

EPA NSW

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**Chemistry Australia - NSW Environment Protection Authority (EPA)
Climate Change Mitigation and Adaptation Plans (CCMAP) Consultation**

Submission Overview

Chemistry Australia welcomes the opportunity to provide this submission on the NSW EPA's proposed Climate Change Licensee Requirements and Climate Change Mitigation and Adaptation Plans (CCMAPs). While we support the EPA's commitment to climate action, we have significant concerns about the proposed framework's design, implementation, and potential unintended consequences for industry, investment, and emissions outcomes.

Why chemistry matters

The Australian chemistry industry is integral to driving innovation, supporting economic growth, and enhancing our quality of life. Our sector supplies essential materials to diverse industries and serves as a cornerstone for future technological advancements. Amid the pressing challenges of climate change and the need for circular economies, chemistry has never been more crucial.

The chemistry industry is one of the largest manufacturing sectors in Australia. Our industry directly employs more than 69,000 people (FTE) and supports approximately 240,000 FTE jobs across the economy. The sector contributes \$49 billion to the gross domestic product, supplying inputs to 108 of Australia's 114 industries.

The linkages and inter-dependencies across the chemical manufacturing ecosystem multiply the economic benefits of chemistry sector investment. Outputs from chemical facilities support further investment in manufacturing along multiple value chains. Unfortunately, as we have recently seen, the converse is also true: a plant closure can have a ripple effect, leading to additional closures and the loss of key value-adding and employment opportunities, with risks for our future supply chain security and resilience.

Contrary to Productivity Commission Recommendations

The Productivity Commission's (PC) 5 Pillars Review rightly identifies that disparate regulatory requirements across jurisdictions are a major barrier to investment and brake on productivity. Chemistry Australia strongly supports the PC's call for improved national harmonisation and reduced regulatory burden. The CCMAP proposals run counter to these recommendations by introducing state-specific obligations that fragment the regulatory landscape and increase compliance costs. This approach risks deterring investment in NSW and undermining broader productivity and decarbonisation goals.

Duplication of Commonwealth Obligations

The proposed CCMAP requirements duplicate existing obligations under the Commonwealth's National Greenhouse and Energy Reporting (NGER) scheme, mandatory climate-related disclosures under Australian Sustainability and Reporting Standards and the Safeguard Mechanism. These frameworks already require detailed emissions reporting, mitigation planning, and compliance oversight. Introducing a parallel state-based system adds unnecessary complexity and cost, particularly for multi-jurisdictional operators. This duplication diverts resources from emissions reduction activities to administrative compliance and risks undermining national consistency in climate policy.

Challenges for Hard-to-Abate Chemical Facilities and Scope 2 Emissions

Chemical manufacturing facilities are inherently hard to abate due to their energy-intensive processes and reliance on continuous operations. The inclusion of Scope 2 emissions—those associated with the purchase of electricity—is problematic. This is particularly true for NSW-based producers of industrial and medical gases, chlor-alkali, and hydrogen peroxide, as well as those seeking to electrify existing processes, such as ammonia producers.

Facilities have limited control over the emissions intensity of the grid, and the ability to influence electricity generation lies with energy providers, not consumers. In a constrained renewable energy market, rising industrial demand will drive up energy prices, further eroding the competitiveness of manufacturers in NSW. Without coordinated grid decarbonisation and expanded renewable capacity, Scope 2 obligations will impose costs without delivering proportional emissions reductions.

Risk of Reduced Manufacturing Output and Interstate Relocation

The cumulative impact of the proposed requirements—higher energy costs, regulatory duplication, and disclosure obligations—may incentivise manufacturers to shift production to facilities in other jurisdictions, including those offshore, with less burdensome frameworks. This would reduce NSW's manufacturing output, weaken supply chain resilience, and risk carbon leakage. The loss of chemical manufacturing capacity can have cascading effects across multiple industries, undermining sovereign capability and economic resilience.

Diversion of Resources from Emissions Reduction to Compliance

The CCMAP framework places significant emphasis on documentation, including annual reporting, mitigation plans, and emissions forecasts. While we understand the desire for transparency, the administrative burden risks diverting limited resources away from practical initiatives aimed at reducing emissions.

Concerns About Public Disclosure of Facility-Level Emissions and Forecasts

Chemistry Australia is particularly concerned about the proposed public disclosure of facility-level greenhouse gas emissions data, 10-year forecasts, and mitigation plans. Under the *NGER Act 2007* (Cth.), emissions data is currently disclosed at the controlling corporation level, allowing transparency while protecting commercially sensitive information.

Disclosing facility-level data introduces significant competitive risks, including:

- **Production volumes** can be inferred from emissions data, revealing market share, and capacity utilisation.
- **Carbon pricing exposure** may be deduced from emissions intensity and forecasted reductions, exposing financial vulnerabilities.
- **Future mitigation plans** may include proprietary technologies or strategic investments that competitors could preempt or replicate.

These disclosures could enable competitors to reverse-engineer business strategies, pricing models, and investment plans. While Chemistry Australia members are not opposed to providing this information to regulators, we strongly oppose its public release. The risks to commercial confidentiality and competitive positioning are substantial and must be carefully weighed against the benefits of transparency.

Conclusion and Recommendations

Chemistry Australia urges the NSW EPA to reconsider key elements of the CCMAP framework to ensure it supports emissions reduction without undermining investment, competitiveness, or productivity. Specifically, we recommend:

- Aligning CCMAP requirements with existing Commonwealth frameworks to avoid duplication.
- Reconsidering the inclusion of Scope 2 emissions for hard-to-abate sectors.
- Evaluating the economic impact on NSW manufacturing and the risk of interstate relocation.
- Streamlining compliance obligations to focus on tangible emissions outcomes.
- Protecting commercially sensitive information by maintaining aggregated disclosure practices.

We appreciate the opportunity to contribute to this consultation and look forward to working with the EPA to develop a framework that supports both environmental and economic sustainability.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'Bernard Lee', with a stylized, flowing script.

Bernard Lee
Director – Net Zero Transition and Policy

About Chemistry Australia

Chemistry Australia is the peak national body representing the chemistry industry. Our members include chemical manufacturers, importers and distributors, logistics and supply chain partners, raw material suppliers, plastics fabricators and compounders, recyclers, service providers to the sector, and the chemistry and chemical engineering schools of leading Australian universities. Our affiliate members include the Australian New Zealand Industrial Gas Association (ANZIGA), the Australian Paint Manufacturers' Federation (APMF), and Expanded Polystyrene Australia (EPSA).