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Australian Government Productivity Commission
4 National Circuit
BARTON ACT 2600

17 SEP 2025

Dear Commissioners Sterland and Stokie

On behalf of the Tasmanian Government, I am pleased to provide this submission to the Productivity Commission's inquiry *Investing in cheaper, cleaner energy and the net zero transformation*.

The Tasmanian Government welcomes the Productivity Commission's emphasis on the need to assess the cost-effectiveness of policies and strategies to reduce emissions in Australia's electricity, transport and industrial sectors, improve the approvals pathways for major energy projects and increase resilience to climate-related risks.

Tasmania was the first Australian state or territory to achieve net zero emissions in 2014 and has subsequently maintained this level each year until 2023, the most recent year that emissions data are available.

In November 2020, Tasmania met its renewable energy target of 100 per cent self-sufficiency by having the installed renewable generating capability more than its baseline consumption of 10,500 gigawatt hours. The Tasmanian Renewable Energy Target (TRET) has been legislated to double renewable energy production in Tasmania from the 2020 baseline by 2040. This means the state's 200 per cent TRET is to produce 21,000 gigawatt hours of electricity in one year, by 2040.

In September 2024, the Tasmanian Government released the *Transport Emissions Reduction and Resilience Plan 2024-2029* for Tasmania's transport sector. In November 2024, Emissions Reduction and Resilience Plans were released for the agriculture, energy, industrial processes and product use, land use, land use change and forestry, and waste sectors.

The Plans have been developed to support greenhouse gas emissions reduction, to assist our businesses and industries in the transition to a low emissions economy, and to build resilience to climate-related risks.

Tasmania's Risk Assessment for Climate Change 2024 (the Risk Assessment) was released in November 2024, and is the first statewide climate change risk assessment for Tasmania. The Risk Assessment identifies 40 climate-related risks and opportunities that influence the natural, social, built and economic domains.

The Tasmanian Government released its response to the risks, opportunities and themes identified in the Risk Assessment. The government response sets out the state's strategic direction for climate adaptation in response to the evidence presented in the Risk Assessment.

A whole-of-economy roadmap, *Tasmania's Emissions Reduction and Resilience Roadmap 2024-29*, was also released. The Roadmap links the six sectoral Emissions Reduction and Resilience Plans and the Risk Assessment, and identifies cross-cutting issues and opportunities.

Tasmania is well placed to make a significant contribution towards the broader national transition to net zero, particularly in the energy sector, where Tasmania's hydroelectric system offers a level of flexible capacity and deep storage needed to support the transition of the National Electricity Market (NEM) away from its reliance on fossil fuel-based electricity generation.

The Tasmanian Government supports a technology-neutral approach for incentives to apply as it allows industry to determine which low-emissions options are most suitable. Tasmania's ability to play this role is contingent on supportive national policy settings that do not create unnecessary barriers to the flow of energy and other green or low emissions-intensive products between jurisdictions. For example, Tasmanian projects may often be the most cost-effective and low-emissions option to address reliability challenges in other jurisdictions.

The Tasmanian Government broadly supports draft recommendation 1.2 for the 2026-27 review of the Safeguard Mechanism to explore options to expand coverage of the scheme. The review should consider the regulatory burden on the additional facilities captured, the resources available to comply with the obligations of the Safeguard Mechanism, the potential level of abatement, and an appropriate transition period to introduce these reforms.

Tasmania supports consideration of a new emissions-reduction incentive for heavy vehicles. From the options provided, option 1, to include a carbon component in a future road user charging scheme, is preferred. Any future road charging scheme should apply to all vehicles and greenhouse gas emitting vehicles should pay an additional penalty on top of any weight-based measure of charging.

Appropriate transition arrangements would need to be put in place to minimise emitting vehicles paying both fuel excise and road user charging. These arrangements should be considered by the Australian Government in the context of work already underway to consider road user charges for low and zero emission vehicles.

The Tasmanian Government has committed to upgrading the approval process for major renewable energy projects. The Renewable Energy Approval Pathway (REAP) is a suite of actions that will support projects, such as wind farms and transmission lines, entering the Major Projects assessment process under the *Land Use Planning and Approvals Act 1993*.

The Tasmanian Government supports draft recommendation 2.1 to improve approval processes for clean energy projects under the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act), noting the disproportionate impact on renewable energy infrastructure. With many assessments already underway, these reforms must enhance certainty and avoid further complexity. Stronger alignment between environmental approvals and renewable energy and net-zero emissions targets is also critical to ensure policy coherence.

Improving implementation in parallel with regulatory improvements is also essential.

Feedback from developers indicates that delays during the assessment phase significantly contribute to cost escalation, investor uncertainty, and increased risk to critical NEM-linked projects. Regarding the EPBC Act, equivalent opportunities include incentivising continuity of case management, noting that the high turnover of staff is a key complaint from developers. In Tasmania, Renewables, Climate and Future Industries Tasmania (ReCFIT) has established a dedicated team to deliver integrated case management, inter-agency coordination, and project tracking to support streamlined outcomes. Existing local teams such as this should also be empowered to deliver local engagement on key issues.

The concept of a strike team is partially supported if the intent is to support local assessment teams with specialised renewable or transmission capability. Other opportunities include enhanced data

transparency with jurisdictions, for example, on time extensions or collaborating on offsetting outcomes.

Overall, the options presented by the Productivity Commission are reasonable to explore further and provide a good overview of benefits and risks. Thank you for the opportunity for the Tasmanian Government to provide input into the Productivity Commission's priority reforms and productivity growth agenda.

Yours sincerely



Hon Madeleine Ogilvie MP
Minister for the Environment