



NORTHERN
TERRITORY
DIVISION

1 March 2021

Mr Paul Purdon, Executive Director
Environmental Assessment and Policy
Department of Environment, Parks and Water Security
GPO Box 3675
Darwin NT 0801

By email: paul.purdon@nt.gov.au

Dear Mr Purdon

Draft for Consultation – Greenhouse Gas Emissions Management for New and Expanding Large Emitters

MCA NT supports action on climate change. The mining industry acknowledges that sustained global action is required to reduce the risks of human-induced climate change, and the sector supports a measured transition to a low emissions global economy.

In June 2020, the MCA released the [MCA Climate Action Plan](#) outlining how the MCA and its members are taking action on climate change as part of the minerals sector's collective commitment to the Paris Agreement and its goal of net zero emissions globally and in Australia. The Australian mining industry supports achieving net zero emissions as soon as possible.

The MCA NT supports a nationally-coordinated, consistent and complementary regulatory approvals regime across all levels of government. A unilateral policy approach by the NT Government increases the risk of an inconsistent and conflicting regime. The MCA NT recommends the NT Government ensure its policy aligns with a national framework.

The NT Government has an 'ambition' of net zero emissions by 2050 and proposes accounting for the scope 1, 2 and 3 emissions of new and expanding projects. In seeking to create a framework for this ambition, the NT Government must take account of the uncertainty involved in future technological trends. In particular, the policy might be counterproductive if a facility's (or industry's) decarbonisation pathway is still evolving and dependent on many nascent technologies and practices yet to be proven.

Further, there is much uncertainty on projecting future scope 3 emissions (end use emissions by customers) into the future. Beyond the greenhouse emissions complexities of accounting for such emissions in another country, there are questions about predicting where materials might be sold and for what end use.

These types of estimation and double-counting issues have been long recognised in the United Nation's Framework Convention on Climate Change (UNFCCC), which adopts a production-based accounting framework where emissions embedded in one country's exports is fully accounted for by

the importing country as its scope 1 emissions. The MCA NT supports the policy's exclusion of scope 3 emissions from GHG management plans. Inclusion may impose bias in regulatory decisions and project conditioning as scope 3 emissions often occur beyond NT project boundaries. Similar to the UNFCCC approach, domestic mineral sector scope 3 emissions are accounted for under the national framework (the National Greenhouse and Energy Reporting Scheme) as another sector's scope 1 emissions, so there is no duplication.

Offsets are an important tool in the suite of policies for managing decarbonisation across the economy. In excluding offsets as an eligible low-cost mitigation option, the NT Government's proposed policy by definition increases compliance costs. The MCA NT notes that:

- It does not matter from an atmospheric perspective – and so should not matter from a policy sense – where abatement takes place (i.e. same impact on global GHG concentrations)
- Forcing project proponents to depend on unilateral and localised abatement efforts will almost always result in higher cost abatement when compared to alternate economy-wide national (and international) abatement opportunities
- This rule could serve to undermine investments in NT resources due to carbon leakage (i.e. new investments directed to less-carbon constrained economies including other states and territories (or countries) and/or the exiting from existing projects to relocate elsewhere (offshore) with lower costs.

The MCA NT recommends the policy permit offsets, both local and international, to ensure least-cost abatement is available to all project proponents.

The NT Government's proposed policy threshold for large industrial facilities (>100KtCO₂ pa) necessarily means these projects will also be subject simultaneously to compliance arrangements under the Commonwealth Government's Safeguard Mechanism (SGM). Apart from the obvious overlapping and duplication, it is worth noting that the SGM provides for the use of offsets for compliance purposes, creating clear inconsistency between the proposed NT approach and the Commonwealth approach. Ultimately, it is the Commonwealth alone that is legally responsible for Australia's international emissions reduction commitments under the Paris Agreement.

The MCA NT is also concerned that the wording of the NT Government's proposed policy is broad and therefore open to interpretation and therefore misinterpretation by regulators. This can undermine investor confidence and impose additional administrative and transaction costs.

For example, the policy states that projects must be planned and implemented in a manner that keeps 'their emissions as low as reasonably practical', that mitigation measures should 'minimise the potential release of greenhouse gas emissions' and this is to be done through 'best practice design, technology, and continuous improvements that reduce emissions'. This raises questions such as what is considered 'reasonable', relative to what is the level of emissions considered minimised, and who determines what best practice is?

The MCA NT recommends the policy avoid such terms which are open to interpretation and create potential uncertainty.

Finally, it is unclear whether the NT Government's proposed policy's reporting requirements either complement or duplicate existing mandated reporting requirements under the National Greenhouse and Energy Reporting system. Again, government is urged to avoid unnecessary duplication.

The MCA NT thanks the Department of Environment, Parks and Water Security for this opportunity to provide feedback on the proposed policy and is available to further discuss the development of this policy at any time.

Once this submission has been reviewed and decisions made regarding its recommendations, the MCA NT would welcome feedback on which, if any, have not been accepted and a statement of reasons for these.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Drew Wagner', written in a cursive style.

DREW WAGNER
EXECUTIVE DIRECTOR