
AIGN Submission to Productivity Commission:

**Pillar 5 – Investing in cheaper, cleaner
energy and the net zero transition
(June 2025)**



AUSTRALIAN
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1 BACKGROUND

The Australian Industry Greenhouse Network Limited (AIGN) welcomes the opportunity to engage with the Productivity Commission on the consultation questions provided for *Pillar 5: Investing in cheaper, cleaner energy and the net zero transition*.

AIGN is a network of industry associations and corporations. AIGN provides a forum for discussion on key climate change issues, delivering information and analysis to inform consideration of national and international climate change policy and the role industry can play in the transition to net zero emissions by 2050.

AIGN stands apart as a unique community of highly experienced professionals, bringing together their collective knowledge and expertise to promote the development of sensible global, national and local climate policy to promote the transition to net-zero.

2 INTRODUCTION

AIGN's position on climate change policy is informed by our [policy principles](#), which have been the basis of AIGN's contribution to climate change policy discussions for many years.

AIGN members represent a substantial portion of entities with obligations under current climate change policies and have a strong record of compliance, voluntary reporting, and incorporating climate and sustainability elements into their processes.

For AIGN corporate members, forward planning and investment decisions take many factors into account, including Australia's transformation towards net-zero emissions by 2050, Paris Agreement goals, as well as a wide range of other conditions (market access, macroeconomic stability, labour, infrastructure, regulatory and legal environment, financial considerations, etc). Access to competitive, clean energy is a very important element of a complex and multifaceted decision-making process around directing investment.

2.1 International context

AIGN supports the Government's commitment to the Paris Agreement and to meeting its goals, recognising the need for increasing ambition to keep the 1.5°C warming goal within reach and to achieve net-zero by 2050 or sooner.

AIGN members are committed to playing their part in this transition, as attested by the climate statements, goals, and actions of our association and corporate members. These send a clear signal that Australia's private sector supports the implementation of the Paris Agreement.

The Government must establish a suitable policy architecture that facilitates all sectors to transition at least cost, in line with the Paris goals and Australia's legislated emissions reduction targets.

3 REDUCING THE COST OF MEETING CARBON TARGETS

AIGN agrees that more consistent and efficient policy signals across federal and state governments would support growth in productivity and the economy, while more cost-effectively reaching net-zero by 2050 and interim emissions reduction targets.

It is important for the public discourse to acknowledge that achieving net-zero by 2050 is an immensely ambitious goal that will impose significant and differentiated costs on facilities and sectors, even if pursued in as efficient a manner as possible. However, inaction is not an option, and addressing climate change is an imperative for both business and society and is widely supported.

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

A technology-neutral, economy-wide framework must be prioritised. Policies should create consistent, credible, and enduring signals that support least-cost abatement while maintaining competitiveness and energy security.

Currently, there are many overlapping industry-focused assistance schemes (e.g., grants, concessional finance, production-based subsidies) as well as state-based approaches (e.g., feed-in tariffs and other incentives) that lack policy neutrality and impede facilitation of least-cost abatement at scale.

A key near-term priority is ensuring alignment across policy instruments, particularly the Safeguard Mechanism, any future sectoral decarbonisation plans under the Net Zero Plan, potential measures to address carbon leakage, and the development of Australia's sustainable finance framework (including implementation of the climate-related financial disclosure framework and sustainable finance taxonomy). Well-coordinated policies can avoid misalignment, duplication, and higher compliance burdens.

The Safeguard Mechanism provides a credible carbon price and compliance framework for covered entities. However, if separate and inconsistent expectations are placed on the same sectors under parallel initiatives (e.g. state-based requirements, taxonomy screening criteria, transport efficiency standards, electricity decarbonisation strategies) the overall investment signal becomes fragmented and confusing, leading to higher marginal abatement costs and other potential investment disincentives (e.g. resource misallocations where subsidies are directed to arguably mature sectors).

Clear delineation of objectives and boundaries between instruments is essential. For example, policy makers must ensure industry policy objectives (e.g., subsidising the creation of comparative advantages) and climate policy objectives (e.g., least cost abatement) are appropriately addressed.

AIGN members report that policy alignment between state and federal governments is a key enabler of finding efficiencies and harmonisation to facilitate decarbonisation. Corporate as well as association members' resources are stretched, engaging in climate policy and related processes with federal and (often multiple) state governments, and are forced to redirect resources towards layered and disconnected compliance processes and away from decarbonisation.

There is value in correctly integrating emissions and energy policies with the broader fiscal and investment landscape. The recommendation for a coherent investment environment aligns with AIGN's advocacy for transparent financial disclosures and a sustainable finance taxonomy that is facilitative rather than prescriptive. These tools must complement existing emissions policies, rather than creating alternative compliance routes or de facto regulatory requirements.

A predictable emissions price signal — even if implicit — is vital. Policy cost-effectiveness can be undermined when signals are muted (e.g., price inelasticity of transport) or overlapping (e.g., RET and Safeguard Mechanism for electricity). Ensuring that emissions-reduction signals reflect system abatement costs and provide a level playing field for all credible abatement technologies (including carbon capture, utilisation and storage, low-carbon fuels, and firming generation from gas) is crucial to ensure capital flows toward least-cost outcomes.

Misalignment can arise from narrow definitions of eligible technologies or energy sources. For instance, transition activities like fuel switching will be critical enablers of long-term decarbonisation but may be excluded from some policy instruments or mischaracterised under labelling regimes. AIGN has urged that all technologies be recognised for their role in enabling decarbonisation at least cost.

Finally, streamlining data and reporting frameworks (e.g., NGERs, financial disclosures, ESG reporting) is essential to reduce compliance costs and duplication. This includes aligning definitions, emission boundaries, and timeframes across government programs and reporting requirements.

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

While progress has been made in the industrial, electricity and transport sectors, significant gaps remain that, if addressed, could promote efficient and timely emissions reductions.

In the industrial sector, a major gap lies in the absence of a coordinated strategy to support transition-enabling technologies. Carbon capture, utilisation and storage (CCUS), low-carbon fuels, and electrification of industrial heat all face investment and deployment barriers.

While the Safeguard Mechanism now incorporates more robust emissions limits, complementary support (e.g., infrastructure, approvals, finance mechanisms) is underdeveloped. AIGN has consistently noted that net zero cannot be achieved without enabling all credible abatement pathways. AIGN notes that the Safeguard Mechanism represents around 30% of Australia's net emissions, and that uncovered sectors and facilities will also need to contribute their proportional share to Australia's emissions reduction targets.

The [Carbon Leakage Review](#), led by Professor Frank Jotzo in 2024, found that the Safeguard Mechanism will need to be supported by other measures to ensure the competitiveness of Australia's industries is maintained and shifts in production to countries with lower (or no) emissions reduction policies are avoided. AIGN continues to support the development of appropriate policy settings to ensure the competitiveness of operations in Australia is maintained and investors have the confidence to develop significant new transition-aligned projects.

Electricity sector policies have focused primarily on supply-side transformation, with strong signals through the Renewable Energy Target framework, state-level schemes, and transmission reforms. However, demand-side and system-level challenges are often not integrated. For example, integration with related policy frameworks such as the Critical Minerals Strategy, Future Gas Strategy, Future Fuels and Vehicles Strategy, Green Aluminium Production Tax Credit scheme, etc, would strengthen outcomes.

Transport sector policy remains underdeveloped relative to its emissions profile. The introduction of the New Vehicle Efficiency Standard is a welcome step, but a coordinated strategy addressing fuel switching (e.g., biofuels, e-fuels), infrastructure (e.g., EV charging, hydrogen refuelling), and modal shift is lacking. Within the Safeguard Mechanism, for example, all low carbon liquid fuels, including those domestically co-processed, should be recognised. The lack of integrated policies creates uncertainty and undermines market preparedness.

Another critical gap is the absence of cross-sectoral coordination. The development of sectoral plans under the Net Zero Plan offers a key opportunity to align actions, but currently lacks clear integration with other major policy processes (e.g., financing, planning approvals, data standards), and cannot be analysed or compared for efficiency purposes. For example, climate disclosure obligations are being developed in parallel, but would benefit from more stakeholder engagement on how emissions and financial data will be reconciled across reporting systems.

In many cases, failing to address these gaps risks exacerbating investment uncertainty or delaying viable emissions reductions at scale. Conversely, hastily filling gaps without proper coordination can lead to regulatory overlap or unintended consequences. For example, poorly defined taxonomy criteria could exclude transition-enabling activities that are otherwise recognised in climate policy.

Addressing these policy gaps should focus on aligning financial, regulatory and infrastructure frameworks to support credible abatement at scale. AIGN has consistently recommended that the Government avoid duplicative interventions and focus on enabling conditions that support investment across a broad portfolio of technologies.

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

There is growing concern that the current climate policy landscape contains overlapping and duplicative instruments, particularly in emissions measurement, reporting, and target-setting. These duplications (coupled with increasing assurance requirements) can raise compliance costs, distort investment signals, and ultimately impact the cost-effectiveness of emissions reduction.

One area of duplication arises from multiple emissions reporting obligations. Entities may be required to report under NGERS and the Safeguard Mechanism, sustainability disclosures, climate-related financial disclosures, corporate transition plans, and voluntary ESG frameworks — each with different boundaries, definitions, and timeframes. AIGN has noted this as a key concern in the sustainable finance and climate disclosure consultations. Streamlining reporting — including enabling the consistent use of NGERS data for financial disclosures — would reduce duplication and support more efficient compliance.

Another area of overlap is emerging between emissions-focused policies (e.g., Safeguard Mechanism) and those developed through financial policy channels (e.g., sustainable finance taxonomy, labelling of green/transition investments). While transparency is important, there is a risk that divergent definitions of eligibility (e.g., for investment versus compliance) create conflicting signals. For example, gas-fired firming generation may be treated as essential in electricity reliability planning, but as ineligible in taxonomy definitions — undermining investor confidence in transition-aligned projects.

Similarly, there are instances of competing or conflicting incentives in the electricity sector. Commonwealth and State-based renewable energy targets and emissions reduction targets, publicly funded capacity investments, and market-based contracts can all influence project viability. If not well-coordinated, this can lead to inefficient capital allocation, duplication of subsidies, or congestion in network infrastructure. This is reflected in the NEM Review Expert Panel's proposal to take these policies (as captured in the AEMC Targets Statement) as an input that determines the pace and scale of reform that their proposed reforms will support.

The transport sector presents another case. With emerging federal efficiency standards and state-level zero emissions vehicle incentives, a lack of harmonisation can create compliance complexity and investor uncertainty. Streamlining these initiatives — and ensuring complementary infrastructure policy — would enhance impact.

A further issue is the proliferation of sectoral decarbonisation strategies, often led by different departments (e.g., transport, industry, energy). Without central coordination, these strategies risk developing duplicative or inconsistent emissions trajectories, technology assumptions, and compliance expectations. AIGN supports a more integrated, whole-of-economy approach that ensures alignment and cost-effectiveness.

AIGN encourages the Government to prioritise:

- Streamlining reporting frameworks (reducing green and red tape)
- Clarifying the interaction between financial and climate policy instruments
- Actively harmonising eligibility criteria for emissions reduction technologies
- Ensuring central coordination of sectoral and cross-sectoral decarbonisation planning

Such reforms will help ensure emissions-reduction policies are mutually reinforcing and efficient in achieving Australia's climate goals at the lowest cost.

4 SPEED UP APPROVALS FOR NEW ENERGY INFRASTRUCTURE

AIGN supports reforming and streamlining approvals processes, ensuring an efficient and high-quality system. Faster approvals are necessary to support meeting Australia's ambitious climate targets, as current timelines mean it would be logistically impossible to deploy enough decarbonisation projects to achieve net-zero emissions by 2050.

AIGN emphasises that timelier approval processes for zero and low-carbon energy investments must be complemented by a similarly streamlined system for industrial and resource projects.

Australia's critical minerals developments are essential to the net-zero transition, such as building the components to develop clean energy and infrastructure projects. The Government's Critical Minerals Strategy acknowledges the role of the resources industry in the net-zero transition; the success of the Strategy must be secured with approvals reform.

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

Planning and approvals processes for large-scale energy infrastructure — including resource exploration and production, transmission, generation, and industrial decarbonisation projects — are frequently long, creating investment uncertainty, delaying emissions reductions, and increasing the overall cost of the energy transition. This challenge is well-recognised across industry as well as by governments.

Long and uncertain planning and approvals processes are equally problematic across resources and industrial projects, causing delays that impact Australia's ability to decarbonise (see section 4.1.1 below). This must be addressed in a timely manner.

Delays are caused by a combination of complex regulatory layering, inconsistent decision-making within and across jurisdictions, and under-resourced government agencies.

Proponents often face overlapping federal, state and local approval regimes, with separate and sometimes conflicting requirements under environment, heritage, planning, biodiversity and Indigenous engagement frameworks. This is particularly acute for transmission infrastructure and major industrial transformation projects (e.g., low-carbon hydrogen hubs, low-carbon manufacturing, or CCUS facilities). In addition, some energy projects have been delayed due to lengthy appeals processes, extended time taken for decision-making on approvals, and subsequent approvals challenges and appeals.

A further challenge is the lack of alignment between decarbonisation and planning frameworks. Project proponents are being asked to meet new climate policy requirements (e.g., under the Safeguard Mechanism or transition plans), while the infrastructure needed to comply with those same policies is subject to long, uncertain approval pathways.

Even reforms designed to streamline approvals — such as bilateral assessment agreements or strategic assessments under the EPBC Act — have in many cases added further process without improving timeframes or certainty. Many reforms remain piecemeal, underutilised, or inconsistently applied.

For example, despite national support for renewable energy zones (REZs), grid-scale transmission approvals remain subject to uncoordinated jurisdictional planning systems, often requiring sequential approvals for corridor alignment, environmental assessment, and social licence.

The need for reform is urgent. If project timeframes remain misaligned with emissions reduction targets and funding windows (e.g., under the Capacity Investment Scheme or Powering the Regions Fund), Australia risks undermining its economic base and energy reliability, and the achievement of mitigation objectives.

Timely reforms should:

- Rationalise overlapping processes and avoid duplication between environmental and climate policy processes. The Safeguard Mechanism, which is designed to efficiently decarbonise covered sectors, should be the default system to ensure net-zero alignment of relevant projects.
- Clearly define lead regulators and responsibilities. Approvals are primarily handled at the state level, with some federal government involvement around EPBC Act requirements. AIGN supports accrediting state assessments and approvals, with the federal government assuring state processes.
- Make greater use of strategic planning and approvals processes, and establish early engagement processes that provide greater certainty for proponents.
- Improve coordination and resourcing across agencies.

AIGN supports a strategic, national approach to project approvals that is transparent, efficient and enables investment in transition-enabling projects — consistent with our principle of least-cost, technology-neutral climate policy implementation.

4.1.1 Planning and approval delays are also impeding decarbonisation in other industries

It is well understood that current planning and approvals processes take so long, that we will not be able to logistically achieve net-zero by 2050 with the current system. This applies not only to energy infrastructure projects; many sectors are finding decarbonisation hampered by a lack of efficiency.

Mining, for example, is essential for the world to reach net-zero by 2050. The [International Energy Agency's \(IEA\) 2025 Global Critical Minerals Outlook](#) demonstrates that critical minerals have a vital role in safeguarding global energy and economic security. The markets for key energy-related minerals, including copper, lithium, nickel, cobalt, graphite and rare earth elements, have become more concentrated, particularly for refining and processing, while demand has risen significantly and growing export restrictions could impact the security of supply.

The quantities of minerals needed to achieve our decarbonisation goals requires more mining, not less. Industry-led analysis found that one of the largest cost increases to prospective mining projects in Australia over the next five years will come from delays in environmental approvals. Meanwhile, competitor countries are moving much faster to approve and build mining projects.

A streamlined and efficient regulatory and approvals process is needed to unlock the potential of Australia's resources and manufacturing capacity which will in turn support the transition to clean energy and the net-zero transformation.

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

Approvals can be accelerated without weakening regulatory standards by introducing process certainty, early engagement, timebound approval processes and better coordination — rather than reducing the rigour of environmental assessments.

Australia should consider suitable innovations tailored to our domestic needs. Key measures could include:

- Time-bound statutory assessment periods, backed by resourcing and performance monitoring.
- Lead agency models to reduce inter-agency duplication and establish clear lines of responsibility, particularly through accreditation of state and territory processes.
- Strategic or regional assessments that support net-zero aligned project developments, subject to cumulative impact management.

- Standardised assessment templates and consolidated application portals across jurisdictions.
- Clearly defined approvals processes, methods and consultation periods, supported by stable and clear guidelines to provide clarity and certainty to project proponents, regulators and other stakeholders (e.g. process for managing changes, prolonged appeals processes, post-decision challenges).

Relevant agencies must be resourced with the technical capability and policy clarity to assess projects efficiently and to consult meaningfully with affected stakeholders, including communities and Traditional Owners. This is critical to maintaining regulatory standards while avoiding unnecessary project delays.

Improving transparency and accrediting state and territory approvals processes are the best ways to accelerate approvals while maintaining integrity.

AIGN recommends priority action to improve the predictability, accountability and transparency of the approvals process for all decarbonisation projects. This should include a clear directive to relevant agencies with explicit expectations in the delivery of improvements to the approvals process within the current legislative framework, as well as publication of performance metrics. Legislative reform should also be considered, but implementation will take time, and changes must be made promptly to keep the net-zero by 2050 goal within reach.

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

While clean energy projects are important to Australia's transition to net-zero by 2050, other projects, e.g. in resources and industrial sectors, are of equal importance. The approvals system for all projects that support the global climate transition must be streamlined.

This does not imply weaker environmental standards, but rather a recognition that certain energy, resources and industrial projects are important to global decarbonisation and national interest objectives, including emissions reduction, energy reliability, and economic resilience.

For significant new clean energy capacity build to be economically viable, the incoming supply needs to be complemented by demand. Facilitating the development of industrial projects will help to pull through investment in large clean energy projects. Reforms to approval pathways should allow for tailored processes that reflect the strategic value and risk profile of all transition-aligned projects.

4.3.1 Environmental laws and climate change laws in the context of project approvals

One way to improve streamlining is to clearly designate responsibilities between state and federal authorities. Environmental considerations are covered in relevant state and federal laws, while climate-related considerations should be addressed via the appropriate legislative instrument for a proposed project, such as the Safeguard Mechanism.

This approach is supported by the findings of the [Independent Review of the EPBC Act \(the Samuel Review\)](#). The review is explicit that climate change should primarily be addressed through national climate and energy policy, not through the EPBC Act, because project-level environmental assessments are not well-suited to address global climate issues.

The [Government has confirmed that the Safeguard Mechanism is working](#) to bring down emissions from covered entities. The Clean Energy Regulator has developed expertise and understands the conditions of the Safeguard Rule and related guidance. Requiring climate change obligations to be met via the Safeguard Mechanism will help eliminate inefficiencies around approval authorities who are not equipped to consider the climate and emissions impacts of projects.

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

AIGN recognises that communities must see tangible value from hosting clean energy and infrastructure projects. This could be supported by moving beyond transactional models (e.g., once-off compensation) to more durable arrangements such as shared revenue models, regional investment funds, and employment and training commitments for local workers.

A national guideline or standard for benefit-sharing would help set expectations, reduce transaction costs, and improve consistency across projects.

Community engagement is most successful when begun at the project conception stage, not after design is finalised, and should be based on co-design principles with genuine opportunities to shape project outcomes. Incorporating First Nations engagement from the outset promotes recognition of land connection and cultural values.

Transparent planning, clear communication, and third-party facilitation (e.g., through Regional Planning Hubs or energy transition bodies) can help build trust where project fatigue or confusion exists.

The Energy and Climate Change Ministerial Council (ECMC) is leading work in response to the Australian Energy Infrastructure Commissioner's (AEIC) Community Engagement Review. This includes creating a voluntary developer rating scheme to guide understanding of best practice, as well as community trust in engagement with developers.

Ultimately, energy infrastructure must be seen as a net benefit to local communities, as well as the broader economy. Community support reduces legal risk, improves project timelines, and enhances social cohesion — key enablers of the productivity benefits that infrastructure is intended to unlock.

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

Faster and more coordinated approvals for transition-aligned projects yield significant productivity benefits across the economy. AIGN members consistently report that regulatory delay is a material contributor to project cost inflation, timeline blowouts, and capital flight. Typical project delays caused by regulatory complexity can span 12–36 months; some large projects have taken between 5 and 8 years, and sometimes proponents must deal with the costs of ‘lawfare’ after regulatory approvals are granted. The [ACCC’s March 2025 interim report](#) for its gas inquiry, for example, highlights delays to regulatory approvals as a factor that led to revising down the projected gas supply for 2025.

Each year of delay imposes direct financial costs (e.g., additional holding and compliance costs) and indirect opportunity costs (e.g., lost early revenue, stranded capital, or missed funding windows). In the energy sector, delayed infrastructure also increases reliance on legacy assets, drives up energy costs, and reduces emissions abatement opportunities.

For example, in transmission infrastructure:

- Timelier approvals could unlock significant stalled generation projects by alleviating grid connection constraints.
- Delays in major interconnectors or REZ developments can result in higher wholesale electricity prices, which feed through to manufacturing and household costs.

In the resources and industrial sectors, delays in facilitating supply and enabling infrastructure (e.g., CCUS hubs, hydrogen supply chains, renewable fuels, gas expansion and transmission or electrification upgrades) can lead to:

- Higher Safeguard Mechanism compliance costs (due to lack of abatement options).
- Lost co-investment opportunities under time-limited funding programs (e.g., Powering the Regions Fund).
- Slower decarbonisation, increasing exposure to carbon leakage and global competitiveness risks.

Accelerating project approvals also improves Australia’s investment attractiveness.

International investors are increasingly benchmarking jurisdictions on permitting speed, certainty, and coordination. A reputation for excessive delay or unclear approval processes risks diverting capital elsewhere — undermining both emissions and productivity goals.

The productivity benefits from faster approvals include:

- Lower capital and compliance costs.
- Improved energy reliability and cost containment.
- Enhanced investment attractiveness.
- Greater emissions reductions, faster.

These benefits compound over time and will be critical in ensuring Australia meets its emissions targets while remaining a globally competitive economy.

5 CONCLUSION

Thank you for the opportunity to provide input to the Productivity Commission's consultation questions on investing in cheaper, cleaner energy and the net-zero transformation.

Australia has a unique opportunity to position itself to be an internationally competitive supplier of low-emissions, reliable energy, strengthen key resources and manufacturing industries, achieve ambitious climate targets and secure jobs for Australians. This can be achieved in line with our net-zero ambitions while maintaining a thriving economy and addressing key social and environmental considerations. Clear, consistent and streamlined policy approaches across jurisdictions and disciplines will promote success.

AIGN welcomes future opportunities to engage with the Commission and the Government on these matters.