



Submission to the Productivity Commission: Interim Report Investing in Cheaper, Cleaner Energy and the Net Zero Transformation

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Introduction

CAFNEC welcomes the Productivity Commission's Interim Report and its recognition that the transformation of Australia's economy must be underpinned by climate resilience and a rapid transition to net zero.

As the peak environmental advocacy body for Far North Queensland, CAFNEC has spent over 40 years working with communities, from cyclone-prone towns and floodplain communities to biodiversity hotspots and Traditional Owner groups, on environmental conservation and climate justice. Our region is on the frontlines of climate change and energy transition. The frequency and intensity of recent climate disasters, including Cyclone Jasper and successive flooding events across the Barron River floodplain, highlight the urgency of meaningful policy reform and investment.

We strongly support the Queensland Conservation Council's recommendations and provide this submission to reinforce and expand them through the lens of our regional experience in Far North Queensland.

Recommendation 1: Reducing the Cost of Meeting Emissions Targets

A Climate Justice Lens on Emissions Reductions

Communities across FNQ, especially First Nations and low-income communities in flood-prone and heat-exposed areas, are already facing rising costs due to climate disruption, including skyrocketing insurance premiums, displacement, and energy insecurity. Emissions reductions policies must not only be cost-effective but equitable, credible, and regionally grounded.

Reforming the Use and Integrity of Australian Carbon Credit Units (ACCUs)

ACCUs will only lower the cost of climate action if they are based on sound science and deliver real, measurable environmental and social outcomes. We support QCC's position that:

- ACCUs must only be used as a last resort, not as a substitute for actual decarbonisation.
- Low-integrity methodologies must be phased out and replaced with approaches that deliver clear additionality, permanence, and co-benefits such as improved biodiversity and soil health.
- ACCUs must be tied to projects with demonstrable ecological and community value, such as restoring native ecosystems, creating habitat corridors, or regenerating degraded land.
- Monitoring, reporting, and verification must be transparent and participatory, allowing community trust and market confidence to grow.

Without such reforms, the ACCU market risks becoming a tool of greenwashing and cost shifting.

Heavy Transport Emissions and Regional Challenges

Transport is a significant and growing emissions source in Queensland, particularly in regional and remote areas where car dependency is high. CAFNEC supports:

- Greater investment in public and active transport infrastructure in regional areas to reduce transport poverty and emissions.
- Electrification of regional rail freight and replacement of diesel fleets, especially in the agricultural and mining supply chains.
- Federal incentives for electric vehicles must be standardized, but we urge a focus on equity of access, ensuring remote and Indigenous communities can participate in the transition.

Strengthening the Safeguard Mechanism

CAFNEC supports QCC's call for reform of the Safeguard Mechanism (SGM), including:

- Lowering the threshold to cover all facilities emitting more than 25,000 tonnes CO₂e/year.
- Enforcing a hard, declining emissions cap aligned with Australia's carbon budget.
- Preventing new fossil fuel developments and expansions, including gas and coal projects in Queensland, which are incompatible with Australia's climate targets.
- Eliminating inflated baselines and ensuring all covered facilities meet progressively stricter benchmarks.
- Introducing a Carbon Contract for Difference (CCfD) mechanism to provide revenue certainty for industrial abatement projects, unlocking private capital and accelerating decarbonisation.

We reiterate the need to end fossil fuel subsidies and redirect savings to fund concessional finance for clean technology.

Recommendation 2: Speeding Up Projects for New Energy Infrastructure

Responsible Energy Transition Must Include Communities and Nature

CAFNEC works at the intersection of community-led planning and renewable energy development. In FNQ, recent proposals for renewable projects, including wind farms, battery storage, and transmission, have at times been undermined by poor consultation, cumulative ecological impacts, and social license issues.

We strongly support QCC's recommendation for:

- Bioregional planning that maps high conservation value areas, identifies cultural landscapes, and enables cumulative impact assessment.
- Renewable energy projects must be designed to enhance, not undermine, ecological integrity and community resilience.
- Land-use planning must include First Nations co-governance, genuine early engagement, and mechanisms for benefit-sharing.

Protecting the Integrity of Environmental Impact Assessments

We caution against any weakening of the EPBC Act to expedite approvals. Energy transition goals should be pursued through better planning frameworks, not by compromising the integrity of Environmental Impact Assessments (EIAs). We support:

- EIAs remaining independent, evidence-based, and ecologically focused.
- National environmental standards that raise the floor of protection, rather than creating shortcuts.

- A reformed EPBC Act that integrates biodiversity, climate, and cultural heritage outcomes.

Clean Energy Coordinator-General and Strike Teams

CAFNEC supports resourcing for effective coordination but strongly opposes any parallel fast-tracking processes that override proper scrutiny.

We recommend that any strike teams or Coordinator-General roles must:

- Operate under transparent statutory guidelines.
- Embed mandatory community and Traditional Owner engagement.
- Include biodiversity and social license assessments as core components, not optional considerations.

Recommendation 3: Addressing Barriers to Private Investment in Adaptation

Climate Adaptation Requires Local Leadership and Public Investment

In FNQ, community members have lived experience of climate impacts—from flood-affected homes in Machans Beach to heatwaves in Mareeba and Weipa. Adaptation cannot be left to the private sector alone.

We support:

- A national climate risk information database and resilience ratings to guide development and investment.
- A National Adaptation Plan with defined responsibilities and long-term funding for local governments.

- Scalable, place-based adaptation programs that integrate green infrastructure, nature-based solutions, and culturally appropriate design.

Examples like Queensland's QCoast2100 program show the value of public investment, but its funding is limited and competitive. We call for:

- A national expansion of QCoast2100, underpinned by current climate science and forward-looking scenario modelling.
- A dedicated national program for extreme heat adaptation, including:
 - Shaded public spaces and cooling corridors.
 - Retrofitting homes for passive cooling.
 - Funding for community-led cooling initiatives, particularly in vulnerable communities.

In regions like FNQ, adaptation must centre the voices of First Nations peoples, flood-affected residents, and the elderly who face disproportionate risks.

Conclusion

CAFNEC joins QCC in calling for an approach to economic reform and climate action that:

- Cuts emissions rapidly and equitably through a reformed Safeguard Mechanism and carbon pricing certainty.
- Delivers clean energy through bioregional planning, ecological safeguards, and empowered communities.



- Invests in adaptation that strengthens the capacity of communities—especially in regional and frontline areas—to withstand climate shocks.

The Productivity Commission has a crucial opportunity to recommend a national framework that doesn't pit nature against clean energy, doesn't shift burdens onto vulnerable communities, and doesn't delay the inevitable transition to a decarbonised and resilient Australia.

We urge the Commission to adopt recommendations that reflect the lived realities and aspirations of regional Australia, including those in Far North Queensland, and to uphold the principle that no community is left behind in the transformation.

Sincerely,

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