

Clean Economy Jobs Bill 2024

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Queensland Youth Policy Collective

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Submission to the Clean Economy Jobs, Resources and Transportation Committee

Clean Economy Jobs Bill 2024

7 March 2024

Introduction

The following submission has been written and prepared to assist the Clean Economy Jobs, Resources and Transportation Committee ('Committee') in considering the Clean Economy Jobs Bill 2024 ('the Bill').

The Queensland Youth Policy Collective (QYPC) was founded four years ago and has approximately 40 active members across Queensland. We are non-partisan and comprised of young people who want to contribute evidence-based, youth-led perspectives in public debate, particularly in the fields of human rights, climate change and youth justice.

Our view is that youth justice and climate change are inextricably connected. Young people have the most to lose from a volatile and changing climate, being the primary bearers of the consequences of a global failure to take action on climate change. The recent sixth assessment report ('AR6') by the Intergovernmental Panel on Climate Change ('IPCC') highlights the disastrous effects climate change is already having on our planet and demonstrates how government inaction is jeopardising children's future globally. In General Comment No. 26, the Committee on the Rights of the Child noted that while all children are exceptionally vulnerable to climate change, those with disabilities, living in poverty, separated from their families, and on the move are at particular risk. The Committee emphasises that climate change will further exacerbate the inequalities experienced by these groups.

Queensland children are particularly vulnerable to the impacts of climate change due to their age and the State's tropical weather, coastline, and islands, which climate scientists have already predicted to be unliveable by 2100.¹ Additionally, Queensland has a large Aboriginal and Torres Strait Islander population, who are already disproportionately disadvantaged. As such, the Queensland Government must consider the impacts of this Bill on children and young Aboriginal and Torres Strait Islander people in particular.

The proposed Clean Economy Jobs Bill 2024 aims to support jobs and secure Queensland's economic future by enshrining the State's emissions reduction commitments in law, requiring the Minister to set interim emissions reduction targets, establishing an expert panel to advise the Minister and creating a reporting framework for public accountability.

We commend the *intention* of this Bill.

However, we recommend the Bill be amended to require emissions reduction plans to be made public to incentivise sector-wide change and encourage higher scrutiny from shareholders, clarify how progress towards net zero is to be measured, exclude offsets from measuring methodologies, define net zero and include a continual improvement obligation.

¹ *Waratah Coal Pty Ltd v Youth Verdict Ltd & Ors (No 6)* [2022] QLC 21 ('*Waratah*'), [1593].

Recommendations

In sum, our recommendations are:

1. That the Government expand the scope of the Bill to impose emissions reductions targets on industry;
2. That section 8 be amended to require the annual statement to include specific information on the measures taken by individual corporations in reducing their net greenhouse gas emissions.
3. That section 6 of the Bill be amended to explicitly require the Minister to consider both the short-term and long-term impacts the interim target may have in Queensland.
4. That the Bill be amended to define 'Net Zero', and that this definition includes consideration of Scope 3 emissions;
5. That the Bill be amended to include the same methodology for calculating emissions reductions as the Annual Progress Statements, to ensure consistency;
6. That the Bill be amended to disincentivise the use of carbon offsets to meet Queensland's emissions reduction targets; and
7. That the Expert Panel include a youth voice.

1.0 Reporting Obligations

The QYPC supports the requirement in section 8 of the Bill for the Minister to prepare a statement for each financial year on the progress made towards achieving the admissions reduction targets. This is an important way to hold the State and the Commonwealth government publicly accountable for the measures taken towards achieving the interim targets.

However, we are disappointed that these statements do not require specific information on the progress, or lack thereof, made by individual corporations in reducing their emissions over that financial year. Without public accountability at this level, the QYPC is extremely concerned that the most prolific polluters will escape scrutiny by hiding their emissions in aggregate, industry-level data.

On 27 February 2024, the Workplace Gender Equality Agency (WGEA) published individual employee gender pay gaps for the first time, as required by amendments to the Workplace Gender Equality Act (Cth) passed in 2023. This move prompted more widespread scrutiny, both within individual businesses and from the public more broadly, of the pay disparities experienced by men and women than previous WGEA reports. While we understand that it is not the intention of the Bill to place obligations on the industry, we see this as a significant oversight, which risks undermining the Bill's ability to achieve the desired emissions reductions.

Similarly, amending section 6 so the Minister must include business-level data in their annual statements would place corporate polluters directly under the microscope, inviting greater scrutiny from the public, the media and, perhaps most effectively, their shareholders. Not only would this subject our most significant polluters to increased pressure to take meaningful steps towards reducing emissions, but it would also allow the Minister to identify where to target new or more intense emissions reduction efforts.

2.0 Consideration of economic matters in setting emissions reduction targets

The QYPC refers to section 6(4)(e) of the Bill, which states that the Minister must consider “the economic...impact the interim target may have in Queensland, including any impact on communities, industries and rural and regional areas” in deciding each interim target. This section could be interpreted as merely requiring the Minister to consider the *current* economic impact the interim target may have in Queensland. The QYPC cautions that this approach could lead economists, and therefore, the Minister, to overestimate the level of net greenhouse gas emissions that would lead to an efficient market outcome.

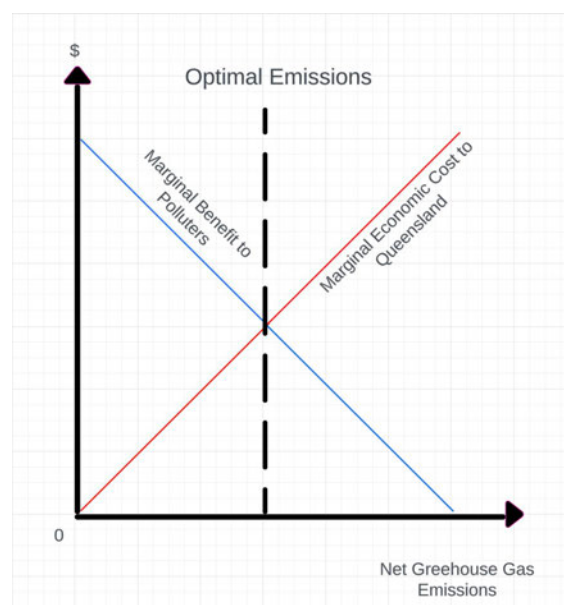


Figure 1: Simplified Economic Estimate of Optimal Emissions Level, considering only the current marginal economic costs to Queensland

As Figure 1 shows, on a very simplified level, the optimal level of emissions for Queensland occurs where the marginal benefit to polluters of each unit of greenhouse gas emissions is equal to the current marginal economic cost to Queensland of those emissions.

However, this calculation fails to consider the long-term economic impact of current emissions on Queensland's future. Many of the consequences of greenhouse gasses emitted today will not be fully realised for many decades or even centuries. For example, as the United States Environmental Protection Agency explains:²

[T]he oceans, which store heat, take many decades to fully respond to higher greenhouse gas concentrations. The ocean's response to higher greenhouse gas concentrations and higher temperatures will continue to impact climate over the next several decades to hundreds of years.

When the future consequences of Queensland's emissions are properly reflected in economic modelling, the picture changes dramatically.

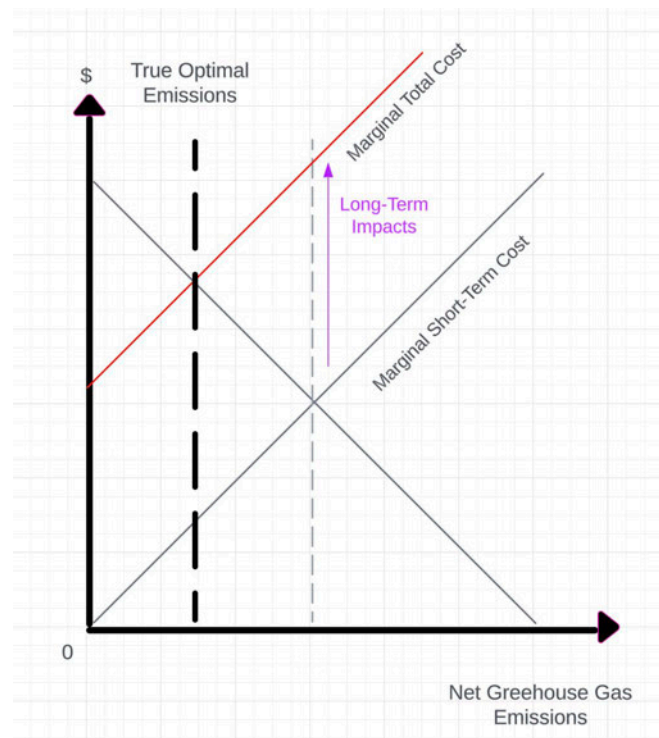


Figure 2: Simplified Economic Estimate of Optimal Emissions Level, taking into account the long-term impacts in Queensland

² 'Future of Climate Change', *Climate Change Science* (Web Page)
< <https://climatechange.chicago.gov/climate-change-science/future-climate-change#main-content> >.

Figure 2 illustrates that when the long-term impacts of greenhouse gas emissions are included in economic modelling, the economically optimal level of emissions is revealed to be dramatically lower.

The Explanatory Notes for this Bill explicitly identify one of the key rationales for the Bill is ‘protecting the environment for the enjoyment of future generations’. However, the QYPC is concerned that failing to explicitly require the Minister to consider the short-term and long-term impacts of greenhouse gas emissions in Queensland will compromise the Bill’s ability to achieve this aim.

The QYPC recognises that subsection 6(5) of the Bill, subsection (4) does not limit the matters the Minister may consider in deciding each interim target. As such, there is nothing in the Bill to prevent the Minister from considering the future costs of current greenhouse gas emissions. However, leaving this as a matter of ministerial discretion would allow future ministers to prioritise reaping the political benefits of catering almost exclusively to the current generation of voters, even at the expense of the young people who will be most acutely affected by their decisions.

3.0 Measuring progress

3.1 Measuring GHG Emissions

The Bill does not define what is meant by ‘net zero’ emissions. We recommend that a definition be included to give certainty about what the Bill is ultimately trying to achieve.

The United Nations defines net zero as ‘cutting carbon emissions to a small amount of residual emissions that can be absorbed and durably stored by nature and other carbon dioxide removal measures, leaving zero [emissions] in the atmosphere’.³ However, the atmosphere does not obey jurisdictional boundaries, and climate change is a global issue; therefore, how Queensland’s carbon emissions reductions are measured should also be clarified in the Bill or policy.

We submit that any calculation of Queensland’s carbon emissions must account for Scope 1, Scope 2, and Scope 3 emissions. Scope 1 emissions are those directly made by a company, Scope 2 emissions are those made indirectly by a company and Scope 3 emissions are those emissions produced indirectly by a company. They are not the result of activities from assets owned or controlled by the company but in its value chain. For example, emissions produced from Australian coal, sold by an Australian company by a foreign electricity provider and burnt by that electricity provider in another country would be encompassed by Scope 3 emissions attributable to that Australian company.

The Bill purports to calculate greenhouse gas emissions in accordance with the methods used to calculate the National Greenhouse Accounts (‘NGA’). While the NGA considers ‘Scope 3 emissions’ this is misleading because it does not account for Scope 3 emissions in their true sense. Rather, the

³ United Nations, *Climate Action* (Web Page) <<https://www.un.org/en/climatechange/net-zero-coalition>>.

Scope 3 emissions accounted for are only those emitted within the Australian (or, in the case of the Bill, Queensland) jurisdiction, omitting Scope 3 emissions in the value chain of Australian (or Queensland) companies, but emitted overseas. The result is artificial and nonsensical. An Australian company making a product that produces emissions when used cannot be logically separated from the emissions generated, even when generated elsewhere. This is because the contribution of those emissions to climate change will still be experienced in Queensland.⁴

Failing to account for these emissions is a disservice to Queenslanders and Queensland's young people in particular. Being a resource-intensive state means Queensland has much to lose from a badly managed transition to clean energy. A badly managed transition to clean energy would calculate a transition to net zero based upon a false premise – one that does not include Queensland's true emissions – because it cannot contemplate the actual changes that must be made to responsibly address climate change and transition the economy to clean energy. This will fail young people and undermine the very purpose of this Bill. Therefore, while we commend the Bill for its intention to provide a structured transition towards clean energy, we recommend that it calculate 'net zero' progress towards emissions targets using true Scope 3 emissions, not artificially limited ones.

3.2 Calculating Net Zero Emissions

In section 7, the Bill states that the methodology for calculating when net GHG emissions in Queensland are zero must be decided by the Minister in consultation with the Treasurer (s 21).

The reasons for leaving that calculation until 2040 are unclear. We submit the methodology for measuring net zero emissions should be the same as the measurement of emissions for the Annual Progress Statements (required by s 8 of the Bill). Using a different methodology for the two calculations is illogical and opens up the possibility of the goalposts being moved, generating industry uncertainty about Queensland's transition, rather than stability.

3.3 Carbon Offsetting

The Bill does not clarify the extent to which carbon offsetting will facilitate Queensland's emissions reductions. We recommend that the Queensland Government amend the Bill to ensure that Queensland's emissions reductions are 'real' reductions in emissions and that targets are not reached with 'cheap' and 'unreliable' offsets.

There are significant integrity issues with carbon offsets. For example, research conducted by The Guardian, Die Zeit and SourceMaterial found that more than 90% of certified rainforest offsets provided by Verra, a leading certifier of offsets, "did not represent genuine carbon reductions".⁵ Research by the

⁴ To paraphrase Waratah [713].

⁵ Patrick Greenfield, 'Revealed: More than 90% of Rainforest Carbon Offsets by Biggest Certifier are Worthless, Analysis Shows' *The Guardian* (Online 19 Jan 2023)

Australian National University has shown that a significant amount of Australian Carbon Credit Units are leading to “minimal, if any, carbon sequestration,”⁶ and former head of the Federal Government’s Emissions Reduction Assurance Committee has described the carbon credit system as a “fraud that is hurting the environment and has wasted more than \$1bn in taxpayer funding.”⁷ Further, the European Commission has acknowledged that there is ‘a significant risk of overestimations and double counting of avoided or reduced emissions associated with a lack of additionality, permanence, ambitious and dynamic crediting baselines that depart from business as usual and accurate accounting.’⁸ As it is difficult to ascertain whether offsetting will actually lead to emissions reductions in Queensland, they must not be a significant part of any emissions reductions strategy.

Further, if offsets remain a significant means to achieving emissions reduction targets, there will be little incentive for industries to decarbonise. The costs of offsetting are significantly cheaper than decarbonising, which, for some industries, will require a radical rethinking of their primary business models. As the Bill is not legally binding, these industries have little incentive to decarbonise, rather than purchasing offsets, which will do little to reduce emissions. Further, the Queensland Government continues to provide significant subsidies to the fossil fuel industry, seemingly undermining the Bill’s ability to reduce emissions. Under the current model, fossil fuel companies are making significant amounts of profit, the Government subsidises their business model, and offsetting is cheaper than decarbonising. All of these factors together risk undermining the Government’s ability to reduce Queensland’s emissions truly.

4.0 The Expert Panel

4.1 Young People must be Heard

The Bill is also limited in what it can provide for young people if it does not provide a forum in which their voices can be heard. The Explanatory Notes stipulate that the ‘expert panel’ is to be constituted by between 2 and 5 members with various qualifications, none of which include specialising in impacts upon young people.

<<https://www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe>>.

⁶ Andrew MacIntosh, Don Butler, Megan C. Evans, Marie Waschka and Dean Ansell, ‘Summary Results of Analysis of the Integrity Risk and Performance of Human-Induced Regeneration (HIR) Projects using CEA Data’ 18 July 2023 <<https://law.anu.edu.au/files/2024-01/Summary%20Results%20of%20Analysis%20of%20HIR%20CEA%20Data%2010623%20revised%20180723.pdf>>

⁷ Adam Morton, ‘Australia’s Carbon Credit Scheme is ‘Largely a Sham’, Says Whistleblower who Tried to Rein It In’ *The Guardian* (online 23 March 2022) <<https://www.theguardian.com/environment/2022/mar/23/australias-carbon-credit-scheme-largely-a-sham-says-whistleblower-who-tried-to-rein-it-in>>.

⁸ European Commission, Proposal for a Directive of the European Parliament and of Council on substantiation and communication of explicit environmental claims (‘Green Claims Directive’), COM (2023) 166, 2023/0085 (2023) 31.

Article 12 of the UNCRC (to which Australia is a Party) stipulates that:

“(1) States Parties shall assure to the child who is capable of forming [their] own views the right to express those views freely in all matters affecting the child, the views of the child being given due weight in accordance with the age and maturity of the child.

(2) For this purpose, the child shall in particular be provided the opportunity to be heard in any judicial and administrative proceedings affecting the child, either directly, or through a representative or an appropriate body, in a manner consistent with the procedural rules of national law”.

Children therefore have the right to be heard in matters and proceedings concerning them and the Government is obliged to create the opportunity for that right to be exercised.

Indeed, young people are already insisting on being heard on climate change.

In 2020, eight school children challenged the federal Minister for Environment for breaching a duty of care to Australian children by approving the extraction of coal from a coal mine and thereby exposing Australian children to the increased risk of personal injury, property damage and economic loss.

In May 2021, 50,000 children of all ages protested for action on climate change at School Strike 4 Climate rallies around Australia.

Children and young people must be included in a process that determines their futures. Young people are the largest politically disenfranchised group in Australia. They are excluded from democratic processes until they turn 18 and can vote, yet the decisions made by this Government will affect their lives, often more so than adults because of their acute vulnerabilities and need for special protection. We recommend including a panel member with expertise in the impacts of climate change on young people or a representative for young people.

4.2 Advising the Minister

Although the Bill provides for the constitution of the ‘expert panel’ there is no requirement for the Minister to consult with the panel or consider the advice that the panel provides when deciding upon interim targets or the methodology to be adopted when calculating net zero emissions. We recommend that this be rectified by specifically including an additional subsection in ss 6(4) of the Bill.

Additionally, when deciding upon the methodology for the calculation of net zero emissions (see above for analysis on this point), the Bill provides that the Minister must consult with the Treasurer. We submit that the ‘expert panel’ (to be constituted by experts in science, economics and development) is a rather more appropriate body to consult on this point than the Treasurer and recommend that section 21 be amended accordingly.

Concluding Remarks

QYPC thank you for the opportunity to make this submission. Should you have any queries, please feel free to contact QYPC.

Yours faithfully,

Queensland Youth Policy Collective