

Zero marks for WA

National action on climate change is vital, but the state has gone too far

By Peter Coleman, CEO and Managing Director, Woodside

Published in The Australian, 13 March 2019 (p. 14)

No sooner has Western Australia secured a resolution to an iniquitous GST arrangement, than the state once again finds itself back in a position where it could end up propping up the rest of the nation.

This time, WA is in the frame to bear a disproportionate load of the national emissions reduction task. And this time, it's self-inflicted.

Last week the state's Environmental Protection Authority issued a Guideline that makes clear it will recommend the State Government reject any industrial projects if they do not immediately reduce or offset their greenhouse gas emissions to zero.

This significantly oversteps both the current national emissions reduction target under the Paris Agreement, of 26 to 28% by 2030, and the federal opposition's preference for a 45% cut by 2030 and net zero by 2050.

The upshot is that industry in WA would be forced to shoulder a bigger share of emissions reduction than the broader economy – and a bigger share than industry in other states, putting it at a competitive disadvantage.

It also creates an alarming precedent that equivalent unelected bodies in other states could follow, leaving Australia with a patchwork of policies that undermines a coordinated national effort on climate while eroding the global competitiveness of our industries and the attractiveness of Australia as a destination for investment.

The EPA guideline, hatched without proper consultation, applies to projects with emissions above 100,000 tonnes a year, which will affect resources projects and growth across other industries.

If this guideline is allowed to stand and inform decisions of the WA government, there will be long-term consequences for jobs and investment. Even though the state government says it supports job-creating projects and plans to reject the EPA's advice, the very existence of the guideline creates uncertainty for all future investment in the state.

What is more, this misguided approach lets down anyone who cares about global efforts to tackle climate change.

Those efforts need to align with the international challenge of increasing access to clean, modern energy, which the UN's Sustainable Development Goals acknowledge is still beyond the reach of 13 per cent of the world's population.

Natural gas has a big role in delivering additional energy the world needs and reducing emissions globally by displacing higher-emissions fuels.

Australia has the resources, expertise and technology to develop the natural gas that is part of the answer to these dual global challenges. But developing those gas resources requires massive investment, which can only be agreed if there is stable policy and clear targets.

Regardless of what the EPA board thinks of federal policy on climate change, it has just added to the confusion by intervening at a state level.

We are taking action to abate emissions - but the reality is the offset market in Australia is not yet able to deliver the immediate net zero that the EPA seeks. The EPA guideline sets a presently unachievable emissions reduction target and is effectively asking WA to once again underwrite the national effort.

Premier Mark McGowan is right to argue for a consistent national approach to emissions reduction, but he must also sort out the confusion the EPA has introduced, or risk leaving his state unfairly exposed. His government has acknowledged the lack of consultation by the EPA and is convening a discussion on the way forward. This provides the opportunity for the Premier to clarify the government's response and restore policy certainty by reassuring industry that the government clearly rejects the EPA guideline.

National action on climate change is essential, but a national target needs a national effort, not piecemeal state-based approaches. And major investment that supports jobs and economic growth needs policy certainty.