



Australian Government

Department of Climate Change, Energy,
the Environment and Water

Mike Kaiser
Secretary

Our Ref: EC25-900075

The Hon Dr Jim Chalmers MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

Thank you for the letter dated 4 July 2025 from yourself and the Finance Minister to Acting Secretary, Simon Duggan, regarding regulatory reform opportunities within the Department of Climate Change, Energy, the Environment and Water (DCCEEW) to bolster productivity growth. I am pleased to reply on behalf of DCCEEW as the newly appointed Secretary.

DCCEEW is one of the largest regulators in the Australian Public Service, overseeing approximately 80 legislative instruments under more than 20 internal regulatory schemes that drive outcomes for the Australian community. These schemes promote fair and transparent markets, support sustainable development and use of resources, protect our environment and heritage, and help us meet international obligations. As a regulator DCCEEW strives to manage risks proportionately and achieve its legislated outcomes. We are committed to being a mature and connected regulator that promotes continuous improvement.

I note that the Government has a significant program of reform across the Climate Change and Energy portfolios including energy market, climate resilience and adaptation and carbon market reform. Across the Environment and Water portfolios, DCCEEW is working on significant reforms to strengthen and streamline our national environmental law to deliver better environmental protections and faster, clearer decisions for business. These law reforms are a priority for driving productivity across the economy.

I have identified practical actions that the department has underway or can implement now to support productivity while these reforms progress. These actions will support better practice regulation and improve the efficiency of regulatory process for regulated community.

Systems improvements

The department is investing in modernising and upgrading systems to reduce administrative burden and streamline engagement with and across the department. Industry will see reduced administrative burden, better information sharing and greater ease in engaging with the department's systems.

The department has identified three priority areas to progress in the coming year:

- Modernising and upgrading the registration system used for the *Greenhouse and Energy Minimum Standards Act 2012*. These upgrades will support efficiencies in the registration

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process, better support industry in submitting applications and reduce administrative burden and compliance costs.

- Implementing a pilot program to identify reusable regulatory ICT systems across a range of regulatory schemes. This pilot is supported by a high-level roadmap for multi-year, sustainable investment in regulatory ICT. This pilot aims to demonstrate how DCCEEW can administer legislative responsibilities more efficiently while maintaining a secure, fit-for-purpose regulatory solution.
- Streamlined registration processes under the *Water Efficiency Labelling and Standards Act 2005* commenced in June 2025, to improve integration of cost-recovery payment systems, reduce administrative overheads and enable faster transactions. The department is now scoping additional improvements which would reduce administrative burden, including replacing manual invoicing with an integrated payment system and enhance case management functionality.

Regulatory practice

Alongside, the broader environmental law reform process, the department is progressing a series of practical improvements to regulatory practice to boost productivity while also strengthening environmental outcomes. These include:

- Promoting greater use of the existing rapid assessment pathway under the *Environment Protection and Biodiversity Act 1999* (EPBC Act) which is suitable for projects that assess impacts up front and are supported by high quality information.
- Expanding bi-lateral assessment arrangements under national environmental law to harmonise processes between States and Territories, and the Commonwealth.
- Supporting regional planning processes to de-risk projects, boost productivity by streamlining priority projects and improve environmental outcomes through a whole-of-landscape and seascape approach. The department is running regional planning pilots in partnership with the Queensland, South Australian, and Victorian Governments focused on renewable energy.
- Partnering with other regulators to reduce duplication of effort under different regulatory regimes and leverage relevant expertise across regulators. For example, the department and the NOPSEMA co-regulate the offshore oil and gas industry in Commonwealth waters. There are opportunities to find efficiencies and alignment between different regulatory regimes.
- Improving guidance to industry, increasing licence flexibility and taking a more risk-based approach to regulation under the *Recycling and Waste Reduction Act 2020* (RAWR Act).

The department has identified additional opportunities to create more confidence and certainty in our regulatory systems through:

- Educating industry stakeholders on First Nations engagement to meaningfully improve regulatory performance and efficiency in the administration of the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (ATSIHP Act).
- Trialling a service this year to support Traditional Owners and Custodians and proponents to connect early to support agreement making at the outset, building on the government's now mature partnership with the First Nations Heritage Protection Alliance.

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Facilitating investment

The department is supporting reviews underway aimed at improving market operations:

- Undertaking a Gas Market Review of key regulatory instruments—the Australian Domestic Gas Security Mechanism, Gas Market Code and the Heads of Agreement with east coast LNG exporters. This review, being jointly conducted with the Department of Industry, Science, and Resources, aims to establish a streamlined framework that provides long-term certainty to facilitate investment in gas supply for energy security, ensure the domestic gas market is not subject to supply shortages, and to put downward pressure on gas prices. The Review aligns with the Government’s productivity agenda by driving market efficiencies, securing adequate gas supply, and reducing regulatory burden by consolidating overlapping regulations and market reporting obligations.
- Reviewing the National Electricity Market’s wholesale market settings (‘NEM Review’) to promote investment in generation and storage capacity following the conclusion of the Capacity Investment Scheme. The panel have applied a number of core principles in developing their recommendations—economic efficiency and consumer benefits. The panel will deliver final recommendations to energy ministers at the end of 2025.

The department has identified further opportunities to facilitate investment and will advance this work in the coming year:

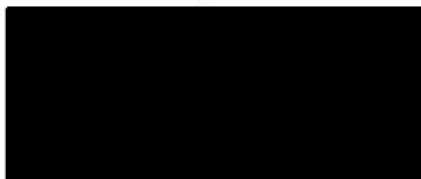
- The voluntary Australian Carbon Credit Unit Scheme plays an important role in reducing compliance costs in the mandatory Safeguard Mechanism. Improving market operations and reducing administrative burden may increase uptake of projects and enhance private sector investment in emissions reduction. The remake of the Carbon Credits (Carbon Farming Initiative) Rule 2015, which is due to sunset in 2027, presents opportunities for streamlining regulatory processes and reducing compliance burden during project registration and administration.
- In partnership with the Department of Agriculture, Fisheries and Forestry, ensuring the Natural Heritage Trust (NHT)—the Government’s primary investment vehicle across agriculture and environment programs—is leveraging private investment to support improved landscape-level biodiversity, climate, productivity and resilience outcomes. This would provide an opportunity for farmers to diversify income streams and increase resilience. An independent review will provide the basis for ensuring the NHT remains fit-for-purpose, leverages private investment and aligns with diverse, national land-use outcomes.
- Establishing integrity frameworks within water market reforms that allow for improved confidence in water markets and social license leading to enhanced productivity in agriculture sector.
- Under the National Water Agreement a program of work will be rolled out with state and territory governments to deliver more sustainable water use. It will also modernise and streamline water pricing and promote use of all water sources while providing for water allocations to new industries, for example hydrogen and data centres. The development of the Commonwealth Action Plan over the next two years will also provide further opportunities to lift productivity in water.

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Please contact me if you have any questions. Miranda Lello, Branch Head, Portfolio Strategy Division is our departmental contact [REDACTED].

Yours sincerely



/MIKE KAISER

4 / 8 / 2025

CC Senator the Hon Katy Gallagher
 Minister for Finance

 Senator the Hon Murray Watt
 Minister for the Environment and Water

 The Hon Chris Bowen MP
 Minister for Climate Change and Energy