

Foundations for securing Australia's net zero future



Ross Israel,
Head of Global
Infrastructure, QIC



Kirsten Whitehead
Partner - Infrastructure
QIC



Patrick Mulholland
Partner - Infrastructure
QIC

Australia stands at a critical juncture in its infrastructure journey. As the world grapples with climate change, shifting geopolitical realities, and rapid technological advancement, Australia's infrastructure sector is uniquely positioned to lead. With a robust economy, abundant natural resources, and a mature investment environment, the nation offers compelling opportunities for both domestic and international investors.

Economic strength and governance

Australia's appeal as an infrastructure investment destination is rooted in its strong governance and economic stability. The country consistently ranks among the world's most transparent and well-regulated nations, scoring above the 90th percentile in the World Bank's Governance Indicators for regulatory quality, control of corruption, government effectiveness, and rule of law. This institutional strength provides a solid foundation for long-term infrastructure growth and investor confidence.

The country's economic resilience is also reflected in its relatively low levels of government debt compared to other developed nations. This fiscal strength provides the government with the flexibility to support large-scale infrastructure projects and respond to economic shocks, further enhancing Australia's attractiveness as an investment destination.

A safe harbour in a sea of change

Australia's political stability is reinforced by its integration into global trade and investment networks. The nation's deep ties to both Asia-Pacific and Western economies make it a strategic bridge, offering diversification benefits and risk-adjusted returns for global investors. The country's 19 free trade agreements cover 90% of its trade, making it a reliable partner for global supply chains and a diversifying supplier of critical minerals and technologies.

From a supply chain perspective, Australia has weathered recent global disruptions from a position of strength. The nation's robust institutions, regulations, and policies ensure it can navigate and respond to adverse events. Australia scores above global and OECD averages in infrastructure quality, supply chain visibility, and timeliness. The government's "Future Made in Australia" plan, with a A\$22.7 billion investment, aims to strengthen supply chains, onshore manufacturing, and accelerate the energy transition.

Australia's natural endowment

A defining feature of Australia is its wealth of natural resources. The nation is a leading global producer of commodities such as iron ore, gold, and aluminium, and is a net energy exporter. Critically, Australia is also a major supplier of minerals essential for the energy transition, positioning the nation as a future "battery of the world." Its vast solar and wind resources give it the highest renewable energy potential per capita globally, enabling significant contributions to a decarbonised future.

Australia's resource endowment is not limited to minerals. The country's agricultural and water resources, coupled with its geographic diversity, provide a strong base for economic resilience. As the world shifts its supply and consumption of energy towards low emissions, Australia's ability to supply both fossil fuels as a transitional energy source and clean energy adds to its economic strength and flexibility.

Australian Government Climate Change Commitments & Initiatives

Australian Emissions Reduction Target	43% emissions reduction by 2030 (below 2005 levels)
Powering Australia Plan	82% renewable electricity by 2030
Rewiring the Nation	Make clean energy more accessible and affordable for Australian consumers
Capacity Investment Scheme	Deliver an additional 40 GW of capacity by 2030
Safeguard Mechanism	Annual emissions baselines to fall by 4.9% each year to 2030
New Vehicle Efficiency Standard	Reduce emissions from new passenger vehicles by over 60% and halve the emissions of new light commercial vehicles by 2030
Technology Investment Roadmap	Guide more than \$20 billion of government investment in low emissions technology to 2030

Infrastructure buoyed by private capital and policy support

Australia has a 40-year track record as a global leader in private infrastructure investment. It is also the 4th largest pension market in the world. Private capital now plays a critical role in bridging funding gaps, supporting government policy goals, and delivering customer-driven solutions. Australia's infrastructure pipeline is robust, with major projects spanning energy, transport, and social sectors.

Governments in Australia are committed to ambitious net zero targets but face capital constraints. This creates significant opportunities for private capital to support innovation, build new assets and deliver customer-driven solutions. Government policies and regulatory frameworks have been designed to attract and enable investment, streamline approvals, and promote sustainable financing. Notable policies and reforms focusing on near-term 2030 objectives are presented in the above table.

The energy transition opportunity

Australia is at the early stages of a massive energy transition. Achieving net zero by 2050 will require an estimated US\$2.4 trillion in investment, equivalent to US\$89 billion annually. This includes major allocations for renewable energy, grid modernisation, and electric vehicles. The transition is expected to add A\$55 billion to the economy each year through 2035 and create 120,000 new jobs.

Australia is uniquely positioned to leverage extensive efficiency benefits from a decentralised model, as it is more sparsely populated than most developed countries. This creates investable opportunities across community, commercial and industrial solar, energy efficient retrofit and services, microgrids and fuel cells, and low carbon transport. The size of Australia and material distances which exist between supply and demand centres means that the country's decarbonisation solution lies within distributed sources.

Enabling a just transition

Australia's commitment to the energy transition is also a commitment to social inclusion. Policies are designed to ensure that the benefits of infrastructure investment, including jobs, skills, and economic opportunities, are widely shared. Support for transitioning workers, investment in education and training, and engagement with local communities are central to the nation's approach.

The focus on environmental sustainability is reflected in Australia's ambitious emissions reduction targets and its commitment to protecting natural ecosystems. Recently reformed, the 2025 Environment Protection and Biodiversity Conservation Act has created stronger federal environmental protections by introducing binding national standards, establishing an independent environmental regulator, tightening impact tests, improving assessment and approval processes, and replacing offsets with restoration charges.

Strategic partnerships to unlock opportunities

Australia's policy approach is characterised by a focus on collaboration between government, industry, and the community. This inclusive approach ensures that the benefits of the energy transition are widely shared and that the nation's infrastructure investments deliver long-term value for all Australians.

QIC's core principles for a risk-adjusted energy transition

The scale of investment required for the energy transition presents both challenges and opportunities. While the financial commitment is significant, the potential economic, social, and environmental benefits are substantial. By leveraging its natural advantages and policy leadership, Australia can position itself as a global leader in clean energy and sustainable infrastructure.

At QIC, we believe that as governments and industry accelerate the energy transition, we need to embed core principles into long-term strategies to ensure reliability, affordability, and social acceptance. We see the principles needed for a risk adjusted energy transition in Australia being:

- **Technically feasible:** Rely on known technologies that are deliverable in achievable time frames for the medium-term (base case transition) while aligning with long-term emissions targets.
- **Realistic growth projections:** Utilise realistic demand and load growth projections for the short to medium to guide investment decisions and preferred location for renewable resources
- **Grid reliability:** Ensure system reliability remains a top priority, with a focus on maintaining generation capacity, grid stability, and security of supply alongside decarbonisation goals
- **Maximise existing network infrastructure:** Utilise existing network and generation infrastructure to reduce costs and speed up deployment.
- **Flexible policy and regulatory approach:** Change upfront policy and regulatory settings to support investment certainty while balancing social license obligations.
- **Supply insurance:** Manage supply risk with strategic fuel reserve arrangements which will build resilience for unexpected events
- **Ensure the cost is equitable:** Energy supply needs to be reliable and affordable without placing an unfair burden on future generations.

By embedding these principles into forward investment, Australia's energy transition can be technically sound, socially responsible, and economically sustainable which underpins a resiliency for investors.



Tilt Renewables, Crookwell Wind Farm

QIC has been investing in the energy transition in Australia for over a decade and has also been cementing its role as an energy transition market leader with deep sector knowledge and relationships. In 2016, we partnered with AGL on key generation asset Tilt Renewables – one of Australia's leading renewable energy platforms – to drive large scale renewables. This portfolio has now grown to be Australia's largest portfolio of operating wind assets backed by diverse and high-quality counterparties and over 1.9 GW of capacity across 12 assets, and fully integrated development capability.

At the other end of the spectrum, through a joint venture partnership with Vector Limited, is QIC's consumer energy asset Bluecurrent – one of Australasia's largest metering platforms with more than 2.7m owned or managed smart meters across ANZ. Smart meters play a critical role in decarbonisation, decentralisation and digitisation of the electricity sector.

QIC continues to see compelling and differentiated opportunities to deploy capital at scale to support Australia's net zero ambitions. There are significant energy transition investment opportunities across the value chain – from off-grid remote energy to storage to connection assets. We also see substantial opportunities in the transport sector, where structural tailwinds and the need for scalable decarbonisation solutions are strongest.

About QIC Infrastructure

QIC Infrastructure is a long-term infrastructure investor with an established international platform, an active-management approach and a proven 20-year track record. With an international team of 91 professionals across five offices, QIC Infrastructure manages A\$41.4 billion across 21 international direct investments. (as of June 30, 2025).

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