

In conversation with Infrastructure Australia - What progress is Australia making on net zero? ICE Presidential Roundtable summary

May 2023

Background

Australia's transition to net zero has been accelerating at pace under a new federal government administration over the last twelve months. Action has intensified at all levels of government, the private sector, communities and households. Infrastructure will play a key role in meeting Australia's net zero target and ensuring that progress can continue to be accelerated to reach net zero.

Unlike the UK, Australia is governed as a federation of states and territories with each having its own government responsible to a large degree for making laws under that jurisdiction. Action has advanced, but there is an important role for the Australian government to play in coordinating this drive to reduce emissions.

ICE convened an online roundtable in conversation with experts from Infrastructure Australia, chaired by ICE President Keith Howells, bringing together infrastructure professionals from the UK, Australia, and other countries focused on the key question: *'What progress is Australia making on net zero?'*

The session focused on the role of government and bi-partisan political support to achieve net zero, opportunities for collaboration between different levels of government and the private sector, challenges impacting on delivery, and the role of clearer transition pathways.

Recap: The Climate Change Act 2022 was passed in Parliament last September and legislated that Australia would meet net zero greenhouse gas emissions by 2050 and have a 43 per cent reduction in emissions below 2005 levels by 2030. The Act does not impose obligations directly but its passage into law sets the scene for sector-based reforms to achieve the emissions reduction targets.

Bi-partisan political support for net zero

One of the key takeaways from the discussion was that bi-partisan support is essential to achieving net zero. An example was cited of the role the UK's 2008 Climate Change Act has played in generating long-term political, business and public consensus on achieving net zero by 2050. Whilst challenges remain

domestically in the UK relating to getting enough investment in the grid and planning permission for onshore wind, the clear legal direction of travel has been transformative.

Australia has strategic advantages in reaching net zero with abundant space for renewables and capacity for solar energy, however the huge size of its carbon extraction sector is an issue impacting on a future just transition, which has been cited as a key priority for the new statutory net zero authority that will sit within the remit of the Prime Minister and Cabinet.

Opportunities for collaboration between different levels of government and the private sector

Historically, the private sector has moved faster than Australian levels of government over the last ten years.

Negotiations between federal and state governments relating to decarbonisation have focused on how the private sector can be incentivised to deal with less embedded carbon moving forwards, as well as lower its greenhouse gas emissions.

There has also been increased activity relating to hydrogen in multiple states. The discussion emphasised that all levels of government need to coordinate around the 2030 emissions reduction target and beyond to the net zero 2050 target.

Carbon is valued in Australia currently based on a 1999 value set by Australian planning guidelines. There is work occurring in New South Wales on how to better value carbon and the national level of government is exploring the utility of a consistent national value moving forwards.

How can the infrastructure sector address delivery challenges?

A key discussion point focused around the need to address delivery challenges. Planning and consenting was cited specifically as a blocker to delivery in the UK, with Development Consenting Orders (DCOs) taking up to a decade and impeding progress. Rather than continuing to launch 'pilot projects', the time to take clearer action to get us to net zero is now.

Other pinch-points impacting on delivery in the UK and Australia are shortage of materials – in the UK, cables, and in Australia the demand for raw materials is high with shortages in cement, steel and timber. The new government has a policy focus on rewiring the nation and upgrading transmission to allow for new renewable energy to come onto the grid. Upgrading energy can also drive decarbonisation in other sectors. Alongside this challenge is resourcing – getting people with the relevant skills and expertise into regional and rural areas which are often the sites of renewable energy generation.

A just transition will require clarity around funding and financing to ensure the successful delivery of net zero projects, as highlighted in ICE's work on [financing net zero](#).

There is also a need to understand issues with the grid in Australia. Currently solar and wind farms cannot get energy fast enough downstream to make an impact, leading to a continuing over-reliance on fossil fuels.

The role for clearer transition pathways

The discussion highlighted the need to benchmark infrastructure in terms of net-zero targets and evaluate different frameworks to identify best practice. Current net zero pathways are not always clearly defined in terms of transport, data etc. The infrastructure sector would benefit from access to more data to develop a better understanding of different sectors and more defined transition pathways.

The Global Infrastructure Hub has started doing this [by mapping G20 infrastructure plans to a framework of transition pathways](#). There is not currently enough data or information around what the gap is relating to financing sustainable infrastructure, which makes it hard to value how much private sector investment will be needed moving forwards. Climate-related technology can play a key role in facilitating sustainable outcomes moving forwards.

More frameworks are needed like those published by the financial sector relating to green infrastructure investment. Green finance and ESG investment have been strong driving forces for the infrastructure sector accelerating the net zero transition.

The orderly transition of the energy sector is a key focus in Australia but there is also a role for other Australian sectors to have similar pathways moving forwards.

Questions to take away

- How can policymakers develop more detailed frameworks to help the infrastructure sector to accelerate the net zero transition?
- What mechanisms and frameworks would help to maintain policy consistency relating to net zero over the long term?
- What role can technology play in continuing to facilitate the net zero transition in Australia and globally?
- How can the data and information gap be filled in to better understand how much private sector investment will be needed to finance net zero?

Further reading:

[Infrastructure Australia - Interim guide to assessing greenhouse gases](#) (2022)

[Global Infrastructure Hub – Infrastructure transition pathways](#) (2022)

[Climate Action Tracker](#) (2022)

[Australian Government – Australia's long-term emissions reduction plan](#) (2022)

[ICE briefing paper on financing net zero](#) (2022)

[ICE roundtable on opportunities and challenges of financing net zero](#) (2022)