QUEENSLAND CONSERVATION COUNCIL

PROTECT CONSERVE SUSTAIN

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Productivity Commission
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Submission to the Productivity Commission: Interim Report Investing in cheaper, cleaner energy and the net zero transformation

We welcome the Productivity Commission's Interim Report and its recognition that Australia's economic reforms must align with a net zero transformation and climate resilience.

The Queensland Conservation Council (QCC), established in 1969, is the peak body for conservation in Queensland, representing over 50 member groups across the state. We are a trusted community voice advocating for strong protections for nature, equitable climate resilience, and a just transition to clean energy.

Queensland is already on the frontlines of climate disruption. The 2022 South East Queensland floods displaced thousands of families, disrupted supply chains, and destroyed critical infrastructure.[1] More recently, Far North Queensland has endured repeated disasters from Cyclone Jasper to successive floods leaving households and businesses facing the strain of rebuilding again and again. These are no longer "once in a generation" events. Record heatwaves, cyclones, and severe floods are now recurring shocks that carry escalating costs for governments, insurers, and households, alongside profound impacts on community wellbeing. Already this year these impacts have cost $1.5 billion in insurance claims between North Queensland floods and ex-tropical cyclone Alfred.[2]

At the same time, Queensland is in an extinction crisis. Healthy, biodiverse ecosystems from the Great Barrier Reef to the Gondwana Rainforests and the Wet Tropics World Heritage Area are irreplaceable assets and our strongest line of defence against climate change. Yet current

[1] Deloitte. The Social, financial and economic costs of the 2022 South East Queensland Rainfall and Flooding Event. 2022. Published at: https://www.qra.qld.gov.au/sites/default/files/2022-07/dae_report_-_south_east_queensland_rainfall_and_flooding_event_-_8_june_2022.pdf

[2] Insurance Council of Australia. 2025 extreme weather costs reach $1.5 billion. 2025. Available at: https://insurancecouncil.com.au/resource/2025-extreme-weather-costs-reach-1-5-billion/#:~:text=Home%202025%20extreme%20weather%20costs,Alfred%20at%20a%20lower%20$10%2C000.

approvals under the Environmental Protection and Biodiversity Conservation (EPBC) Act continue to permit the clearing of threatened species habitat, driving species loss and undermining climate and biodiversity goals.

The renewable energy transition is essential but must be delivered responsibly. Bioregional planning and stronger environmental safeguards are critical to ensure that clean energy infrastructure restores rather than harms nature. Done well, the transition can accelerate emissions reduction, build resilience, and secure lasting benefits for Queensland's people, communities, and environment.

Recommendation 1: Reducing the Cost of Meeting Emissions Targets

The Queensland Conservation Council appreciates the Productivity Commission's focus on least-cost pathways to net zero. However, the credibility and effectiveness of those pathways depend on ensuring that emissions-reduction tools are scientifically sound, equitably applied and capable of delivering real world outcomes.

To do this, Australian Carbon Credit Units (ACCUs) can only play a role in reducing the cost of climate action if the methodologies behind them are scientifically robust and environmentally credible. Multiple independent reviews have raised serious concerns about the integrity of some ACCU methodologies.[3] If offsets do not genuinely reduce emissions, they simply displace the effort required in other sectors, increasing the overall cost of climate change to society. To strengthen credibility, the government must:

- Ensure that ACCUs are only used as a last resort, where all other emission reduction activities have been utilised
- Phase out low-integrity methods and prioritise approaches with clear additionality, permanence, and biodiversity benefits.
- Ensure that any integration of ACCUs into emissions reduction policies delivers co-benefits for ecosystems, such as restoring native vegetation, improving soil health, or creating habitat corridors.
- Invest in transparent monitoring and reporting systems, so communities and markets can trust that ACCUs are delivering measurable outcomes.

[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

Without such reforms, ACCUs risk becoming a barrier to genuine decarbonisation rather than a cost-effective tool.

Transport Reform and Electric Vehicles

Transport is one of Australia's fastest growing sources of emissions, and Queensland in particular faces high costs from car dependency and freight intensity.[4] The Institute for Energy Economics and Financial Analysis highlights that "the rail freight industry needs to make fleet replacement decisions within the next 12 years to have any hope of achieving net zero by 2050".[5] We support national standardisation for electric vehicle incentives to remove state by state inconsistencies and provide certainty for both consumers and manufacturers. We also support cost effective transport measures to encourage public and active transport that reduces private car use. These can lower household costs, reduce congestion and deliver substantial health and air quality benefits along with emission reductions. However, QCC that there needs to be a greater need to focus on reducing emissions in heavy transport before focusing on light vehicles

Strengthening the Safeguard Mechanism

The Safeguard Mechanism is due for review in 2026. QCC supports the Productivity Commission's recommendation to lower the SGM threshold to cover facilities emitting more than 25,000 tonnes CO_2e per year, broadening its reach across industry. But simply expanding coverage is not enough. The scheme must be reformed to ensure it drives absolute emissions reductions:

- **Prevent new fossil fuel projects:** New coal and gas developments are incompatible with Australia's emissions targets. Allowing them under the SGM creates long-term liabilities and increases the cost of climate change for communities and taxpayers. This includes expansions of existing projects. The Federal Government should commit to a fossil fuel phase out.

[4] Climateworks Centre. Decarbonising Australia's Transport Sector. 2024. Available at: https://www.climateworkscentre.org/wp-content/uploads/2024/06/Decarbonising-Australias-transport-sector-Report-Climateworks-Centre-June-2024.pdf

[5] Gorringe, A. IEFFA.
Insights Coal Coal Export Terminals Decarbonization Australia
Coal logistics consolidation: A net-zero productivity play for Australia. 2025. Available at: https://ieefa.org/resources/coal-logistics-consolidation-net-zero-productivity-play-australia

- **Enforce a hard cap:** The total emissions allowed under the Safeguard must be strictly limited and decline in line with Australia's carbon budgets. This ensures that overall emissions actually fall, rather than being offset by accounting tricks or rising activity at individual facilities. Without a binding cap, the scheme risks locking in high-polluting projects and undermining national targets.

- **Remove headroom for existing projects:** Allowing facilities to maintain inflated baselines undermines integrity and delays action. Baselines must reflect real, current emissions performance and be ratcheted down over time, not preserved at artificially high levels. Tightening these rules will create a level playing field, drive genuine cuts across all facilities, and prevent some operators from avoiding their fair share of the transition.

A strengthened SGM that delivers real cuts in emissions would help Australia meet its targets at lower long-term cost, while giving industry the policy certainty needed to invest in clean technology.

In addition, Australia needs more than the Safeguard Mechanism to adequately drive down emissions, it needs reform of fossil fuel subsidies with savings redirected to to concessional finance for abatement technologies and targeted policies to cut methane and scope 3 emissions.

To drive industrial carbon abatement at scale, Australia needs a mechanism that offers long-term price certainty for emissions reductions while complementing the Safeguard Mechanism. A Carbon Contract for Difference (CCfD) could deliver this by guaranteeing a minimum price for carbon credits from industrial abatement projects, stabilising revenue, unlocking finance, and reducing reliance on government support as market prices rise. Similar mechanisms have been successfully deployed in the EU as well as the UK.

Recommendation 2: Speeding up Projects for New Energy Infrastructure

The renewable energy transition is critical to achieving net zero, but its delivery must be balanced with robust protection of biodiversity and community trust. Efforts to "speed up" approvals should not come at the expense of environmental standards, transparency, or community engagement.

Introduction of National Environmental Standards and Regional Planning

We strongly support the Commission's call for national regional planning as the most effective way to guide renewable energy development while protecting sensitive ecosystems. Properly

designed planning frameworks can identify areas of high conservation value, manage cumulative impacts across multiple projects, and create certainty for investors. Without this landscape-scale approach, approvals risk fragmenting habitats, placing species under additional pressure, and eroding community trust. Done well, bioregional planning can both accelerate renewable rollout and safeguard nature.

Integrity of Environmental Impact Assessments

The Interim Report proposes amending the EPBC Act to require decision-makers to consider the "needs of the energy transition" in approval decisions. We caution against diluting the purpose of Environmental Impact Assessments (EIAs), which must remain focused on objectively assessing environmental consequences. Adding transition needs as a statutory consideration risks tilting decisions towards short-term project delivery at the expense of biodiversity and ecosystem resilience. A durable transition requires stronger, not weaker, safeguards. EIAs should retain their integrity as independent environmental tests, with transition considerations addressed through broader planning and policy frameworks.

Specialist Strike Team and Coordinator-General

The Commission recommends establishing a dedicated strike team within DCCEEW and an independent Clean Energy Coordinator-General to expedite priority renewable energy projects. While we recognise the need for adequate resourcing and coordination, these proposals risk creating parallel fast-track pathways that favour speed over scrutiny.

Any such bodies must operate with strict transparency, clear statutory limits, and mandatory community and First Nations engagement. Their role should be to ensure robust, timely decision-making, not to override environmental safeguards or facilitate industry assistance. Without strong checks and balances, these institutions could undermine public trust and weaken biodiversity protections, ultimately jeopardising the social licence needed to deliver the energy transition at scale.

Recommendation 3: Addressing Barriers to Private Investment in Adaptation

We support the Productivity Commission's proposal for a national climate risk information database and resilience rating scheme for housing. These tools will provide greater transparency and help households, developers, insurers, and financiers make informed decisions. However, information alone is not enough. To be effective, these measures must be

backed by public investment in adaptation infrastructure and programs that enable communities to respond at scale.

Climate adaptation must be locally led, with Australia's 537 councils already bearing the brunt of climate impacts yet facing limited resources. Current funding programs, such as the Disaster Ready Fund, are heavily oversubscribed and focused largely on recovery rather than building resilience, despite evidence from the National Emergency Management Agency showing that every dollar invested in disaster risk reduction delivers nearly ten times the return. A National Adaptation Plan should clearly define responsibilities and provide fair, long-term funding mechanisms to empower local governments and communities. Federal support for neighbourhood-scale initiatives, such as green infrastructure, water-sensitive urban design, and nature-based solutions, would not only reduce flood risks and urban heat but also deliver health and equity benefits while closing cost gaps that often prevent climate-ready infrastructure from being built.

Queensland's QCoast 2100 program shows how targeted funding enables councils to prepare for sea level rise and coastal hazards. Yet demand consistently outstrips funding, and councils are constrained by competitive grants and outdated climate modelling. Expanding this model into a national program with long-term funding and up-to-date science would provide a strong foundation for coastal resilience.

A similar program is urgently needed to address extreme heat. Communities across Queensland are already facing dangerous heatwaves that threaten health, productivity, and liveability. A national heat adaptation program should prioritise green infrastructure, resilient housing design, and targeted support for vulnerable households most at risk.

Conclusion

To build a truly resilient economy, Australia must cut emissions faster, protect nature, and prepare communities for climate impacts. We call on the Commission to back a strong Safeguard Mechanism with real limits on pollution, ensure renewable energy is rolled out through bioregional planning and robust environmental laws, and support national adaptation programs with secure funding so communities can withstand floods, heat, and sea level rise.

Kind regards,

QUEENSLAND CONSERVATION COUNCIL

PROTECT CONSERVE SUSTAIN

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On behalf of:

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Caring for the future is in our nature

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