

CEDA media release

Governments should focus on enabling, not funding, net-zero projects

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Governments should apply a consistent framework and clearly articulate their objectives when backing clean energy projects, to ensure funding goes to those with the best chance of success, the Committee for Economic Development of Australia (CEDA) has found.

The Federal Government is set to invest billions in clean energy projects as part of its new “Future Made in Australia” plan, including up to \$1 billion for solar panel manufacturing, with more expected in the upcoming Budget.

Clean energy precincts: How to seize the green export opportunity, outlines how to prioritise government support for such projects – in particular for clean energy precincts, which bring together businesses, research institutions, start-ups and education providers working towards a low-or-no emissions future.

“Australia has harnessed sun and wind to reduce emissions domestically,” the report’s author, CEDA Senior Economist Andrew Barker said.

“But we can make a larger contribution to the global transition by using these advantages, plus our abundant land and critical minerals, to export clean energy and green hydrogen, iron, aluminium or ammonia.

“Countries around the world are accelerating their energy transitions, creating significant demand for green energy and products.

“We can and should develop our comparative advantages to meet this demand and seize these export opportunities.

“Some estimates suggest that while Australia accounts for just over one per cent of global emissions, it can replace about another seven per cent of global emissions through clean exports.

“Establishing “clean energy precincts” can help get us there.”

The report’s recommendations include:

- Governments should apply a consistent framework to their support for clean energy precincts, recognising public *investment* in commercial projects requires deeper independent analysis of market opportunities than *enabling* or *guiding* development through coordination, shared infrastructure, better planning and community engagement.
- Ensure all clean energy precinct proposals have a clearly articulated purpose, with measurable objectives that enable transparency and ongoing monitoring and evaluation. Financial support should be explicitly linked to meeting these objectives.
- Government and industry should engage deeply and early with local communities.

- Cooperation across levels and departments of government is needed to update and simplify planning, while maintaining environmental and community protection.

Around the world, governments have announced more than \$US1.3 trillion in clean energy subsidies since 2020.

“The enormous scale of this support creates opportunities, but also increases the risk that we won’t be able to compete over the long term if we choose the wrong projects or technologies,” Mr Barker said.

“Australian governments are already making substantial investments in clean energy precincts, yet complex, fragmented and in some cases outdated planning and permitting processes are delaying progress.

“To be successful we also need to remove barriers to development, engage communities and enable the best projects.

“The Government says ‘we don’t have to go dollar-for-dollar in our spending. But we can go toe-to-toe on the quality and impact of our policies’.

“This requires an overarching framework to best target how and where it supports clean energy precincts and other green projects, and a willingness to stop supporting unsuccessful projects, to ensure we make the most of these opportunities.”

CEDA Senior Economist Andrew Barker is available for further comment and interviews.

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CEDA has more than 500 members from a broad cross-section of industry, government, community and academia. Our members span every state and territory.

CEDA was founded in 1960 by leading economist Sir Douglas Copland. His legacy of applying economic analysis to practical problems to aid Australia’s development continues to drive our work today.