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

Questionnaire response 85

Name: The Superpower Institute

Submission date: 6/06/2025

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?

   TSI advocates for the use of the most efficient policy instrument available: a price on carbon. Please see attached submission and linked documents for further information.

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

   As above.

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

   N/A

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?

   The participant did not respond to this question.

Cover sheet: Supporting document #1

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Productivity Commission five pillars productivity inquiries

Submission addressing pillar 5: Investing in cheaper, cleaner energy and the net zero transformation

June 2025

About The Superpower Institute

The Superpower Institute's (TSI's) mission is to help Australia seize the extraordinary economic opportunities of the post-carbon world.

A net zero Australian economy will reduce global emissions by just over 1 per cent. But if Australia successfully seizes the economic advantage in exporting zero emissions goods, this can create an opportunity for full employment with rising incomes for a growing population sustained over more than a generation, and reduce global emissions by up to 10 per cent.

Renowned economist Ross Garnaut and economic public policy expert Rod Sims have joined forces through The Superpower Institute, to focus on practical research and policy to unlock this opportunity. The Institute specialises in the policy settings and market incentives needed to make Australia an economic superpower and provides practical knowledge to governments and industry to realise this opportunity.

TSI works across the building blocks of the superpower economy including: renewable energy, green hydrogen, land carbon and minerals processing; the potential zero carbon export products including green iron and green aluminium; and the enablers of this economy including economic and fiscal policy, trade policy and regional development.

https://www.superpowerinstitute.com.au/.

Submission

TSI welcomes the opportunity to contribute to the Productivity Commission's inquiries into five pillars of productivity ('**the inquiries**').

Pillar 5 of the inquiries - Investing in cheaper, cleaner energy and the net zero transformation - is closely linked to TSI's mission and work program. TSI has published two pieces of work that are highly relevant.

In November 2024, TSI released *The New Energy Trade* which demonstrated that five major economies will not have enough cheap clean energy by mid century to meet their needs. Due to high transportation costs, trade in clean energy will come mainly in the form of goods with embodied energy. Australia has a comparative advantage in exporting these products.

In May 2025, TSI released *A Green Iron Plan for Australia*. This work analysed green iron production costs in five prospective locations in Australia and prescribes a policy package that would make a green iron industry in Australia competitive now.

Both of these pieces of work address two important economic principles relevant to pillar 5 and productivity more generally.

First, TSI's work focuses on Australia pursuing its **comparative advantage**. Our economy will enhance productivity where resources are directed to uses where Australia enjoys a comparative advantage such as green iron and other commodities which harness Australia's natural endowments and capacity to produce large volumes of low cost renewable energy.

Second, we advocate for a government role to address important **market failures**. Market failures can lead to significant economic inefficiencies and government intervention can remedy this in certain circumstances. Productivity will often be harmed when market failures persist in the economy.

A prominent example relevant to both concepts is the externality of carbon emissions. TSI advocates for the most efficient way to address this market failure: carbon pricing mechanisms at the social cost of carbon, as well as a carbon border adjustment mechanism compatible with international systems. Utilising the most efficient policy instruments gives Australia the best chance of leveraging its comparative advantages, addressing this market failure effectively and enhancing Australia's productivity.

Further Information

Please contact TSI's CEO, Baethan Mullen via info@superpowerinstitute.com.au .