

Australian Conservation Foundation

Submission to: The Treasury

Addressed to: prebudgetsubmission@treasury.gov.au

Submission from: Australian Conservation Foundation
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**AUSTRALIAN
CONSERVATION
FOUNDATION**

**Nature
needs us,
now**



About the Australian Conservation Foundation

The Australian Conservation Foundation is Australia's national environment organisation. Since 1965, we've protected the nature we all love – our unique wildlife and our beautiful beaches and bush.

Driven by the power of people, we won World Heritage listing for the Great Barrier Reef and Kakadu National Park, and returned precious water to the rivers of the Murray-Darling.

We influence governments and businesses to protect the animals, rivers and reefs close to our hearts and hold decision-makers to account without fear or favour. Everything we do is evidence-based and helps nature and people thrive for generations to come.

We won't give up until Australia's nature is protected and regenerated.

The Australian Conservation Foundation acknowledges that First Nations Peoples of Australia hold unique knowledge and rights inherited from their ancestors and Country and have cared for this country since time immemorial. We pay our respect to First Nations Peoples of Australia, past, present and future. We respect their leadership in caring for Country and support their rights to continue to do so. We recognise that sovereignty was never ceded, and that colonisation was unjust, often violent and continues to adversely impact on First Nations Peoples today. As Australia's national environment organisation, we understand we have a responsibility to help right this historical wrong. We support their authority to speak for Country, right to self-determination and recognise that rightful recognition of and genuine reconciliation with First Nations Peoples is fundamental to protecting nature in Australia. We support First Nations-led campaigns that protect Country and seek win-win outcomes for our environment and for the rights, wellbeing and advancement of First Nations Peoples

To find out more about the Australian Conservation Foundation's work visit www.acf.org.au



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Budget Submission 2025-26: Australian Conservation Foundation

Executive Summary

Australia's natural world is in crisis. Unchecked pollution, habitat destruction and climate change are pushing our landscapes, wildlife and communities to the brink. Australia's parliament must act now to protect nature, cut pollution and embrace renewable energy. This submission calls for decisive investment to stop and reverse the decline of nature upon which roughly half Australia's GDP (49% or \$896 billion) has a moderate to very high direct dependence on nature, while the other half is indirectly dependent. ACF's National Agenda for Nature and Climate, a practical and clear roadmap for restoring ecosystems, reducing emissions and creating a resilient, nature-positive future for all Australians.

In recent federal budgets, the Albanese Government has made encouraging steps to rebuild climate and environmental spending, following a decade of significant cuts. ACF welcome the commitments in the "Future Made in Australia" budget, which earmarked \$22.7 billion over the next ten years for clean energy projects, including renewable hydrogen, green metals, batteries, and solar manufacturing. However, we note that the Albanese Governments election promise to deliver national nature law reforms are undelivered and still identified as critical to "enabling" the implementation of Future Made in Australia.

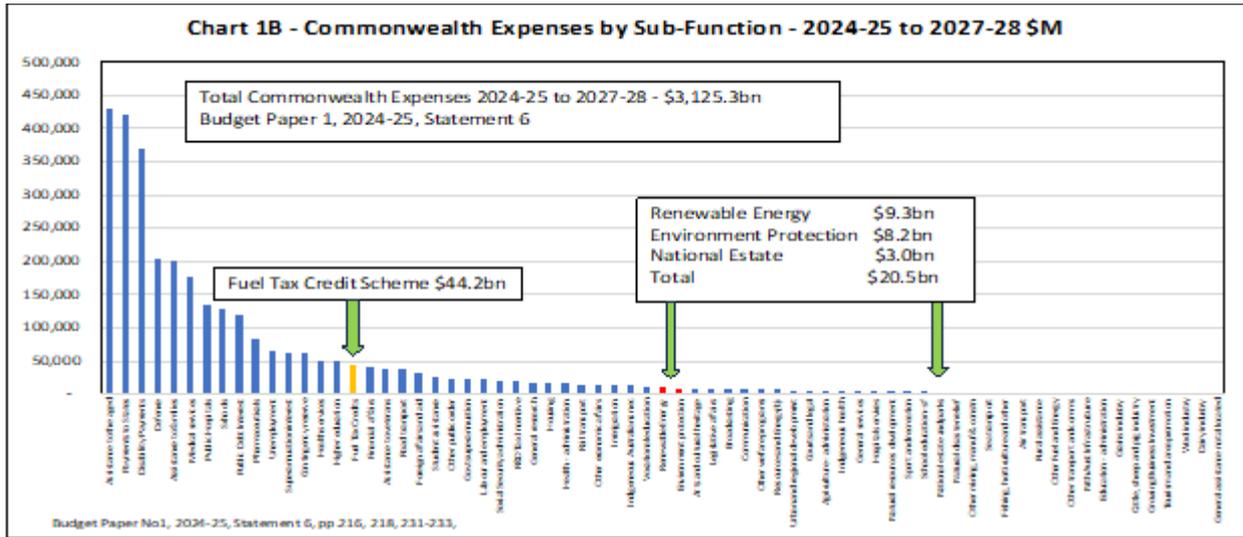
We have further welcomed government's investment in the Departmental net zero sector planning process, that we expect to underpin an ambitious 2035 emissions reduction target and a funded Net Zero Plan to get us there. Additionally, Commonwealth funding for climate and environmental initiatives has marginally increased, reaching \$25.4 billion across the forward estimates to 2027-28. The 2024-25 budget notably raises the Government's forward commitments for climate-related initiatives, primarily through the Future Made in Australia suite, which introduces \$2.7 billion in forward estimates and a further \$18.1 billion beyond 2027-28.

Despite this, climate and environment spending remains a small fraction of total Commonwealth expenditure, averaging less than one cent per dollar spent across the forward estimates, with a peak of 1.4 cents in 2024-25. While climate-focused programs receive \$16.7 billion across the forward estimates, funding is set to decline sharply from \$7.6 billion in 2024-25 to just \$2.0 billion by 2027-28, with a shift toward supporting green technology and manufacturing investments primarily from 2027-28.

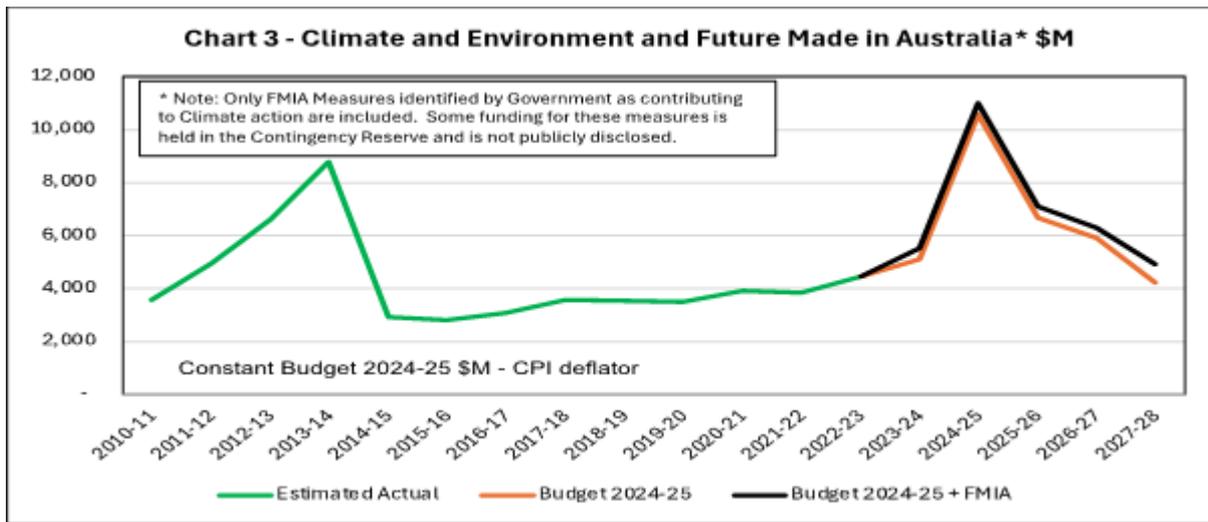
Spending on environmental programs faces similar challenges, totalling \$8.7 billion across the forward estimates, peaking at \$2.7 billion in 2024-25 before falling to \$1.8 billion by 2027-28. Key programs like the Natural Heritage Trust and Reef Trust face projected funding decreases of 12% and 33% in real terms by 2027-28, compared to 2024-25 levels. Additionally, funding for the Department of Climate Change, Energy, the Environment and Water (DCCEE&W) is likely to peak in 2024-25, raising concerns about sustaining adequate staffing levels with current budget allocations.



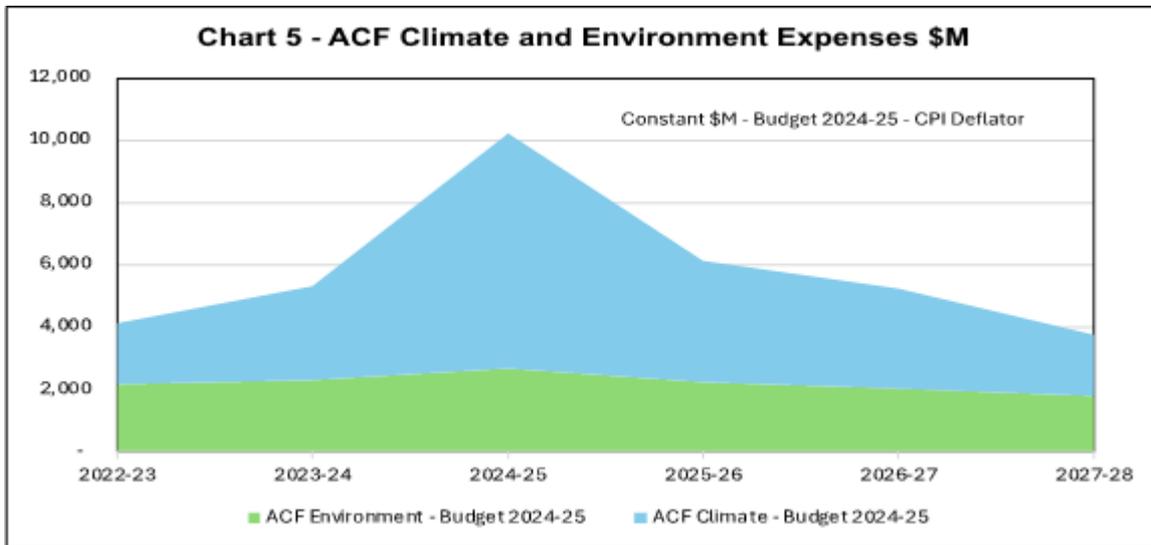
While the recent budgets reflect some positive momentum, spending on climate and environmental priorities remains limited in scope, with climate spending in 2027-28 forecasted to be 14% lower in real terms than actual 2022-23 levels, and environmental spending set to be 7% lower. Compounding these constraints is the substantial allocation of \$42.4 billion in fuel tax credits over the same period, which contrasts sharply with the comparatively modest investments in climate and environmental programs. Spending on the Fuel Tax Credit is more than double spending on the three climate and environment sub-functions across forward estimates (which total \$20.5bn in nominal terms) (see Chart 1B).



- Planned spending on climate and the environment averages less than 1 cent out of every Commonwealth dollar across the forward estimates (FEs) – 0.84 cents in real terms.
- The fossil fuel tax credit averages 68% more – 1.41 cents per dollar across the forward estimates.



- Planned spending on climate and the environment peaks in 2024-25, driven by the impact of the concessional loans planned to be made by the Clean Energy Finance Corporation.
- Future Made in Australia measures adds a minimum of \$1.2bn in the FE, and \$17.9bn beyond.



- Planned spending on climate is \$16.7bn over the forward estimates, but set to decline
- Planned spending on the environment is \$8.7bn over the forward estimates

As we approach MYEFO and the March 2025 budget, ACF urges the Government to deepen its commitment to addressing the dual crises of climate change and biodiversity loss by significantly increasing investment in nature and climate. Supporting ACF’s National Agenda offers a clear pathway to a sustainable and nature-positive future, ensuring Australia protects its unique ecosystems and transitions to clean energy at a decarbonisation pace aligned with 1.5C pathway for long-term prosperity. ACF also recommends in this submission measures to improve transparency in budget reporting on climate and environment spending which would be highly beneficial for monitoring progress and ensuring accountability.

Our Vision

A thriving Australia where ecosystems are safeguarded, clean energy powers our economy, and communities enjoy a sustainable future.

1. Save Nature Stop Bulldozing the Bush

Australia’s unique ecosystems and wildlife are under relentless threat, as dysfunctional national nature laws contribute to Australia being an international deforestation hotspot and land, freshwater and oceanic ecosystems that underpin Australia’s economy and human well-being continue to decline. Our current nature protections are failing and the environment is chronically underfunded. The government must take strong action to end deforestation, restore habitats, and empower communities and First Nations voices in environmental decisions. This means delivering new nature positive laws and boosting funding for

protecting and recovering nature, and supporting farmers to protect and restore nature on their land. A national deforestation action plan is also essential to halt Australia's role as a global deforestation hot spot and safeguard our iconic species from extinction.

Investment Needs:

Deliver strong nature laws to protect Australia's unique wildlife and the places we love: A well-funded EPA and EIA. Appropriate funding to deliver comprehensive nature positive laws (phase 3) with strong protections.

Increase Funding for Nature Protection and Restoration:

- Invest \$1.9 billion annually from 2025 to 2054 (30 years) to restore 30 percent of Australia's degraded forests, bushlands and other native vegetation. In addition, boost threatened species funding to at least \$1.3 billion annually from 2025 to 2054 to prevent the extinction of Australia's most threatened species and to support their recovery.
- Establish a \$5 billion fund for the purchase of high biodiversity value to create new public, private or indigenous-protected areas, and help meet Australia's international commitment to ensure 30 percent of the Earth's land and sea is safe by 2030.
- Guaranteed long-term funding for the management of Indigenous Protected Areas.
- Establish an independent, authoritative Indigenous voice - a Commissioner for Country (a coice of Country) that guides the protection and management of natural and Indigenous cultural heritage values protected under national law and indigenous-led solutions that protect, restore, manage invasive species and repair Country. The Commissioner for Country would be appropriately resourced with \$2 million per annum for staffing and a Caring for Country Funding Program of \$40m per annum.

End Deforestation by 2030:

- Deliver a national strategy, with regulation and incentives, in partnership with states and territories, to halt and reverse deforestation.
- Fund and resource Environment Information Australia to establish a national vegetation mapping system that reports destruction of forests and natural ecosystems and provides real-time monitoring.
- Establish a transparent mandatory traceability system to track and trace agricultural products along the supply chain, so consumers and retailers can verify their products are not connected to deforestation and ecosystem destruction.





Mandatory Nature Disclosures:

- Funding to introduce laws requiring big businesses to publicly report their impacts on nature. This initiative would include targeted investments to ensure its success, such as funding for stakeholder engagement and co-design of the disclosure framework, which would align global best practices. Dedicated resources for a public awareness campaign and capacity-building for businesses would also play a critical role in increasing transparency and fostering public understanding of the importance of nature risk disclosure, ensuring that both businesses and the broader community recognise the value of these reforms.
- Create a well-funded national system to monitor and report on Australia’s environmental and economic health.

Review of Subsidies:

- Establish a review to recommend reforms to policies, incentives and subsidies that are inconsistent with Australia’s commitment to halt and reverse nature damage by 2030. We note that a recent assessment by the Biodiversity Council estimates \$26.3 billion in direct and indirect subsidies annually likely to have a medium to high impact on biodiversity.

Support for Farmers:

- Support farmers to transition to sustainable agricultural practices with an emphasis on nature-based solutions, with funding for research and development, technical advice, education and knowledge sharing through extension services and training opportunities.
- Welcome 2024/25 budget commitment of \$63.8m towards efforts to cut agricultural emission, including funding to improve greenhouse gas accounting in the farming and land sector. Emissions are only one component of agricultural sustainability. ACF recommends additional funding to support the development of tools for measuring natural capital on farms that is readily available to farmers so they can manage their land for better resilience to climate change, protect access to ecosystem services, and credibly demonstrate their sustainability to consumers, supply chain customers, and banks.
- Reallocate significant funding from the \$2.3 billion annual national agriculture research and development budget to a new First Nations-led agriculture and environment R&D corporation.
- Ensure public funding for restoration of biodiversity on farms in line with Australia’s 30% commitment is made available, including through stewardship payments.



2. Champion Renewables and Cut Pollution

To address the climate crisis, we need to power everything we can with clean energy from wind and sun. Accelerating the rollout of renewables, setting higher renewable energy targets, and phasing out coal and gas by 2030 and 2035, respectively, will help Australia transition to a renewable-powered future. The expanded Capacity Investment Scheme must be the first step in an ambitious publicly driven plan to accelerate the deployment of large-scale renewables in the right places, that gets Australia on track for a further 48 GW of generation beyond AEMO's current planning for 2030. This would put Australia on a pathway for a 94% renewable grid by 2030, with enough capacity to accelerate the electrification and build up of green industry.

Australia could generate over \$100 billion per annum and create 400,000 new jobs by 2040 by expanding renewable and green energy export industries. But those industries and large-scale renewables projects must be appropriately located to avoid impacting ecosystems and involve fulsome participation and benefits-sharing opportunities for communities, particularly First Nations. A more ambitious 2035 emissions reduction target is also necessary to keep warming within safe limits and to ensure that Australia aligns with its Paris Agreement commitments, and we urge the government to invest in the acceleration of renewable energy deployment commensurate with a trajectory for a 1.5C aligned 2035 target.

Investment Needs

Expand Renewable Energy Infrastructure in the Right Locations, for the Benefit of Nature and People:

- Develop and fund a National Renewable Infrastructure Construction Plan to accelerate the rollout of renewable energy projects and get Australia on track for a 94% renewable grid by 2030, and to ensure that biodiversity considerations are integrated into renewable energy system planning.
- Commit to a \$50 billion household electrification, renewables and thermal efficiency package to be rolled out over ten years, with \$5 billion upfront in the 2025-2026 Federal Budget to deliver immediate subsidies and upfront financing option to reduce or
- eliminate the costs of home energy upgrades and rooftop solar and batteries. Within that \$50 billion household package, we urge the government to specifically consider extending the Small-scale Renewable Energy Scheme and expanding that scheme to include battery storage systems.
- Extend funding of the Home Energy Upgrades Fund (HEUF) to specifically target private rental properties, prioritising the poorest quality homes; and to ensure the HEUF is able to effectively underpin a doubling of household energy efficiency by 2030.
- Invest in communicating the government's ambitious renewables agenda and uphold the social licence of the renewables and green energy sectors. ACF recommends funding a Renewables, Environment



and Social Research Centre hosted by the CSIRO through a capital investment of \$2 million and ongoing annual funding of up to \$10 million to support staff and research programs to build public understanding of the renewable transition. We also recommend investing in a \$15 million strategic national communications plan and committing \$250 million over four years to stand up 50 Local Energy Hubs across regional Australia, ensuring that Australians have access to trusted information on renewable energy and the consultation and development process for renewables.

Ensuring a Just Transition Away from Fossil Fuels:

- Appropriately fund the Net Zero Economic Authority to support regional energy transition plans and physical net zero hubs in key regions, to ensure communities and workers impacted by coal and gas plant closures are able to participate in, and benefit from, the net zero transition. The Authority must be empowered to support workers to transition coal and gas power plant dependent regions to green industries by 2030 and 2035 respectively. We urge the government to expand the Net Zero Economic Authority's mandate to include workers impacted by coal mines and gas facility closures, including by investing \$5 billion for the Authority to carry out its mandate and maintain a physical presence in regional Australia.
- Invest in training a reskilling the workforce needed for Australia to realise its renewable energy superpower ambitions, ACF strongly supports additional government funding for the expansion of industry Register Training Organisations at TAFE campuses, developing Industry Migration Agreements, funding wage supplements for trainers, and a range of other measures directed at addressing projected critical skills shortages, including in the electrical trades.

3. Renewable, Not Radioactive

Australia's energy future should be powered by renewable resources, not by dangerous, expensive, and polluting nuclear energy. With an abundance of sun and wind, Australia has all it needs to embrace clean, reliable energy without the risks associated with nuclear power. Our government must retain prohibitions on nuclear energy and uphold Australia's commitment to peace and security by advancing the Treaty on the Prohibition of Nuclear Weapons. Likewise, uranium mining should be phased out, and radioactive waste must be managed transparently and responsibly, ensuring the protection of First Nations rights and communities.

Investment Needs:

Reject Nuclear Power Initiatives:

As set out above, we urge the government to invest in both a local and national public communications strategy to explain and promote renewables solutions and debunk nuclear, including a minimum of \$15 million to develop and run a national communications plan.





Phase out Uranium Mining and Responsibly Manage Radioactive Waste:

- Fund an independent review of the uranium sector’s domestic and international impacts and best practice compliance.
- Continue funding of rehabilitation works and monitoring of nuclear sites and former uranium mines and to advance rehabilitation works at Emu Field and the former Ranger mine in Kakadu, in consultation with Traditional Owners and impacted communities. We further urge the government to continue funding efforts to rehabilitate and repair landscapes impacted by former nuclear activities including the current works at the former Maralinga atomic test site and the Rum Jungle uranium mine in the Northern Territory.
- Continue to advance work at ANSTO’s intermediate-level nuclear waste facility and ensure independent oversight and guidance and community and First Nation’s consent requirements around any plans to develop a storage and disposal site for AUKUS-related nuclear waste.
- Provide no future financial support to Small Modular Reactor or ‘new generation’ nuclear technology.

4. Stop the Climate Wreckers: No More Green Lights for Big Coal and Gas Polluters

Australia must stop approving new coal and gas projects and repurpose fossil fuel subsidies for renewable-powered industries and exports. With our resources, we can become a renewable manufacturing and export superpower, bringing economic benefits and job opportunities to regional areas, including First Nations communities. Public funds currently going to coal, oil, and gas should instead support renewable energy development and climate solutions, creating a clean, sustainable economy for future generations.

Investment Needs:

Renewable Manufacturing and Export Strategy:

- ACF supports the government’s Future Made in Australia agenda, and the budgetary commitments made in the 2024-2025 Budget to develop a renewable manufacturing and export strategy centre on the priority sectors set out in the Future Made in Australia National Interest Framework 2024. We urge the government to continue to develop and expand upon its Future Made in Australia agenda to ensure Australia is well positioned to support its sunrise clean energy export industries.



- In particular, ACF is calling on the government to develop and legislate the Hydrogen Production Tax Credit and Critical Minerals Production Tax Credit (collectively, the PTCs) committed to in the 2024-2025 Budget, and to ensure those PTCs are designed to ensure industry is incentivised to utilise green production pathways rather than fossil gas or coal.
- Additionally, the government should commit to an industry package of support for the green metals sector, commensurate with the supports set out for the hydrogen and critical minerals sector, of at least \$10 billion. This funding should include support for: contracts for difference, a green metal PTC, increased research and development investment and inclusion of green metals in government procurement policies and major investment programs.
- Honour the Clean Energy Transition Partnership (CETP) and legislate no international finance for fossil fuel industries and related infrastructure in the governing legislation for both Export Finance Australia and the Northern Australia Infrastructure Fund, and furthermore, fund the implementation of the CETP, including to scale up international financing for clean energy and energy efficiency projects.

End Fossil Fuel Subsidies:

- Reform the Fuel Excise Tax Rebate and remove access to that rebate for coal, oil and gas companies, which would restore over \$3 billion per annum to the federal budget.
- Redeploy the \$1.9 billion Middle Arm subsidy to deliver better jobs, clean energy and climate outcomes for the people of the Northern Territory through a Building the Territory Package that includes:
 - Funding a 600MWh Darwin big battery and new microgrid investment across the Northern Territory, estimated at \$378 million;
 - Establish a four-campus Northern Australia Renewable Energy Training Centre of Excellence, estimated at \$25 million;
 - Provide \$15 million for TAFE and university course subsidisation;
 - Commit \$116 million to double the numbers of homes with solar in the NT, and a further \$225 million to deliver climate-safe upgrades for every low-income household in the Territory; and
 - Install solar, insulation and air conditioning for every public housing property, estimated at \$127 mil



- Make no public funding available for carbon capture and storage (CCS), and commit to no further funding for the Regional Cooperation Initiative on Carbon Sequestration announced in the 2024-2025 Budget.
- Ensure all new special investment vehicles or major new funding streams for existing special investment vehicles include appropriate guardrails, to ensure that Australian public funds are not funnelled to coal, oil and gas industries and that investment is in a manner compatible with Australia's greenhouse gas emissions reduction targets and its *Paris Agreement* obligations.

No New Coal and Gas Projects:

- Support policy reforms to prevent new coal and gas projects, including committing to no funding support for CCS and to not allow the import of CCS waste into Australia.
- Strengthen methane regulation to curb climate impacts, including strengthening monitoring, reporting and verification (MRV) requirements for fossil fuel producers, and ensure that the federal government's response to the Climate Change Authority's 2023 NGERS Review is appropriately funded, including:
 - Ensuring the Independent Expert Panel convened to consider advanced methane monitoring methods is appropriately resourced to conduct a comprehensive and expedient review, including to deliver recommendations for a method 4 for open cut coal mines;
 - Funding a controlled release study, estimated at \$5.5 million, to determine the accuracy and detection limits of different methane monitoring technologies, and to ensure that such a study can be conducted on a timeline that enables the Independent Expert Panel to consider its results;
 - Allocate additional funding to the Department to appropriately resource the development of a reform package that would enable the government to align NGERS with the Oil & Gas Methane Partnership 2.0 by the 2025 NGERS update, scheduled for Q2 of 2025; and
 - Invest \$40 million to establish a national methane emissions monitoring system and a further \$6 million per annum for ongoing operational and maintenance costs.
- Fund the development of a methane reduction target of at least 30% by 2030 and a national methane action plan to get there.

4. Enhanced Budget Reporting and Transparency

ACF recommends structural changes in Commonwealth financial reporting of climate and environment related spending, measures and investment in budget 2025-26, in recognition of their significance to the national economy. Financial reporting on climate and environment spending has grown more complex since the 2023-24 budget, due to the lack of transparent accounting for offsets on new climate and environment initiatives. Improved clarity in Commonwealth reporting on climate and environmental expenditures would be highly beneficial for monitoring progress and ensuring accountability.

ACF would recommend several changes in reporting of planned renewable energy spending to enhance transparency. The Commonwealth has reported its planned spend on the “Renewable Energy” component in Statement 6 of Budget Paper 1 in every Budget (and MYEFO) since 2016 (see Table 6.12.1, Budget Paper 1). But it does not report the same information in the Final Budget Outcome (FBO), or in the Summary Appendix A (see Table 6A.1, Budget paper 1). In the FBO Commonwealth spending on “Renewable Energy” is simply aggregated with the much broader “Fuel and Energy” function, which includes the much larger spending on the diesel fuel rebate (they do not belong together). ACF recommends a simple change to improve budget reporting: report spending on “Renewable Energy” as a separate component of the Fuel and Energy Function – starting with this year.

Another change that would assist public understanding of environment spending would be to publish in Budget Paper 1 Statement 6, the components which make up the Environment protection sub-function and the National Estate and Parks Sub-Function.

Conclusion

The upcoming MYEFO and Budget 2025-26 are crucial opportunities for the Government to prioritise nature and climate funding at the scale needed to address Australia’s nature and climate crisis. While recent budgets have begun to reverse past funding cuts, current allocations fall short of what is required to protect nature, cut pollution, and power Australia with clean energy.

ACF’s National Agenda outlines essential targeted investments that can deliver a renewable-powered future, halt biodiversity decline, and create sustainable economic opportunities. We urge the Government to expand its commitments by fully funding these essential actions in Budget 2025-26. This is a timely chance to ensure Australia’s future is renewable, not radioactive, and to make budget choices that safeguard our environment for future generations.

