



KangaNews Sustainable Debt Summit

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The Hon Matt Kean

Chair - Climate Change Authority

Check against delivery

I begin by acknowledging the traditional owners of the land on which we are meeting today, the Gadigal people of the Eora nation, and pay my respects to their elders, past and present.

Thank you to the convenors of the Summit for bringing together this great event and inviting me to be with you today. A warm welcome also to the full spectrum of participants engaged in leveraging sustainable finance to help create a better future.

Capital markets have long been ahead of the curve in the debate over climate change. You were prepared to look past the argument that framed our future as an existential choice between our environment and our economy. The simple fact is that a healthy economy depends on a healthy environment, and the weight of global capital agrees with that proposition.

The cost of low-emissions technology is coming down and the appetite of investors to direct capital towards it is surging. Global energy investment topped US\$3 trillion in 2024 – with two-thirds going to clean energy technology and infrastructure. Of the new generation capacity installed last year, 92.5% was renewable – according to new data out from the International Renewable Energy Agency last week.

Storage investments are soaring, too. Australia's fleet of utility-sized batteries will expand fourfold in just the next three years. These trends are becoming increasingly embedded and are powerfully shifting the dynamics of climate action.

What I'd like to share with you today are some insights on how the Climate Change Authority is thinking about these megatrends in the context of our work:

- to advise the Australian Government on the best path to achieving the nation's legislated emission reduction goals,
- to accelerate the creation of a contemporary electricity grid, which is the first essential step in decarbonising our economy,
- to unlock the next generation of technological breakthroughs needed to propel us towards net zero,
- and how we continue to remove the legislative, policy and regulatory barriers to the stable investment climate you depend on.

Let's start with the state of play. We continue to confront a rapidly changing climate. The period 2015-2024 was the warmest 10 years on record. 2024 was the hottest year on record. It claimed that unwanted title from 2023. But in the future, both these years will be viewed as relatively cool ones on current warming trends. The World Meteorological Organisation estimated that global emissions hit a record of their own in 2024 and are yet to peak.

The impacts of our changing climate are already being felt through escalating extreme weather disasters. Supposedly 1-in-100-year events, now occurring with relentless regularity and each time, the bill for recovery and rebuild reinforces the cost of delaying action on climate change.

I can vouch for it. In my former role as Treasurer of NSW, I had to fund the Government's response to the Northern Rivers floods of 2022. It was the state's most expensive natural disaster ever. And that's before we account for the human distress of people having to rebuild their lives and livelihoods.

These disasters are a manifestation of every warning issued by climate scientists for several decades now. They were discounted for too long, but no more. We need to act – and act fast.

The good news is that Australia is making progress in our efforts to get emissions down and play a constructive role in the global fight to combat climate change. Emissions are now down by 28 per cent against the 2005 baseline. The emissions intensity of Australia's electricity grid is falling and the share of electricity now generated from renewable sources is on the rise.

By the end of 2024, renewable energy was providing an average of 46 per cent of the power in the National Electricity Market – Australia's main grid. Renewables even topped 70 per cent of supply at times, and Australia's emissions reduced by another 3 million tonnes in the past year. That's all positive progress.

But there is much more to do, and we need to do it faster.

If Australia is going to meet its legislated emission reduction targets, build a reliable electricity system ahead of the continuing exit of coal-fired power stations over the next decade, and succeed in seizing the opportunities of a decarbonising global economy, we will need to turbocharge efforts to decarbonise our economy and deliver real action to slash emissions.

That's where the work of the Climate Change Authority comes in. The Authority's mandate is simple. We provide independent, expert advice to the Australian Government on climate change science, impacts, policy and solutions. We consult widely with stakeholders, experts and communities on the frontline of change. We commission and conduct extensive modelling, research and analysis. Then, we combine it all into clear, compelling and actionable advice that can help accelerate Australia's progress on cutting emissions.

Our Sector Pathways Review, released towards the end of last year, is a strong example of the Authority's contribution to the climate conversation. This major piece of work, more than a year in the making, looks at the spectrum of mature, demonstrated and early-stage technologies that will be needed to decarbonise our economy. It unambiguously shows us that accelerating Australia's transition to renewables needs to be a top priority now.

Decarbonising Australia's grid is the largest source of near-term abatement and will do much of the heavy lifting on cutting emissions to 2030. Rolling out clean energy infrastructure now also unlocks the potential for deeper cuts to pollution in other sectors in the decades beyond. It will also ensure we create a new wave of industries that will power the next era of Australian prosperity. Products like renewable hydrogen, green metals and zero emissions data centres look set to be the new essentials of a low-carbon economy.

We have a great shot at making them right here in Australia, taking an important place in the clean supply chains that are being mapped out as we speak. With a bigger, cleaner grid we can make large and rapid cuts to emissions in the transport sector by electrifying road and rail fleets. We can electrify homes and businesses, cutting energy bills and emissions in one go. And we can see existing industries take some big steps towards a decarbonised future through the electrification of low and medium process heat.

However, the review was also candid about the measures that must be taken to enable more investment and faster progress. We looked at opportunities to address the challenge of workforce shortages. We recognised the need to better balance the community's legitimate right to be consulted on major projects, with the case for fit-for-purpose, efficient and transparent planning approval processes. And we called out that investors need digital sustainability reporting tools and rich, transparent data to enhance your capacity to make informed decisions.

It's a comprehensive report and I thoroughly recommend a read. It also acknowledges that moving Australia's economy to net zero will require a huge mobilisation of finance.

Overhauling the National Electricity Market on the current national pathway is expected to require investment in the order of \$122 billion alone. We will inevitably need a mix of public and private finance – but we know that without the private component, progress will certainly stall. Australia’s success in attracting the capital we need depends on a stable investment environment – one in which investors can take decisions today without the risk of goalposts being totally transformed tomorrow.

Emissions reduction targets play an important role in providing that certainty. Targets matter because they send a crystal-clear signal to businesses like yours about where to invest, and help you spot the new market opportunities coming down the pipe. They set out a shared national goal so that businesses, governments, communities, and households can all pull in the same direction to get good things done. And they keep us on track to drive down emissions, so that we can keep our kids safe and our economy thriving in the years to come.

That’s why I was a strong advocate for clear and ambitious emissions reduction targets as a senior Liberal minister here in NSW. And it’s why I’ll continue to advocate for ambitious and achievable targets that are in our national interest through the work of the Climate Change Authority.

The Authority has been advancing the work that will inform our recommendation on Australia’s next emissions reduction target for 2035. We’re deep into the consultation, analysis, modelling and research that will help shape our final advice. We have to consider a range of factors:

- What do the insights from the Sector Pathways Review tell us about how far and fast we can practically cut emissions?
- What are the implications for the economic, social and environmental wellbeing of Australians?
- And how do the various choices pan out in terms of the nation’s economic trajectory?

We’re also obliged to assess international considerations, such as Australia’s own commitments under the Paris Agreement, and what our global allies and trading partners are doing. That makes sense, given the fight to halt climate change is a shared task, and the actions of other countries will have a material impact on Australia’s choices. From supply chains to the demand for export markets, the consequences of actions taken offshore will be felt here at home.

No doubt you’ve noticed that a few things have been changing on the international scene recently. We don’t yet have absolute clarity on every element of US climate and energy policy under the new administration. We do know the posture and intent is very different from the one that has been pursued for the past four years. What we can say with confidence is that climate change waits for no one, and climate change will spare no one.

The case for action is compelling. And as a nation already feeling the effects of climate change, Australia will need to continue to act urgently to curb emissions.

What’s also clear is that the world still needs the technology, goods and services that will support decarbonisation. With our access to capital, natural resources and capacity for innovation, Australia is well-poised to capitalise on that demand. And if other countries want to retreat from that opportunity, we should double down on our determination to seize the economic upside available.

The Authority wants to ensure our final recommendations maximise the opportunities available to our nation and see Australia continue making a responsible contribution to the global fight to lower emissions. As we progress this work to its conclusion this year, we will continue to engage with investors and everyone else interested in a zero emissions future.

This era needs leaders who can make new things happen. People with the vision to see what’s possible, and the guts to go out and make it reality. Who are willing to lean into this once-in-a-century transformation, find opportunity in change, and grab it with both hands.

Thank you for being those leaders and forging a path for others to follow. No backtracking or getting bogged down. Let’s keep getting on with the job of building a cleaner, safer and thriving Australia.