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# Establishing a ‘Front Door’ for major, transformational projects’

## Response to the Treasury’s consultation paper

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## For more information

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# Summary Points

IGCC strongly supports the Future Made in Australia agenda, which aims to deliver a whole of economy shift to net zero and to secure Australia’s economic prosperity. IGCC has consistency advocated for a front door for investors to access, to accelerate investment in critical areas of the transition to net-zero emissions.

* There must be an **overarching approach for each sector** wherein the front door takes the barriers and opportunities identified in sector plans and assessments, and then presents opportunities for major transformational projects to the market. Improved visibility for market stakeholders will facilitate more rapid identification of opportunities. This, combined with better access to government facilitation services and financing, will mean more projects come online sooner.
* A **proactive market outreach approach** to the front door, under the National Interest Framework (*Future Made in Australia Bill* *2024*) and the governments’ yet to be announced Net Zero by 2050 Plan, will be critical to its success. Investors do not need just another website. Proactive outreach on investment opportunities by the front door will support two-way engagement between governments and investors, and lead to better overall investment outcomes.
* **There is not a lack of investor appetite, but a lack of coordination**. Domestic investors find planning processes to be convoluted, with shifting expectations, timeframes and frequent turnover within staffing teams. Dedicated caseworkers for major and transformational projects are essential. IGCC therefore supports streamlining services to ameliorate unnecessary delays. Despite the expansion of public financing vehicles, bottlenecks within processes have worsened. “Crowding in” investment internationally without addressing these issues will create compounding bottlenecks within the investment ecosystem. Environmental and social standards for significant projects should not be undermined by fast tracked services, with good outcomes for communities and the environment carried throughout – not a “tick and flick” at the planning stages.
  + Social infrastructure, well paid jobs and skilled workforces must also be a consideration within the front door’s mandate, guided by Community Benefits Principles under the National Interest Framework.
* **Learning by doing** is the fastest way to drive clean energy industrial development across Australia. This will inevitably mean that some investment opportunities fail. This is a critical part of building a clean economy and thriving investment ecosystem. The front door should have an active role in communicating to the market the learnings from successes and failures. The front door should annually publish a ‘leanings’ report to support further learning by doing, and better identify least-cost outcomes across the economy.
* **Improved capital allocation across the stack** between Specialist Investment Vehicles will fast track decarbonisation technologies entering the market. Tailored SIV’s – the Capacity Investment Scheme, the Australian Renewable Energy Agency (ARENA) and the Clean Energy Finance Corporation (CEFC) - all successfully deliver their mandates. However, there is a lack of coordination between SIV’s, not just at the project level, but towards achieving transition goals in the national interest.
* **Climate adaptation activities** should be explicitly included in the front doors mandate, not just mitigation activities, with priority projects chosen in alignment with the National Adaptation Plan.

Recommended framing for the front door



*Established policy goals must be integrated into the mandate of the investor front door. This is to ensure that there is coordinated investment towards industry decarbonisation goals. Investors and companies alike cannot always identify where there are opportunities and barriers to decarbonise at the sectoral level, so the front door will need to present solutions to market and coordinate investment to unlock blockages.*

# Introduction

IGCC has consistently advocated for fair, fast and well-planned transition to net zero emissions.[[1]](#footnote-2) Future Made in Australia, and the associated ‘front door’, is critical to overcome barriers outside the control of investors and will accelerate decarbonisation globally, securing economic resilience for Australia.[[2]](#footnote-3) The full range of policy mechanisms available to government will be required to deliver economic and societal benefits of this transition – pricing, regulation, subsidies and disclosure of information to market. This will improve the retirement savings of millions of Australians who invest via their superannuation funds.

The front door should align with established policy priorities of the government, consistent with federal and state targets, to enhance policy consistency for investors. Recent actions at all levels of government to support a fair, fast and well-planned transition have significantly improved investor confidence in Australia.

In 2021, 7 out of 10 Australian investors cited policy and regulatory uncertainty as a key barrier in investment.[[3]](#footnote-4) In 2023, this decreased to 4 out of 10 investors citing policy as a barrier; a 30-point drop in two years. This progress must continue.

Investors report that they may get 200-300 basis point better returns for their beneficiaries in other markets undergoing the net zero transition. This difference is related to risks associated with planning processes, social acceptance, available workforce and less developed and coherent climate policy in Australia. There is also a gap between the subsidies other major markets are offering for clean industry development.

Investors do not advocate for unnecessary subsidies, but do require a supportive, credible, consistent and stable policy environment that will facilitate private investment by reducing policy-related risks and shape markets for climate solutions.

Jurisdictions that undertake targeted and appropriate subsides focused on national priorities are more likely to host companies that will ultimately attract institutional capital.[[4]](#footnote-5)  This requires direct and targeted support across all parts of the capital stack. Creating this ecosystem of government support is central building an economy that can compete for investment in global markets.

# Extended response

## Question 1: What are the most pressing challenges the Front Door should seek to address, to effectively facilitate the investment needed to deliver on the Government’s priorities?

**Recommendation 1: The front door’s mandate is informed by all relevant policies of the federal, state and territory governments, ensuring investment decisions facilitate whole of economy decarbonisation priorities.**

IGCC suggests that the front door clearly identify government policy priorities as a foundation to all activities undertaken, including;

* Australia’s contribution to limiting global warming to 1.5oC, domestically and internationally,
* The Net Zero by 2050 Plan, including Sector Plans,
* National Climate Risk Assessment,
* National Adaptation Plan,
* The National Energy Transformation Partnerships, and;
* The Sustainable Finance Taxonomy, and
* Renewable Guarantee and Product Guarantee of Origin schemes.

**Recommendation 2: The front door sit within an inter-departmental portfolio, such as PM&C (NZEA) or Treasury.**

IGCC has advocated for an investor front door to accelerate investment in critical areas of the transition to net-zero emissions and supports the Future Made in Australia (FMIA) and Net Zero Economy Authority (NZEA) in its development of the front door. The policy objectives of FMIA and NZEA are different but complimentary. Ensuring the different roles of both front doors are clearly communicated will avoid confusion in the market. Articulating where the front door sits in relation to other agencies and Departments will also be important; IGCC members have articulated the need for the front door to sit in a broader portfolio than the Department of Climate Change, Energy, the Environment and Water.

**Recommendation 3: The front door improves how projects move through planning processes, addressing blockages beyond entry.**

**Recommendation 4: The front door streamlines planning processes and regulatory checks and balances, without compromising on climate, environmental and social standards, and actively ensures that the Community Benefits Principles under FMIA are a metric in determining whether a project is major and transformational.**

IGCC members are very familiar with the planning processes and regulations their investments are subject to, and do not have difficulty in navigating the entry points. However, many find it difficult to move through the system to financial close.

Planning processes are convoluted, with shifting expectations, timeframes and frequent turnover within staffing teams. Dedicated caseworkers for major and transformational projects are essential in avoiding delays and resubmission of varying materials. Since staff turnover is unavoidable, clear timeframes for planning processes need to be articulated, so that investors have clarity about when the next stages of project timelines to occur. IGCC therefore supports planning process support services to ameliorate unnecessary delays. See case study 1 for more detail.

Despite the expansion of public financing vehicles, bottlenecks within processes have worsened. “Crowding in” investment internationally without addressing these issues will create compounding bottlenecks within the investment ecosystem. Environmental and social standards for significant projects should not be undermined by fast tracked services, with good outcomes for communities and the environment carried throughout – not a “tick and flick” at the planning stages.

Investors have noted recent developments on the *Environment Protection and Biodiversity Conservation Act 1999* and would welcome changes to improve this legislation. This includes addressing unnecessary delays, and clarifying the role of climate change within environmental planning processes and standards.

**Recommendation 5: That the front door considers coordinating financial support for critical technologies identified by the sector assessments under FMIA, where there are gaps between SIVs.**

Tailored SIV’s have improved some but not all aspects of investing in Australia – the Capacity Investment Scheme, the Australian Renewable Energy Agency (ARENA) and the Clean Energy Finance Corporation (CEFC) all successfully deliver their mandates. However, there is a lack of coordination between SIV’s, not just at the project level, but towards achieving transition goals in the national interest.

Project-level focus across these organisations has meant that critical innovations do not move smoothly throughout the capital stack, and blockages that have emerged as the transition progresses are not met by technologies that exist today. The investor front door will need a mandate to deliver the national policy directives, to ensure that investments are happening within industries that are catalytic and address blockages.

**Recommendation 6: The front door highlights barriers and opportunities identified in sector plans and assessments, and then presents opportunities for major transformational projects to the market.**

**Recommendation 7: The front door tracks and publishes information on the progress of projects moving through the investment ecosystem, in relation to the sector plans.**

IGCC emphasises that there should be a proactive outreach approach to the front door’s activities, consistent with the National Interest Framework and inclusive of the Community Benefits Principles (Future Made in Australia Bill 2024), as well as the governments’ Net Zero by 2050 Plan. The historically fragmented approach to climate policy in Australia has meant that investment in the net zero transition have also been fragmented.

This is already changing – the government’s legislated emission reductions policies, the development of the Sustainable Finance Taxonomy, the green bonds program and climate related financial disclosures are all signalling to investors and companies that change is happening. They are providing a harmonising language and narrative around the transition.

However, there must be an overarching approach for each sector wherein the front door takes the barriers and opportunities identified in sector plans and assessments, and then presents opportunities for major transformational projects to the market. Improved visibility for market stakeholders will facilitate more rapid identification of opportunities. This, combined with better movement through planning processes, will mean more projects come online sooner.

**Recommendation 8: The front door includes part of the NZEA’s mandate, centring just transition within all investment facilitation.**

**Recommendation 9: The front door’s mandate explicitly supports projects targeting adaptation, providing learnings on financing mechanisms to market.**

Investors encourage the government to centre just transition outcomes for all investments the front door supports, nothing that only some SIV’s explicitly measure some metrics in their assessment processes, like the Capacity Investment Scheme.

**Other critical considerations of the transition that the front door should consider:**

* **A secure and skilled workforce** is required to develop new green industries. Getting the incentives right for workers to do apprenticeships in industries that support the transition must include more than financial support. Fair wages, safe working conditions and social infrastructure in surrounding communities are all critical elements to durable industries, which improve investor certainty.
* A just transition approach to **liveable and workable** transitioning industry regions, ensuring there is a thriving workforce to deliver projects.
* **Environmental standards** must be maintained when streamlining planning processes. Nature-related risk and opportunities is a global and rapidly emerging investment thematic. Increasingly, investments decisions will be judged on whether how nature-related risk and opportunities are being addressed incline with global investor expectations.
* **Adaptation financing** is a critical component of the journey to secure, net-zero economies and societies. Yet, it is deeply underfinanced, due to a dearth of mechanisms that make such projects meet expected risk-return profiles within the market. The front door should consider mechanisms to support adaptation finance with the CEFC, by trial and error, and present learnings to market.

**Recommendation 10: The front door coordinates investment for shared user infrastructure.**

**Recommendation 11: The front door supports the development of renewable energy industrial precincts, providing additional support when the renewable energy sources need to be located off-site.**

Institutional investors operate across the economy and have noted that barriers to decarbonising individual facilities often hinge on shared user infrastructure. IGCC developed a report on transitioning Australia’s vital regions, which outlines a coordination and information sharing role for the front door. Improved facilitation to coordinate shared infrastructure development would be a useful function of the front door, in conjunction with the National Reconstruction Fund. IGCC members emphasise the need for more and better transmission, roads and ports, particularly to meet the government’s renewable energy superpower ambitions.

**Recommendation 12: The front door should publish information annually on investment opportunities, successes and learnings across jurisdictions, and provide data on whole-of-economy health.**

IGCC members invest across different asset classes (equities, infrastructure etc.), stages in the capital stack (R&D, VC etc.) or priorities for their portfolios, such as decarbonisation, nature-based or just transition. Having a hub to showcase opportunities identified by government in line with these parameters would be reduce the need for investors to undertake resource and time-intensive investigations and stimulate investment appetite in priority areas of national interest.

Learning by doing is the fastest way to drive clean energy industrial development across Australia. This will inevitability mean that some investment opportunities fail. This is a critical part building a clean economy investment ecosystem. Globally, governments mandating their SIV’s to make investments with higher risk tolerance in the priority sectors or technologies, where private capital will not invest, has been central to promoting learning by doing and successful building clean industry. More innovation will support least cost solutions emerging and create new investments for Australia to capitalise on.

## Question 4: Are there approaches used in comparable state or international jurisdictions which could be applied at the Commonwealth level, to address the challenges identified?

**Case study 1: Queensland – Coordinated projects**

Some IGCC members have indicated that the *State Development and Public Works Organisation Act 1971* (SDPWO Act) in Queensland works well in its concierge and process streamlining functions, and could be a model for the investor front door. Projects do benefit from having whole-of-government level coordination around planning processes and regulation. Having one point of contact throughout the project until financial close also improves communication. There are still disadvantages to this model, such as additional administrative burden and typically longer planning timeframes, but the front door could further improve upon this framework.

The definition for projects being deemed ‘coordinated project’ status is also useful, because it is discretionary (allowing for the proponent to describe how it will meet this level of significance) and considers social, environmental and strategic metrics. IGCC would also add climate metrics to this method of definition, for mitigation, adaptation aims as described under the FMIA agenda. See below for IGCC’s definition of a major and transformational project.

## Question 14: Across the project development process, where is it most beneficial to receive more focused facilitation efforts? Where would lighter-touch and self-service facilitation be sufficient?

**Recommendation 13: The front door should coordinate planning processes for low emissions industrial precincts.**

The sector plans and National Energy Transformation Partnerships should be the basis for building a set of government-industry agreements, with principles, time limits on decision making and agreements under which governments and companies navigate planning processes together.

If the front door were able to coordinate pre-processing with planning authorities and regulators for low-emissions energy and industrial precincts, that would enable companies to undertake green and transition projects more rapidly and improve investor confidence in the project. This must all be done while maintaining appropriate safeguards for nature, in alignment with all legislative requirements on nature protection.

Organising support by precinct and sector would also enable greater coordination for industries that rely on one another, for example, connecting renewable energy to green hydrogen facilities, to producers that need green hydrogen as a fuel for low-emissions products. Investors could then clearly identify where markets of supply and demand exist, improving their clarity for risk and return on an investment.

## Question 16: What standard information or services could be helpful to provide to a broad range of projects, regardless of whether they meet the ‘major and transformational’ requirement for tailored services from the Front Door?

**Recommendation 14: The front door clarifies the definition of major and transformation to ensure that projects that have a high likelihood of unlocking decarbonisation, but untraditional sizes or risk-return profiles are not excluded.**

**A project can be considered major and transformational if it:**

1. Has a significant impact on reducing Australian or global emissions (mitigation agenda),
2. Creates a pathway of ‘transformational’ adaptation activities (adaptation agenda) in line with the National Adaptation Plan,
3. Will result in the establishment of new green industries in line with the National Net Zero Plan,
4. Will support decarbonisation and adaptation of supply chains in line with points 1-3,
5. Will support the social infrastructure required to deliver transformational activities (e.g. liveable communities, climate resilience, just transition and skills and training) as defined by the Community Benefit Principles in the National Interest Framework.

Projects that are smaller scale but can be aggregated should also be considered major and transformational. One such option may be to create a bond wherein investors can provide capital, and government underwrites some of the risk, coordinated with the CEFC’s Household Energy Upgrades Fund to ensure most efficient use of public funds.

**Recommendation 16: The front door enhances communication between the SIV’s, so that there is systematic improvement for technologies moving through the capital stack.**

**Recommendation 17: The front door works with venture capital entities such as Virescent, Climate Salad and Greenhouse on climate innovation incubation, helping to supply a pipeline of investible opportunities.**

IGCC notes that innovative and promising technologies for the transition are often stuck at one or more places across the capital stack, before they are become commercial. The more projects that reach the demonstration stage, the better, as they provide invaluable case studies and proof-points to companies and investors that are interested in nascent technologies.

As well as establishing improved coordination between different SIVs, the front door should actively align finance for projects and technologies as they progress through the capital stack. The identification of smaller-scale, but aggregated opportunities, should again be informed by the sector plans and Net Zero by 2050 Plan, which should integrate the CCA’s Sector Pathways advice.

1. IGCC Making the Transition Happen report (2022) [[link](https://igcc.org.au/wp-content/uploads/2022/09/IGCC-Policy-2025-PrioritiesWeb.pdf)]. [↑](#footnote-ref-2)
2. IGCC Future Made in Australia submission (July 2024) [[link](https://igcc.org.au/wp-content/uploads/2024/07/FMIA-final-IGCC.pdf)]. [↑](#footnote-ref-3)
3. IGCC The State of Net Zero Survey (2024) [[link](https://igcc.org.au/wp-content/uploads/2024/03/FINAL-IGCC-Net-zero-survey-2024-policy-media-brief.pdf)]. [↑](#footnote-ref-4)
4. IGCC Driving Climate Innovation report (2023) [[link](https://igcc.org.au/driving-australian-climate-innovation/)]. [↑](#footnote-ref-5)