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

Questionnaire response 59

Name: CPA Australia

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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?

CPA Australia agrees with the Commission's intent to provide broad-market mechanisms to streamline carbon emissions reductions. While we recognise that the impact of climate change will differ across locations, fragmented policy could jeopardise alignment with Australia's overarching intent to reduce carbon emissions by 43 per cent below pre-industrial levels.

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

We note intent of the government to drive down the bulk of carbon emissions by policy settings focused on these sectors. We are however concerned that there is no clear indication of the interrelated nature of these sectors.

The industrial sector for example, is heavily dependent on the electricity sector to power their production and transport for logistics and supply chains. It is our view that the interdependencies should be front of mind when providing overarching policy settings.

We therefore recommend the government lead a sectoral mapping initiative to improve policy cohesion by:
• aligning macro-level policies with Australia's Net Zero target
• creating policy mechanisms that cascade to sector-levels
• identify commonalities and inefficiencies to streamline efforts
• remove redundancies, duplication and unnecessary costs.

Successful emissions-reduction efforts require direct industry engagement. Businesses are intimately aware of the connectivity of their own business models and value chains. It is therefore critical for engagement with these sectors to ensure this valuable knowledge is not lost during policy setting.

We would point to the Australian Prudential Regulator Agency (APRA) work on determining systemic climate-related risks to the banking sector, which was done collaboratively with Australia's largest banks.

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

The participant did not respond to this question.

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?

   The participant did not respond to this question.

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?

   The participant did not respond to this question.

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?

   The participant did not respond to this question.

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

   The participant did not respond to this question.

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?

   CPA Australia recognises the importance of ensuring that Australia's housing stock – both existing and new, is resilient to climate change. While technical requirements fall outside our expertise, we would make the following general observations.

   A common misunderstanding in climate discussions is the reliance on average temperature increases. Indeed, the curtailment of global carbon emissions to below 1.5

degrees is an average measure. This however does not illustrate the range of potential average temperature changes at a jurisdictional or local level. For homeowners and landlords to understand climate risks, it is crucial for them to have access to data on the impacts at a micro-level.

We urge the government to provide the market with a cascaded impact assessment, detailing projected impacts at a state or territory level. Where states or territories have a range of climate systems (such as the difference between Southern Queensland and Far North Queensland) additional extrapolation may be relevant.

While we support the Government's ambition for a net zero transformation, we would urge caution. Policymakers should pause and evaluate the broader landscape to ensure policies heed the interconnected nature of sectoral transformations. It is our view that this would support both the setting of policy at the correct level, and aid cost reductions through the removal of redundancies and duplication.