

**CLIMATE CHANGE BILL 2023**

*Introduction and First Reading*

Bill introduced, on motion by **Mr R.R. Whitby (Minister for Climate Action)**, and read a first time.

Explanatory memorandum presented by the minister.

*Second Reading*

**MR R.R. WHITBY (Baldvis — Minister for Climate Action)** [11.40 am]: I move —

That the bill be now read a second time.

The introduction of climate change legislation is a significant milestone in the Cook government's response to climate change. The Climate Change Bill delivers on this government's announcement in January to legislate Western Australia's target of net zero emissions and underscores our commitment to enduring action on one of the most significant challenges of our lifetime. Let me be clear: the net zero transition presents unique challenges for Western Australia. Our state has the largest share of heavy industries of any Australian jurisdiction. Indeed, more than half of Western Australia's emissions are contributed by heavy industry facilities regulated under the Australian government's safeguard mechanism. These industries are the backbone of our regions and underpin our state's economic resilience and this nation's prosperity. The Pilbara region alone contributes 19.2 per cent of gross state product, 3.4 per cent of Australia's gross domestic product and one-third of national exports. The Pilbara also accounts for around 40 per cent of Western Australia's carbon emissions and almost one-quarter of emissions covered by the national safeguard mechanism.

This government does not resile from these stark realities. We are working with heavy industry to transition to net zero emissions because we recognise the need to contribute to global efforts to combat climate change. We recognise that decarbonising these critical industries is necessary to deliver state and national commitments for emissions reduction, while ensuring this economic powerhouse can continue to prosper. We also emphasise the important role our resources sector plays in supporting decarbonisation of our region. Western Australia's battery and critical minerals will underpin the transition to net zero emissions, with demand for lithium projected to grow twentyfold by 2030 and almost fiftyfold by 2050 in the International Energy Agency's net zero emissions scenario.

The Climate Council has estimated that an Australian green steel industry exporting to China could reduce global emissions by around two per cent, almost twice as much as Australia eliminating its own emissions. Furthermore, an established green metals industry exporting to Asia could help to cut global emissions by eight per cent—extraordinary figures.

While our state's mining companies are energy intensive, they are facing considerable pressures from stakeholders on environmental, social and corporate governance and climate action, and are highly motivated to transition to low-carbon business models and to realise the commercial opportunities presented by decarbonisation. Most of the state's mining and energy companies have set targets for net zero emissions by 2050 or earlier. These companies are well positioned to execute on the low-carbon transition with large balance sheets and significant capacity to mobilise the investment and deploy low-carbon technologies. In the Pilbara region alone, private sector investment to decarbonise industry over the next decade will be in the tens of billions of dollars.

While the technical challenges and scale of investment required for the net zero transition are enormous, so are the opportunities for our state. The transition represents a multi-decade investment boom, and an opportunity to invest in a secure and sustainable energy system and carbon-competitive industries that will deliver more jobs and growth in a climate-resilient future. This government recognises that legislated targets, along with credible and predictable policy settings, are the best way to mobilise the capital required for the net zero transition. The Intergovernmental Panel on Climate Change, the leading global scientific body on climate, has emphasised the importance of climate legislation in setting out overarching goals for emissions reduction and attracting international finance.

My federal counterpart, Hon Chris Bowen, MP, Minister for Climate Change and Energy, has also stressed the role of climate legislation in delivering policy stability and certainty, and attracting the skills and investment this country needs. In introducing this landmark legislation, the government has also listened to ongoing calls from the community for legislative backing for the state's climate response. The legislation builds on significant action this government has already taken on climate change mitigation and adaptation. Indeed, provisions in the Climate Change Bill reflect many of the foundational initiatives this government has progressed in recent years, including the *Climate adaptation strategy: Building WA's climate resilient future* and sectoral emissions reduction strategies. Although these initiatives are critically important, no single strategy or action plan can address the many complex issues and policy challenges presented by our changing climate and the imperative of achieving net zero emissions. What is needed is an ongoing, unwavering commitment to action. This legislation will deliver that commitment. It will formalise and build on the government's important achievements to date. It will ensure that action and accountability on climate change extends beyond me and beyond this government. It will ensure

Western Australia's goal of net zero emissions, announced in August 2019, is enshrined in law, with robust provisions to ensure that targets are met and that the Western Australian Parliament and the community are regularly informed on progress.

I turn now to the specific provisions of the Climate Change Bill. First, to the purpose. This legislation will ensure that Western Australia contributes to global efforts to reduce greenhouse gas emissions through the setting of targets and the reduction of Western Australia's emissions, consistent with those targets and the mitigation hierarchy. The explicit inclusion of the mitigation hierarchy in the bill's purpose will ensure that there is not an over-reliance on carbon offsets at the expense of state-based action. The bill will promote transparency and accountability, encourage investment in critical industries, infrastructure, technologies and skills, and support an orderly transition to net zero emissions. The bill will ensure that our state takes steps to identify and manage the impacts of climate change on our community, the environment and the economy. The bill will also ensure that the Parliament and the community are informed about progress in achieving targets and responding to the impacts of climate change.

Clause 6 of the bill sets out the minister's functions. These are additional to specific actions the minister is required to take to set targets, develop strategies and plans, and report annually to Parliament, which I will get to shortly. This part of the bill requires the minister to promote action to meet emissions reduction targets; to assess the impacts of climate change; to develop, adopt and promote policies to reduce emissions and support adaptation; to regularly review issues related to climate change; and to promote the state's involvement in important climate change forums, including those at the national and international level.

Clause 7 sets out the 2050 target of zero net emissions. This clause requires the target to be achieved no later than 2050, but it does not prevent this target from being achieved at an earlier date.

Clause 8 requires the setting of economy-wide interim emissions reduction targets by notice in the *Government Gazette*. Targets must be set at five-yearly intervals, commencing from 2035, as both point targets and emissions budgets by reference to a baseline year of 2005. Emissions budgets will ensure emissions for every target period count, not just emissions in the target year. Targets must be set as soon as practicable after the Australian government sets its national target, known as nationally determined contributions under article 4.9 of the Paris Agreement. This links target setting to established national and international processes, and ensures that Western Australia's targets are informed by Australia's commitments under international treaty. The bill provides for carbon offsets to contribute to targets subject to those prescribed in regulation. The bill contains important safeguards to avoid over-reliance on carbon offsets, including a requirement for limits to be set on offsets and for the minister, in setting targets, to have regard to the mitigation hierarchy.

In this regard, Western Australia's legislation goes beyond that of some other jurisdictions and ensures an appropriate focus on state-based action. Clause 9 will allow for interim targets to be amended. This can only occur if the minister is satisfied that exceptional circumstances exist that require an amendment to the target. Clause 10 requires interim targets to be set for the state government, which currently contributes around 10 per cent of Western Australia's emissions. These provisions mirror those for the whole of the economy, delivering state government leadership on climate change through action to reduce emissions from its own operations. This clause also requires the government's 2030 target, announced in June 2022, to be set by notice as soon as practicable.

Clause 11 requires the determination of net emissions for Western Australia and the state government. This is necessary to facilitate other important provisions of the legislation. The bill requires the minister to develop an emissions reduction strategy to enable the achievement of targets. The provisions set out in part 4 will support a holistic and strategic response to emissions reduction, public consultation on development of the strategy, clear implementation pathways for policies and measures, and requirements for regular review to ensure that the strategy is effective.

Although the first strategy must be developed within three years, this government is not waiting three years for its first statewide emissions reduction strategy. I spoke earlier today about the sectoral emissions reduction strategies, or SERS, that were announced by this government in late 2021 and will be finalised for release in coming months. The SERS will set out decarbonisation pathways and new actions developed through significant analysis and consultation with industry stakeholders. We know, however, that the pace of policy and technological change is accelerating, requiring ongoing consideration of appropriate policies, programs and measures in response to national and international developments. The provisions of this bill will ensure that important milestones such as the SERS are part of a transparent cycle of policy development and review.

Part 5 of the bill contains similar provisions for development of a climate adaptation strategy, providing a holistic response to climate impacts, public consultation, clear implementation pathways and requirements for regular review.

Part 6 of the bill requires the development of sector adaptation plans for the sectors of health and human services; emergency management; primary production; infrastructure and built environment; small and medium enterprises; natural environment; and water security. These are priority sectors in which the government has a key role in

bringing stakeholders together and coordinating adaptation actions. It is our expectation that other stakeholders and economic sectors will also develop plans to enhance climate resilience that will be complementary to the plans developed by government. Sector adaptation plans will be prepared by ministers, nominated in consultation with the Premier, to ensure that responsibility for adaptation planning is appropriately aligned to portfolio responsibilities.

Finally, part 7 of the bill will deliver transparency and accountability for the government of the day, requiring the tabling in Parliament of an annual climate change report. Reports must be tabled as soon as practicable following the end of the financial year, and no later than 31 December. Annual reporting will commence from 2025 and will ensure that the Parliament and the community of Western Australia are informed about Western Australia's progress in achieving its emissions reduction targets.

I close by acknowledging the challenge that climate change poses to current and future generations of Western Australians. This bill sends a signal not just to business and investors seeking certainty for critical investments, but to young people who are looking to their leaders for courage and conviction. Grappling with the challenges and forging the solutions to climate change will span many generations and require an abiding commitment to action. This legislation lays the foundation for that action.

I commend the bill to the house.

Debate adjourned, on motion by **Dr D.J. Honey**.