



**Submission to State Clean
Economy Jobs, Resources and
Transport Committee on the
*Clean Economy Jobs Bill 2024***

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March 8, 2024

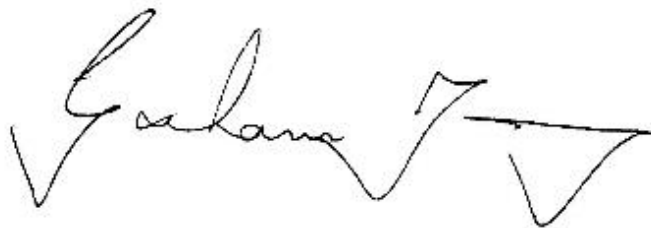
The Chair,
Clean Economy Jobs, Resources and Transport Committee
Parliament House
George Street
Brisbane Qld 4000

Dear Chair,

The Australian Institute for Progress is an Australian think tank based in Queensland, with a particular interest in energy. We thank the committee for this opportunity to make a submission on the *Clean Economy Jobs Bill 2024*.

Should you have any queries you may contact me by email graham.young@aip.asn.au, or by phone 0411 104 801.

Regards,

A handwritten signature in black ink, appearing to read 'Graham Young', with a stylized flourish at the end.

GRAHAM YOUNG
EXECUTIVE DIRECTOR

Introduction

The bill's name advertises it as being about jobs, but that is tangential to its real purpose which is to "provide for the reduction of greenhouse gas emissions in Queensland by stating emissions reduction targets and for related purposes".

In fact, its approach is to centrally plan the economy, which is the enemy of well-paid jobs. It goes well-beyond stating targets and it will damage economic growth at the same time as it will not achieve its objectives.

It announces targets without first having determined whether, or how, they are achievable, and then asks industry to work out after the targets have been chosen how they might be met. We know from history where this approach ends.

The Soviet Union and Communist China all operated on 5 year or longer plans where targets were announced and public servants were instructed to meet them. As the targets were political they often couldn't be met, but to disguise failure officials lied about production, or produced substandard products. Money was sometimes paid to avert consequences of non-performance.

The attempt to meet arbitrary targets also distorted resource allocation, diverting resources from the highest and best use to less optimal ones, decreasing or reversing growth and increasing poverty.

History tells us that the best way to produce wealth for all is a decentralised system where individuals make decisions in their own best interests, taking account of their intrinsic knowledge and expertise and the unique circumstances of their situation with price signals sent through a system of open exchange. This bill takes the reverse approach.

It will put substantial power in the hands of the relevant minister and centralise power in one office in a way we have not experienced since the COVID pandemic panic.

It also either lacks all ambition or is a cynical attempt to push real action on climate change beyond 2030. The plan is to have emissions 30% below 2005 levels by 2030, a level that has already essentially been achieved, and then, in the five years after that, lower that level by another 45%. This second target is not credible, and most members of the current parliament will not still be in office to see it being missed.

The government claims the bill will give certainty to industry, but the minister can vary the targets, and it says in the explanatory memorandum that the targets are not binding so there is no certainty there either. The only certainty it gives business is that there will be better investment opportunities outside Queensland.

The minister's arbitrary powers do not stop there, and they can impose conditions on any sector to meet the targets they have selected, or for any other reason, although these are confusingly said to be non-binding. This is a recipe for arbitrary rule and chaos and is the least likely way to achieve the government's targets.

Inappropriateness of central planning to achieve emission reductions

In the first place we should say that this bill represents the wrong way to reduce emissions. Central planning almost always, apart from exceptions involving monopolies, produces an inferior result to

market solutions which allow individuals and individual businesses to make their own decisions based on a stable set of rules and free exchange¹.

The bill assumes that businesses are organised and operate in sectors and that targets can be arbitrarily imposed on them. It also assumes that individual businesses have significant control over their CO2 emissions. It pays no attention to costs and benefits.

In fact, most businesses only have control over their CO2 emissions to the extent they choose particular technologies, so CO2 emissions are dependent on the products that are available to them and the technologies they are based on. Roughly 40% of emissions come from electricity generation², and 18% from transportation³.

While there are current technologically feasible and affordable technologies to replace some of these energy emissions, heavy road, air and sea transport do not have ready solutions available to them. Beyond that the other 50% of emissions comes from manufacturing steel, concrete, plastics, pharmaceuticals, explosives and fertilisers, as well as heat used in industrial processes, and enteric emissions from cattle and land use changes.

There are market mechanisms that can be used to shift businesses and consumers to lower emissions inputs, and these are far preferable to centralised mandates. However, neither centralised mandates, nor market mechanisms, can shift businesses and consumers to technologies that don't yet exist and they don't operate on a sector basis.

Cart before the horse

The Government has announced the targets and subsequently the bill proposes the establishment of an expert panel to advise it on how to achieve the targets and ways to reduce greenhouse gas emissions. The prudent course, especially given the emissions intensity of Qld's economy, would have been to assess these matters first and, in light of that assessment, determine the target that best managed the various factors to be traded-off: emissions, economic costs, and social costs.

The matters listed at 15(1)(b), (c), (d), and (e) in the bill should have been subject to a contested transparent public cost-benefit analysis to determine the best course of action. The Government then would have had a basis for setting and defending an emissions target.

Arbitrary targets

The bill proposes a net emissions target of a 30% reduction compared to 2005 by 2030, 75% by 2035 and 100% by 2050. At the same time, it is recognised in the supporting documentation that Queensland has reduced emissions by 29%, which given measurement error is essentially as good as 30%. So the bill assumes no reduction in emissions over the next 6 years, and then 45% reduction in the five years following that, and then 25% in the fifteen years following that.

At the same time, the *Energy (Renewable Transformation and Jobs) Bill* sets a target of 50% of Queensland's electricity to be generated by renewable energy by 2030. A back of the envelope calculation, assuming negligible growth in electricity demand over the next 6 years, consistent with the last 19, says that would eliminate an additional 21.7% of emissions as calculated below.

¹ See for example Hayek, F (1988) *The Fatal Conceit: The Errors of Socialism* University of Chicago Press

² Beigler, T (2020) *Strategic Climate/Energy Paper AIP*

³ Australian Climate Change Commission *Fact Sheet 6* [2021Fact sheet - Transport.pdf](https://www.climatechangeauthority.gov.au/2021Fact-sheet-Transport.pdf) ([climatechangeauthority.gov.au](https://www.climatechangeauthority.gov.au))

Currently Queensland emits somewhere around 139.7 MTCO₂ per annum⁴ and our stationary energy sector emits 77.6⁵ MTCO₂, or over 50% of total emissions. Achieving this target means eliminating 32 percentage points of fossil fuel generated power, which contributes 30.3 MTCO₂ to emissions, or 21.7%.

That is not the only thing that appears to be missing from the modelling. While the various documents reference the Federal Government's Safeguard mechanism, there is no allowance for the reduction in emissions they are supposed to bring by 2030. 215 of Australia's largest companies are required to reduce their emissions by 4.9% *per annum* between now and 2030. 30% of them are in Queensland (greater than Queensland's share of GDP, which is around 20%, indicating how energy intense our economy is).

Both these factors combined mean that a realistic target for 2030 should be a 50% plus reduction on 2005, not 30%. It is a mystery why this is not the case, and how the modelling that supports this bill and the *Energy Transformation Bill* was actually undertaken. Does the government have a coherent strategy or is it *ad hoc*? How is the modelling conducted that it appears to ignore existing government policies?

Lack of certainty

The Explanatory Memorandum to the bill states that one of its aims is to provide certainty, however aspects of the bill work against this. The minister is given wide discretion to determine the interim targets for 2040 and 2045 (although these are constrained by the targets for 2035 and 2050).

He is also given discretion to determine the method of calculating emissions. This is already done by the Commonwealth Government in the National Greenhouse Accounts⁶, so why is this not referenced in the legislation? He would only need a discretion if the National Greenhouse Accounts ceased to exist.

Further the Explanatory Notes say on page 3:

While the Bill will increase accountability for achieving the State's emissions reduction targets, 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 environmental laws. Similarly, the Bill itself does not impose any requirements on industry to achieve the State's targets.

If this is the case it should be stated in the legislation, otherwise it is possible that a judge, at least at first instance, will interpret the act without giving due weight to the explanatory memorandum. It is

⁴ National Greenhouse Accounts 2021 accessed from <https://www.dcceew.gov.au/climate-change/publications/national-greenhouse-accounts-2021/state-and-territory-greenhouse-gas-inventories-annual-emissions#:~:text=and%202020%2D21.-,Queensland,reductions%20from%20the%20land%20sector>

⁵ Stationary Sector Greenhouse Gas Emissions <https://www.stateoftheenvironment.des.qld.gov.au/pollution/greenhouse-gas-emissions/stationary-energy-sector-greenhouse-gas-emissions#:~:text=Queensland's%20stationary%20energy%20sector%20includes,MtCO2e>

⁶ [National Greenhouse Accounts 2020 - DCCEEW](#)

also not good practice to put a vital detail like this into an explanatory memorandum where the language is much less precise than the act.

This memorandum is also poorly drafted, increasing uncertainty. For example, in the section where it is required to explore alternative ways of achieving the policy objectives, it only addresses one of the policy objectives, and then dismisses the possibility of there being alternative ways of achieving it.

It is unclear whether the department has undertaken consultation to arrive at this conclusion. Ideally this information would be available from an Impact Analysis Statement (IAS).

The Bill's aim of certainty would be enhanced if the 2005 emissions were identified clearly at the time of passing the Bill. This could be done by Regulation. While the Regulation could be changed over time, at least Parliament would be able to consider any possible change to the benchmark which might affect industry adversely.

So the bill is a general guide with targets and definitions which may be changed by the minister, and which are in conflict with other pieces of legislation, and sector plans which are only advisory. And as the bill doesn't require the minister to do more than note Commonwealth policies, there is room for divergence between national and state targets and policies. This is not an environment for business certainty.

Clean Economy Expert Panel

The bill requires the minister to appoint between two and five people to a six-person expert panel and stipulates the range of qualifications they must have which should include: science or economics relating to climate change; the reduction of greenhouse gas emissions; the development of low-emission industries or employment in those industries; and rural and regional development. Few of the qualifications appear to be relevant to the task. Climate science is irrelevant to the bill as it is only relevant to the effects of CO₂ emissions, and these are already assumed by the bill and not open to question. The qualifications that would be relevant are engineering, chemistry, physics and economics as the task of the bill is technical.

Under Clause 15, the advice to be provided to the Minister by the Clean Economy Expert Panel should also include the effect on industry, including industry which will be affected adversely by the emissions reduction targets and ways to reduce greenhouse gas emissions in Queensland. For a bill with Jobs in the title, it is strange they are not listed as a matter under this clause.

Jobs

The documentation claims that jobs will be created by the bill, but the actual modelling results reported suggest that there will be no new net jobs at all and that every job involved in meeting the objectives of the bill will be a job diverted from somewhere else. As the modelling also suggests high energy costs will persist, which is supported by real world evidence, then it is likely productivity will suffer and real wages will be lower than they are now.

The graph below is taken from page 6 of *Queensland's 2035 Clean Energy Pathway*. It shows employment growth of approximately 1.5% per annum in line with median population growth⁷. In other words, any jobs in the industry will be diverted from another industry.

⁷ [gld-government-population-projections-queensland-regions-2023-edn-update.pdf \(gld.gov.au\)](https://www.gld.gov.au/gld-government-population-projections-queensland-regions-2023-edn-update.pdf)

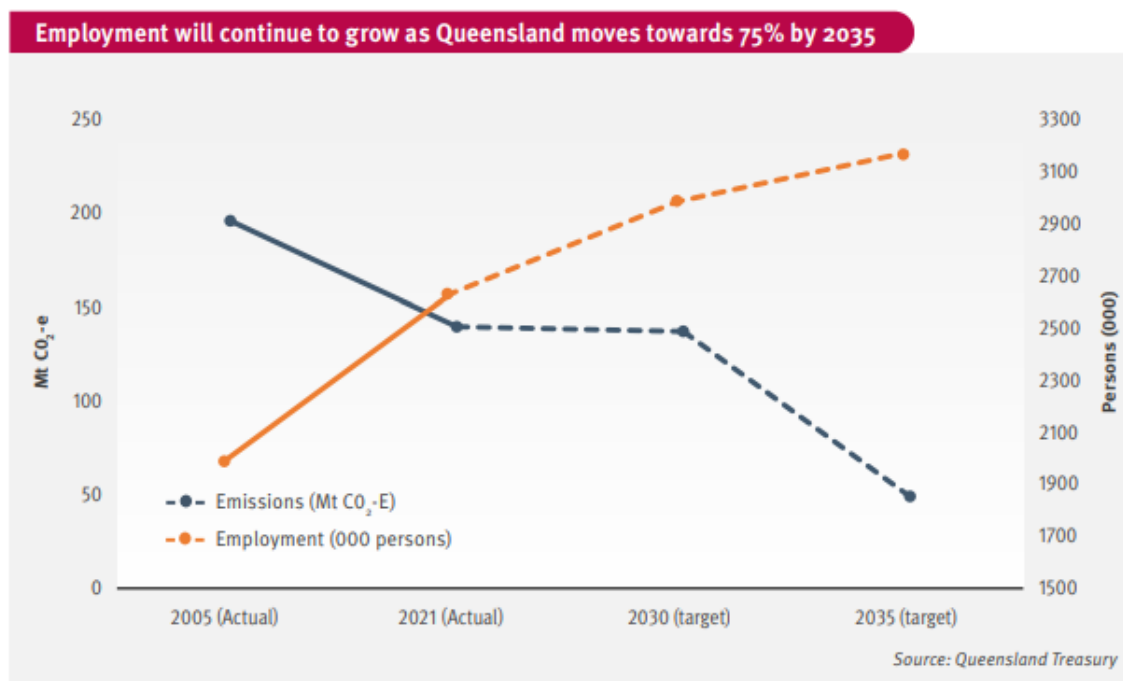


Figure 1

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Queensland's 2035 Clean Economy Pathway

The wording of the Bill needs to reference employment as net employment in Queensland rather than just “employment”. This would mean amending cl. 6(4)(d); (8)(1)(e)(i) and (ii); 15(1)(b); and 16(2)(c). It is essential that the Bill consider the effects on employment in industries which will contract or disappear as a result of the emissions targets.

That is: if the Bill does not provide for consideration of industries which are affected adversely by the Emissions Reduction Targets, it is misleading for the Bill’s title to refer to “Clean Energy Jobs”.

Emissions reduction plans

The whole concept of emissions reduction plans is misconceived. It asks ministers to come up with the plans in as to be yet determined areas. It makes the mistake that businesses operate within silos called “sectors” when in fact businesses often do not think of themselves as operating in specific industry sectors, and frequently operate across sectors.

While the bill does not require industry consultation undoubtedly this will occur, whether formally or informally, and this process will favour larger enterprises that have the resources to employ professionals to be involved in the process. This will discriminate against small businesses, and in fact, any but the very large. It will also provide opportunities to large companies to use the plans to encourage the erection of barriers to trade that damage smaller entities.

It also raises the potential for inconsistencies between states which may be a problem for any businesses that conduct business nationally.

This requirement raises the cost of business, and if it were desirable should be done at a national level rather than a state one.

Definition of Climate Change

Cl 6(4)(g) requires the Minister to consider “any relevant and current scientific knowledge relating to climate change”. “Climate change” is not defined within the Bill. Presumably, the bill is to address anthropogenic climate change since reducing emissions will not affect any other contributor to climate change. The dictionary should include a definition of anthropogenic climate change.

Climate emergency

The bill appears to be shaped by the idea that there is a climate emergency requiring rapid and radical limiting of CO2 emissions, and justifying setting targets before determining what is achievable.

Limiting CO2 emissions is an engineering question, and it depends on solutions being available and deployable. There is no guarantee that the storage infrastructure required by the Energy Plan, particularly pumped hydro, will be available in the time frame necessary to meet these targets, nor that technologies to decarbonise industrial processes will even exist.

Trying to meet unmeetable arbitrary targets will only damage the economy and public confidence in the competence of authorities. And it is unnecessary.

We have time to adapt as we have noted in previous submissions to other committees. This is a mainstream view amongst many climate scientists such as:

- Professor Michael Mann (Author of the Hockey Stick Graph that appeared on the cover of the World Meteorological Organisations 1999 report)⁸
- Dr John Clause (Nobel Laureate in science 2022)⁹
- Professor Mike Hulme (Founding Director of the Tyndall Centre for Climate Change Research at Cambridge University)¹⁰

to name three who have recently made verifiable statements.

⁸ Mann, M. (2023). *Our Fragile Moment: How lessons from earth's past can help us survive the climate crisis*. Scribe Publications.

⁹ <https://www.msn.com/en-us/weather/topstories/climate-scientist-blows-the-lid-off-the-manufactured-consensus/ar-AA1fg06R>

¹⁰ Hulme, M. (2023). *Climate change isn't everything: liberating climate politics from alarmism*. Polity.