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Submission to the Climate Change Authority Issues Paper on the 2025 Annual Progress Report

The World Wide Fund for Nature-Australia (WWF-Australia) welcomes the opportunity to make a submission to the Climate Change Authority's (CCA) Issues Paper on the 2025 Annual Progress Report.

WWF-Australia is part of the WWF International Network, the world's largest independent conservation organisation. WWF's global mission is to 'stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature'. WWF-Australia has approximately two million supporters.

Climate change and biodiversity collapse are the two greatest threats facing both humans and nature today. These crises are intertwined, compound global inequalities, and must be addressed together. WWF-Australia supports a fast, ecologically sound and just transition to a net zero future.

WWF considers that the transition to a net zero economy needs to be "fast, best, and just". This means it is now time to build faster to keep stabilising global average temperatures to 1.5°C in reach, more ecologically sound to reverse the trend of biodiversity loss, and fairer to achieve a just and resilient transition for local communities and the broader region. There can be no fast transition if it does not work for people and nature.

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Supporting and enabling the transition to a net zero economy

The government has laid strong foundations for achieving net zero, now implementation must accelerate.

The Albanese government has provided clear policy direction during its first term, notably through critical reforms and the establishment of key policy mechanisms, such as the Capacity Investment Scheme (CIS) and Future Made in Australia (FMIA), which send important investment signals. Key actions have included setting the renewables target, legislating the 2030 emissions reduction target under the Climate Change Act (CCA) and reforming the Safeguard Mechanism (SM) to support emissions reduction across industry[1]. A landslide victory has given the Albanese government a second mandate for continuity on energy and climate policy. The Cheaper Home Batteries Program has proven to be extremely successful with businesses and households; more than 40,000 energy storage systems, totalling 714 MWh of capacity, have been installed in just eight weeks, beating forecasted numbers[2].

Despite these positive developments, emissions reduction has stalled in recent years[3] and the pace of renewable energy roll-out is not on track to meet the 82% renewables target by 2030.

1. **Domestic decarbonisation:** Industrial decarbonisation is progressing slowly. Net emissions are falling mostly due to carbon credit use[4], not structural on-site decarbonisation, highlighting limitations in the current Safeguard Mechanism and the contradictory nature of fossil fuel incentives such as the Fuel Tax Credit (FTC) Scheme[5] [6]. Emissions from transport and agriculture have continued to rise over the last five years, underscoring the need for stronger support for farmers, citizens, and transport providers to adopt electrified and low-emissions solutions[7].
2. **Green industries:** While the Australian Government has committed significant funding through the National Reconstruction Fund (NRF), Rewiring the Nation (RTN), and FMIA initiatives, most of these funds remain largely undeployed, underscoring a critical execution risk[8]. Final investment decision (FID) for many large-scale clean infrastructure and clean export projects lags, with players pulling out of key hydrogen projects, citing limited local demand and a lack of buyers willing to pay the green premium[9].
3. **Fossil fuel developments:** The Albanese Government has continued to approve fossil fuel projects, including the conditional extension of the North West Shelf gas project to 2070, one of its first major decisions post-election[10]. This move stands in direct contrast to the International Energy Agency's Net Zero by 2050 scenario, which finds that limiting warming to 1.5°C requires no new coal mines, mine extensions, or long-lead-time oil and gas developments beyond those already approved as of 2021[11]. Australia also has the largest pipeline of new coal projects, and within five years, if those projects are permitted to proceed, Australia's exported fossil fuel emissions will be 3.3 times larger than its domestic emissions[12].
4. **Renewable energy infrastructure:** In the first half of 2025, only ~1.2 GW of new utility-scale generation projects have been committed, around one-third of the annual ~6–7 GW needed to meet

[1] DCCEEW (August 2025)
[2] One Step Off the Grid (August 2025)
[3] DCCEEW (August 2025)
[4] Bloomberg (April 2025). Carbon credits include Australian Carbon Credit Unit (ACCU) or Safeguard Mechanism Credit (SMC)
[5] Australian Financial Review (August 2025)
[6] RENEW Economy (August 2025)
[7] DCCEEW (August 2025)
[8] Climate Capital Forum (July 2025)
[9] Bloomberg (July 2025)
[10] ABC News (May 2025)
[11] International Energy Agency (May 2025)
[12] Fossil fuel non-proliferation treaty (March 2025)

Australia's 2030 target[13]. Critical transmission build-out, such as the Victoria to New South Wales Interconnector (VNI) West and Energy Connect projects among others, has been significantly delayed, with cost blowouts and delivery risks mounting[14].

5. **Climate risk:** If global emissions reductions fail to accelerate, Australia must also prepare for higher warming scenarios. Organisations such as the Australia Institute and the Investor Group on Climate Change have highlighted critical gaps in national climate adaptation planning and finance [15][16].

Additional measures are urgently needed to complement the foundational steps and unlock rapid, coordinated decarbonisation.

Without this, Australia risks missing its net zero commitments and the opportunity to lead in the global clean energy economy. Reports from Future Group[17], EY[18] and Climate Council[19] show that high ambition is not only feasible, but economically and scientifically preferable.

The Australian Government should consider the following to improve the effectiveness of existing policies and address gaps in supporting Australia's transition to a low-emissions, climate-resilient, and prosperous economy:

i. Realigning incentives for domestic decarbonisation[20]
ii. Supporting the green industries of the future by ensuring low-cost inputs, building offtake and trade relationships for low carbon products, and unlocking critical enablers[21]
iii. Delivering a comprehensive plan for fossil fuel phase out
iv. Ensuring a fast, best and just transition[22]
v. Strengthening adaptation[23]

The government has laid strong foundations for achieving net zero, now implementation of renewable energy and decarbonisation solutions must accelerate. Despite positive policy developments, emissions reduction has stalled in recent years and the pace of renewable energy roll-out is not on track to meet the 82% renewables target by 2030. Additional measures are urgently needed to complement the foundational steps and unlock a rapid, socially just and ecologically sound transition. Carbon pricing remains the most effective form of policy enabler, but it is also critical to redirect fossil fuel subsidies to green industries, expand and strengthen the Safeguard Mechanism and provide ongoing support for renewables and transmission upgrades.

[13] Clean Energy Council (August 2025)
[14] RENEW Economy (July 2025)
[15] Australia Institute (November 2021)
[16] Investor Group on Climate Change (April 2025)
[17] Future Group & Deloitte (August 2025)
[18] EY (July 2025)
[19] Climate Council (August 2025)
[20] Response to 2.i. and incorporates recommendations for questions under "The Safeguard Mechanism" section
[21] Response to 2.iv and 2.v
[22] Response to 2.iii, 2.vi, and 2.vii. and incorporates recommendations for questions under "Deploying renewable energy infrastructure" section
[23] Response to 2.viii

i. Realigning incentives for domestic decarbonisation

Despite recent policy reforms, Australia's emissions trajectory remains off pace for its 2030 target.

The Climate Change Authority's 2024 Progress Report found that while emissions are falling, the decline is not fast enough to meet our goal of 43% below 2005 levels by 2030, and stronger measures are needed across all sectors[24].

Strengthen and broaden the Safeguard Mechanism

Industrial decarbonisation remains modest: the first year of the reformed Safeguard Mechanism delivered only limited emissions reductions, with most compliance achieved through carbon credit purchases rather than structural on-site abatement, as emissions caps remain high and the price of offsets too low to overcome green premiums [25] [26]. Emissions from transport and agriculture have continued to rise over the last five years[27], while studies from respected research institutes highlight a severe underreporting in methane emissions from coal mines, a more potent greenhouse gas than carbon dioxide [28] [29]. WWF supports calls for:

- Limiting the use of ACCUs and SMCs to encourage on-site emissions abatement as industrial decarbonisation solutions mature.
- Covering a larger portion of Australia's emissions by lowering the compliance threshold for facilities and/or including road transport emissions.
- Providing a clear and predictable carbon price trajectory to give businesses the investment certainty needed for large-scale decarbonisation.
- Improving methane emissions reporting, supporting deployment of proven abatement technologies and strengthening methane-specific obligations within the Safeguard Mechanism.

Realign financial incentives to accelerate industrial decarbonisation

Fuel Tax Credits (FTCs) and other measures lower the effective cost of fossil fuel use in industry, driving emissions while slowing electrification and productivity-enhancing innovation. A recent study from Climate Energy Finance points out that the FTC is a growing budget expense ($11 billion annually) that undermines the Safeguard Mechanism (subsidising 815 MtCO2e to date) and disincentivises clean investment[30].

WWF calls for:

- Reforming market-distorting fossil fuel subsidies such as the Fuel Tax Credit Scheme.
- Redirecting fiscal savings into concessional finance for on-site decarbonisation investments.

Recommendation: WWF calls for stronger Safeguard Mechanism settings, reform of fossil fuel subsidies with savings redirected to concessional finance for abatement technologies, and targeted policies to cut methane and accelerate clean solutions in key sectors such as heavy transport, agriculture and buildings.

[24] Climate Change Authority (November 2024)
[25] Anthesis Group (June 2025)
[26] Grattan Institute (August 2025)
[27] DCCEEW (August 2025)
[28] EMBER (April 2025)
[29] IEEFA (April 2025)
[30] Climate Energy Finance (August 2025)

ii. Supporting the green industries of the future

Australia stands at a pivotal moment in the global energy transition.

Australia has a once-in-a-generation opportunity to secure new clean export markets, create regional jobs and strengthen economic resilience. Most low-emission export opportunities (e.g. hydrogen, ammonia, aluminium, cement, iron, steel, liquid fuels, polysilicon) rely on abundant, low-cost renewable energy and enabling infrastructure to be competitive on a global scale[31]. Large-scale renewable energy deployment in Australia currently falls short of the rate required to become a green export superpower and support decarbonisation of trading partners[32]. Project proponents consistently highlight that strong demand is critical to catalyse clean export opportunities. Developers have cited the absence of buyers willing to pay the green premium and lack of enabling infrastructure as a major barrier to final investment decisions. Without decisive action to scale supply, stimulate demand and remove structural barriers, Australia risks losing ground to international competitors offering stronger policy support and investment incentives[33].

Ensure low-cost inputs to underpin supply

- Accelerate large-scale renewables deployment to achieve low-cost energy while delivering positive outcomes for nature, communities and First Nations *(see section iv for recommendations).*
- Encourage R&D and innovation: increase funding for clean tech innovation across decarbonisation opportunities (e.g. use of Australian hematite ores in iron making) and boost investment in pilot projects and the commercial rollout of innovative technologies (e.g. Australian innovation in solar/battery cells)[34] [35].
- Collaborate to attract foreign investment and expertise: strengthen bilateral partnerships to secure technology transfer and market access
- Provide time-bound financial support to bridge the green premium and de-risk investment: financial support for critical clean export opportunities not sufficiently covered in the Future Made in Australia package (such as production credits or contract for difference mechanisms), concessional finance by broadening the mandate of the Clean Energy Finance Corporation (CEFC) for clean exports opportunities[36]

Grow local and international demand and build green trade relationships

- Target priority buyers and niche markets: build demand in local and international sectors with the lowest added cost to bridge the green premium (e.g. carmakers for green steel, mining explosives for green ammonia)
- Stand up buyer coalitions: Use COP30 and regional forums to form buyers' alliances with APAC, EU and US partners across Australia's export opportunities. Work towards announcing concrete deals at COP31.
- Advance long-term trade diplomacy: negotiate bilateral and multilateral green trade corridors, align industrial decarbonisation pathways to ensure Australian supply policy mechanisms complement demand-side measures in key markets and collaborate on green security[37]. Create bankable demand through measures such as a Clean Commodities Trading Initiative[38]

[31] Superpower Institute (November 2024)
[32] Clean Energy Council (August 2025)
[33] Cyan Ventures (August 2025)
[34] Climate Capital Forum (July 2025)
[35] Cyan Ventures (August 2025)
[36] Climate Capital Forum (July 2025)
[37] AP4D (June 2025)
[38] AP4D (June 2025)

- Address carbon pricing and trade measures: focus on regional carbon price alignment and assess the viability of Carbon Border Adjustment Mechanism-style mechanisms to protect competitiveness of trade-exposed sectors[39].
- Stimulate domestic demand: consider anchoring and aggregating domestic demand for green materials and fuels through policy mechanisms for offtakers (incentives, mandates, …) and assess the potential to leverage government procurement. Governments can drive green industry growth through their purchasing power. With billions spent annually on infrastructure in Australia, embedding green criteria in procurement and long-term offtake agreements can create market certainty, stimulate innovation, and accelerate demand for low-carbon products.

Ensure success through critical enablers

- Develop common-user infrastructure and industrial ecosystems: plan and invest in shared infrastructure such as ports, pipelines, storage and transmission to support industrial hubs and renewable energy zones.
- Build workforce capability: expand training programs to build local capacity and meet growing demand for green industry skills[40].
- Streamline approvals for green projects without compromising on integrity (*see section iv)*
- Set robust standards: develop common definitions and certification schemes with trading partners to ensure green products are truly green and achieve considerable abatement. Collaborate internationally and across supply chains to harmonise standards, embedded emissions thresholds and verification systems, to ensure credibility and reduce trade friction[41].

Recommendation: Unlock supply by accelerating renewables deployment, boosting R&D, and providing concessional finance to bridge the green premium. Use government procurement, buyer coalitions in priority target markets, and trade diplomacy to create markets at home and abroad. Enable success by investing in shared infrastructure, workforce skills, streamlined approvals, and robust product standards to ensure credibility and global competitiveness.

iii. Delivering a comprehensive plan for a Fossil Fuel Phase Out

Within 5 years emissions from Australia's fossil fuel exports will be 3.3 times the size of its domestic emissions.

Australia is currently the second largest exporter of greenhouse gas emissions from our fossil fuel exports, second to Russia[42]. A report by the Fossil Fuel Non Proliferation Treaty has also identified that Australia has one of the largest pipelines of new fossil fuel projects in the world, and if realised would create as much as

[39] Climate Energy Finance (June 2025)
[40] Climate Capital Forum (July 2025)
[41] WWF Australia & Deloitte (March 2025)
[42] Climate Analytics (August 2024)

18.6 billion tonnes of greenhouse gas emissions - equivalent to 6.2% of the world's remaining 1.5°C carbon budget[43].

Australia needs a transparent timeline, commitment and plan for the phase out of all fossil fuels

Building Australia's clean economy and exports is critical to transitioning away from fossil fuels. But the phase in of new green industries needs a parallel commitment to phase out fossil fuels across the economy, including exports. Without such a commitment and transparent timeline, Australia risks simply augmenting rather than replacing revenue from fossil fuel exports. This assumes renewable energy will naturally displace fossil fuels, especially in electricity generation, as factors such as the declining marginal cost of renewables, improved technology and behavioural shifts will essentially result in a renewables take-over. Evidence does not support this. While renewable energy is expanding, fossil fuel consumption remains resilient and global emissions have continued to rise as a result. This is partly due to lobbying by the fossil fuel sector and continuing government fossil fuel subsidies, estimated at around US$5.9 trillion globally, equivalent to around 6.8% of global GDP in 2020[44].

Fossil fuel phase out is also critical to manage Australia's moral and legal obligations. The recent International Court of Justice opinion originally brought by the Pacific Island Students Fighting Climate Change is arguably the most significant judgement on environmental law in the Court's history[45]. The ruling highlights that failing to cut fossil fuel emissions can be determined as an internationally wrongful act, potentially triggering obligations to make reparations.

A range of policy measures are needed to ensure a fossil fuel phase out in Australia.

Australia's Nationally Determined Contribution (NDC) offers a strategic opportunity to embed commitments to a Fossil Fuel Phase-Out (FFPO). Under the Paris Agreement, NDCs serve as a framework for governments to outline economy-wide and sector-specific plans to reduce emissions, including pathways to phase out fossil fuels in an equitable way. The 2023 Global Stocktake (GST), presented at COP28, revealed that current climate pledges and implementation efforts are insufficient to meet the Paris goals[46]. It provides sectoral guidance, notably in paragraph 28, which calls on countries to transition away from fossil fuels in the energy sector and contribute to a global tripling of renewable energy capacity and doubling of energy efficiency by 2030. COP28 marked a turning point with the first global agreement to "transition away from fossil fuels in energy systems, in a just, orderly and equitable manner." As countries update their NDCs in response to the GST, Australia has a clear opportunity to lead by example—setting out a credible, equitable plan to phase out fossil fuels and accelerate the energy transition.

Other policy measures would also be crucial to support a phase out of fossil fuels. There are myriad ways in which carbon pricing could be applied to part or all of our economy to support the transition away from fossil fuels. Ideas such as a carbon solutions levy or a tax on fossil fuel exports are key to rebalancing subsidies and financing the energy transition[47]. A Carbon Border Adjustment Mechanism could also help as a trade policy designed to impose a carbon tariff on certain imported goods, reflecting the carbon intensity of their production. It aims to address carbon leakage, where companies relocate production to countries with less

[43] Fossil fuel non-proliferation treaty (March 2025)
[44] Parry, I., Black, S., & Vernon, N. (2021). Still Not Getting Energy Prices Right: A Global and Country Update of Fossil Fuel Subsidies (IMF Working Paper No. 2021/236). International Monetary Fund.
[45] The University of Sydney (July 2025)
[46] WWF International (April 2025)
[47] Superpower Institute (October 2024)

stringent climate regulations to avoid carbon costs, and to encourage foreign producers to reduce their emissions[48].

Ensuring fossil fuel emissions are embedded in other government policies, regulations and procurement are also key. For example, upcoming reforms to the Environmental Protection and Biodiversity Conservation Act (EPBC Act) offer an opportunity to include climate considerations to enable decisions on the emissions impact of new projects to be properly evaluated. Similarly, government funding programs and procurement for goods and services should build in exclusions or preferences away from high emitting projects where alternatives exist.

Recommendation: WWF calls for embedding a fossil fuel phase-out commitment and timeline in Australia's next NDC, aligning with COP28's global pledge to transition away from fossil fuels and tripling renewables by 2030, and using policy levers (such as carbon pricing, subsidy reform, procurement rules, and EPBC Act reforms) to ensure an orderly, equitable transition.

[48] Climate Energy Finance (June 2025)

iv. Ensuring a fast, ecologically sound, and just transition

Australia is currently not on track to achieve its decarbonisation and renewable energy objectives.

To reach these targets, the pace of renewable infrastructure deployment must accelerate significantly. Specifically, progress must increase threefold to meet renewable targets and eightfold to fulfil renewable superpower ambitions by 2030[4950]. Delays in transmission build-out, grid connection processes, planning requirements, and environmental assessments represent the most significant challenges for clean energy delivery[51]. Australia needs a plan that extends beyond 2030 when existing mechanisms expire to ensure the transition is on track and able to reach the soon to be announced 2035 target.

Many renewable energy and green export projects in Australia overlap with important biodiversity regions and Indigenous lands, making it essential to balance project benefits with ecological health and First Nations rights. Resolving tensions between environmental protection, renewables, and community support is key to picking up the pace of infrastructure deployment. Projects that minimise impact and improve nature through restoration and regeneration are more likely to gain lasting community approval and reduce conflict.

Environmental Considerations

Environmental impacts remain a major barrier to community support for renewables in regional Australia and demand careful stewardship[52]. While some concerns stem from dis- and misinformation, others reflect real issues, such as habitat loss, effects on migratory species, and impacts from mining critical minerals. There is a delicate tension between advancing renewable infrastructure and safeguarding the nation's rich ecological heritage.

The recent Productivity Commission report and Economic Roundtables have highlighted issues with slowing of environmental approvals, with a particular focus on assessments under the Environmental Protection and Biodiversity Conservation Act. A review by WWF of recent projects within the EPBC portal has shown that projects that are well sited in areas away from high conservation values and avoid habitat clearing are often deemed not a controlled action within one month. Other projects that do have potential to impact matters of environmental significance are deemed 'controlled actions' and may take considerable time for approval. A key factor in the determination of these projects is the lack of national environmental standards and definitions of unacceptable impacts. To enable faster decisions, it is critical that EPBC reforms prioritise national environmental standards and definitions, an independent Environmental Protection Agency, and improved environmental data sharing. In addition, better guidance within renewable energy zones through state and federal based mapping and planning can help projects to avoid and minimise impacts.

Community Considerations

The rapid pace of clean energy development also presents significant challenges for communities hosting new energy infrastructure. Although community support for renewable energy in regional Australia remains high, this is highly fragile and more needs to be done to build understanding and capacity in the transition. Many communities are asked to engage repeatedly with multiple developments, often with fragmented consultation and overlapping benefit-sharing arrangements. This can result in engagement fatigue and confusion, especially in regions experiencing a cascade of energy projects. Building capacity within local governments and supporting the establishment of independent Local Energy Hubs is essential to equipping

[49] Clean Energy Council (August 2025)
[50] AEMO ISP (2024)
[51] Clean Energy Investor Group (July 2025)
[52] CSIRO (April 2024)

communities with the information and resources needed to meaningfully participate[53]. Equitable distribution of benefits, including affordable, reliable, and clean energy, remains a challenge, particularly for rural areas that have historically faced higher energy costs. Ensuring that investments reflect local priorities and deliver enduring regional benefits is key to sustaining community support and maximising positive outcomes. Nationally consistent benefit sharing frameworks will help to ensure that equity is achieved across the country, noting that currently each state has different models for benefit sharing. Addressing these concerns is essential to sustain acceptance and ensure a successful clean energy transition.

First Nations Considerations

For First Nations peoples, the transition to clean energy invokes a distinct set of challenges rooted in rights, recognition, and respectful engagement. Ensuring Free, Prior and Informed Consent (FPIC) for all projects, in accordance with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), is essential. These rights extend beyond the scope of state-based legislation and must be upheld throughout every stage of project planning and delivery. Safeguarding Indigenous Cultural and Intellectual Property (ICIP) and respecting the right to self-determination and decision-making over traditional lands and waters are fundamental[54]. Yet, current government and industry frameworks often fall short of integrating best practice principles as identified by leaders such as the First Nations Clean Energy Network[55]. There remains a pressing need to co-design benefit-sharing arrangements and to support First Nations-led governance, ownership, employment, and capacity-building, ensuring that renewable energy initiatives deliver genuine and lasting benefits in partnership with First Nations communities[56].

Respectful and inclusive engagement with First Nations peoples is critical to ensuring just and beneficial outcomes from clean energy development:

- Ensure Free, Prior and Informed Consent (FPIC) is obtained for all projects, in line with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and embed these principles in all legislative and regulatory frameworks.
- Protect and uphold Indigenous Cultural and Intellectual Property (ICIP) rights throughout all stages of planning, development, and benefit sharing.
- Recognise Indigenous Peoples and local communities as rightful custodians of their lands and waters, and ensure efforts are co-designed and co-governed with Indigenous communities.
- Co-design benefit-sharing arrangements with First Nations peoples to ensure renewable energy projects deliver meaningful, long-term social and economic benefits to their communities.
- Integrate best practice guidance from the First Nations Clean Energy Network and similar organisations into government and industry frameworks for renewable energy development.

[53] https://www.localenergyhubs.org.au/
[54] https://www.reconciliation.org.au/wp-content/uploads/2025/07/FACTSHEET_Respecting-and-Protecting-ICIP_final_web.pdf
[55] First Nations Clean Energy Network
[56] See example here https://wwf.org.au/blogs/the-case-for-aboriginal-and-torres-strait-islander-solar-stimulus/

Recommendation: Australia's ability to realise its green exports and decarbonisation opportunities depends on the speed and scale of utility-scale solar, wind and transmission upgrades. The biggest opportunities lie in building community support, delivering win-win climate and nature outcomes, reforming EPBC, and accelerating transmission upgrades. Regional communities and First Nations must be empowered through inclusive engagement, coordinated benefit-sharing, and targeted support to ensure lasting benefits.

v. Strengthening adaptation

Effective adaptation and robust climate action are vital for Australia's future prosperity, resilience, and fiscal stability.

Climate change is already disrupting communities, eroding biodiversity, and contributing to more severe and frequent disasters. While Australia has a critical role to play in mitigating climate change, adaptation must play an equally strong role in Australian climate action. Climate and nature-related risks threaten economic stability, yet the *Budgeting for Natural Disasters* report found a $6 billion gap in disaster budgeting[57]. Natural disasters cost Australia an estimated $38 billion per year, and this amount is expected to rise to $73 billion per year by 2060, assuming a low emissions scenario[58]. Failing to integrate these risks into economic planning will deepen fiscal pressures and undermine national prosperity, whereas embedding them into budget lines would improve transparency and incentivise investment in resilience. Such investment not only protects lives and communities but also reduces the long-term financial burden on government and society.

A multi-level governance model between Federal, State and critically, local governments is needed to ensure proper resourcing and defined roles and responsibilities.

Adaptation is inherently local and contextual to Australian communities, supporting local and state governments is therefore critical. Australia's 537 councils are at the frontline of climate adaptation and are already experiencing the burden of climate impacts. According to the Australian Local Government Authority, funding cycles within the Australian Government's Disaster Ready Fund are significantly oversubscribed, with most of the funding directed toward recovery efforts, not readiness[59]. According to the National Emergency Management Agency (NEMA), every dollar invested in disaster risk reduction provides a $9.60 return on investment[60]. National Adaptation Plans (NAP) should set out clear roles/responsibilities and equitable funding structures to recognise the important role local governments and communities play in addressing adaptation challenges.

Integrating adaptation into zero carbon transitions

Australia's shift to a low carbon economy offers a unique opportunity to embed adaptation into the planning and design of existing and new infrastructure (hard and soft). Identifying the opportunities to deliver win-win outcomes for mitigation and adaptation is crucial to ensuring our future economic sectors are not only low

[57] CPD (April 2025)
[58] Deloitte (2021)
[59] ALGA (April 2024)
[60] https://www.nema.gov.au/sites/default/files/2024-08/28605%20NEMA%20Second%20Action%20Plan_V10_A_1.pdf

carbon but also resilient to the impacts of climate change. For example, green infrastructure within cities is proven to deliver multiple co-benefits such as reduced urban heat island effect, improved resilience to floods, and improved mental health, whilst reducing emissions through improved building energy efficiency. Similarly, 'islandable' renewable energy microgrids, which operate independently of the grid, can be more resilient to extreme climate events whilst also reducing emissions[61]. Nature based solutions are also a critical opportunity to address not only climate adaptation, but also biodiversity loss and mitigation. WWF is delivering a range of community-led nature-based climate solutions across Australia, the Pacific, and South East Asia[62]. Identifying these synergistic solutions and opportunities for integrating climate adaptation into mitigation solutions can help to address the financial barriers to adaptation and ensure climate investments are maximising co-benefits.

Recommendation: The Australian Government should improve existing budget processes to account for climate change, ensure local governments and communities are properly supported, and identify synergistic solutions to climate mitigation and adaptation.

A future made *with* Australia

A successful transition to net zero is not a zero-sum game, and it is not a simple quick fix. Australians, along with our key Asia-Pacific trading partners, must be assured that the transformation is a collaborative and mutually beneficial process, undertaken with them, not imposed upon them. Done right, the transition to net zero can strengthen Australia's economic competitiveness, create good jobs, and enhance energy security nationally and regionally.

Australia has the technical expertise, culture of innovation, and abundant renewable energy resources needed to power a fast, ecologically sound, and socially just energy transition. We can support our communities, our neighbouring countries, and our economies to adapt and build resilience to the unavoidable impacts of climate change, and we can do it in ways that protect nature and ensure that everybody shares in a prosperous, healthy, net zero future.

[61] Renewable Energy Focus (March 2024)
[62] https://wwf.org.au/what-we-do/climate/nature-based-solutions/

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