



• 'Act of economic self-harm', says Canavan

Carbon rule threatens WA projects

Angela Macdonald-Smith
and Brad Thompson

A bombshell directive from Western Australia's environmental watchdog that all new emissions-intensive projects should be carbon-neutral has put in jeopardy proposed new LNG projects worth over \$45 billion and triggered warnings of threats to the broader resources industry that underpins the state's economy.

Federal Resources Minister Matthew Canavan immediately called on the WA government to rule out following the guidance released by the Environmental Protection Authority on Thursday and effective immediately, which captures any new or expansion project in WA that directly emits more than 100,000 tonnes a year of carbon dioxide and recommends that they fully offset those emissions.

Senator Canavan called the move "an act of economic self-harm" for WA that would do nothing to protect the environment and could potentially cost thousands of jobs.

WA Environment Minister Stephen Dawson said the EPA guidelines were not a government policy and left the door open to consultation on the environmental, social and economic impacts as part of its response.

"As a responsible state government it is important to ensure that projects have certainty for the long term," he said.

"The McGowan government is fully supportive of our job-creating LNG industry and will listen to their views as part of our response to the EPA."

The move comes just weeks after a landmark ruling against a coal mine in

the NSW Land and Environment Court on the grounds it would hasten climate change and was prompted by the EPA's assessment that Australia will fall short of its Paris climate commitments under existing federal regulations, with WA being a major contributor.

EPA chairman Tom Hatton said that the policies would apply immediately and cover all new projects in the state, but as an independent advisory body EPA decisions were not binding on the WA government.

The guideline will be used by the watchdog to draw up its recommendation to the WA environment minister, who makes the final decision on whether a development can go ahead or not, based on broader criteria, including economic and social impacts.

"These are our assessment guidelines: The Commonwealth has regulations and in our view those regulations, as currently applied, are not going to deliver the outcomes that are necessary for Australia to meet its international commitment under the Paris agreement," Dr Hatton said. "That is why we are doing this."

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Carbon rule threatens WA resources sector

The EPA's decision to set the bar much higher on emissions has ramifications across nearly all industries, including mining and processing, energy production using fossil fuels, infrastructure development, chemical manufacturing



and any development that involves land clearing. Woodside Petroleum's proposed \$US11 billion Scarborough LNG project at and its \$US20.5 billion Browse project are in the immediate firing line, as is Chevron's \$US34 billion Wheatstone LNG project despite it already being operational because the WA government has already asked for a fresh assessment. "We are at a crucial time to finalise investments in projects like Scarborough and Browse and what we don't need is regulatory uncertainty," Minister Canavan said.

Industry sources also pointed to potential threats to existing alumina plants, power stations and other resource projects whose approvals come up for reassessment, while noting that the state government would have to follow the EPA's independent advice for there to be an impact.

"These punitive measures are a new impost for investment in Western Australia, with the concern not just for LNG investors but for anyone considering an investment in the energy and resources sector," one source said.

Industry is shocked that the guideline has been revised so comprehensively overnight with scant consultation. Sources said only a few stakeholder reference groups held under strict confidentiality conditions that prevented participants discussing the proposals. They pointed out that an immediate zero-carbon recommendation comes more than 30 years ahead of the net-zero emissions goal under the Paris climate accord.

Woodside described the state regulation as "direct and arbitrary", and said it "appears out of step with Australia's international targets and the associated emissions trajectory".

It said the move "raises further potential for conflict between regulation and jobs, and may perversely penalise investment in cleaner fuels such as natural gas which have a big role to play in global emissions reduction."

The Chamber of Minerals and Energy

WA chief executive Paul Everingham said climate policy, including emission reductions, was a national issue and the EPA's intervention at a state level threatened major oil and gas projects.

"The CME has very strong reservations about the imposition of 100 per cent offsets for direct emissions," he said.

"The guidelines as they stand will negatively impact WA gas projects and potentially prevent some projects proceeding. This would put at risk billions of dollars of investment; thousands of cleaner energy

jobs and damage the very industry that is helping WA and the world to transition to a clean energy future."

But Wilderness Society WA director Kit Sainsbury described the step as a "brave and historic move".

"This policy reflects the inaction seen at the federal level to mitigate for the ever-growing climate disaster developing not just statewide, but nationwide," Mr Sainsbury said.

"It is an important message to the State Government, as well as nationally, that climate change is a real and present danger to all and industry must reflect this."

Yet industry sources argue that the WA move would probably not limit Australia's national emissions as any reduction in WA would just be offset by increases elsewhere.

The toughened regime reveals the EPA's alarm at WA's emissions footprint and the potential for it to balloon thanks to huge LNG projects.

It said WA was responsible for 82.2 million tonnes of carbon dioxide equivalent to Australia's greenhouse gas emissions in 2016, or 16 per cent of the total.



Chevron's Wheatstone LNG project could be affected by the new ruling.