and less likely to be infiltrated by private interests and risks of corruption. This includes public participation rights where public submissions must be taken into account by decision makers, but also the rights of review of decisions.

4. Reforms to the EPBC Act must genuinely improve environmental protection and ensure community rights to hold decision makers to account, and not compromise this outcome through a focus on streamlining assessment and decision making.

Recommendation 2.2 - Set up a specialist ‘strike team’ for priority projects

We support a ‘strike team’ being developed for priority projects to facilitate decision making, as long as this does not weaken environmental assessment and community engagement and is just made

up of a well-resourced expert base to assess applications more quickly. Improved resourcing is needed to improve the expertise and quality of environmental assessment and decision-making in the Department administering the EPBC Act, and the new proposed EPA. This expertise should be with respect to all matters of national environmental significance as well as the various industries operating around Australia. Where the agency does not have the expertise, resourcing should enable them to seek this assistance from appropriate independent experts externally with sufficient time to do so. This will ensure that the Department/EPA is well placed to assess the proposed impacts of a project as well as the avoidance and mitigation steps proposed, and to easily and quickly identify inaccurate or inadequate information provided by proponents. This would make for more efficient decisions which are also less likely to be challenged by the public, speeding up the process to approval.

5. Better resource environmental assessment and decision-making to ensure there is sufficient expertise and capacity to undertake thorough assessment in an efficient way.

Recommendation 2.3 - Establish a Coordinator-General for priority projects

EDO does not support a Coordinator-General being established at a federal level. The ‘strike team’ or an appropriately resourced agency, as suggested above, can facilitate the coordination and speed of assessment of clean energy projects and the suggested tasks of the Coordinator-General. The Coordinator-General role implemented in Queensland and the equivalent Territory Coordinator in the Northern Territory are powerful roles used to override decision making by a non-elected bureaucrat with no mandate of ensuring the public interest is protected and no transparency or accountability mechanisms. There are high risks around corruption of these roles and there is no room for this risk at a federal level. Transparency International has documented these corruption risks with the Queensland Coordinator-General role in their 2017 report: [Corruption risks: mining approvals in Australia - Transparency International Australia](https://transparency.org.au/corruption-risks-mining-approvals-in-australia/).⁵ The report outlines the risks include external interference in the Coordinator- General’s recommendations, evaluations and imposition of conditions, and the risk of policy and state capture (undue influence) by mining companies.

6. The Coordinator-General role federally is not supported and poses serious risks to accountability, transparency and quality of decision making if remotely akin to similarly named state and territory roles.

Recommendation 2.4 - Consider the energy transition in approval decisions

EDO supports the amendment of the EPBC Act to require consideration of the needs of the clean energy transition and the reduction of greenhouse gas emissions when considering any project proposed – this will ensure decision making that is in alignment with the government’s priorities of reducing emissions, where currently there is arguably nothing stopping the federal government from approving high emitting projects under the EPBC Act. This failure of our environmental laws also risks the achievement of the aims of the Safeguard Mechanism.

⁵ <https://transparency.org.au/corruption-risks-mining-approvals-in-australia/>.

We note with caution that any implementation or consideration of the role of a project in the energy transition and emissions reduction must be required to be supported with quality evidence. The claims of the gas industry that it is necessary in the energy transition to the scale that gas projects have been, and continue to be allowed to be developed in Australia, has not been subject to sufficient scrutiny and evidence to the contrary should be strongly heeded. Where significant resourcing is invested by some industries, particularly the fossil fuel industry, in lobbying efforts to maintain political support for their industries in the face of efforts to reduce emissions, all levels of government and agencies must be sufficiently aware and resourced to scrutinise their claims and provide unbiased assessment and decisions.

- 7. The EPBC Act should be amended to require reporting and assessment of greenhouse gas emissions and the environmental impacts these emissions will have on matters of national environmental significance, if the Act is to achieve its objectives. Along with this, we support the Act being amended to require consideration of the importance of a project to efforts to reduce emissions in Australia where these claims are appropriately scrutinised.**

Recommendations 3.1-3.4 - Addressing barriers to private investment in adaptation

EDO strongly supports more coordination from the federal government with subnational governments in addressing climate risk and adaptation requirements, particularly to ensure safe housing and safe communities for all going forward as climate hazards of extreme weather are increasing year on year.

This would be assisted through the suggestion of centralised climate risk information (Recommendation 3.1) and providing the Climate Change Authority with an accountability lens over the effectiveness of adaptation policy at all levels of government (Recommendation 3.4) along with the other suggested ways forward.

However, we note that there is not sufficient discussion in the interim report as to the significant financial costs of climate risks and the need for better economic planning to ensure sufficient money for preparatory adaptation requirements and for reparations after extreme weather events. Australia is already suffering the impacts of increased extreme weather events being exacerbated by climate change and the financial implications of this. Forward economic planning is essential to meet the needs of adaptation and reparation going forward. Funds should be provided to local and state/territory governments to assist with this work on the ground.

- 8. Increased coordination between national and subnational governments to address climate risk and introduce adaptation requirements is strongly supported, including through the implementation of centralised climate risk information and independent oversight by the Climate Change Authority (with increased resourcing to do so) to provide an accountability lens on adaptation actions at all levels of government.**
- 9. Economic planning must be undertaken to address preparatory adaptation requirements as well as reparation from extreme weather events, both of which have**

significant costs to Australia's economy and have and will continue to greatly impact productivity if not undertaken.

For further information, please contact revel.pointon@edo.org.au.

Yours sincerely,

Environmental Defenders Office

A handwritten signature in black ink, appearing to be 'Revel Pointon', with a stylized, flowing script.

Revel Pointon

Managing Lawyer, Policy and Law Reform