# Investing in cheaper, cleaner energy and the net zero transformation inquiry

Questionnaire response 44

**Name:** Australian Sustainable Built Environment Council (ASBEC)

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## 1. Reduce the cost of meeting carbon targets

### 1. What could be done to improve the cost-effectiveness and alignment of policies to reduce emissions across the industrial, electricity and transport sectors?

Achieving Australia's emissions targets affordably requires nationally consistent, enduring policy frameworks that unlock private investment and deliver emissions reductions at scale.

We welcome the leadership shown by the Infrastructure and Transport Ministers' Meeting (ITMM) in promoting a nationally consistent approach to decarbonising infrastructure. This collaborative focus is essential to address fragmentation across jurisdictions, streamline emissions standards, and align procurement, planning and investment frameworks. ASBEC's Our Upfront Opportunity report highlights the potential to accelerate action through consistent infrastructure pipeline requirements and whole-of-life carbon assessments, which drive least-cost emissions reductions and better long-term value.

Government leadership has been instrumental in setting a strong foundation. For example, the Commonwealth's Net Zero in Government Operations policy, Victoria's mandated upfront carbon reporting in major projects, and NSW's Net Zero Plan for Infrastructure provide clear, stable signals to industry. These efforts, captured in ASBEC and Infrastructure Net Zero's A Solid Foundation report, demonstrate how clear definitions and consistent frameworks reduce risk, improve investment confidence, and cut the per-tonne cost of abatement.

To enhance cost-effectiveness, Australia must scale these leadership examples through national alignment of emissions standards, definitions, and reporting across electricity, transport and industrial sectors. Fragmented policy settings create duplication, increase compliance costs, and inhibit private capital mobilisation. A shared national framework – with clear signals for embodied carbon, electrification, and clean energy procurement – enables economies of scale, fosters innovation, and supports effective decarbonisation across supply chains.

Broad-based, market-driven mechanisms must be complemented by enabling policies that integrate net zero into planning, procurement and infrastructure delivery. By aligning public and private investment decisions with long-term carbon goals, Australia can decarbonise faster and at lower cost.

Prioritise national alignment of emissions standards, definitions, and policy frameworks across infrastructure, transport and industry, in order to build on the leadership shown by the ITMM and jurisdictions already delivering best practice.

### 2. Are there gaps in the emissions-reduction policies in the industrial, electricity and transport sectors which should be addressed?

Noting that urgent action on climate change is required, ASBEC strongly supports the Australian Government's Net Zero by 2050 plan and an emissions reduction target of 43% below 2005 levels by 2030. We acknowledge and support the development of the Transport and Infrastructure Net Zero Roadmap and Action Plan as a mechanism to

facilitate decarbonisation across the economy. We also note that this transition to a decarbonised built environment needs to be delivered holistically, and in a just and equitable way.
Concurrent to this process, the Australian Government is also updating and releasing several national strategies and frameworks that will impact and complement this roadmap and action plan. This includes the six sectoral plans covering all major components of the economy, along with cross thematic work such as the National Urban Policy, National Electric Vehicle Strategy, National Energy Performance Strategy and Trajectory for Low Energy Buildings. We urge the government to develop the transport and infrastructure roadmap and action plan in close collaboration with the other sector plans and government mechanisms, supporting a holistic approach to emissions reduction across the economy.
As the electricity system transitions to one with high proportions of variable renewable generation, matching energy demand to energy supply becomes a critical component of operating the system at least cost to consumers and achieving a transition to zero emissions at least cost.
There are significant gaps in energy governance that the Plan should consider. For example, while energy supply policy is relatively well connected, there is no obvious agency or person that oversees demand-side policy in the energy system. No agency or framework has responsibility for coordinating and facilitating demand side participation, meaning that little attention is paid to the opportunities for emissions and cost savings available through demand-side participation.
We note that the National Energy Performance Strategy recognises that uptake of energy performance measures needs to be better integrated into energy market planningviii. Demand-side measures can substantially lower the costs associated with the energy system by reducing the need to overinvest in supply-side infrastructure to meet infrequent periods of high or mismatched demand for energy services. In doing so, they can ease supply chain challenges involved in rolling out new energy infrastructure, which are acute today and likely to remain important over the long term.
Key ways to do this include:
a. Incorporate a focus on consumer energy resources (including improving the health and comfort of households).
b. Harness efficient, high-performing buildings to best support the grid.

3. Are there any duplicative emissions-reduction policies in the industrial, electricity and transport sectors which could be streamlined?

   see above

## 2. Speed up approvals for new energy infrastructure

1. Are planning and approvals processes for large energy infrastructure taking too long? If so, what causes the most delay?

   The participant did not respond to this question.

2. How can planning and approvals processes be sped up without unduly compromising regulatory standards?

   The participant did not respond to this question.

3. Should clean energy projects be treated differently to other projects for the purpose of environmental and other approvals? If so, how?

   The participant did not respond to this question.

4. What can be done to build local community support for new energy infrastructure projects?

   The participant did not respond to this question.

5. Please outline any evidence showing the productivity benefits of faster approvals for energy projects.

   The participant did not respond to this question.

## 3. Encourage adaptation by addressing barriers to private investment

1. What are the barriers and enablers impacting decisions by owner-occupiers, landlords and developers about how housing is built and updated over time so that it is resilient to the effects of climate change?

   Improving the resilience of Australia's housing stock is essential to reducing climate risk and supporting national productivity. Yet decisions by owner-occupiers, landlords and developers are shaped by significant barriers, including split incentives, upfront costs, limited access to information, and weak regulatory signals.
   A major barrier is the continued construction of new homes with fossil fuel connections. As ASBEC's work on electrification highlights, every new fossil gas-connected home is another that will require retrofitting, increasing long-term costs to households and the economy. It is essential that we look to avoiding locking-in carbon-intensive and climate-vulnerable homes. This requires forward-looking minimum standards and planning frameworks that mandate all-electric, energy-efficient, climate-ready homes.
   Market transparency is another key enabler. Consumers cannot make informed choices without access to clear, consistent information about home energy performance. ASBEC strongly supports mandatory disclosure of residential energy ratings at point of sale and lease, building on the success of the Commercial Building Disclosure (CBD) Program. The CBD Program has delivered verified energy savings, increased rental premiums for higher-performing buildings, and greater investor confidence—outcomes that could be replicated in the residential sector.
   Access to trusted advice and integrated support services is also critical. Homeowners and landlords need clear, independent guidance to navigate complex upgrade decisions. A nationally coordinated approach is needed to harmonise standards, embed resilience into codes and ratings tools, and provide a stable policy environment that enables long-term private investment.
   Governments must lead by example - working with state and territory governments, the Federal Government should co-fund design upgrades for new projects and performance upgrades to the worst performing public and community housing stock around Australia. Paired with strategic incentives, regulation and disclosure, this can help unlock the housing sector's full potential to contribute to a resilient, net zero, and productive Australia. Improving the resilience of homes is not just a climate imperative—it is an economic one. The decisions made today about how we build and retrofit will shape productivity, affordability and wellbeing for decades.

2. What information do people need to make decisions about where to live, how to build and how to upgrade their homes to appropriately factor in climate change?

Sustainable homes require less energy to heat and cool, enhance occupant health and comfort and are more resilient to climate and weather extremes. They can also be a driver for economic growth. ASBEC's Growing the market for sustainable homes provides a roadmap to build momentum:

• differentiate sustainable housing in the market
• train and reward the construction industry
• build awareness
• broadcast the positive business case

Note that complying with NCC 2022 means that there is an element of resilience to heat and cold stress. The challenge is ensuring that these homes are built appropriately. This means the checks and balances for our regulatory schemes across the country. ASBEC is a strong advocate for strong minimum energy efficiency standards. The effectiveness of these standards can only be ensured through strong compliance and a consistent approach to enforcement of the Building Code across all Australian States and Territories.

In 2018, ASBEC released Built to Perform: An Industry Led Pathway to a Zero Carbon Ready Building Code, recommending that Australian Governments commit to a Zero Carbon Ready Building Code and deliver a step change in energy efficiency requirements in 2022. Built to Perform noted: "Non-compliance and under-compliance … undermines the rights of building purchasers and occupants who are not receiving what they are legally entitled to receive under the Code, and provides an unfair advantage to operators who cut corners over those who meet required standards. This issue must be addressed as a matter of urgency if a zero carbon built environment is to be achieved by 2050

3. What are the most cost-effective retrofitting options for improving the resilience of Australia's existing housing stock? What are their costs and benefits?

To support large scale energy performance renovations across Australia, for everyone, we need effective supportive government policy in place, as well as finance support and a skilled workforce in industry to renovate homes. We also need consumer understanding. Climateworks Centre, one of ASBEC's members, released its "Renovation Pathways" research, which provides critical analysis and advice enabling the kick start and scaling up of Australia's building stock through renovation and information about zero carbon and resilient building standards. They outline three different upgrade levels to low-performing detached houses:

• 'Quick-fix': Ceiling insulation, draught sealing, heavy drapes and roller shutters combined with an efficient electric heat pump
• 'Modest': 'Quick-fix' plus floor insulation and an additional layer of glass or film on windows
• 'Climate-ready': 'Quick-fix' plus floor and wall insulation, high levels of draught sealing, double-glazed windows and a heat recovery ventilation system

International Energy Agency research stipulates that fossil gas is not part of the net zero by 2050 scenario for buildings. ASBEC's Unlocking the Pathway confirms that electrification is the lowest cost, fastest emissions reduction pathway for Australia's built environment. Fuel switching from gas to direct electricity is more energy efficient and will ultimately result in lower consumer costs, better health and greater energy performance in homes. With ACT and VIC governments rolling out policy around electrification, we

suggest that extending this policy across NSW at the very minimum, given that collectively these states are responsible for 80% domestic gas use..

4. What role might minimum standards play in ensuring the resilience of Australia's housing stock?

Minimum standards play a critical role in delivering resilient, safe, and healthy housing for all Australians. They are one of the most effective policy levers to drive widespread improvements across new and existing homes, particularly when embedded within the National Construction Code (NCC) and complementary state and territory regulation. Embedding resilience and climate-readiness in the NCC from 2025 is a vital step. However, without strong and equitable minimum standards for both new builds and existing homes — including rental properties — Australia risks deepening social and economic inequities. Households unable to afford voluntary upgrades will be locked into poor-quality, high-cost, and climate-vulnerable homes. Minimum standards are essential to ensure these households are protected and included in the energy transition.

As ASBEC's submissions to the ACT and Victorian minimum rental standards consultations emphasise, minimum standards can deliver multiple public benefits: reducing exposure to extreme heat and cold, cutting energy bills, improving health outcomes, and increasing disaster resilience. In the face of more frequent and intense climate risks, these benefits are critical to individual and community wellbeing.

In existing homes, governments must support the progressive introduction of minimum energy and resilience standards — starting with low-cost measures and providing financial and technical support for low-income households and landlords. For new homes, these standards must ensure that buildings are future-ready, fully electric, climate-resilient and able to maintain habitable conditions in extreme weather events.

Crucially, regulatory reform must be coordinated across levels of government and aligned with broader policy initiatives, such as planning reforms, building electrification pathways, and the National Energy Performance Strategy. The NCC and related state frameworks should be leveraged to establish a consistent, equitable foundation for resilient housing.

Minimum standards are not a barrier to private investment — they provide the certainty, consistency and consumer confidence the market needs to scale up solutions that benefit all Australians.

5. The impacts of climate change are being factored into the regulation of where and how houses are built in different ways around Australia. What does leading practice look like? Where is there room for improvement? Are there lessons we can learn from other countries?

Leading practice in factoring climate change into planning systems involves integrating up-to-date climate risk information into decisions about where and how housing is built. In parts of Queensland and New South Wales, we are starting to see examples of this, such as the work of the Northern Rivers Reconstruction Corporation, which is incorporating flood risk into land-use planning decisions and relocation strategies. However, across Australia, planning responses to climate risk remain inconsistent and often reactive. Many planning systems still allow homes to be built or rebuilt in areas with known exposure to flood, fire or extreme heat—without adequate consideration of future risk or resilience. This creates barriers to private investment by increasing uncertainty, driving up insurance costs, and embedding long-term liability into the housing system.

Better alignment between land use planning, building regulations and insurance is key. For example, the Building Stronger Homes Roundtables hosted be the Insurance Council of Australia and Master Builders Association, and the 2024 National Industry

Roundtable: Land Use Planning and Resilience hosted by the Insurance Council of Australia and the Planning Institute of Australia all highlighted the need for consistent hazard mapping, mandatory consideration of natural hazard risk in rezoning, and stronger resilience standards for new development. These are practical steps that can create more predictable, investable conditions for the private sector.

There is also a need to improve access to nationally consistent, forward-looking climate risk data. Without shared information and tools, planners, developers and communities can't make informed decisions. Stronger integration between planning systems and infrastructure investment—particularly for essential services and transport—would further support climate-resilient housing.

International examples offer useful insights. In the Netherlands, strategic land-use controls and investment in green infrastructure have supported long-term adaptation. In Canada, buyback programs and zoning reforms are being used to gradually shift development away from high-risk areas.

Australia has the opportunity to embed these principles in its own systems. The draft National Urban Policy points in the right direction by emphasising the importance of "well-located, affordable and climate-resilient homes." Realising this vision will require coordination across levels of government, clear signals to industry, and planning systems that consistently prioritise long-term climate resilience.