



CLEAN ECONOMY JOBS, RESOURCES AND TRANSPORT COMMITTEE

Members present:

Ms KE Richards MP—Chair
Mr PT Weir MP
Mr BW Head MP
Ms JC Pugh MP
Mr LA Walker MP
Mr TJ Watts MP

Staff present:

Ms M Telford—Committee Secretary
Dr A Ward—Committee Secretary
Mr Z Dadic—Assistant Committee Secretary

PUBLIC BRIEFING—INQUIRY INTO THE CLEAN ECONOMY JOBS BILL 2024

TRANSCRIPT OF PROCEEDINGS

Monday, 4 March 2024

Brisbane

MONDAY, 4 MARCH 2024

The committee met at 10.03 am.

CHAIR: Good morning. I declare open this public briefing for the committee's consideration of the Clean Economy Jobs Bill 2024. My name is Kim Richards. I am the member for Redlands and chair of this committee. I would like to respectfully acknowledge the traditional custodians of the land on which we meet today and pay my respects to elders past, present and emerging. With me here today are: Pat Weir, the member for Condamine and deputy chair; Bryson Head, the member for Callide; Trevor Watts, the member for Toowoomba North; Les Walker, the member for Mundingburra; and Jess Pugh, the member for Mount Ommaney, who is a substitute member for Joan Pease, the member for Lytton.

This briefing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in these proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. You have previously been provided with a copy of instructions to witnesses, so we will take those as read. I also remind any members of the public that they may be excluded from the briefing at the discretion of the committee. I remind committee members that departmental officers are here to provide factual or technical information. Questions seeking an opinion about policy should be directed to the minister or left to debate on the floor of the House.

These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and the chair's direction at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. I ask everyone to please turn their mobile phones off or to silent mode.

DUFFY, Ms Rebecca, Acting Director, Climate Division, Department of Energy and Climate

KALSI, Mr Gobind, Director, Climate Division, Department of Energy and Climate

MARTYN, Mr Paul, Director-General, Department of Energy and Climate

SYCZ, Ms Carlye, Deputy Director-General, Climate Division, Department of Energy and Climate

YOUNG, Ms Liz, Acting Executive Director, Climate Division, Department of Energy and Climate

CHAIR: Welcome. I invite you to make an opening statement.

Mr Martyn: The Department of Energy and Climate was formed in December with the addition of the climate function. I know that my department has been keeping the committee very busy.

CHAIR: You have indeed.

Mr Martyn: We appreciate your continued attention. I will begin by acknowledging the traditional owners of the land on which we meet and their elders past, present and emerging. In my opening statement I propose to outline the key features of the Clean Economy Jobs Bill 2024.

The bill proposes the creation of a new act called the Clean Economy Jobs Act. The purpose of the act is to replace greenhouse gas emissions in Queensland. This will primarily be achieved through legislating emissions reduction targets. The bill is about establishing the foundation of the government's emissions reduction commitments and provides certainty to Queenslanders and the world that these reductions will be delivered in a way that is achievable, credible and affordable for Queenslanders.

As the committee is no doubt aware, last year the Queensland government announced a new target to reduce emissions by 75 per cent below 2005 levels by 2035. The target will attract investment to help protect jobs in existing industries and create new industries that will provide Queenslanders with the jobs of the future.

The bill is the next step in Queensland's clean economy transformation. There are five key features of the bill. None of these features impose obligations on individuals, but they do impose obligations upon the state. The first aspect is legislating the targets. The most significant feature of the bill is the legislation of Queensland's emissions reduction targets, which are: 30 per cent below 2005 emissions by 2030; 75 per cent below 2005 emissions by 2035; and net zero emissions by 2050. Legislating these targets is consistent with the actions of other Australian jurisdictions. Putting Queensland's targets into legislation will increase policy certainty and, in so doing, help to attract greater investment in Queensland's low-carbon future.

The second aspect is setting future targets. The bill requires the minister to set interim targets for 2040 and 2045. This means the state will have targets for every five years from 2030 on, to provide milestones to net zero by 2050. The bill requires the interim targets to be set 10 years in advance, so the 2040 target must be set by 31 December 2030 and the 2045 target by 31 December 2035. This ensures a continuation of policy and investment certainty through to 2050. The bill specifies factors that the minister must consider when deciding on the interim targets. These include: the economic, social and environmental impacts of the targets for Queensland; the views of community and industry; progress in achieving the other emissions reduction targets; and the potential, importantly, to create employment opportunities, particularly in new, less carbon intensive industries. The interim targets of course must be made public.

The third aspect is the requirement for an annual statement. The minister must prepare an annual statement for tabling in the Legislative Assembly starting from 2025. This will increase transparency regarding the state's progress in achieving emissions reduction targets. The statement must include a description of the actions being taken by the state during the previous financial year, including actions to increase employment opportunities in low-emissions industries and to support employment impacted by the transition to net zero.

The fourth aspect is the expert panel. The Clean Economy Expert Panel will provide advice to government on achieving the emissions reduction targets and ways to reduce emissions in Queensland. There will be three to six members appointed to the panel, one of whom will be the Queensland Chief Scientist. Panel members must have expertise in climate related matters, such as climate science or low-emissions industries, or expertise in rural and regional development. Establishing the expert panel will ensure the government is obtaining well-rounded advice from eminent people to help plan a sustainable and optimal pathway to net zero.

The fifth aspect is that sector plans—which are called emissions reduction plans in the bill—will become a legislative requirement. Emissions reduction plans will state how key sectors of the Queensland economy can contribute to achieving the emissions reduction targets. The minister must publish a program of sector plans by the end of this year. This program must set out information such as the sectors for which the plans will be developed, the ministers responsible for making those plans and the duration of the plans. This program must be reviewed at least every five years. The first sector plans must be published by 31 December 2025. The plans must contain information such as the estimates of emissions reduction to be achieved by each sector over the period of the plan and a description of the actions the state will take to reduce emissions produced by each sector.

The legislation will form part of a much larger framework that will deliver a clean economy for Queensland. The bill provides confidence that the Queensland government remains vigilant in delivering the work program required to achieve a clean economy in a timely fashion and ensures that the government will have the expertise to inform its actions while providing transparency to industry and the community. Queensland is already a leader on the pathway to net zero. On the same day the bill was introduced, the government released *Queensland's 2035 clean economy pathway*, and I have copies here for the committee. I seek leave to table that.

CHAIR: Is leave granted? Leave is granted.

Mr Martyn: This document shows that Queensland is well on the way to its 75 per cent target, with a clear pathway forward. Queensland is already making progress. Our target for 2035 is a 30 per cent reduction of emissions from 2005 levels. We are currently at 29 per cent—years ahead of schedule—and we have already delivered more tonnes of emissions reduction than any other state or territory.

The Queensland Energy and Jobs Plan will deliver a further 20 per cent reduction. Modelling shows that this plan could deliver 100,000 jobs, including 28,500 direct jobs across construction, manufacturing and operations, with almost 20,000 of these jobs located in regional Queensland. Other existing sector plans and actions—like the Zero Emission Vehicle Strategy and Action Plan, the Queensland Resources Industry Development Plan and the Queensland Low Emissions Agriculture Roadmap—will deliver a further five per cent reduction. The Commonwealth’s Safeguard Mechanism will contribute a six per cent reduction. Further reductions will be achieved through action coordinated across all levels of government, as well as direct engagement with industry and the community—all transparently detailed in the new sector plans. The development of these plans will take into account advice from the expert panel.

The timing is right to optimise the outcomes for Queensland. The Australian government is developing a refreshed net zero plan for 2050, an interim 2035 emissions reduction target and six sectoral decarbonisation plans covering major components of the economy. The Queensland government will work with the Australian government to attract significant investment and initiatives required to achieve at least 10 per cent of the targeted reduction in emissions to secure the future of the state’s industries and communities in which they are located.

Achieving these targets will require genuine partnership and engagement with industry. We are already seeing industry take significant action. For example, Rio Tinto is committed to net zero by 2050 and recently signed Australia’s largest renewable power purchase agreement to date to supply its Gladstone operations in Queensland. Net zero commitments are now the norm for Australian companies, with 80 per cent of the ASX 2000’s collective market capitalisation adopting a net zero stance. Each level of government and industry can work together to ensure that optimal decisions are made. The pathway forward and additional state action will be outlined in the new Queensland sector plans that will be required by the bill.

To sum up, the bill is about providing certainty to Queenslanders and investors about the state’s commitment to meeting its future targets in a way that brings broad prosperity across the state. That concludes my opening statement. I am very happy to take questions from the committee.

CHAIR: We have this 70 per cent target. What modelling has been used to get to these targets?

Mr Martyn: The Queensland government undertook an analysis to determine an appropriate target for 2035—a target that enabled the state’s economy to grow and to reduce emissions at the same time. The government has already released the key macro-economic findings of the Queensland Treasury modelling. These findings were included in this document which we have tabled today.

I direct your attention to figure 1 on page 6 of that document. This figure shows that jobs continue to grow while emissions reduce by 75 per cent. You can see the orange line, moving up, representing employment and the blue line representing tonnes of carbon abated. I then take you to the top of page 13, the waterfall document. That is quite an important piece of modelling outcome. This sets out Queensland’s policy pathway to 75 per cent. Sixty per cent will be achieved through existing commitments, and there is a clear plan to deliver the remainder, with the Queensland government working with experts, industry and all levels of government to set out the sector plans to deliver a 75 per cent reduction in emissions by 2035.

The bill is based on the evidence that setting targets drives action. We know that Australia’s emissions routinely fall faster than expectations. This has been demonstrated by the experience in Queensland, where a target of 30 per cent by 2030 is on track to being achieved well ahead of schedule, as the state has already reduced emissions by 29 per cent. Interestingly, over the same period, 2005 to 2021, the Queensland economy has grown by more than 50 per cent—emissions down and economic growth up. The government will release more details in the future.

The next step will be to provide further insight into the economic and jobs impacts for key regions. As we progress towards 2035 and beyond to 2050, government will continue to undertake modelling to inform its approach to further action. This will be a continuous process because, as with any analysis, we improve our data over time. That is why the bill establishes the expert panel and a process for setting interim targets.

It is important that the government uses the most up-to-date data to inform decision-making, which will be supported by an annual update to parliament. This approach enables continuous improvement to exceed the targets set out in legislation as the targets are a floor, not a ceiling on the government’s ambition.

CHAIR: So that modelling and data will be annually published—excellent.

Mr WEIR: You may have partly answered my question. In the explanatory notes on page 3 there is a paragraph, just above the annual progress statement, which says—

... it is not intended that the Bill operate as a legally binding constraint in any future statutory decision or approval processes. The Bill does not seek to override existing statutory decision-making processes, rights and obligations, including those that already consider emissions such as those under Queensland's development, planning and environment laws. Similarly, the Bill does not impose any requirements on industry to achieve the State's targets.

In part that sort of looks a little contradictory. Your comments may have explained a little bit of it, but could you explain that paragraph?

Mr Martyn: That is why we put those specific words into the explanatory notes: to provide certainty that this is not an additional requirement to other regulatory decisions that may be made under any other acts of parliament. What the legislation is designed to do is set an ambition to provide signals to the market and to provide a basis for a partnership with industry around how the targets can be achieved in a way that both reduces emissions and encourages growth. It is not meant to be a big stick, so to speak. It is very much to be about partnership with industry, about working together—and, can I say, working across state and federal governments and also with local government, industry and the community about the best way to reduce emissions in Queensland.

Mr WEIR: That would also be particularly relevant for those industries that find it very difficult to reduce their actual emissions, whether that be air, sea or whatever. They still have a long way to go. How does that impact on them?

Mr Martyn: There are certainly industries that are hard to abate, and they face challenges. The government's view is that the best way to work with those industries is in a partnership. It is about both national action and state action in partnership with industry. We know that those industries have an incentive themselves to want to address this, because of international market pressures. Equally, if we work together, if we adopt a partnership approach, if we identify the policies or programs or technologies that can best enable those industries to both maintain their existing market share and grow and reduce emissions over time, that is the best approach. We see the sector plans as being ways that we can articulate that partnership approach with industry. This is about being very pragmatic about the ways we can do this and how long they will take. It is important that the plans will be in place by the end of 2025, so 10 years in advance of the 2035 target. They will be built in consultation with the key sectors. We acknowledge that there are sectors that face more significant challenges, and that just underlines the importance of working together.

CHAIR: I have seen that firsthand in private partnership in the hydrogen space and in the heavy vehicle sector. The partnership with the hydrogen heavy haulage has been really good.

Mr Martyn: Indeed.

Mr HEAD: I am curious whether the department has done any modelling or anything like that on what the cost of achieving these targets may be to not only the taxpayer but also business in rolling out and achieving these targets by 2035, as far as investment in different technologies and things like that which obviously have a huge up-front cost.

Mr Martyn: The pathways document, as I said, released the day the bill was introduced to parliament, outlines that pathway to 75 per cent. We are already at 29 per cent with existing action, as per the latest national data. The Queensland Energy and Jobs Plan will deliver an additional 20 per cent of the gain by reducing 90 per cent of the emissions of the electricity sector. Five per cent will be delivered by other existing state plans and market improvements reducing emissions such as the Zero Emission Vehicle Strategy and Action Plan, the Queensland Resources Industry Development Plan and the Queensland Low Emissions Agriculture Roadmap. Six per cent will be delivered by the Commonwealth's Safeguard Mechanism, which was introduced on 1 July last year.

These actions needed to achieve a 75 per cent reduction largely related to existing committed actions. Funding for these measures is outlined in relevant state and Commonwealth budget papers. The government has also been up-front that the remaining 15 per cent will be delivered through coordinated action with the Commonwealth on sector plans at a state and national level. These sector plans we outline transparently as part of the proposed legislative process. In addition, the expert panel will be able to provide us with expert advice on the best way to achieve these emissions reduction targets, and that is the least-cost way for industry and the economy.

Mr HEAD: But is there any idea on costs? The Energy and Jobs Plan's \$60 billion-something alone—and that is only a portion of the target, so are we talking \$300 billion?

Mr Martyn: The sector plans will help. It is important also to note that industry themselves are already taking steps because they also face those international market pressures to reduce their emissions footprint. Certainly there is an intent by the government—and clearly the Energy and Jobs

Plan is an example of that—to invest to support the transition. It really will be a combination of industry itself investing because it has its own incentives, state and Commonwealth action collectively coming together. A lot of that depends upon the specifics of those sector plans which will be developed with industry and published before the end of next year.

Mr WATTS: On page 11 of the Clean Economy Pathway you have listed decarbonisation opportunities, and in there are Pioneer-Burdekin and Borumba. I am interested in what contingencies exist in trying to get to the various targets if, for whatever reason, these are delayed, and/or what contingencies might exist around the financial commitments to those things. We had a look at Pioneer-Burdekin and it faces multiple challenges, so I am just trying to understand what contingencies have been put in if that does not come online on the time line that the government is thinking, and financially what contingencies might exist around those two pumped hydro projects.

Mr Martyn: The Queensland government is committed to delivering major renewable energy infrastructure on time. Significant gains have already been made, and we have 52 large-scale renewable energy projects either operating, under construction or financially committed. As the committee would be aware from its recent deliberations, the government has also introduced a bill to legislate the state's renewable energy targets which you have recently considered—the Energy (Renewable Transformation and Jobs) Bill 2023. The bill, as you would be aware, proposes the establishment of Queensland Energy System Advisory Board to provide technical expert advice to the government on the energy transformation. The board will support delivery of the Queensland SuperGrid Infrastructure Blueprint. The blueprint is the critical document because it outlines the optimal infrastructure pathway to transform Queensland's energy system. The blueprint updates, the first of which will be next year, provide an avenue to ensure the state is on track to meet the new renewable energy targets. In terms of the financial matters relating to pumped hydro, as members would be aware, last year's state budget included an allocation of \$14.2 billion for Borumba, and future decisions will be made about Pioneer-Burdekin.

Mr WATTS: In terms of contingencies that are being proposed, if the time lines are not met, do we have any?

Mr Martyn: We will rely on the advice of the Energy System Advisory Board and that will be reflected in the updated SuperGrid Infrastructure Blueprint.

Mr WALKER: In your opening statement you stated that the main purpose of the bill is to reduce the greenhouse gas emissions in Queensland by stating emission reduction targets. I will not requote those targets. Will there be job losses? How are you protecting jobs in existing industry, including fossil fuel based industries that will be impacted by this transition?

Mr Martyn: The government is committed to taking action on climate change to ensure Queenslanders will have more jobs and a better way of life. The 2023 Commonwealth *Intergenerational report* shows that global action to limit warming to two degrees, compared to three degrees, will deliver an additional \$155 billion in gross domestic product for Australia, generating strong economic growth and jobs. Analysis by the National Australia Bank and Deloitte identified a \$435 billion green industrial economic opportunity for the nation of which Queensland will have its share. The Queensland Energy and Jobs Plan is creating jobs for Queenslanders. Modelling prepared by Ernst & Young identifies that the Queensland Energy and Jobs Plan would create 100,000 jobs, including 28,500 direct jobs, across construction, manufacturing and operations, with almost 20,000 of these jobs located in regional Queensland. The delivery of the Queensland Energy and Jobs Plan is also expected to support more than 35,000 jobs across sectors like resources, hydrogen and battery manufacturing. CSIRO's latest generation cost report confirms that renewables are the cheapest form of reliable energy in Australia. Reports show that solar and wind are two to seven times cheaper than new coal, reflecting Australia's huge natural advantage in renewable resources. By supporting increased investment in renewable energy, government action is therefore helping to drive down electricity prices and reduce the cost of living. Legislating Queensland's targets will provide further certainty to industry to encourage investment in innovation and other kinds of technologies and ensure Queensland businesses remain market leading in the clean economy.

The targets in the bill are aligned with the Paris Agreement to keep global warming well below two degrees. Having such credible targets in legislation will help boost Queensland's reputation as an investment destination of choice. Moody's Investors Service, S & P Global Ratings and Fitch Ratings all indicate that they will take climate related factors into account when assessing government borrowings. Strong climate action will ensure Queensland remains an investment destination of choice, helping to create new industries and jobs for the future of Queensland.

Ms PUGH: You outlined in your opening statement the purpose of the expert panel. In addition to their own expertise, are the panel required to consult with members of the community and industry before they provide that advice?

Mr Martyn: I will ask Ms Duffy to answer this question.

Ms Duffy: The legislation states that the expert panel may provide advice on, for example, the impact that emissions reduction will have on local communities and employment opportunities for those communities. Engagement with industry and communities will be important for understanding these impacts and benefits. In setting the interim targets, the bill requires that the minister also considers the view of community stakeholders including First Nations peoples, as well as economic, financial, social and environmental impacts the target may have on communities.

Mr WEIR: That panel that has no statutory powers; is that correct?

Mr Martyn: That is right. That is consistent with our conversation before, yes. It is an advisory body.

Mr WEIR: Likewise, there are no penalties in this bill for any participant industries that do not meet their obligations?

Mr Martyn: It really is about creating an environment and climate that encourages investment in these industries to enable them to successfully decarbonise. That is in their interests, in the interests of the communities in which they operate and in the interests of the state economy as a whole. The government has taken a very deliberate step to favour a partnership approach as the best way to achieve these results. Certainly we think that early partnerships also help to build shared commitment to the decarbonisation task, which, as we pointed out, in some cases is not easy. It is a very long time between now and 2050. A lot needs to be done. Those partnerships will be very important in an enduring sense to get the best outcome for industries, communities and the state as a whole.

Mr WEIR: Did you say we are up to 29 per cent?

Mr Martyn: That is right.

Mr WEIR: Would you say the low-hanging fruit has been harvested? I would say that agriculture has played a significant part in it.

Mr Martyn: I would certainly agree with the honourable member that the agriculture sector has done an enormous amount of work in this regard and, to some degree, in talking with my colleagues in the Department of Agriculture and Fisheries, in the future the agricultural sector faces actual opportunities that are really quite significant to create additional revenue streams for rural producers for the value that their stewardship and that their land brings to the overall economy. Certainly we are very keen to work with not only DAF but also partners like AgForce and the Queensland Farmers' Federation around how we can realise those opportunities for those rural producers, because they can indeed help other sectors to do the job.

In terms of whether or not the low-hanging fruit has been adopted, I think the sectoral plans will help us to determine that because they will turn up what are the least-cost steps that can be taken across various sectors to realise those ambitions. One of the things I would say is that electrification will be an early opportunity across many sectors, and the changes that have been driven through the Queensland Energy and Jobs Plan create a platform for electrification in other sectors. Certainly, we want to work through those options with businesses and with communities to identify the least-cost pathways, and ultimately the pathways that protect existing markets, enable new market access and create new jobs, particularly in regional Queensland.

CHAIR: It was terrific to see the Farmers' Federation and like-minded organisations participating in the Queensland Energy Development Conference two weeks ago. There is definitely a very strong partnership there to get the best outcomes. That concludes our briefing today. Thank you very much for appearing before us. Thank you to our Hansard reporters. A transcript of these proceedings will be available on the committee's webpage in due course. I declare this public briefing closed.

The committee adjourned at 10.32 am.