

3 September 2025



Mr Brad Archer
CEO
Climate Change Authority
7 London Circuit
Canberra ACT 2601

Sent via email: consultation@climatechangeauthority.gov.au

CLIMATE CHANGE AUTHORITY'S ISSUES PAPER: 2025

Dear Mr Archer,

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 2023-24¹.

In 2023-24, the WA resources sector accounted for 56 per cent of resources exports², 52 per cent of resources capital expenditure³ and 51 per cent of resources employment in Australia⁴.

CME and its members support the Paris Agreement and its goal of limiting global warming to well below 2 degrees Celsius, pursuing efforts to limit temperature increase to 1.5 degrees Celsius by reducing greenhouse gas emissions to net zero as soon as possible and no later than 2050, and accept the scientific consensus as assessed by the Intergovernmental Panel on Climate Change (IPCC).

Australia, as a signatory to the Paris Agreement, must actively contribute to this goal and fulfilment of its Nationally Determined Contributions. CME recognises the Australian Government's commitment to reduce emissions across the economy to net zero as soon as possible and no later than 2050.

CME welcomes the opportunity to respond to its Issues Paper, which will inform the Climate Change Authority's (CCA) 2025 Annual Progress Report. CME notes that the Issues Paper has been published for comment ahead of the CCA's formal recommendation to the Commonwealth on 2035 interim targets, limiting the ability of stakeholders to provide commentary on Australia's net zero pathway. Further, CME notes that the federal government will lead a review on the Safeguard Mechanism, beginning next year.

Principles

CME advocates for a sustainable development approach for transitioning to net zero emissions and adapting to the effects of climate change, using a holistic framework that balances social, economic and environmental dimensions to ensure climate resilience and a just transition for those affected by change.⁵ We have previously articulated to the Australian Government that net zero strategies and interim decarbonisation targets should be set so that the net zero transition:

¹ Excludes fringe benefits tax, petroleum resource rent tax and fuel excise duty. CME, [2023-24 Economic Contribution: Australia](#), March 2025; Commonwealth of Australia, [Final Budget Outcome 2023-24](#), The Treasury, 30 September 2024, Note 3: Taxation revenue by type, p 38.

² Government of Western Australia, [2023-24 Economic Indicators Resource Data File](#), Department of Energy, Mines, Industry Regulation and Safety, 29 October 2024.

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

⁴ Australian Bureau of Statistics, [6291 Labour Force, Australia, Detailed](#), Table 5.

⁵ CME [Climate and Energy Policy Statement](#), 2024.



- 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.

Recommendations

Further detail regarding CME's priorities and recommendations can be found within the appendix of this submission. CME makes the following high-level recommendations:

- That in planning Australia's net zero pathway and setting interim targets, the CCA and the federal government must fully consider the availability of technically and commercially viable technologies. The CCA should acknowledge that there is no 'one-size-fits all' pathway for decarbonisation, and our members' investments in greenhouse gas abatement are dependent on a range of variables. A key pathway for much of the resources sector is electrification, but this is dependent on the slower-than-anticipated roll out of reliable and globally cost-competitive low-emission electricity. For some in the hardest-to-abate sectors investment will be significant and not likely until the 2030s, and facilities will rely on high-integrity offsets throughout the transition.
- Net zero pathways and policy settings need to bear in mind the relative competitiveness of some sectors of the export-led Australian economy, and in the absence of a material 'green premium' be designed to avoid the risk of carbon leakage.
- That the Commonwealth, state and territory governments should work with industry to drive innovation and commercialisation of abatement technologies, and that policy frameworks are designed to stimulate new low-carbon, value-adding economic opportunities that can play a role in supporting global decarbonisation.
- In order to drive timely and least-cost greenhouse gas reductions across Australia, the Commonwealth should work with states and territories to put in place whole-of-economy, technology-neutral policy frameworks that will unlock orderly investments in the net zero transition. At present, the focus of policy and regulatory settings is on industry and electricity, but there will be benefits in expanding this across the economy.

CME looks forward to continuing to work with the CCA and federal government as set out further detail on Australia's pathway to net zero in the coming weeks. Should you have any questions regarding this submission, please contact Steven Mills, Manager, Climate and Energy on s.mills@cmewa.com.

Yours sincerely,

Brooke Fowles

A/Chief Executive Officer



Appendix - Response to the issues paper for the 2025 Annual Progress Report

Supporting and Enabling the Transition to a Net Zero Economy

Australia's net zero pathway must be achievable, be apportioned across multiple sectors of the economy, drive a flexible pathway to least-cost abatement across all sectors of the economy, consider the availability of commercially viable abatement technology and commercially appropriate timeframes, align with broader government policy objectives, and maintain Australia's international cost-competitiveness. Given the important contribution that the WA resources sector makes to the national economy, it is essential that industry is supported to reduce emissions sustainably.

CME considers that there is a need for clear and consistent policy settings across the economy to drive least cost abatement in the pursuit of net zero and meeting interim targets, albeit that Australia's 2035 target remains unknown at the time of this submission. While targets can galvanise action and drive innovation, they must be staged sustainably and in a way that does not threaten the economy and the resources sector's viability.

CME considers that, at present, the focus of policy and regulatory settings is on industry and electricity, in particular through renewable incentives and the Safeguard Mechanism. While our members are making substantial investments to trial and deploy low-carbon technologies, policy settings need to be designed to drive a whole-of-economy effort to drive least cost abatement over the period to 2050.

WA has unique challenges that need to be considered for its transition, given numerous barriers including its remote geography, isolation from the rest of Australia's gas and electricity networks, and difficulty sustaining a regional and remote workforce. These challenges are matched with opportunities to thrive through the transition, such as availability of natural resources that will play a role in the net zero transition, renewable power, new value-adding low-carbon industries (such as green metals, low-carbon hydrogen and ammonia), and commodities that can play a role in reducing global emissions.

CME's view is that to enable the least-cost transition to net zero and to unlock investment in new value-adding, low-carbon industries, a range of policy and regulatory measures will need to be put in place. This should include targeted incentives, a drive to support a transparent carbon price across the economy, streamlining regulatory frameworks to remove duplication across state and federal governments, speeding up the approvals processes, long term transparent planning, effective collaboration between government and industry, and engagement with the public to raise awareness of the trade-offs in the transition for the public.

Fundamentally, the net zero transition should be innovation led, utilising Australia's natural resources and workforce strengths, optimising opportunities for new industries with a positive effect on economic growth, share opportunities in a way that is equitable and inclusive, and least cost abatement across all sectors.

Driving net zero investment in the WA resources sector

A range of options are available to CME's members as they seek to reduce their greenhouse gas emissions in pursuit of net zero, and to identify new opportunities to play a part in the global net zero economy. Crucially, government policy frameworks should take a technology-neutral approach to support a flexible pathway to least-cost abatement across the economy. **It should be**



recognised that different sectors and different facilities within a sector will have different decarbonisation pathways, based on a range of facility-specific factors including commodity-type, processing technology, availability of abatement technology, infrastructure, and local environmental considerations. In addition to this, portfolio and global companies will have a range of assets with different abatement opportunities, each competition for finite capital. A one-size-fits-all approach to resource sector decarbonisation must be avoided.

For the majority of CME's members, access to low-emission, reliable and globally cost-competitive electricity is an essential element of decarbonisation pathways. Substantial investment is being made to trial and deploy electrified solutions. However, the pace and scale of electrification is restricted by the following barriers:

- Uncertainty in volume, reliability, and pace of future supply of low-emissions electricity, firmed by battery storage technologies and gas.
- Insufficient transmission infrastructure to support switching.
- Uncertainty over the timeline for delivery of transmission upgrades and new generation.
- Retrofit of existing infrastructure is cost prohibitive.
- Potential technologies have not been demonstrated or are not yet commercially available or at the scale required.

CME members are also actively looking at other opportunities to reduce emissions by switching to low-carbon liquid or gaseous fuels, including renewable diesel, low-carbon hydrogen and ammonia, and novel processing techniques. **However, many of the options are not yet commercially viable, technologically viable or proven at scale, or are dependent on other investments, such as in electricity transmission** (as outlined below). Where fossil fuels are used as a reductant in mineral-stream processing, there are currently few alternative approaches that are commercially viable, and one leading near-term option is to switch from coal to natural gas.

For many CME members whose emissions are 'hardest-to-abate' at scale, the current leading option is for deployment of pre- or post-combustion carbon capture, utilisation, and storage (CCUS). These members argue that CCUS should explicitly be acknowledged by the CCA and the federal government as a key enabler for the hardest-to-abate sectors of industry, as has been done by the WA government in its CCUS Action Plan⁶. Policy frameworks will need to be conducive to unlocking the significant inward investment required in this technology and to take advantage of Western Australia's natural geological storage assets to sequester carbon dioxide. Doing so could potentially unlock further economic opportunity by establishing Australia as a leader in low-carbon services, sequestering carbon dioxide on behalf of our trading partners.

More broadly, leveraging investment into new sector opportunities will require support and development in the near term, especially low-carbon mid-stream mineral processing, low-carbon liquid, and gaseous fuels (including hydrogen, ammonia, and renewable fuels), and supporting the decarbonisation of our trading partners. While CME acknowledges the development of the Guarantees of Origin scheme for relevant commodities, there is at present no material 'green premium' attached to commodities and value-added processing within WA sufficient to attract investment in abatement or in green products at scale. In parallel, it is imperative for industries in our sector to retain competitiveness and to eliminate any risk of carbon leakage, particularly for WA's export-oriented industries.

Given the pace and scale associated with Australia's net zero transformation, it is imperative that there is collaboration and co-ordination across levels of government to ensure the efficient use of resources. **Duplication and misalignment of policy settings, decarbonisation priorities and**

⁶ WA Government, [CCUS Action Plan](#), November 2024.



environmental approvals pathways across state and federal governments drives up costs, diverts focus from priority areas, and delays delivery of beneficial outcomes. State and federal net zero policies and regulatory frameworks need to be complementary and associated compliance and auditing costs minimised where possible.

Renewable Energy Infrastructure

As noted above, CME members are invested in the timely delivery of a low emission, reliable and globally cost-competitive energy system in WA, with energy a critical input to the viability of current and future resources projects in our state. Crucially, WA is not connected to the National Electricity Market.

In the southwest of the state, the South-West Interconnected System (SWIS) serves the Perth, Peel, South-West, Mid-West, and Goldfields regions where the resources sector's operations are incredibly diverse⁷. CME members are estimated to account for 60 per cent of large industrial demand, and electricity costs alone comprise a minimum of 5-10 per cent of operating costs. The emissions intensity of the SWIS has fallen by one quarter since 2018⁸ and the state government has committed to closing its coal power generation assets by 2030⁹.

CME's *Energy Costs in Transition: Decarbonising the SWIS* report estimates that total delivered electricity prices for large industrial customers have roughly doubled over the past five years¹⁰. With electricity prices on the SWIS rising significantly and coal-fired power stations scheduled to retire within 5 years, third party modelling indicates a rapid roll-out of new renewable generation, along with greater-than-4-hour duration batteries and gas firming capacity, is required to bring prices down and ensure reliability¹¹. Failure to achieve these outcomes risks not only the investment in new strategic industries but the continued viability of existing projects that contribute substantially to our economy, workforce, and communities.

Lengthy approvals processes, transmission capacity constraints, and the high upfront capital costs of new renewable energy projects, especially wind, have resulted in very few new renewable generation projects obtaining final investment decisions in the SWIS over recent years. As such, CME appreciates the efforts to adjust the Capacity Investment Scheme (CIS) design for the unique characteristics of the WEM and is especially pleased to see CIS Tender 5¹² launched in August 2025 focussing on supporting renewable generation capacity in the WEM, which is needed to replace exiting coal-fired generation.

In contrast, WA's rollout of batteries with up to 4-hour duration has been swift. With recent changes to WA's duration requirement for batteries to be a minimum of 6 hours for the 2027-28 Capacity Year¹³. CME is of the view that the CIS Tender 6¹⁴ launched in August 2025 should not support shorter-duration batteries. In addition, CME continues to query the ineligibility of thermal gas generation projects for CIS support, as modelling highlights the need to expand gas firming capacity in WA to ensure lowest-cost abatement and reliability¹⁵.

⁷ Including critical minerals such as lithium, silicon, titanium, zirconium and tantalum, alongside gold, bauxite/alumina, coal, copper, silver and tin. Some of these commodities are processed and manufactured locally into products such as alumina, lithium hydroxide, synthetic rutile, silicon, and titanium dioxide pigments.

⁸ CME, [CME-SWIS-Energy-Report.pdf](#), September 2024.

⁹ WA Government, [WA government commitment 'State-owned coal power stations to be retired by 2030'](#), 14 June 2022.

¹⁰ CME, *Energy costs in transition: Decarbonising Western Australia's Southwest Interconnected System (SWIS)*. 20 September 2024. The Chamber of Minerals and Energy of Western Australia. <https://www.cmewa.com.au/wp-content/uploads/2024/09/CME-SWIS-Energy-Report.pdf>.

¹¹ CME, *Energy costs in transition: Decarbonising Western Australia's South West Interconnected System (SWIS)*, September 2024; AEMO, [2024 Wholesale Electricity Market \(WEM\) Electricity Statement of Opportunities \(ESOO\)](#).

¹² Capacity Investment Scheme [Tender 5](#)

¹³ AEMO, [2025 Wholesale Electricity Market Electricity Statement of Opportunities](#), June 2025.

¹⁴ Capacity Investment Scheme [Tender 6](#)

¹⁵ CME, *Energy costs in transition: Decarbonising Western Australia's South West Interconnected System (SWIS)*, September 2024.



In the Goldfields region of the state, the SWIS currently extends to Kalgoorlie. The state government is leading work to look at a Goldfields Regional Network (GRN), with a concept study identifying the development of a new expanded, common-user electricity network in the Goldfields region as a lowest-cost option to improve reliability and support the resource's decarbonisation¹⁶. Depending on the conclusions of further work to appraise options, future federal support under *Rewiring the Nation* for new common-user transmission infrastructure in this region would be beneficial to energy reliability in WA¹⁷.

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. Currently only 2 per cent of generation on the NWIS is renewable, with the vast majority being gas-fired. **Access to low-emission, cost-competitive reliable power is critical to the sustainability of the Pilbara's resource sector as it decarbonises and for the growth of new industry**, but the fragmented nature of energy generation and demand in the region can act as a barrier to a low-cost, low emissions and reliable grid that minimises land use.

Strategic planning and action being taken by the state government to drive investment in new transmission corridors and reform the Pilbara electricity market is broadly welcomed, complemented by the federal government's support under the *Rewiring the Nation*¹⁸. CME is keen to see the funding allocated towards common-use electricity infrastructure in the region in a timely manner, and has previously highlighted the option of using funding under the *Northern Australia Infrastructure Facility* to support common-user electricity infrastructure in the Pilbara to free up *Rewiring the Nation* funding to support electricity infrastructure in the SWIS and Goldfields regions¹⁹.

The Safeguard Mechanism

CME members comprise 73 of the 80 WA based Safeguard Mechanism (SGM) entities, which contribute 96 percent of WA's safeguarded emissions, and 35 per cent nationally²⁰. CME anticipates active and detailed participation in the federal government's SGM review, expected in 2026-27.

CME broadly supports the SGM as an established regulatory mechanism to drive industrial emission reductions. However, as noted above, in order to drive least-cost abatement across the whole economy, the SGM should be part of a suite of policies that seek to drive emissions reductions across multiple sectors.

Currently, there is uncertainty around the decline rate of facility baselines beyond 2030. We understand that post-2030 decline rates will be influenced by Australia's 2035 emissions reduction target. The **SGM decline rate beyond 2030 will need to be designed with full consideration for technological readiness and commercial viability of abatement investments**, including electrification, at-scale use of low-carbon fuels, and the deployment of Carbon Capture, Utilisation and Storage (CCUS) for sectors hardest to abate. CME members are clear that a liquid market for high-integrity ACCUs will play a significant role in the transition to net zero, and beyond, particularly for the hardest-to-abate sectors of the economy where at-scale investments might not be possible

¹⁶ WA Government, [Goldfields Regional Network](#), 20 August 2025.

¹⁷ CME, [Goldfields Regional Network Stage One: Concept Study](#), 21 August 2025.

¹⁸ DCCCEW, [Rewiring the Nation - DCCCEW](#), 4 August 2025.

¹⁹ CME, <https://www.cmewa.com.au/wp-content/uploads/2025/01/CME-Federal-PBS-2025-26.pdf>, 2025.

²⁰ ABS, [National, state and territory population, June 2024 | Australian Bureau of Statistics](#), June 2024 reference period.



in the medium to long term. The CME notes that the ACCU scheme already delivers high-integrity offsets, as confirmed by the Chubb Review in 2022²¹.

The SGM review outcomes are anticipated to be in line with CME's outline policy positions:

- 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. 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.

Critically, the review will need to ensure that sufficient measures are in place to manage the real risk of 'carbon leakage' for some sectors of the economy. This occurs through compounding of costs of doing business, including carbon costs. If these circumstances lead to a relocation of investments to jurisdictions with lower carbon costs, the result can be a net increase in real greenhouse gas emissions.

CME has participated in the federal government's long-running Carbon Leakage Review, and at the time of writing understand that follow up from the last round of consultation in late 2024 is expected by the end of 2025. 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.

CME acknowledges the CCA's 2024 Sector Pathways Review's²² recommendations that the SGM mechanism be expanded to widen its coverage. We also note that this has been suggested by the recent Productivity Commission interim report²³ which includes interim recommendations around reducing the emissions threshold from 100,000 tonnes of carbon dioxide equivalent to as low as 25,000 tonnes. However, there are at present no specific proposals on this issue, and before this option is considered there would need to be a more detailed review and assessment of the costs and benefits of expansion of the scheme. 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.

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¹⁹ Australian Government, [Independent Review of the Australian Carbon Credit Unit](#), 2002.

²² CCA, [Sector Pathways Review](#), September 2024.

²³ Productivity Commission, [investing in Cheaper, Cleaner Energy and the Net Zero Transformation](#) 3 August 2025.