

24 February 2021

Project Team - 30-Year Infrastructure Strategy

Infrastructure Victoria

Submitted via webform: <https://engage.vic.gov.au/victorias-30-year-infrastructure-strategy>

To whom it may concern,

RE: ISCA, ClimateWorks & ASBEC joint submission to Infrastructure Victoria Draft 30-Year Infrastructure Strategy

Infrastructure Sustainability Council of Australia (ISCA), ClimateWorks Australia and Australian Sustainable Built Environment Council (ASBEC) welcomes the opportunity to provide input to Infrastructure Victoria's *Draft 30-Year Infrastructure Strategy Update*.

ISCA is a member-based, not-for-profit peak body operating in Australia and New Zealand with the purpose of enabling and rewarding sustainability best practice in infrastructure. It does this through: operating an industry-led Infrastructure Sustainability (IS) rating scheme for planning, design, construction and operations of infrastructure assets; delivering a wide range of training and capacity-building programs specifically to enhance sustainability outcomes in infrastructure; connecting infrastructure projects to suppliers of sustainable products and services through its ISupply program; bringing together sustainability practitioners and infrastructure professionals to share knowledge and lift the community of practice; and recognising and rewarding best practice in sustainability and resilience.

ClimateWorks develops expert, independent solutions to assist the transition to net zero emissions for Australia, South-east Asia and the Pacific. A non-profit organisation, it was co-founded in 2009 by The Myer Foundation and Monash University and works within Monash Sustainable Development Institute.

ASBEC is the peak body of key organisations committed to a sustainable built environment in Australia. ASBEC members consist of industry and professional associations, non-government organisations and government and academic observers who are involved in the planning, design, delivery and operation of Australia's built environment.

Infrastructure lays the foundation for Victoria's net zero emissions future

ISCA, ClimateWorks and ASBEC support Infrastructure Victoria's recommendations to strengthen alignment of infrastructure planning, assessment, investment decisions and

delivery with the *Climate Change Act 2017*, which includes a target of net zero emissions for the state by 2050. Given the long life of infrastructure assets and their influence on the majority of Victoria's emissions, decisions made today about infrastructure investment will have a profound impact on the state's trajectory to net zero emissions over the next 30 years. This highlights the urgency of pursuing Infrastructure Victoria's draft recommendations quickly and at scale, to ensure the decisions being considered today support long-term decarbonisation efforts.

As noted in the Draft Strategy, infrastructure influences 70% of Australia's annual greenhouse gas emissions¹. Emissions from infrastructure can result from:

- Embodied emissions: the material used in construction, as well as those from the construction process itself (6% of national emissions, out of the 70% total)
- Operating emissions: the ongoing operation of infrastructure assets (9% of national emissions)
- Enabled emissions: the activities enabled by infrastructure assets and use by end-users throughout an asset's life (55% of national emissions)

Choices made throughout the infrastructure lifecycle, from planning priorities through to delivery and operation, can either directly control or indirectly influence all of these emissions sources. Infrastructure will play a central role in supporting decarbonisation across all sectors, whether this be transport infrastructure to support public transport and zero-emissions vehicles, electricity networks that cater for 100% renewable energy, zero-emissions waste and water treatment facilities, solar-powered data centres, or the social and governance infrastructure that supports good decision-making aligning with net zero.

Infrastructure Victoria's draft recommendations can support decarbonisation

Pursuing recommendations 9 and 10 of the Draft Strategy will be critical for infrastructure to play its role in supporting emissions reductions in line with Victoria's net zero emissions target:

- Recommendation 9 - *Specify climate scenarios and carbon value in assessing infrastructure*
- Recommendation 10 - *Strategically review climate consequences for infrastructure*

ISCA, ClimateWorks and ASBEC support the approach taken by Infrastructure Victoria to acknowledge the climate 'transition risks' presented to public infrastructure and the inclusion of recommendations 9 and 10 in the Strategy to address these risks. This aligns with the *Issues Paper: Reshaping Infrastructure for a net zero emissions future* we published in March 2020².

¹ From energy, transport, water, waste and telecommunications infrastructure. ISCA, ClimateWorks Australia and ASBEC (2020) *Issues Paper: Reshaping Infrastructure for a net zero emissions future*, https://www.climateworksaustralia.org/wp-content/uploads/2020/03/ISCA-CWA-ASBEC-Reshaping-Infrastructure-Issues-Paper-March-2020_FINAL-web.pdf

² See page 20, available at: <https://www.climateworksaustralia.org/wp-content/uploads/2020/03/ISCA->

Victoria's transition to net zero emissions by 2050 will affect the future value of public infrastructure assets, because much of the state's infrastructure (both existing assets and new government investments being made today) will still be operating at that time. The state government is responsible for ensuring public infrastructure provides ongoing value to the Victorian community in a decarbonised world, and Infrastructure Victoria should continue playing a role in providing evidence-based advice to support this long-term government decision-making.

Infrastructure assets that rely on emissions-intensive activities, or produce high emissions during operation, risk becoming 'stranded' in a net zero emissions future due to significant and unanticipated losses of value. One example of a stranded asset is a fossil fuel power plant that closes before the end of its planned technical lifespan³, which could diminish the value of electricity network infrastructure that services that plant. On the other hand, the transition to net zero emissions provides opportunities for prudent infrastructure investment that enables emissions reductions while supporting other government objectives such as post-coronavirus economic recovery⁴. These opportunities include renewable energy generation, grid-scale electricity storage and network upgrades, active and public transport infrastructure, energy efficient government buildings, carbon forestry and land conservation.

Recommendations 9 and 10 of the Draft Strategy align with advice from the global Task Force on Climate-Related Financial Disclosures (TCFD) to use scenario analysis to examine the potential risks and opportunities of climate change⁵. Due to the high capital cost and long-lived nature of infrastructure assets, government and private investors should explore a broad range of scenarios specific to each asset or asset class. Through this exploration process, strategies can be developed that do not attempt to predict the future, but are adaptive to a range of possibilities.

There are opportunities to strengthen the draft recommendations

Based on our desktop research on assessment and decision-making processes and policies for infrastructure, we suggest the following amendments to strengthen both recommendations 9 and 10.

Recommendations 9 and 10 should set out high-level principles to guide implementation by

[CWA-ASBEC-Reshaping-Infrastructure-Issues-Paper-March-2020_FINAL-web.pdf](#)

³ International Renewable Energy Agency (2017) *Stranded Assets and Renewables*, p.20-22, https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Jul/IRENA_REmap_Stranded_assets_and_renewables_2017.pdf

⁴ ClimateWorks Australia (2020), *Recover and reduce - Prudent investments to boost the economy and lower emissions*, <https://www.climateworksaustralia.org/resource/prudent-investments-to-boost-the-economy-and-lower-emissions/>

⁵ Task Force on Climate-related Financial Disclosures (2017), *Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures*, <https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf>

state government agencies, based on global best practices for aligning infrastructure advice and decision-making with net zero emissions outcomes. We propose the following principles as a starting point for Infrastructure Victoria’s consideration:

- Actions taken across Victorian government agencies cover **all relevant sectors of the economy and all infrastructure project phases**. No single policy or agency has coverage over all aspects of infrastructure delivery, so Infrastructure Victoria should coordinate a holistic suite of strategies, processes and frameworks across state government agencies, with tailored approaches to different sectors and project phases where required
- Actions are supported by **credible and implementable policies and frameworks**. To ensure emissions reduction objectives are implemented, policies and frameworks should be clearly linked to high-level government objectives (for example, included as part of agencies’ obligations under the *Climate Change Act 2017*), supported by stakeholders, embedded in downstream decision-making mechanisms (including project-level procurement rules), and complemented by transparent reporting processes to hold delivery agencies accountable
- **Programs and tools to build skills and knowledge** are delivered across government agencies. This will support advisors and decision-makers to plan for uncertain future scenarios and deliver emissions reductions
- Actions demonstrably **align with a transition to net zero emissions by 2050**. Specific metrics, targets and requirements should be defined for different sectors and project phases that are clearly aligned with Victoria’s final and interim emissions targets.

As part of the rationale for recommendations 9 and 10, the updated Strategy should also describe the transition risks and opportunities relevant to infrastructure in line with the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD provides a framework for governments and private investors to assess and manage climate change risks, so familiarising Victorian infrastructure stakeholders with the TCFD’s internationally-accepted terminology, definitions and approaches would strengthen opportunities for Victorian government agencies to align with global best practice and collaborate with other jurisdictions and the private sector. Recommendations 9 and 10 in the Draft Strategy already includes some high-level description of these concepts, and could be amended to specifically define different types of policy, legal, technology, market and reputational transition risk as per the TCFD⁶.

ISCA, ClimateWorks and ASBEC suggest additional amendments to the recommendations of the Draft Strategy as set out in the table below.

Recommendation	ISCA, ClimateWorks and ASBEC suggestions
9 - Specify climate scenarios	Include the following actions that clarify how delivery

⁶ For further details, see pages 5-6 of *Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures*, <https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf>

<p>and carbon value in assessing infrastructure</p>	<p>agencies can apply the recommended scenarios and carbon value in their own decision and assessment processes:</p> <ul style="list-style-type: none"> • Update existing modelling techniques to align with net zero emissions outcomes, e.g. amend transport models to incorporate changes in transport behaviour, mode shift and technology in line with the modelled climate scenarios. This will help inform decisions and prioritisation of infrastructure requirements to support these transitions • Update procurement rules for infrastructure projects to set requirements for contractors in line with climate scenarios. This should include targets for embodied, construction and operational emissions, and a process for how these procurement rules will be reviewed and updated by government agencies over time
<p>10 - Strategically review climate consequences for infrastructure</p>	<p>Include a commitment to review current Infrastructure Victoria priorities against climate risks, and to develop an ongoing process of assessing and reporting climate risks presented to Victoria’s infrastructure priorities. This would support continued alignment of Infrastructure Victoria’s recommendations on infrastructure priorities with the state’s emissions targets.</p> <p>Include a recommendation for the state government to work with the private sector to set minimum emissions reduction requirements, as part of efforts to leverage private finance to deliver public good. For example, as a prerequisite for assessment by Infrastructure Victoria and consideration by government, private sector infrastructure proposals should be required to assess the exposure of the asset to transition impacts of climate change, and demonstrate alignment with net zero emissions. Private sector proposals that align with Victoria’s emissions targets should be prioritised over projects that do not.</p>

Collaboration will support implementation

Collaboration will be central to successfully aligning infrastructure prioritisation and decision-making with net zero emissions targets. No single stakeholder, organisation or government agency is responsible for delivering emissions reductions across all infrastructure sectors or project phases. The updated Strategy should include a commitment by Infrastructure Victoria to collaborate with relevant stakeholders to align infrastructure with net zero emissions. This could include convening an infrastructure and climate working group involving DELWP, delivery agencies and the private sector, tasked with sharing information and standardising

definitions and best practices.

There is potential for Victoria to lead the way in reshaping infrastructure planning and delivery practices for a net zero emissions future. The updated Strategy should also include a commitment to collaborate with other jurisdictions, including the other state and federal infrastructure bodies, to share learnings and develop national approaches where appropriate.

On behalf of ISCA, ClimateWorks and ASBEC, we thank you for the opportunity to provide input in response to the *Draft 30-Year Infrastructure Strategy*. We would welcome an opportunity to brief your team on this submission. Please do not hesitate to contact us if you have any further questions.

Yours sincerely,

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