

Productivity depends on healthy nature, liveable climate

ACF submission to the Albanese Government's Economic Reform Roundtable

22 July 2025

A healthy, resilient natural world and liveable climate are fundamental to Australia's productivity, economic prosperity and social wellbeing. After years of exploitation and damage, nature's ability to support our economy and our lives is in peril.

Nature is Australia's economic superpower but it is in serious trouble

Half Australia's GDP has a moderate to very high direct dependence on nature and sectors with a high to very high dependence are responsible for 75% of export earnings.ⁱ Indirectly every dollar that flows through the Australian economy depends on nature, the health of which is declining on almost every measure.ⁱⁱ

Nineteen ecosystems are collapsing,ⁱⁱⁱ including the [Great Barrier Reef](#) which supports 64,000 jobs^{iv} and the Murray-Darling Basin which supports more than [30% of Australia's food](#) production.^v As ecological systems collapse, so does their ability to provide ecosystem services, and the contribution of natural capital to the economy and to productivity falls. We also fail future generations by passing the costs and damage to them.

EPBC Act reform is critical to productivity, renewables, housing and critical minerals

A key constraint on delivering national priorities – including net zero, the renewables rollout, housing and critical minerals development – is the failure of our national environment laws to provide clear nature protections and more certain, transparent, and timely decisions. The renewables rollout in particular is threatened with clean energy projects now trending toward half of all assessments and approvals under the EPBC Act.

The Samuel Review found that the EPBC Act is broken, failing both nature and business. The Act is almost entirely about processes and lacks clear rules and accountable institutions that guide nature protection and decision-making. This confuses and slows assessment and decisions and is facilitating nature damage.

These problems are compounded by an outdated regulatory model based on Ministerial decision making with decisions in practice being made by the Department. This approach lacks independence leading to politicised decision making and does not support accountability for environmental outcomes or efficient and effective decision making.

The solution does not lie in a simplistic approach to “streamlining” or “cutting green tape” or handing Commonwealth responsibilities to State and Territory governments. Solutions that do not strengthen nature protection will further erode public trust, exacerbate community unrest and legal challenges and weaken productivity.

Three essential elements to the reforms will drive productivity and should be a top priority for the Albanese government. They are:

- **National environment standards:** These standards provide the rules to define nature protection and guide project proponents on where they can build and where nature needs to be protected because of high conservation value habitat. The standards underpin fast no's and faster yes's. A legislative framework for National Environmental Standards should be added to the EPBC Act, and an initial set of standards developed setting outcomes for Matters of National Environmental Significance. Unacceptable impacts should also be defined in the legislation.
- **A national EPA:** Right now, 99% of EPBC decisions are made by the Department which lacks independence, transparency and efficiency in decision-making and is subject to politicisation. An independent, expert regulator in the form of a national environment protection agency (EPA) would administer the Standards through making assessment and approval decisions, taking responsibility for compliance and enforcement, and overseeing any accredited arrangements that allow for further efficiencies. The EPA should be governed by an independent board, and accountable for both environmental protection outcomes as well as efficient decision making through transparent regulatory processes.
- **Coordination with states and territories:** As envisaged by Prof Graeme Samuel, the Standards provide a clear and binding way to reduce complexity and duplication with State and Territory processes. Further, they can support integrated project applications for project proponents as state and national requirements are clear from the start. It is important to note that any coordination arrangement would require amendments to state and territory laws which will take time. In the meantime, the government could prioritise applying the Standards to regions important to renewables and transmission, critical minerals and housing, mapping areas of environmental sensitivity and allowing more effective project planning and siting decisions.

Put a price on carbon and eliminate fossil fuel subsidies

No economic reform agenda can ignore the drag created by climate change. The ACTU, business leaders and economists have called for a price on carbon to drive economy-wide emissions reduction and give business long-term certainty.

ACF supports these calls - and urges the government to phase out fossil fuel subsidies that distort incentives, increase emissions and undermine Australia's climate policies.

The current fuel tax credit is one example: it effectively rewards diesel use and suppresses innovation and investment in cleaner alternatives. Ending such subsidies would strengthen the Safeguards mechanism's impact and help redirect investment toward productivity-enhancing clean technologies.

Embed nature into decision-making to support nature positive economic transitions

Supporting nature positive transitions in key economic sectors will minimise nature-related risks and ensure natural capital is available to contribute to long-term prosperity. For example, protecting and enhancing natural capital on farms reduces input costs and improves farm profitability while at the same time providing a public good in the form of ecosystem services that benefit the whole of society.^{vi} Nature positive transition planning should prioritise sectors with both high nature impact and dependency and ready opportunities for reform, beginning with the food system.

The CSIRO calculates Australia has the highest per person hidden costs of the food system in the world, including \$225bn in hidden environmental costs, primarily from land use change, and \$49bn in hidden costs to the health system.^{vii}

Environmental constraints already routinely impact the price and availability of food and the profitability of food producers, with flow on effects to consumers.

Nature positive reforms should include:

- **Environmental economic accounting systems** using improved environmental information and data to transparently and contemporaneously measure the state of the environment and its relationship to the economy and wellbeing.
- **Mandatory nature disclosures:** The government should begin the process for the introduction of mandatory nature-related risk, impact and dependency disclosures to enable risk management and reduce negative impacts. This should begin with conducting a nature related risk and opportunity assessment for the Australian economy.
- **Take a whole food system approach**, that incorporates nature-related risks and opportunities, to the government's national food strategy development.
- **Develop nature positive sector plans** with targets and actions to halt and reverse nature damage by 2030 and put nature on a path to recovery by 2050.
- **Provide support for farmers** to implement nature-based solutions, protect and restore ecosystems, and measure natural capital on farms to enhance productivity and climate resilience, ensure sustainable market access, and enhance the flow of ecosystem services from on-farm natural capital as a public good.

ⁱ [The nature-based economy – How Australia's prosperity depends on nature.](#)

ⁱⁱ [2021 State of the Environment Report.](#)

ⁱⁱⁱ [Existential threat to our survival': see the 19 Australian ecosystems already collapsing](#)

^{iv} [About the Great Barrier Reef - DCCCEW](#)

^v [Water and the Murray-Darling Basin - A Statistical Profile, 2000-01 to 2005-06](#)

^{vi} Ogilvy, S., Heagney, E., Gregg, D. (2024) [Final Report: Farming for the Future - An impact focussed research change program for Australian producers.](#) Meat & Livestock Australia. Sydney.

^{vii} Nelson, R., Lim-Camacho, L., & Robinson, C.J. (eds) (2025). [Towards a state of the food system report for Australia.](#) CSIRO Agriculture and Food. Canberra.