

### Australia finally has a Net Zero Authority. What should top its agenda?

<u>Kylie Turner & Anna Skarbek (https://reneweconomy.com.au/author/kylie-turner-and-anna-skarbek/)</u> 8 May 2023 **1** 

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The Albanese government <u>has announced (https://www.pm.gov.au/media/national-net-zero-authority)</u> a Net Zero Authority to reduce national emissions and help industry, communities and workers manage the shift to a low-carbon economy.

The authority will be enshrined in law. It will seek to make Australia's energy transition more coordinated, orderly and fair, and ensure regions and industry seize the huge economic opportunities on offer.

The authority is long overdue. Without such a body, Australia risked making the net-zero transition too slowly, or not at all.

Establishing this body is just the first step. So let's take a look at how the Net Zero Authority can help Australia make the most of this once-in-a-generation economic transformation.

#### What will the Net Zero Authority do?

Australia has a national goal of reaching net-zero emissions by 2050, as part of the global effort to arrest climate change. Reaching the target requires a transformation of Australia's economy away from emissions-intensive activities such as burning fossil fuels.  $\times$  ().

But without an organisation such as the Net Zero Authority, reaching this target was not assured, and workers and communities may have suffered along the way.

There have long been calls from industry, unions, green groups, academics and others for an overarching body to help co-ordinate the net-zero shift.

According to the federal government, the new authority will have three main jobs:

- support workers in emissions-intensive sectors to transition to new jobs and learn new skills
- coordinate programs and policies across government to help regions and communities attract and take advantage of new clean energy industries
- help investors and companies take up opportunities in the net-zero transformation.

In our view, these are the right areas for the authority's focus.

The authority will work with federal agencies and state, territory and local governments, existing regional bodies, unions, industry, investors, First Nations groups and others.



There will be a process to inform what approaches the new authority will adopt. That's where our recent research may help.

Over the past three years, the Climateworks Centre at Monash University has been <u>working</u> <u>with industry (https://energytransitionsinitiative.org/)</u> to examine what's needed for Australia's energy transition to succeed. The collaboration is known as the Australian Industry Energy Transitions Initiative.

Our findings suggest the Net Zero Authority is on the right track, and offers specific ways forward on policy.

### Co-ordination is key

As our <u>report (https://energytransitionsinitiative.org/wp-content/uploads/2023/02/Pathways-to-Industrial-Decarbonisation-report-February-2023-Australian-Industry-ETI.pdf)</u> earlier this year stated, achieving the net-zero target needs coordinated action from finance, industry, community and all government departments at all levels. Without this, emissions reduction cannot happen at the pace and scale needed.

In June last year, for example, we released a study involving <u>five industrial regions</u> (<u>https://energytransitionsinitiative.org/wp-content/uploads/2022/06/Setting-up-industrial-regions-for-net-zero-Australian-Industry-ETI-report-JUNE-2022.pdf</u>): the Pilbara and Kwinana in Western Australia, the Hunter and Illawarra in New South Wales and Gladstone in Queensland. Between them, they extract or make products such as iron ore, steel, aluminium, chemicals and liquified natural gas.

These regions are significant in terms of emissions and energy use, but also make a big contribution to the economy.



We found that while significant action is underway to decarbonise these regions, investment in both industry and the energy system must be significantly scaled up to achieve big emissions reductions and build the new industries needed.

The potential climate and investment gains are huge. We identified 70 million tonnes of emissions reduction in these five regions alone – representing an 88% reduction – if timely, effective action was taken. This would be equal to removing all emissions from cars and light commercial vehicles in Australia.

We found more work was required to coordinate the transition and help all stakeholders collaborate and attract investment. The Net Zero Authority promises to achieve this at a national level.

### Let's get together

The transformation to a decarbonised economy in Australia must take place at a dizzying scale. So how should it best be managed?

Our <u>research (https://www.climateworkscentre.org/wp-content/uploads/2023/05/Renewable-energy-industrial-precincts-Scaling-up-industrial-decarbonisation-through-a-coordinated-approach-May-2023-.pdf)</u> suggests one approach: creating clusters of industrial businesses in one place, powered by 100% renewable energy.

We call these "renewable energy industrial precincts". We identified 11 priority areas across Australia with the potential to host these precincts.

The precincts are a practical solution to scale up and accelerate climate solutions in carbonintensive industries. It would allow businesses to share resources and knowledge, reduce costs and capitalise on Australia's abundant renewable energy resources.



Under our proposal, businesses and governments would work towards a precinct-level netzero target. The Net Zero Authority could manage this through national coordination.

A paper by Beyond Zero Emissions last year found

<u>(https://bze.org.au/research\_release/gladstone-briefing-paper/)</u> such a precinct in Gladstone could unlock billions of dollars in new capital investment and create 11,000 new local jobs.

#### Paying for the transition

As part of Friday's announcement, the federal government allocated A\$400 million from the Powering the Regions Fund to help existing and new industries through the economic shift.

This funding is welcome. Co-investment partnerships between federal agencies and state governments could offer even greater benefits.

Co-investment is a way for governments to combine multiple, smaller funding sources to achieve scale and efficiency. Precinct-based approaches <u>work well</u> (<u>https://thepolicymaker.jmi.org.au/place-based-approaches-can-help-industrial-regions-decarbonise-quicker-heres-how/</u>) for co-investment – for example, when state and federal governments chip in to pay for infrastructure used by several businesses, such as a rail line. A national authority can ensure such funding is coordinated.

Cross-government investment can also boost the confidence of private investors. Attracting private capital is important for reaching the scale of finance needed to fully decarbonise industry in key regional locations.

#### Seize the moment

Australia's energy transition represents a moment of great opportunity. It's time for us to <u>testhe future</u> we want. But it means focusing on the needs of our workforce and industries () and ensuring no-one gets left behind. The Net Zero Authority is a crucial element for success. It will help ensure Australia's industries, regions and communities are positioned to prosper in a decarbonising global economy.

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