



Mutual Recognition Schemes Study
Productivity Commission
Locked Bag 2, Collins Street East
MELBOURNE VIC 8003

(email: mutual.recognition@pc.gov.au)

Dear Sir/Madam

The Department of the Environment is making a submission in relation to the Productivity Commission Issues Paper on Mutual Recognition Schemes issued in January 2015.

This submission responds specifically to Question 9 posed in the Issues Paper:

“Is the removal of the exemption of ozone-protection legislation from the MRA but not the TTMRA still justified? How can a similar outcome be achieved for the TTMRA?”

As advised in 2009, the Department supports, in principle, consideration of the removal of the permanent exemption from the Trans-Tasman Mutual Recognition Agreement (TTMRA) for ozone protection, subject to both countries aligning their respective regulatory regimes while ensuring consistency with international obligations.

However, at that time, aligning the respective regulatory systems was considered too complex as Australia and New Zealand had taken different approaches to meeting the requirements of the Montreal Protocol on Substances that Deplete the Ozone Layer, including legislating for a different rate and timing of the final phase-out of ozone-depleting substances. Australia also implemented additional emission control measures that are additional to the main Montreal Protocol obligations. This remains the case in 2015.

Australia and New Zealand are currently phasing out hydrochlorofluorocarbons (HCFCs) to meet the Montreal Protocol schedule by 2030 and differing accelerated phase outs have been adopted by both countries. The penultimate step of the phase-out will occur in New Zealand in 2015 and in Australia in 2016. To change the approach to the phase out in Australia and New Zealand would require significant redesign and would affect major gas and equipment importers in both countries. Changes to align the systems are unlikely to produce significant benefits as both countries will have phased out 99.5% of HCFCs by 2016, whereas the cost of making changes at this late stage would be significant.

The relevant Australian legislation, the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*, is undergoing a review this year. It is too early to determine what, if any, changes to the Act may result from this review, but should any changes in relation to

management of synthetic greenhouse gases bring our legislation more in line with similar legislation in New Zealand, then we would be willing to investigate the possibility of removing the TTMRA exemption, should this approach be of interest to New Zealand.

The contact in the Department for this issue is Mr Patrick McInerney, Director. Ozone Protection and Synthetic Greenhouse Gas Policy Section

Yours sincerely

Malcolm Thompson
Deputy Secretary

26 February 2015