4.2 CLIMATE-RELATED TRANSITION RISKS

Overview of major Australian Government policies and legislation relating to decarbonisation

Important notice
This unit is part of a package of learning materials designed to support understanding of foundational concepts relating to climate-related financial disclosures. These learning materials do not constitute application or regulatory guidance for the preparation of climate-related financial disclosures and are not intended to represent legal or professional advice. We encourage you to seek your own professional advice to find out how the *Corporations Act 2001* (Corporations Act) and other relevant laws may apply to you and your circumstances, as it is your responsibility to determine your obligations and comply with them.

Key topics

- National frameworks and commitments
- Sectoral decarbonisation plans
- State and territory policies and legislation

Relevance for climate-related disclosures

This unit builds on content in Module 2 Unit 8 (Australia's emission reduction target and adaptation plan) and provides further details of decarbonisation policies and legislation, including at the state and territory level.

The evolving policy landscape and laws shape transition risk exposure by introducing emissions targets, regulatory obligations and policy signals that influence market dynamics and investment decisions. Entities might consider how jurisdiction-specific policies affect their strategy, value chain and financial outlook over relevant time horizons.

Overview

This unit provides an overview of major Australian decarbonisation policies and legislation at national, state and territory levels. It outlines key frameworks, sectoral strategies and policy instruments that shape Australia's pathway to net zero emissions. The content builds on knowledge in Module 2 Unit 8 and supports users in identifying climate-related transition risks.

National frameworks and commitments

Nationally Determined Contribution to the Paris Agreement

As covered in Module 2 Unit 8, Australia's Nationally Determined Contribution (NDC), submitted in September 2025, commits to a reduction in national greenhouse gas emissions by 62-70% by 2035, relative to 2005 levels. NDCs outline national emissions targets and plans for achieving them, how the country plans to adapt to the physical impacts of climate change, and other actions to support the goals of the Paris Agreement.

Net Zero Plan

The Australian Government's Net Zero Plan consolidates and extends national climate mitigation measures across sectors. It provides a roadmap for achieving the 2035 target as well as net zero greenhouse gas emissions by 2050. The plan integrates and aligns Australia's existing policies and provides six sectoral

ASIC Australian Securities & Investments Commission
Australian Government Australian Accounting Standards Board
UTS STUDIO THREE LEARNING

plans. Sectoral plans address the electricity and energy, transport, industry, agriculture, resources and the built environment sectors.
Module 2 Unit 8 provides an overview of the Net Zero Plan and sectoral plans. Table 1 below outlines the Australian Government's major emissions reduction policies and mechanisms that form part of the Net Zero Plan. All information below is current as of October 2025.

Table 1: Australia's key climate mitigation policies and mechanisms[1,2]

Net Zero Plan Priority	Emissions reduction policy/ mechanism	Description
Clean electricity across the economy	Renewable Energy Target (RET)	The RET seeks to cut greenhouse gas emissions in the electricity sector while boosting renewable energy generation. The target includes 2 schemes: the Large-scale Renewable Energy Target (LRET) for large-scale initiatives (e.g. wind farms) which aims to deliver 33,000 gigawatt hours each year to 2030; and the Small-scale Renewable Energy Scheme (SRES) small-scale installations (e.g. rooftop solar). The Australian Government also has a policy goal of 82% renewable energy by 2030. This is not legislated.
	Capacity Investment Scheme (CIS)	The Australian Government revenue underwriting scheme[3] aims to accelerate investment in renewable energy generation (e.g. wind and solar) and clean dispatchable energy (e.g. battery storage). In 2023, the CIS was expanded to target an additional 32 gigawatts (GW) of new capacity by 2030.
	Rewiring the Nation	Rewiring the Nation is an Australian Government program to make clean energy more accessible and affordable for Australian consumers. The program invests to modernise our electricity grid and deliver new and upgraded grid infrastructure, including: • $4.7 billion for New South Wales (NSW) transmission projects • $2.25 billion for Victorian projects • Up to $3 billion for Western Australia • Up to $250 million for Northern Territory[4]
	The Clean Energy Finance Corporation (CEFC)	The CEFC is Australia's specialist climate investor, investing in the latest technologies to generate, store, manage and transmit clean energy. The CEFC has access to more than $32 billion from the Australian Government and is the financing arm of the Rewiring the Nation program.
Lowering emissions by electrification and efficiency	New Vehicle Efficiency Standard (NVES)	NVES started in 2025 and sets limits for new passenger and light commercial vehicles (utes and vans) to reduce transport emissions. The policy aims to deliver a 60% reduction in emissions from new passenger vehicles by 2030 and a 50% reduction for new light commercial vehicles by 2030. The NVES will be reviewed in 2026 to assess the policy's effectiveness.
	Household Energy Upgrades	The Australian Government has committed $1 billion to helping Australians upgrade their homes and install hot water heat pumps, insulation, air conditioning, batteries and double glazing.

	Driving the Nation Fund	The Australian Government has created the $475 million Driving the Nation Fund to support innovation in cleaner transport and the roll out of electric vehicle charging infrastructure.
	Powering the Regions	The Australian Government has allocated $1 billion through the Powering the Regions Safeguard Transformation Stream and Industrial Transformation Stream to help heavy industry and other large regional facilities reduce emissions from gas processes, electricity and invest in energy storage.
Expanding clean fuel use	Future Made in Australia	The 2024-25 Federal Budget included $22.7 billion in investment over the next decade for: • attracting and enabling investment • making Australia a renewable energy superpower • value adding to our resources and strengthening economic security • backing Australian innovation, digital, science • investing in people and places. This includes $8 billion over 10 years to accelerate renewable hydrogen investment.
	Further investment in low carbon liquid fuels	The Australian Government will invest $1.1 billion in new low carbon liquid fuel production in Australia, providing drop-in fuel alternatives to support farmers, truck drivers, airlines and industry with options to reduce emissions.
Accelerating new technologies	Australian Renewable Energy Agency (ARENA)	ARENA funds and supports projects that accelerate the development and deployment of renewable energy technologies in Australia. As part of the 2024–25 Federal Budget, the Australian Government committed $500 million to launch the Battery Breakthrough Initiative, aimed at boosting Australia's capacity to produce batteries domestically. The program will be managed by ARENA.
	Safeguard Mechanism	Established in 2016 and reformed in 2023, the Safeguard Mechanism applies to Australia's largest industrial facilities across the mining, oil and gas, manufacturing, transport and waste sectors, who emit more than 100,000 tonnes of carbon dioxide equivalent (tCO_2-e) per year. There are around 215 facilities that account for 30% of Australia's total greenhouse gas emissions. These facilities are required to gradually reduce their emissions to baseline limits over time. Safeguard Mechanism credit units (SMCs) incentivise on-site emissions reduction by facilities beyond their baseline limits and can be traded between facilities. The Safeguard Mechanism policy settings will be reviewed in FY2026-27.
	National Reconstruction Fund (NRF)	The NRF is investing $15 billion to diversify and transform Australia's industry and economy. The Fund supports 7 priority areas: • resources

		• transport • medical science • defence capability • renewables and low emission technologies • agriculture, forestry and fisheries • enabling capabilities. As part of the Net Zero Plan, the Government has announced a new $5 billion Net Zero Fund refocusing existing NRF funding.
Net carbon removals scaled up	Support Plantation Establishment Program	The Australian Government has invested $73.8 million in a Support Plantation Establishment Program, increasing future plantation forest resources available for processing.

In addition to these policies and mechanisms, there are various cross-cutting policies and enablers, such as the Net Zero Economy Authority[5], a federal body established to guide Australia's transition to a net zero economy.

Other policies may impact climate-related transition risks. For instance, Australia currently supports co-regulatory and voluntary, industry-led schemes to manage end-of-life products and reduce environmental harm.[6] These include schemes such as The Sustainable Packaging Guidelines through the Australian Packaging Covenant Organisation (APCO), which target plastics as a carbon-intensive product.

State and territory policies, plans and legislation

State and territory governments have adopted complementary climate targets and legislative frameworks to support Australia's decarbonisation. A separate report reviews how policy impacts First Nations participation in climate mitigation.[7] All information below is current as of October 2025.

Table 2: NSW's key climate mitigation policies and plans

New South Wales

Emissions reduction policy/plan	Description
Climate Change (Net Zero Future) Act 2023[8]	This establishes legally binding emissions reduction targets for NSW: 50% by 2030, 70% by 2035, and net zero by 2050. It also creates the Net Zero Commission for independent oversight and annual progress reporting.
NSW Net Zero Plan Stage 1: 2020-2030[9]	This provides a strategic roadmap to net zero by 2050, with an interim goal of 35% emissions reduction by 2030. It has 4 priorities: 1) driving the uptake of proven emissions reduction technologies that grow the economy, create new jobs and reduce the cost of living, 2) empower consumers and businesses to make sustainable choices, 3) invest in the next wave of emissions reduction innovation, 4) ensure the NSW Government leads by example.
EPA Climate Change Policy and Climate Change Action Plan 2023-26[10]	This provides a regulatory framework to address both the causes and impacts of climate change which aligns with the broader *Climate Change (Net Zero Future) Act 2023*.
Electricity Infrastructure Investment Act 2020 (NSW)[11]	This Act enables the creation and coordination of Renewable Energy Zones (REZs) and supports investment in renewable generation, long-duration storage and new transmission infrastructure.

Product Lifecycle Responsibility Act 2025[12]	This Act introduces circular economy objectives and a mandatory product stewardship framework. It requires brand owners to manage products' entire lifecycle, including design, reuse, collection, recycling, and disposal.
EPA Climate Change Licensee Requirements, Climate Mitigation Requirements, and Greenhouse Gas Mitigation Guide for Coal Mining (proposed)	This is an NSW EPA proposal that licensed facilities emitting more than 25,000 tCO_2-e per year submit credible, independently verified emissions reduction plans as part of the environmental approval process. The proposal was open for feedback until early October 2025.[13]
Decarbonising Infrastructure Delivery Policy (2025)[14] **Decarbonising Infrastructure Roadmap (2025)**[15]	This policy mandates integration of upfront carbon assessments at the earliest planning stages of NSW public infrastructure projects. It applies to all government infrastructure agencies. The corresponding roadmap outlines policy implementation and progress.

Table 3: Victoria's key climate mitigation policies and plans

Victoria

Emissions reduction policy/plan	Description
Climate Action Act 2017 (formerly Climate Change Act 2017), Legislative Amendments to Act (2024)[16]	This Act legislates net zero emissions by 2045 for Victoria, sets five-year interim reduction targets (28-33% by 2025, 45-50% by 2030, 75-80% by 2035), and embeds climate objectives and decision-making principles in state policy.
Gas Substitution Roadmap, Ban on Gas Connections in New Buildings (from 2024)[17]	New gas connections for dwellings, apartment buildings and residential subdivisions requiring planning permits are phased out from January 2024 to support Victoria's net zero plan.
Victorian Renewable Energy and Storage Targets[18]	These are legislated targets: 95% renewable electricity by 2035, at least 2.6 GW[19] of energy storage capacity by 2030 and at least 6.3 GW by 2035. The renewable electricity targets include specific targets for offshore wind capacity: 2 GW by 2032, 4 GW by 2035, and 9 GW by 2040.
Zero Emissions Vehicle Target (2030)[20]	A target for 50% of new light vehicle sales to be zero-emissions (electric, hydrogen, etc.) by 2030.
Re-establishment of State Electricity Commission (SEC)[21]	This is a government-backed, state-owned entity to deliver new renewable energy and manage energy transition.

Table 4: Queensland's key climate mitigation policies and plans

Queensland

Emissions reduction policy/plan	Description
Clean Economy Jobs Act 2024[22]	This Act legislates emissions reduction targets for Queensland: at least 30% by 2030 and at least 75% by 2035 (below 2005 levels), and net zero by 2050. It encourages job creation in clean sectors

	(e.g. hydrogen) and facilitates the decarbonisation of existing industries.
Energy (Renewable Transformation and Jobs) Act 2024[23]	This Act legislates renewable energy targets: 50% by 2030, 70% by 2032, and 80% by 2035. It provides a legal foundation for the SuperGrid Infrastructure Blueprint, Renewable Energy Zones (REZs), and the Job Security Guarantee Fund.
Queensland Net Zero Roadmap & Clean Economy Pathway[24]	These outline a decarbonisation pathway and investment plan through 2050, including sectoral emissions reduction plans. They build on the framework established in the Clean Economy Jobs Act.

Table 5: South Australia's key climate mitigation policies and plans

South Australia

Emissions reduction policy/plan	Description
Climate Change and Greenhouse Emissions Reduction Act 2007[25]	This Act establishes South Australia's climate policy framework. It initially set a 60% emissions reduction target by 2050 for South Australia and supported renewable energy uptake. It also created the Premier's Climate Change Council to provide independent advice.
Climate Change and Greenhouse Emissions Reduction (Miscellaneous) Amendment Act (2025)	This Act updates South Australia's Climate Change and Greenhouse Emissions Reduction Act 2007. It introduces stronger requirements for climate action and updates the state's statutory targets to 100% net renewable electricity by 2027, 60% emissions reduction by 2030, and net zero by 2050. While there are no specific requirements on entities, the stronger targets, potential for Public Sector Agency Climate Plans and a 2-yearly Statewide Climate Change Risk Assessment may require consideration or action from entities. It introduces stronger requirements for climate action.
Hydrogen and Renewable Energy Act (2023)[26]	This Act provides a national-level legal framework for large-scale hydrogen and renewable energy projects. It facilitates and regulates the exploration and use of renewable energy resources, and provides a framework for the development, operation and decommissioning of hydrogen and renewable energy infrastructure.
South Australia's Net Zero Strategy 2024-2030[27]	This strategic plan outlines priorities, sectoral actions and economic opportunities to support the state's transition to a net zero economy. It highlights South Australia's leadership in renewables and clean energy innovation, including areas such as battery storage.
Climate Ready Government Initiative[28]	This program requires public sector agencies to integrate climate risk and emissions reduction into operations.
EPA's 2024 Amendments to Environment Protection Act 1993[29]	This Act incorporates climate mitigation into its objectives. It lays the foundation for a dedicated climate change Environment Protection Policy (to be developed).

Table 6: Western Australia's key climate mitigation policies and plans

Western Australia

Emissions reduction policy/plan	Description
Climate Action This Decade Act 2025 (proposed)[30]	This Act legally mandates net zero by 2050 for Western Australia, interim targets, strategies and reporting.
Western Australian Climate Policy (2020)[31]	This policy provides various actions for clean manufacturing, energy generation, carbon storage, low-carbon transport, resilient cities and government leadership.
Sectoral Emissions Reduction Strategy[32]	This strategy provides sector-specific decarbonisation pathways to net zero.
Greenhouse Gas Emissions Policy (Major Projects)[33]	This policy aligns state environmental approval with the federal Safeguard Mechanism, reducing regulatory duplication.
PoweringWA[34]	This is a Western Australian government initiative to modernise the electricity grid to integrate renewables.
Coal-fired Power Closure (by 2030)[35]	This is a political commitment to retire state-owned coal (not yet legislated). It provides plans for large-scale renewables and hydrogen.

Table 7: Tasmania's key climate mitigation policies and plans

Tasmania

Emissions reduction policy/plan	Description
Climate Change (State Action) Amendment Act 2022[36]	This Act legally mandates net zero emissions or lower from 2030 for Tasmania. It requires a Climate Change Action Plan, statewide climate risk assessments, sector-based Emissions Reduction and Resilience Plans (ERRPs) and annual greenhouse gas emissions reporting.
Tasmania's Climate Change Action Plan 2023-25[37]	This plan sets out near-term actions to uphold net zero, including electrification, energy efficiency, electric vehicle incentives, and transparent reporting, as well as climate resilience initiatives.
Tasmanian Emissions Pathway Review & Roadmap 2024-29[38]	This was conducted in 2021 to inform the Action Plan and ERRPs. It functions as a background review rather than a standalone or ongoing roadmap.
Transport Emissions Reduction & Resilience Plan (2024-29)[39]	This plan targets emissions reductions through electric vehicle (EV) uptake, active/public transport, grants for e-bikes and EV chargers, as well as strategic partnerships to enhance the resilience of Tasmania's transport system.
Renewable Energy Ambition: 100%+ by 2040[40]	Tasmania has achieved net zero emissions with strong renewable generation. The Action Plan targets doubling renewable generation by 2040 (equivalent to 200% of 2020 levels).

Table 8: ACT key climate mitigation policies and plans

Australian Capital Territory

Emissions reduction policy/plan	Description
Australian Capital Territory (ACT): Climate Change and Greenhouse Gas Reduction Act 2010[41]	This Act sets legislated emissions reduction targets for the ACT relative to 1990 levels: 40% by 2020 (achieved), 50-60% by 2025, 65-75% by 2030, 90-95% by 2040, and net zero by 2045. These targets underpin the Climate Change Strategy 2019-2025.
ACT: 100% Renewable Electricity (2020)	This achieved and maintained 100% renewable electricity from 2020, supported by around 650 MW of contracted renewable energy under the ACT's Climate Change Strategy.

Table 9: Northern Territory key climate mitigation policies and plans

Northern Territory

Emissions reduction policy/plan	Description
Northern Territory (NT): Climate Change Response: Towards 2050[42]	This is a strategic framework committing the Northern Territory to net zero emissions by 2050. It focuses on mitigation, climate resilience, low-carbon industry opportunities, and community engagement.
NT: Greenhouse Gas Emissions Offsets Policy (2022)[43]	This policy provides a framework for the use of offsets in supporting the NT's 2050 net zero target, forming part of a broader emissions offsets strategy.
NT: Abandoned 50% Renewable by 2030 Target	The target of 50% renewable energy by 2030 was abandoned by the NT government in 2025, though the commitment to net zero emissions by 2050 remains in place.

Key takeaways:

- The Commonwealth and all state and territory jurisdictions have introduced policies to support net zero by 2050 or earlier, with most states and territories adopting legislated targets, interim goals, and sectoral emissions reduction strategies that often exceed national ambition.
- Entities might consider how policies from Commonwealth and state and territory jurisdictions may affect their strategy, value chain and financial outlook over relevant time horizons. Decarbonisation policies commonly focus on electricity, transport, infrastructure and industrial emissions.

Sources and explanatory notes

[1] Commonwealth Department of Climate Change, Energy, the Environment and Water (2025) Net Zero

[2] Australian Government (2024) *Budget 2024-25 A Future Made in Australia* (PDF 439 KB)

[3] The government promises to top up a project's income if it earns less than expected
[4] Commonwealth Department of Climate Change, Energy, the Environment and Water (2025) *Rewiring the Nation*
[5] Australian Government (2025) *Net Zero Economy Authority*
[6] Commonwealth Department of Climate Change, Energy, the Environment and Water (2025) *Product stewardship schemes and priorities*
[7] First Nations Clean Energy Network (2025) *Policy Opportunities and Barriers*
[8] New South Wales Government (2023) *Climate Change (Net Zero Future) Act 2023*
[9] New South Wales Government (2020) *Net Zero Plan Stage 1: 2020-2030*
[10] New South Wales Environment Protection Authority (2023) *Climate Change Policy and Climate Change*
[11] New South Wales Government (2020) *Electricity Infrastructure Investment Act 2020*
[12] New South Wales Government (2025) *Product Lifecycle Responsibility Act 2025 No 22*
[13] New South Wales Environment Protection Authority (2025) *Climate change licensee requirements*.
[14] Infrastructure NSW (2025) *Decarbonising Infrastructure Delivery Policy*
[15] Infrastructure NSW (2025) *Decarbonising infrastructure roadmap*
[16] Victorian Government (2025) *Victoria's climate action targets*
[17] Victorian Government (2022) *Victoria's gas substitution roadmap*
[18] Victorian Government (2023) *Victorian renewable energy and storage targets*
[19] A gigawatt (GW) is a unit of power equal to one billion watts
[20] Victorian Government (2023) *Zero emission vehicles*
[21] State Electricity Commission Victoria (2025) *State Electricity Commission Victoria*
[22] Queensland Government (2024) *Clean Economy Jobs Act 2024*
[23] Queensland Government (2024) *Energy (Renewable Transformation and Jobs) Act 2024*
[24] Queensland Government (2024) *Queensland 2035 Clean Economy Pathway: 75% by 2035* (PDF 3.5 MB)
[25] South Australian Government (2007) *Climate Change and Greenhouse Emissions Reduction Act 2007*
[26] South Australian Government (2023) *Hydrogen and Renewable Energy Act 2023*.
[27] South Australian Government (2024) *South Australia's net zero strategy 2024-2030* (PDF 5 MB)
[28] South Australian Government (2023) *Climate ready government* (PDF 381 KB)
[29] South Australian Environment Protection Authority (2025) *Climate change*
[30] Western Australian Parliament (2025) *Climate Action this Decade Bill 2025*
[31] Government of Western Australia (2020) *Western Australian climate policy*
[32] Government of Western Australia (2021) *Sectoral emissions reduction strategy*
[33] Government of Western Australia (2019) *Greenhouse gas emissions policy for major projects*
[34] Government of Western Australia (2024) *PoweringWA*
[35] Government of Western Australia (2022) *State-owned coal power stations to be retired by 2030*
[36] Tasmanian Government (2022) *Climate Change (State Action) Amendment Act 2022*
[37] Tasmanian Government (2023) *Climate Action Plan 2023-25*
[38] Tasmanian Government (2023) *Emissions Reduction and Resilience Roadmap*
[39] Tasmanian Government (2024) *Transport Emissions Reduction and Resilience Plan 2024-2029* (PDF 15 MB)
[40] Tasmanian Government (2022) *200% renewable energy target*
[41] Australian Capital Territory Government (2010) *Climate Change and Greenhouse Gas Reduction Act 2010*
[42] Northern Territory Government (2024) *Climate Change Response: Towards 2050*
[43] Northern Territory Government (2022) *Greenhouse Gas Emissions Offsets Policy and Technical Guidelines*