Green Property Summit 2025

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CLIMATE CHANGE AUTHORITY

The Hon Matt Kean

Chair - Climate Change Authority

Keynote address

Check against delivery

Teno Koutou – greetings everybody!

It's a real honour for me to be invited here on behalf of the Climate Change Authority to address your annual Green Property Summit.

Thanks Andrew and your team for the important work you do every day, and for organising this timely gathering.

My speech is all about taking decisive action on climate, and your program promises I'll deliver the "hard mahi" on energy and climate ambition.

As we don't do "soft mahi" where I come from, that should be the easy part.

And before anyone whispers "soft" and "rugby", or Trans-Tasman win-loss ratios, may I note it was one of your former MPs, James Strange, raised the prospect a couple of years of New Zealand formerly joining Australia.

You might think that notion more fictional than strange, until you cast an eye over Australia's constitution.

Few Aussies – and perhaps fewer Kiwis - have any inkling it contains section 6, listing New Zealand as one of the "states" eligible to join Australia. Section 121 later outlines the powers for that to happen.

I suspect such a takeover – let's dub it, political connectedness – will probably never happen.

You Kiwis would surely baulk at North Island becoming East Island, although South-East Island needs less of an adjustment.

Map musings aside now that have your full attention...What I'm actually here to talk about is how trans-Tasman teamwork can open up many new opportunities, particularly when it comes to climate and energy issues.

We know taking action on climate change is good for the environment. The great news is such action can also be a job-generator and engine of economic growth.

We should be able to drive down the cost of living for households and the cost of doing business for companies. Available benefits will be amplified if we borrow the best ideas from each other.

Few sovereign states act as much in simpatico as New Zealand and Australia. You can see that on show over the weekend when our Prime Ministers Christopher Luxon and Anthony Albanese met in Queenstown.

I've experienced the same generous welcome during my meetings in Wellington and during my Auckland stay.

Privately, the level of official warmth can exceed what I've observed on occasion between some Australian states.

Better not give you any names - these days I represent a national agency.

More seriously, I hail from the same side of the aisle as your ruling National Party, and was a senior member of a conservative coalition that governed New South Wales for 12 years.

From my experience, it doesn't pay to short-change climate action.

Scientists tell us that wild weather events are going to get more frequent and more intensive in a warmer world. The ideas we're going to swap won't just be about cutting greenhouse gas emissions but also how best to make our communities more resilient.

In the past six years, government spending on natural disasters in my state alone has risen to $1.6 billion Australian dollars, or about $1.75 billion kiwi dollars, every year.

That's a ten-fold increase on the annual outlays during the previous six years.

The more recent period included our Black Summer of bushfires, and also the most costly floods in NSW history.

As ANZAC partners we have, of course, a storied history of fighting together.

Lately, the exchange of uniformed personnel across The Ditch has often been disaster-related … such as your generous dispatch of defence force crews during those mega-fires during 2019 and early 2020.

As a senior minister during that time, I knew well the perils they faced. I'd like to extend my personal thanks to those brave New Zealanders who helped fight our fires.

A couple of years later, it was our turn to pitch in, flying in emergency crews to aid with your recovery after the devastating Cyclone Gabrielle.

These types of exchanges are likely to become more common in the future.

That is just one of the reasons we must – together – strive to curb our carbon emissions, and encourage other countries to do the same.

Global warming, after all, disregards national borders.

As an aside, I've recently raised the issue in Australia of the Trump administration's cuts to weather and climate services, and how that may affect our forecasts and modelling.

Our Bureau of Meteorology and other science agencies have been highly reliant on US data feeds and other science for decades.

I suspect your Earth Sciences New Zealand shares similar dependencies.

Even if the worst fears surrounding America's retreat from science are not realised, both our nations have been put on notice.

That should serve as a cue for our two governments to explore ways to tighten our already close cooperation. We should also seek out deeper ties with international partners to provide alternative services, should we need them.

After all, a more chaotic climate will place greater demands on our scientific resources, stretching already-tight budgets.

As nations, we are used to fierce – but friendly – rivalry when it comes to the sporting field.

There's one arena I'd like to see stiffer competition in - and that's climate action.

As you know, this year every signatory to the Paris Climate agreement must update its pledge, and ratchet higher its ambition to cut greenhouse gas emissions.

It's up to nations to aim for the "highest possible" reduction based on our "common but differentiated responsibilities and respective capabilities".

As it happens, our two nations share a common emissions baseline of 2005 – albeit with some variations such as how we treat the land sector.

Australia's existing target is to lower emissions 43 percent by 2030, while New Zealand aims for a halving of emissions over these 25 years between 2005 and the end of this decade.

Fast forward another five years from 2030 to 2035, and New Zealand's ambition is largely static, with the goal of trimming those emissions to between 51 and 55 percent below 2005 levels.

As you may know, the Climate Change Authority is presently preparing advice for the Australian Government on what our 2035 target should be.

Sorry to disappoint you but I can't divulge too much about where we will land. "So long as we beat New Zealand", though, should be achievable – and then some.

Remember, we are all in a race to outflank climate change, whether we're willing participants or not.

How can we get more race-fit is what we should be asking of governments, and of ourselves.

Now, the Green Building Council has long been a leading advocate in this field.

Your new report - on protecting industry, jobs and household budgets as gas runs out - is an excellent assessment of the challenges and opportunities of the energy transition.

Your argument should resonate with Australian audiences - not just because you cite the example of Victoria's efforts to cut methane gas usage.

We face similar issues to accessing affordable gas for industry in eastern Australia.

Our federal government, as you may know, has launched its own review of our gas strategy.

We've managed – if that's the operative verb – to become one of the world's biggest gas exporters while failing to keep adequate supplies for eastern Australia.

In any event, Australia's options seem relatively plentiful than yours.

As we've learnt in recent days, Ballance Agri-Nutrients - one of your main fertiliser producers - may soon be mothballed for months if it can't secure a new gas contract.

Fortunately, technological advances offer solutions for both our nations.

As the Council's new report highlights, one way to cut gas demand would be to encourage a wider uptake of heat pumps.

That move would save dwindling gas supplies for companies such as Ballance, which don't have alternative feedstock yet. You could also spare the further hollowing-out of regional towns.

More heat pumps combined with energy efficiency would amplify the gains.

Fixing leaky buildings would mean we use less energy, increase our comfort and cut our energy bills.

Victoria, as you note, has banned new gas connections and is providing subsidies for the take-up of heat pumps.

Other states, such as NSW, also subsidise such equipment. But, with the exception of the Australian Capital Territory, governments are tending to leave it to households to decide if they want retain gas connections.

I should add that it's good to see the Victorian division of the Master Plumbers – an entity that serves both sides of the Tasman – is very supportive of efforts to electrify buildings and reduce gas usage.

I think we have Greg Wallace, the CEO of New Zealand's Master Plumbers unit in the audience here today. All power to your organisation, so to speak.

Given the scale of the work to be done, we will need to help retrain plumbers or encourage more people to enter the field. Women remain under-represented in our trades, a relatively untapped source of skilled labour.

I suspect you face similar workforce constraints as we do in Australia – something made worse by the ongoing brain-drain to the west. Sorry about that, Greg!

Rumour has long had it, by the way, that a former Australian prime minister John Gorton, was born in Wellington, possibly making him ineligible for the top job in Canberra.

We exported Joseph Ward and Michael Savage to be your PMs here, so on that measure at least, there's net brain-drain eastwards.

Another worthy Aussie export, as such, has been the National Australian Built Environment Rating System, or NABERS.

We've had NABERS for more than a quarter of a century in Australia, with the standard ratings tools mandatory for large office buildings.

Companies naturally have an aversion to compulsory orders – and as a Liberal politician, I can empathise. It means, though, they don't always champion the benefits of such schemes in public.

Still, our version of NABERS has boasted cuts in energy usage of 30-40 percent over a 10-year period under our version of NABERS. Such gains should trumpet themselves in company boardrooms.

The Green Building Council has been advocating that New Zealand follow Australia and make NABERS mandatory here for commercial buildings.

Government agencies occupying more than 2000 square-metres of space already must disclose their energy use ratings. It makes sense commercial entities are required to do likewise.

You might wonder, how did Australia come up with such a kitschy name for this scheme?

I'm reliably informed we can blame a British consultant who was part of the original team developing NABERS.

This Fred Dagg wannabe even lived for a while on an island near Auckland, and thought echoing a popular Aussie soap opera would be a hoot.

Anyway, tighter construction codes and prominent energy ratings should also apply to the residential sector.

Government had often resorted to short-term energy rebates rather than deploying the largesse to make lasting changes to what are long-lasting assets.

As NSW's energy minister, we extended our state's energy savings scheme in 2022 out to 2050, and increased the targets.

It obliges retailers to manage compliance, via certificates, while boosting the electrification of homes.

We projected the costs out to 2030 at almost $A700 million. The benefits to cost ratio, though, was a robust 2.6, providing a net economic benefit of more than $A1.1 billion. Millions of tonnes of CO2 emissions will also be avoided.

Mind you, on a national level, Australia doesn't have a lot to boast about when it comes to residential building codes. Standards have not improved at the same pace as commercial ones, and are far shy of the world's best practice.

Homes account for about a quarter of our electricity use, and more than one-tenth of carbon emissions.

It's also high time that we paid more attention to the embodied carbon involved in the construction of new buildings.

I'm reliably informed that such embodied carbon amounts to about 9 percent of New Zealand's total. For Australia, the share of scope 3 emissions in the built-environment is about 11 percent.

In New South Wales, we have now made it compulsory for those tendering for major public infrastructure works disclose their projected embodied emissions.

That requirement took effect this past April and several other states are looking to implement similar policies.

As for NABERS, I understand Aussie and Kiwi government officials have been devising ways to add embodied carbon to reporting requirements. Your own Green Building Council has developed a model.

It's said Australians don't mind claiming your best ideas as our own. Pavlova, Phar Lap, Lamingtons and Manuka honey. Did I miss any…?

Australia is leading in some areas that you might want to emulate.

For instance, we have a sizeable lead when it comes to generating power from solar PV. Increasingly, excess power that we're making is charging batteries – fixed or on four wheels.

More than a third of Aussie homes host solar panels, one of the highest penetrations anywhere. Here, it's just over 2%.

Solar PV prices have plunged in price, dropping 99 percent in 30 years or so. Researchers reckon costs could halve again over the next decade.

Now, much of New Zealand lies further south than Australia – notably your South Island, or future South-East Island.

But even in Victoria, about a third of households have solar, so you'd have to assume New Zealand's share has great scope to expand.

Auckland, after all, sits more northerly than Melbourne, and half your population lives in your four northern provinces.

Hence, you should enjoy decent solar irradiance when your long white cloud allows it.

Batteries offer the next exciting development on the home front.

Australian homes added 75,000 such units in 2024, and this year's tally will be multiples of that.

The re-elected Labor government is offering subsidies worth about $A2.3 billion to lop about a third off battery costs. About 20,000 households leapt at the offer in the first month alone.

Buyers are also diverting their savings into bigger batteries and, if they didn't already have solar panels, bigger units of those too.

For instance, a typical battery purchase last year had a capacity of 8-10 kilowatt-hours. The first flood of orders has seen that average jump to about 17 kilowatt-hours.

If solar panels with 6.6-kilowatt capacity was the norm last year, households snapping up panels and battery combinations were likely to buy solar systems closer to 10 kilowatts in size.

Even without subsidies, this kit is dropping in price faster than grid operators have been anticipating.

In China, where most batteries are made, auctions for utility-scale storage keep setting fresh record-lows.

Australia's main electricity market operator has been basing its forecasts on battery prices that are triple what we're seeing lately in China.

Investors are already adding big batteries to our grid at a rapid pace.

In NSW, we recently commissioned the 850-megawatt Waratah super battery. It's a project that I had an early role in getting started.

New Zealand's first grid-scale battery, at Ruakaka, has about 100 megawatts, and was completed within budget. No doubt, other, bigger batteries will be added before long.

If solar and batteries increasingly make sense for households, the same will be true for commercial and industrial sites.

In Victoria alone, it's estimated there's enough commercial roof space to meet all of the state's electricity needs. So far, though, just 7 percent of the opportunity has been grabbed.

With such technological spurts, it's vital our regulations keep up … particularly if we want "power to the people" to be more than a slogan or earworm jingle.

We can expect virtual power plants – based on aggregating small-scale solar and batteries – to become increasingly common, if not viral.

No wonder our competition regulator, the ACCC, expects this part of the energy industry to require careful oversight.

Competition is going to be key if we are to ensure battery owners get a fair share of profits for the services they provide.

After all, more consumers are becoming prosumers – using and producing their own power. We should insist that contracts are made as transparent as possible in what can be a dynamic and yet complex field.

In Australia, there's already a popular government-run "Energy Made Easy" website allowing consumers to compare electricity offers. We need similar independent advice for emerging virtual power plants.

Think how much infrastructure build-out can be postponed, or even avoided, if this mushrooming capacity is voluntarily made available to the grid.

Households who save or even make money will spread the word – a strong mahi, if you will.

If we want more distributed energy, we must distribute the benefits fairly.

Lessons go both ways, of course. New Zealanders can teach Australians a thing or two about one corner of the energy market.

I'm told that your South Island gas shortages mean Kiwi engineers have become far more adept than their Australian counterparts when it comes to design aquatic centres.

Such centres can be big energy users – and Aussies like to swim. The freestyle, after all, used to be known as the Australian Crawl. In any case, we stand to benefit from your expertise.

Water happens to feature in another lesson we can learn from you.

When your hydro dams run low – something that might become more frequent as the climate becomes more variable – power supplies get strained.

In cope with these fluctuations, New Zealand has developed a much larger demand-response market in proportion to Australia's.

One of our independent energy experts Gabrielle Kuiper [pron: Keye-per] reckons demand-response amounts to the equivalent of about 15 percent of peak load in New Zealand. By contrast, it is only about 1 percent in Australia.

When I say, "our" experts, I should add Gabrielle is originally from this side of the Ditch.

In any case, that 15 percent level is also the scale of demand-side participation the International Energy Agency suggests we should aim for.

In fact, a study out late last year in the Energy Policy journal estimated more than two-thirds, or 69 percent, of New Zealand's load is suitable for demand response.

I suspect Australia's potential may also be huge.

Both our nations have endured more than our fair share of cost-overruns when it comes to new transmission, networks or other energy projects.

That should alone motivate us to hunt out ways to avoid unnecessary infrastructure-build where we can.

I hope, then, that I've provided some decent mahi when it comes to how, by working together, we can overcome big challenges ... as we have done so often down the years.

With the deep goodwill between us, closely aligned institutions, and our intertwined financial markets, there is much more we can achieve in tandem ... even without adding new states of Australia!

You've been a warm and patient audience ... thanks for listening. I look forward to taking your questions.