

15 September 2025

Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Dear Productivity Commission,

Productivity Commission Interim Report - Pillar 2 – Cheaper, Cleaner Energy and the Net Zero Transformation

The Chamber of Minerals and Energy of Western Australia (CME) is the peak representative body for the resources sector in Western Australia. CME is funded by member companies responsible for 24 per cent of Australia's company tax receipts in 2023-24.¹ In 2023-24, the WA resources sector accounted for 56 per cent of Australia's resources exports,² half of Australia's resources capital expenditure³ and 51 per cent of Australian resources employment.⁴

CME welcomes the Australian Government's focus on productivity to boost Australia's living standards, economic growth and global competitiveness. The WA resources sector is proud of its long history of undertaking capital investment, adopting new technologies and developing our workforce to be one of the highest productivity sectors in the economy.

The outcomes of the Productivity Commission's (PC's) Five Pillars Inquiries will play an influential role in informing the public debate and policy actions required to revitalise Australia's productivity performance. We appreciate the opportunity to provide feedback on the PC's Interim Reports to contribute to this important national discussion.

CME Positions

- CME supports the PC's position that net zero policies should be technology neutral and aimed at delivering the lowest cost transition.
- CME recommends that the Australian Government take a whole-of-economy approach to the net zero transition, broadening the focus of policy and regulatory settings to incentivise least cost transition across all sectors of the economy.
- CME suggests that recommendations are adjusted to ensure that they deliver both net zero *and* productivity outcomes in line with the scope of the Pillar 2 Inquiry.
- CME does not support the replacement of the current export-focused Safeguard Mechanism carbon leakage provisions with an import-focused Carbon Border Adjustment Mechanism (CBAM) since this will not address carbon leakage risks for export-facing sectors of the economy.
- CME supports reform of federal environment laws to streamline environmental approvals and reduce duplication for all projects to improve the case for investment across all sectors of the economy.

¹ Includes company tax, fringe benefits tax, petroleum resource rent tax and excise duty. Commonwealth of Australia, [Final Budget Outcome 2022-23](#). The Treasury, 22 September 2023, Note 3: Taxation revenue by type, p 39.

² Government of Western Australia, [2022-23 Economic Indicators Resource Data File](#), Department of Energy, Mines, Industry Regulation and Safety (DEMIRS), 9 January 2024. Australian Bureau of Statistics (ABS), [5368 International Trade in Goods](#), Table 32a.

³ Investment refers to capital expenditure as measured by gross fixed capital formation, current prices. ABS, [5220 Australian National Accounts: State Accounts](#), Table 25. ABS, [5206 Australian National Accounts: National Income, Expenditure and Product](#), Table 34.

⁴ ABS, [6291 Labour Force, Australia, Detailed](#), Table 5.



- **CME recommends the inclusion of recommendations in the final report on the promotion of economic diversification opportunities that the global net zero transition could present related to establishment of low carbon industries and enablers.**

Context

Australians enjoy a standard of living that is among the highest in the world. Our ability to attract international investment, skilled labour and technology, alongside bold economic reforms such as the deregulation of the financial sector, the floating of the Australian dollar and the introduction of the GST, drove strong productivity growth through the late 1900s and has contributed significantly to the prosperity our nation enjoys today.

The resources sector has been central to Australia's success story. It has invested over \$1.7 trillion in capital assets that improve labour productivity over the past 2 decades, pays the highest average wages of any industry, and has underpinned State and Federal Government budget positions for decades. These outcomes have occurred thanks to Australia's strong investment fundamentals, including timely access to land, attractive investment and policy settings, a skilled and productive workforce and reliable, low-cost energy.

However, Australia now finds itself at a crossroads. Australia's poor productivity growth outcomes since the early 2000s and rising demand for public goods and services have created significant pressures on the federal budget, with the Australian Government's underlying cash balance forecast to be in deficit for the coming decade. At the same time, Australia's investment fundamentals have become increasingly uncompetitive:

- Gas and electricity prices have roughly doubled across Australia since 2020, creating severe financial pressures on energy-intensive sectors.
- Federal-state approvals processes are lengthy, duplicative and increasingly uncertain, due in part to spurious legal challenges.
- Australia's corporate tax settings are increasingly uncompetitive with the OECD average.
- Industrial relations reforms have increased cost and complexity while reducing productivity.

This decline in competitiveness is confirmed by Australia's IMD World Competitiveness Ranking falling five places to 18th in 2025. Similarly, the Fraser Institute's 2024 Survey of Mining Companies found Western Australia's attractiveness as a resources jurisdiction has fallen from 4th to 17th, with jurisdictions in the US, Canada and Europe now comprising the top 10 most attractive jurisdictions.

The Government's Future Made in Australia ambition relies on Australia's ability to attract the substantial capital investment, technology and skills required to drive additional value-adding, job-creating industries in Australia. This will not occur without urgent action to address Australia's declining fundamentals, with reliable and low-cost energy especially important for energy-intensive manufacturing activities. Other jurisdictions are competing fiercely for these 20-30 year investments and if they occur elsewhere then Australia will lose out on the associated jobs, local procurement and taxation revenues for decades to come.

Delivering fiscal and policy reforms that improve Australia's competitiveness and attract investment into Australia's resources sector is vital to achieving productivity growth and improving the welfare and prosperity of all Australians.

Response to Pillar 2 Interim Report Proposals

The interim report is released at a time when the Federal Government is in the process of finalising its 2035 decarbonisation target, anticipated imminently. It also comes ahead of the Federal Government's forthcoming Net Zero Plan, underpinned by six sectoral plans, which aims to set out at a strategic level how the Australian economy will transition to net zero by 2050. CME and its members support the Paris Agreement⁵ and its goal of limiting global warming to well below 2 degrees Celsius and pursuing efforts to limit temperature increase

⁵ CME [Climate and Energy Statement](#)



to 1.5 degrees Celsius, and accept the scientific consensus as assessed by the Intergovernmental Panel on Climate Change (IPCC). CME's members are actively developing strategies and making investments to reduce their greenhouse gas emissions.

CME supports the promotion of lowest-cost abatement across the economy and recognise that achievement of Australia's net zero 2050 target will require investment in a broad range of technologies and projects. A mix of renewables and low-carbon energy sources and technologies will be essential to allow all sectors to contribute proportionately, coupled where necessary with a liquid market in high-quality offsets.

CME also supports a fair and equitable transition to net zero, with evidence-based policies that consider market readiness and deployment timeframes, which are critical to incentivise private sector investment and innovation. **Crucially, we recommend that state and federal government policy frameworks should take a technology-neutral approach, maintain Australia's international competitiveness and support a flexible pathway to least cost abatement.** Even within the WA resources sector, individual businesses and facilities have a range of decarbonisation options based on a range of facility-specific factors such as commodity, processing technology, availability of abatement technology, infrastructure and local environmental considerations, and capital investment cycles. A one-size-fits-all approach to resource sector decarbonisation must be avoided – as it should for the wider Australian economy.

The global net zero transition also presents opportunities for Western Australia's economy to diversify into new low-carbon markets, supporting the decarbonisation efforts of our trading partners.

Principles

CME advocates that net zero strategies and interim decarbonisation targets should be set so the net zero transition:

- Is staged to minimise negative shocks and impacts on our economy and productivity.
- Is technology and innovation led.
- Plays to our national strengths in terms of personnel and skills, but also natural assets including wind, tide and solar energy, geology, critical minerals and resources.
- Optimises opportunities for new industries and jobs and has a net positive effect on economic growth and diversification, including supply chains and services.
- Shares opportunities in a way that is equitable and inclusive, including Australia's rural and regional communities and First Nations peoples.
- Is market-based, technology neutral and enables a flexible pathway to least-cost abatement across all sectors of the economy.

Detailed feedback on draft Pillar 2 draft recommendations is provided in Appendix A.

Conclusion

The WA resources sector has the opportunity to thrive through the net zero transition but to do so it will require substantive, coordinated policy, regulatory frameworks and targeted support from all levels of government. The timely delivery of a low-emission, reliable and globally cost-competitive energy system is critical in underpinning WA's participation in the global low-carbon economy.

We look forward to engaging with the Productivity Commission as it prepares its final report to the Federal Government in late 2025. If you would like to discuss the matters raised in this submission further, please contact [REDACTED] - Climate and Energy or [REDACTED] or [REDACTED]

Yours sincerely,

Brooke Fowles

A/Chief Executive Officer





Appendix A – Responses to the Productivity Commission’s draft recommendations

Reducing the cost of meeting emissions targets

(1.1) Reducing emissions in the electricity sector after 2030

CME considers access to low-emission, reliable and globally cost-competitive energy is essential for decarbonisation of the resource and heavy industry sectors. Confidence in the ability to access reliable, low-emission and cost-competitive electricity is crucial to underpin investment in battery electric mobile fleets, electrification of mobile and fixed equipment, low-carbon processing, and electrolytic hydrogen production.

In the near-term, electrification presents the best available strategy for many facilities to reduce emissions. However, the pace and scale of electrification is restricted by:

- Uncertainty in volume, reliability and price of future supply of low-emissions electricity
- Insufficient transmission infrastructure to support switching.
- Uncertainty in the timelines for delivery of transmission upgrades and new generation, in part due to approvals timeframes.
- The commercial availability, constraints in the supply chain, and technology readiness of novel technologies, and understanding of their ‘real-world’ applications.
- Where technologies are available technical and cost challenges surrounding the retrofit of existing fleets and equipment, processes, and supporting infrastructure.

With electricity costs rising in Western Australia there is an urgent need to review transition roadmap(s) for the WA Wholesale Electricity Market (WEM). A narrow focus on the levelised cost of electricity for various technologies in the CSIRO GenCost report ignores the additional costs of transmission and grid firming, which contribute to rising total costs.

The current trajectory of grid transformation across Australia is requiring substantial Government intervention via the Capacity Investment Scheme (CIS), Renewable Energy Target (RET) and the Rewiring the Nation program. **With policy and investment decisions made in the near future likely to lock-in costs for decades to come, it is imperative that Australia’s electricity transition plans are reviewed with a view to identifying lower-cost outcomes for households and businesses.**

Western Australia is not connected to the National Electricity Market (NEM). In the southwest of the state, the Southwest Interconnected System (SWIS) serves the Perth, Peel, South-West, Mid-West and Goldfields regions. CME members are estimated to account for 60 per cent of large industrial demand. Outside the SWIS, Western Australia’s industrial regions, including the Pilbara region, are significant in both economic contribution and energy demands, and face unique barriers. Along with various micro-grids in the state, the North-West Interconnected System (NWIS) serves parts of the Pilbara region.

Post 2030 frameworks for reliable, cost-competitive, low-emission electricity

With the expected end to the Capacity Investment Scheme and the Renewable Energy Target in 2030, CME supports the PC’s conclusion that further incentives will be needed to continue to attract investment in renewable power generation, transmission assets, storage and firming generation capacity in order to accelerate the pace of decarbonisation, increase capacity to serve the expected growth in demand, and to reduce cost impacts. **We support the PC’s analysis that a future, post-2030, incentive framework should ensure that reliability and system security are embedded in its design but suggest that the design of these elements of the energy system must also consider cost to avoid locking in higher energy prices.** Within these frameworks, enhanced deployment of transmission, renewable power, storage and gas firming will need to be underpinned by a stable investment framework.

Western Australia is not connected to the NEM, so we do not agree with the PC’s recommendation that jurisdiction specific incentives should be ruled out. Given that many of the actors in WA’s electricity system



are Government Trading Entities, and the unique characteristics of the state's grids, the WA government must retain the latitude to put in place measures to drive the expansion of a low-emission electricity system. Where possible, this should be in partnership with Commonwealth schemes that apply nationally.

CME also notes that one option currently available to resource sector and industrial facilities to reduce emissions is through direct investment in renewable electricity generation and storage. Direct investment is a readily accessible and commercially viable option for some facilities, both through contracting volumes of renewable electricity through power purchase agreements, or through direct 'behind the meter' investments. The current design of the SGM does not incentivise facilities with on-site fossil-fuelled power generation to switch to low emission generation. This could be solved by allowing such investments to generate Safeguard Mechanism Credits (SMCs) to provide an incentive, by updating facility boundary definitions. **We recommend that the government ensures that policy and regulatory settings, particularly the Safeguard Mechanism (SGM), are adjusted to incentivise facilities with on-site fossil fuelled power generation switching to low emission generation.**

(1.2) The Safeguard Mechanism should cover more industrial facilities and carbon leakage provisions should be improved

CME supports a technology-neutral approach to promote lowest cost-abatement, with a transparent, whole-of-economy carbon price viewed as a key measure to help deliver these outcomes⁶. **As such, we welcome the Productivity Commission's view that government net zero policies should be "neutral towards which technologies can achieve reductions" and aimed at "lowest possible cost".**

Western Australia is responsible for 35 per cent of Australia's total covered emissions under the SGM, despite only having 10 per cent of the Australian population.⁷ This largely reflects the energy needs of the WA resources industry, which makes an outsized contribution to Australia's trade, state and national economies, and government revenues. Of the 80 safeguard facilities in WA, 73 of them are CME members and these accounted for 96 per cent of WA's safeguarded emissions in 2023-24.

CME broadly supports the SGM as an established regulatory mechanism to drive industrial emission reductions and concurs with the PC's assessment that the SGM is, overall, an efficient policy for driving emissions reductions within the industrial and electricity generation sectors. **However, in the context of the PC's recommendations around ensuring consistent carbon costs across the economy, we highlight that interventions like the SGM that do not take a whole-of-economy approach might risk not driving least-cost abatement across Australia.**

We acknowledge the PC's estimates⁸ that some emissions-reduction policies in Australia cost less than \$100 per tonne of carbon dioxide equivalent emitted, while others may cost as much as \$20,000 per tonne. The SGM's coverage is limited to some of Australia's hardest-to-abate industrial facilities and is therefore unlikely to deliver least-cost emissions reduction.

CME looks forward to working with the Federal Government through the forthcoming 2026-27 review of the SGM and considers any adjustment to the SGM should be based on the following principles:

- There should be shared responsibility for decarbonisation across the economy.
- Emissions decline rates are aligned with a realistic assessment of commercial and technological viability, deployment capacity, and recognition of capital investment cycles.
- The design of the scheme should not discriminate against geography or commodity type.
- There will remain a critical role for high-integrity offsets through the Australian Carbon Credit Unit (ACCU) scheme.
- The review should focus on how best to lever capital investment in emissions reductions, supported by policy certainty and stability. Early clarity on the target decline path beyond 2030 will be critical for facilities determining decarbonisation pathways and considering investment in the near to medium term.

⁶ CME [Climate and Energy Policy Statement](#), December 2024

⁷ ABS, [National, state and territory population](#), June 2024 reference period.

⁸ Productivity Commission 2025, [Investing in cheaper, cleaner energy and the net zero transformation](#), p.7



Expansion to smaller emitters needs careful consideration

We note the PC's view that there may be merit in expanding the SGM's coverage to a wider pool of emitters, by lowering the threshold to as low as 25,000 tonnes of carbon dioxide equivalent per annum. While this will largely capture only industrial emitters, we acknowledge that such an expansion would be in the spirit of capturing a wider section of the economy, albeit only by 4.6 percentage points from the PC's analysis, from the current 31 per cent of Australia's total emissions captured under the current Safeguard scheme⁹ (in 2023-24).

Before this option is considered, we suggest that a more detailed review and assessment of the costs and benefits of expansion of the scheme should be conducted. In the absence of such a review it is challenging to comment on the trade-offs between the benefits from expansion in driving least-cost abatement, against the impact on relative competitiveness and productivity, including administrative costs.

The PC highlights the administrative costs that newly included facilities would face, though we do not concur with the assessment that these costs would necessarily "*be similar to the administrative costs already faced by existing facilities.*" CME members note the substantial administrative costs associated with the development of production variables and emissions intensity benchmarks during the previous round of reforms, and associated auditing, which will likely have **a disproportionate effect on smaller emitters who are more likely to be smaller companies**. This does not appear to have been considered by the PC.

A Carbon Border Adjustment Mechanism does not solve carbon leakage concerns for Australia's export-oriented sectors

'Carbon leakage' is a real risk for some sectors which derives from a compounding of costs of doing business, including carbon costs. If it leads to a relocation of investments to jurisdictions with lower carbon costs, it can lead to a net increase in global greenhouse gas emissions. CME notes the PC's interim recommendations around removal of provisions that are in place in order to protect *Trade-Exposed, Baseline Adjusted* (TEBA) facilities in the SGM, if a Carbon Border Adjustment Mechanism (CBAM) is implemented.

CME has participated in the Federal Government's Carbon Leakage Review. As CME has highlighted to the Review, a substantial proportion of commodities produced by CME member companies are exported and traded in international commodity markets that are not subject to consistent international carbon pricing or able to enjoy a material 'green premium'.

CME has concerns that the Carbon Leakage Review, and associated public discourse, has focused on measures such as Carbon Border Adjustment Mechanisms (CBAMs) that minimise carbon leakage risks for *import-competing* industries, such as Australian cement and steel producers. **CBAMs cannot address carbon leakage risks for Australia's export-oriented industries which face competition from other jurisdictions**. CME underlines the importance of aligning Australia's international emissions reduction commitments with competing countries and implementing lowest-cost domestic abatement policies.

The current TEBA provisions go some way to mitigating the cost impacts from emissions regulation. The same applies for the separate *Energy Intensive, Trade Exposed* (EITE) provisions under the Renewable Energy Target, which are not referred to in the interim report. In combination, these measures reduce the risk and impact of production in at-risk sectors relocating to jurisdictions with lower regulation.

We do not support the interim report's draft recommendation that existing TEBA provisions should be removed if a CBAM is imposed. The imposition of a CBAM would not reduce Carbon Leakage risks for export-oriented industries, and removal of TEBA and EITE would have a significant impact on the competitiveness and sustainability of some sub-sectors of industry.

Leakage risks are not unique to carbon

Additionally, CME and its members identify the risk of *investment leakage*, that is, the redirection of capital investment for major projects to other jurisdictions as a result of regulatory and policy settings (including

⁹ Clean Energy Regulator [2023-24 data highlights](#)



emissions regulation via SGM), represents another relevant form of carbon leakage that impacts Australia's industrial economy. Indeed, we highlight that broad assertions around removing protections for exposed sectors of the economy on the basis that CBAM provisions would be a sufficient replacement, could in itself have the effect of cooling the case for investment in both new and existing facilities.

Considering Australia's natural endowment of critical minerals and other materials that are essential for the global energy transition, it is imperative that Australia can attract investment to develop projects to enable economy-wide decarbonisation. While CME acknowledges that investment leakage is driven by a range of factors and policy settings not limited to emissions regulation, the risk is material. CME has received feedback from members that commodities designated as critical minerals on Australia's Critical Minerals List already face risks of investment leakage.

To strengthen industrial decarbonisation efforts at a commodity scale and help mitigate carbon leakage risk, **CME recommends greater government support for existing facilities to decarbonise, as well as strong government investment in technology research and development activities**, from early-stage research through to later-state commercialisation activities (such as pilot plants), to de-risk the discovery, development, and deployment of new technology pathways for hard-to-abate industrial processes. CME has previously outlined to the Federal Government that it supports additional technology-neutral funding programmes or tax concessions to accelerate innovation and deployment. **This will need to be coupled with work to establish material green premiums for low-carbon commodities sold into international markets.**

(1.3) Introduce an emissions reduction incentive for heavy vehicles and phase out policy overlaps for light vehicles

CME acknowledges the assessment outlined in the interim report regarding incentives to decarbonise heavy and light vehicles as well as rail and aviation. Our members note however that there is no assessment of the productivity gains that would derive from the policy proposals.

That said, CME supports the broad assessment that policy options should be developed to incentivise least-cost abatement in the on-road heavy vehicle sector more widely, as well as rail and aviation. In the off-road sector, the SGM acts as the incentive for abatement within site boundaries, and if the SGM is expanded to cover a broader range of facilities (see above) this might act as a driver for abatement in a wider cross-section of the sector.

In line with the PC's commentary around consistent carbon pricing across the economy, **any policy options pursued by the Federal Government to drive abatement should take a least-cost approach, be technology neutral, and be designed with a realistic assessment of the commercial availability and technology readiness of alternatives.**

For haulage, there is no one-size-fits-all technology solution so there is unlikely to be a simple policy solution: there are various decarbonisation pathways that are available in the short to long term, including electrification, low-carbon fuels, and other technologies. These can be coupled with enhanced logistics. In the resources sector, decisions will be driven by geographical location, access to low-carbon electricity, asset lifespan, mine configuration and logistics. **Factors such as the commercial and technical readiness of equipment will also drive decision making, along with business portfolio investment cycles.** Equipment lifespans can vary significantly: as an illustration, trains purchased today will have a life expectancy of approximately 20-25 years, yet the technological readiness of low-emission trains means they are not expected to be commercially viable at scale until the 2030s.

CME notes that further work is required to optimise policy settings. We support technology-neutral funding programs and tax incentives to accelerate innovation and deployment. CME members believe these policies should also align with broader goals such as economic development, competitiveness, and productivity

(1.4) Apply frameworks to achieve emissions targets at least cost and improve transparency

CME supports extending emissions incentives across all sectors of the economy to drive least-cost abatement across the economy. Having consistent carbon accounting across government is a key step to enabling policy frameworks appraised in a way that allows them to be targeted in the right sectors of the



economy at the right time to unlock investment in decarbonisation at least cost, and to build the investment case for new net zero industries.

In setting carbon accounting benchmarks, CME supports the PC's recommendation that Australian Carbon Credit Units (ACCUs) will need to be factored into policy. CME members identify that **high-integrity ACCUs will play a critical role in the transition to net zero**, and beyond, particularly for the hardest-to-abate sectors of the economy where at-scale investments in abatement might not be possible in the medium to long term.

CME highlights however that some policy measures will have wider policy objectives than direct decarbonisation. These might include the non-commercial deployment of new processes or techniques, supply chain anchoring and expansion, support for new commodities and trading opportunities, or those linked to the circular economy. Alongside carbon costs, **policy appraisal should consider productivity and competitiveness**.

Speeding up approvals for new energy infrastructure

(2.1) Reform national environment laws

CME supports reform of the Environmental Protection and Biodiversity Conservation Act (1999) (EPBC Act) to achieve the dual objectives of improved environmental and business outcomes. Under current arrangements, as the PC notes, planning and approvals processes to ensure compliance with legislation is lengthy and complex. Lengthy assessment timeframes are one of the top challenges cited as affecting business confidence. More efficient assessment processes and removal of regulatory duplication should yield benefits for proponents, consumers and the wider economy.

CME agrees in principle with the proposals outlined by the PC and believe that the core recommendations of the Samuel Review¹⁰ should guide national environmental reform including:

- enable development and implementation of legally enforceable National Environmental Standards;
- ensure decisions support ecologically sustainable development (ESD);
- provide for accreditation of State and Territory arrangements to deliver assessments;
- approval decisions made by Minister;
- support independent compliance and enforcement powers that are strong and consistent;
- establish a statutory position with responsibility to oversee audit of decision making;
- address decline and achieve restoration through application of environmental offsets; and
- improve environmental information systems and supply chains.

We note that the PC calls for streamlined processes for clean energy projects specifically. From a productivity perspective, we believe reform outcomes must extend to all projects and should not be limited to 'clean energy projects'. **CME supports streamlining of assessment processes under the EPBC Act for all projects**, to ensure effective protection of the environment while reducing assessment timeframes and cost.

While we agree that a range of 'clean energy projects' have undergone lengthy and uncertain assessment processes, which can have a detrimental effect on the pace of decarbonisation, **we do not consider that environmental law reform should target one sector of the economy**. To do so would miss the productivity gains that more general environmental law reform could yield and could create a two-tier system that does not meet reform objectives: for example, if there is inconsistent application of National Environmental Standards. Expediting approvals for 'clean energy projects' could risk undermining social licence for these projects if there is a perception that broader impacts are not being sufficiently considered. It also risks creating a perception that some projects, like critical minerals mining which would not be classified as 'clean energy projects' in their own right, are not tied to the net zero transition, despite these minerals being essential to low-carbon technologies.

¹⁰ [Independent Review of the EPBC Act](#), 2020



(2.2) Set up a specialist 'strike team' for priority projects

While CME supports reform efforts designed to streamline approvals, remove duplicative process and improve efficiency, CME is of the view that improvements to systems, processes and operating culture within the teams carrying out assessments and approvals is needed on a sector agnostic basis. Focussing expertise and capability in a 'strike team' narrowly working on one area risks adding further delays to other projects that are needed for growth in the national economy.

(2.3) Establish a Coordinator General for priority projects

The effectiveness of a Coordinator General function would depend on the power and functions granted to the role. For the reasons outlined above, we consider a Coordinator General role should be focused more broadly across the economy, not on a specific sector.

(2.4) Consider the energy transition in approval decisions

CME does not support amendment of EPBC Act to require the Minister to consider the needs of the energy transition and recommend assessment under the act should remain focused on how a controlled action will impact the environment. Successful delivery of improved assessment processes should improve project delivery timeframes.

Addressing barriers to private investment in adaptation

(3.1) Set up a climate risk information database covering all climate hazards

CME supports efforts to proactively strengthen resilience to the physical impacts of climate change, including extreme weather events such as fires and floods, as well as long-term changes like sea-level rise and a drying climate that leads to more frequent and prolonged periods of water stress. These effects can severely impact vulnerable communities and essential infrastructure, like roads, rail, water resources, and energy systems.

The thrust of the PC's recommendations is focussed on housing. While action on housing is critical, **from a productivity perspective, we feel actions are also needed to support resilience and economic growth in the face of the anticipated increase in frequency of extreme weather events.** We broadly agree that a greater level of granularity of climate risk across Australia is needed, including housing and industry. We acknowledge the work being carried out by the Western Australian government's *Climate Science Initiative*¹¹ which aims to help government protect the state's unique biodiversity, and support government and industry planning for climate extremes to support investment decisions in areas such as energy infrastructure, planning and regional development.

Regional WA is highly exposed to extreme events like drought, bushfires, storms, tidal surges, strong winds, and floods. To protect communities and industries from being isolated during these events, major investment is needed in transport and water infrastructure to improve disaster resilience.

Local government authorities (LGAs) are mainly responsible for maintaining around 130,000 km of sealed and unsealed roads in regional WA¹². This is a large, complex, and expensive task. Many LGAs lack the resources to plan, fund, and carry out maintenance, often relying on reactive repairs instead of preventive work. The same funding challenges affect airport terminals managed by LGAs, limiting their ability to upgrade facilities.

Additionally, robust port, rail, road and aviation infrastructure underpin supply chain resilience, improve social connectivity, enable decarbonisation and promote economic development. Water availability and provision are also critical to industry and community functionality.

¹¹ [Climate Science Initiative](#)

¹² Main Roads WA, [Western Australia Road Hierarchy](#), October 2010



(3.4) Give the Climate Change Authority responsibility for monitoring, evaluation and learning regarding adaptation policy

CME supports the PC's recommendation that an agency of the Federal Government is tasked with advising the Federal Government whether current adaptation frameworks are sufficient, and to make suggestions to the government on measures to achieve climate resilience objectives. This agency might also play a coordinating role with state and territory governments. However, CME does not at this time have a position as to whether this should be tasked to an existing agency such as the Climate Change Authority, or new agency.

CME

September 2025

