

March 5, 2017

MEMORANDUM

TO: Rick Smotkin

FROM: Matthew Freedman

SUBJECT: EPA and Australia

You had asked for some thoughts regarding a potential visit of EPA Administrator to Australia for the purpose of enhancing bilateral relations, strengthening environmental cooperation, and building mutual understanding.

I Australian Environmental Policy

The Liberal Coalition Government headed by Prime Minister Malcomb Turnbull is strongly supportive of protecting the Australian natural environment by using the Federal Government as the change agent. In this regard, they may not be completely aligned with the Trump Administration policies related to the appropriate role of a federal government in the environmental arena, but there are many areas that would allow a positive dialogue to occur.

The Government policies include:

- ***Protecting the Great Barrier Reef:*** The Reef 2050 Long Term Sustainability Plan calls for \$2 billion investment in improving water quality, reducing sediment and nitrogen run off. They have established a \$2 billion fund to address climate change and improving water quality.
- ***Supporting Renewable Energy:*** Their plan calls for doubling large scale renewable energy over the next four years; under the Renewable Energy Target more than 23% of the electricity will come from renewable energy by 2020, and they are encouraging new technology to support clean energy through a \$ 1 billion Clean Energy Innovation Fund.
- ***Tackling Climate Change:*** Australia has signed the Paris Climate Change Agreement and has set a reduction of emissions target to 28% by 2030 based on 2005 levels. They will accomplish this without a Carbon Tax (previous Labor Government policy) and investing \$2.5 billion to incentivize businesses to reduce their emissions through an Emissions Reduction Fund.
- ***Supporting On Ground Environmental Projects:*** They have created over 700 “Green Army” teams involving almost 6000 young Australians planting 20 million trees by 2020.

- ***Protecting Threatened Species:*** The Threatened Species Strategy targets key threats with over \$200 million dedicated to a new Recovery Fund.
- ***Protecting Australian's Heritage*** – protecting natural, historic, and indigenous heritage.

II Dynamics

Recently, Prime Minister Turnbull reshuffled the cabinet and merged the environment and energy portfolios. The Minister for Environment and Energy is a Member of Parliament, who is a close personal friend of mine, Josh Frydenberg. While reaction was mixed to the merger it represented a bold way to balance the politics between industry and interest groups. The portfolio now includes everything from energy exports, which is a significant portion of the total Australian exports, to environmental considerations. The energy sector currently is in deep crisis with volatile and increasing electricity and gas prices, conflicts over mining, and dynamics related to emerging clean energy solutions and energy company requirements.

The Prime Minister is comfortable with disruptive energy sources, one being the 1.5 million households with rooftop solar. The Minister has not been enmeshed in the traditional energy sector, in contrast with previous ministers, and has focused on private sector innovation. Recently, he invited business and NGO organizations to partner with the Federal Government to save threatened species with over 50 community-based projects. One company, BHP Billiton is investing over \$5 million toward the effort.

The Australian Government is strongly interested in enhancing the US bilateral relationship. The Foreign Minister has recently been to Washington, DC and visited with VP Pence, SecState Tillerson, and NSA McMaster. The relationship is, in part, driven by AUSMIN, which is a yearly event that brings together our SecState, SecDef and Chairman of the JSC with Australian counterparts. They would welcome the opportunity to engage at a senior level.

III Current EPA Relations with Australia

The overall relationship is based on lessons learned related to enforcement, environmental policy development, chemicals and emergency response. The focus has been on a sustainable water management and cooperation. There are currently several agreements in place that drive the current EPA relationship with Australia. One is the S&T Agreement and a second is a MOU on Water Cooperation that is focused on cross-border water issues, drought information exchange and other issues that impact both countries. The later MOU was re-signed in 2016 related to water. Both are Obama Administration initiatives. The US is also part of a multilateral, 43 country, Global Methane Initiative, of which Australia is also a participant.

IV Potential Activities for EPA Pruitt in Australia

Potential opportunities for EPA Administrator Pruitt include, but are not limited to the following:

- Visit Alcoa in Western Australia where they are digging for alumina but are careful to ensure that the land is returned to its natural state.
- Visit to BHP Billiton to understand how they use technology and automation to reduce costs of coal production.
- Tasmania, the island off the southern coast, has a unique eco-system, and is home to the Australian Antarctica study center. A visit to Antarctica would be one possible option.
- Visit to the Great Barrier Reef.
- Discussions on how the ministry balances environmental and energy needs.
- Visit with the Foreign Minister and Trade and Investment Minister to discuss future S&T collaboration.
- Address the Australian-US Chamber of Commerce.
- Create a US-Australian Joint Statement on Environmental Cooperation, last signed in 2004 during the Bush Administration that focused on: advancing S&T goals, advancing agricultural technologies, including biotechnology, environmental cooperation in the Asia Pacific region, innovation technologies etc.

But there are challenges to a visit. It would highlight the Australian Government aggressive support for policies that may not be in sync with the Trump Administration, and the strong financial role played by the Australian Government in protecting the environment.

Second, it may potentially galvanize stakeholders, such as Green Peace, that might highlight to US media the gap between how the Australian Government thinks about environmental issues and that of the new Administration. Finally, the current initiatives in place would either need to be reaffirmed or changed; either way it sends signals that need to be considered.

The politics in Australia are similar to that in the US; there are over 600 registered environmental groups that advocate for strong policies. Chevron, Dow Chemical and Philip Morris Australia, for example, are companies that are considered by the environmental groups to be on the other side of the political aisle. And there are environmental groups that are rejected as being anti-environment by others in the community, such as the Australian Environment Foundation.

We can discuss these and other related issues in person.