



2025 ANNUAL PROGRESS REPORT

At a Glance

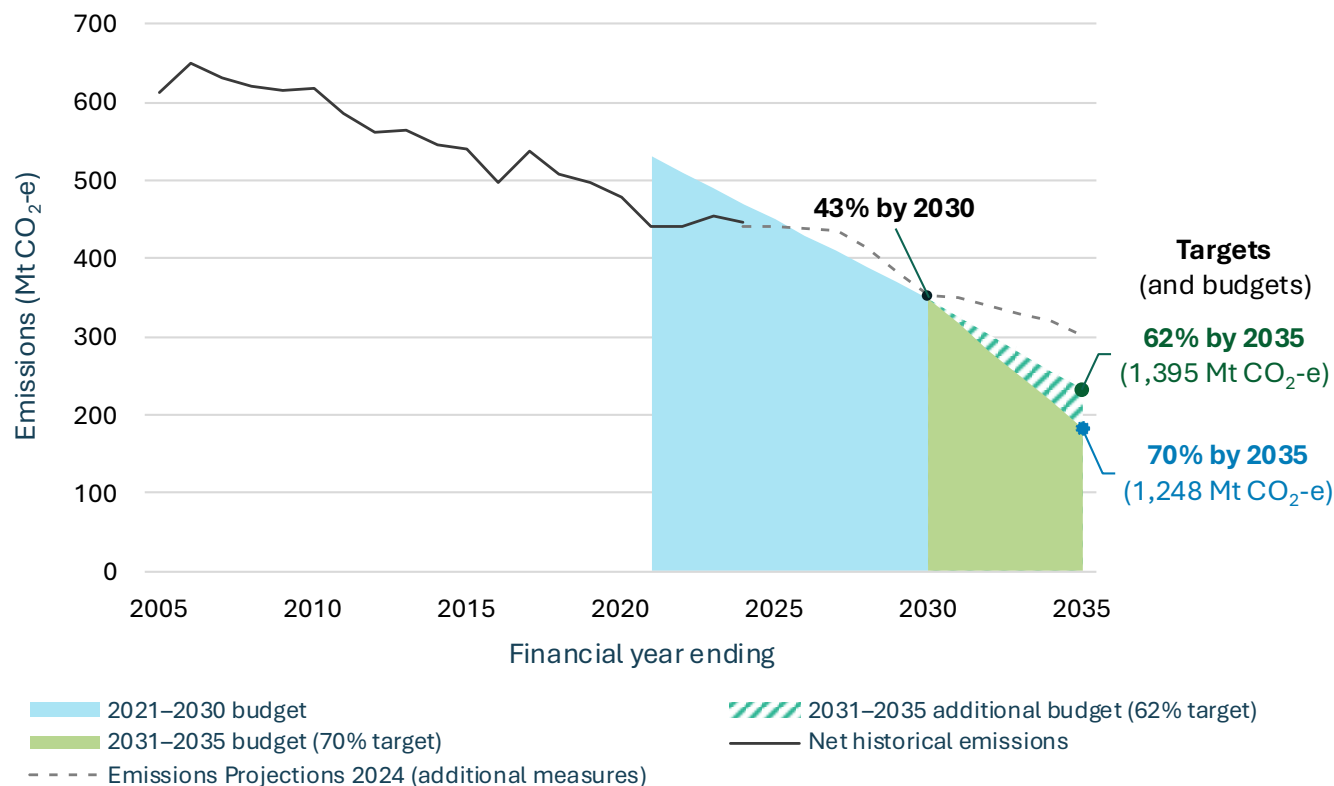
November 2025



Independent, expert advice on Australia's climate change progress

The Climate Change Authority's Annual Progress Report informs development of the Minister's Annual Climate Change Statement to Parliament.

The 2025 Annual Progress Report makes 7 recommendations for accelerating Australia's progress towards a prosperous and resilient net zero economy.





The case for Australia's climate action

2024 was the hottest year on record, with average global temperatures reaching 1.5 °C above pre-industrial levels for the first time.

This milestone underscores how close the world is to the threshold scientists warn must not be exceeded to avoid the worst climate impacts.

Meeting Australia's 2030 and 2035 emissions reduction targets and 2050 net zero target will take more effort. Delays increase risks to Australia's economic productivity, environment and communities.

Climate action is not just a necessity – it's an economic opportunity. Cutting emissions and adapting to climate change can boost productivity and support jobs, businesses, and communities.

Australia is well-placed to lead global and regional decarbonisation efforts, with the potential to export lower-emissions products and share our expertise.

2025 saw significant climate policy development

New Vehicle Efficiency Standard

Sets a declining CO₂ emissions target averaged across all new passenger and most light commercial vehicles. First compliance period is FY 2025-26.

Capacity Investment Scheme

Drives investment in utility-scale renewables and storage. In 2025 targets for renewable generation capacity and clean dispatchable capacity were increased.

Adaptation planning

National Climate Risk Assessment and National Adaptation Plan released September 2025.

EPBC Act reform

Reforms introduced to Parliament November 2025.



Climate Risk Disclosures

Australia's biggest companies and emitters now report annually on climate risk. Requirement commenced January 2025.

Future Made in Australia

Broad range of support for critical minerals, green metals and hydrogen. Investment Front Door commenced September 2025.

2035 Target and Net Zero Plan

Target released alongside Net Zero Plan and Sector Plans in September 2025.

Australia is accelerating progress, but more is needed to meet our targets and adaptation needs



Meeting our targets

Australia needs targeted, timely policies to drive the structural transformation

Community acceptance, supply chain constraints, slow environmental approvals, the green premium, and persistent skills shortages all need urgent attention.

A national program to uplift community engagement and benefit-sharing would accelerate acceptance and emissions reductions.

Cutting methane emissions offers one of the fastest ways to help reduce the risk of crossing critical thresholds

In 2026, the Authority will review further opportunities to reduce fossil methane emissions.



Meeting our adaptation needs

Climate adaptation is critical for maintaining Australia's productivity, reducing long-term economic costs, and securing better social and environmental outcomes.

The Authority welcomes the *National Climate Risk Assessment* and the *National Adaptation Plan*, which highlights the need for urgent, coordinated government action on climate risks.

Priorities include reforming land use planning, strengthening buildings and infrastructure resilience, and supporting planned relocation

Australia must speed up emissions reductions to achieve 2030 and 2035 targets

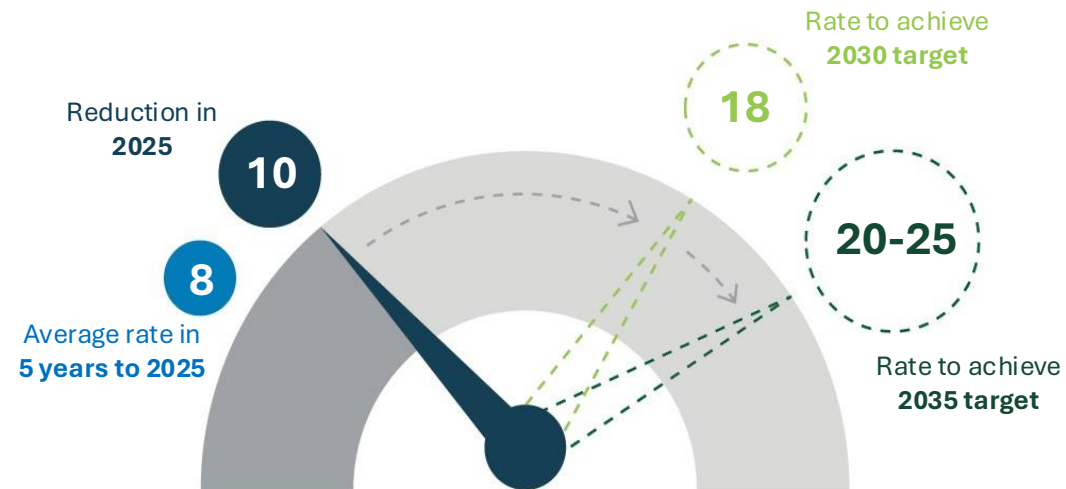
Last year, emissions fell by 10 Mt CO₂-e, bringing the average annual rate of decline over the previous 5 years to 8 Mt CO₂-e per year.

Most sectors' emissions fell in 2024–25, a promising sign of movement in the right direction.

The electricity and energy, resources, and industry and waste sectors contributed most of Australia's emissions reductions in 2024–25.

To achieve the 2030 target, the pace of emissions reductions must more than double, compared with the average rate over the past 5 years. To meet 70% emissions reduction by 2035, the pace must more than triple.

Decarbonisation rate (Mt CO₂-e per year)

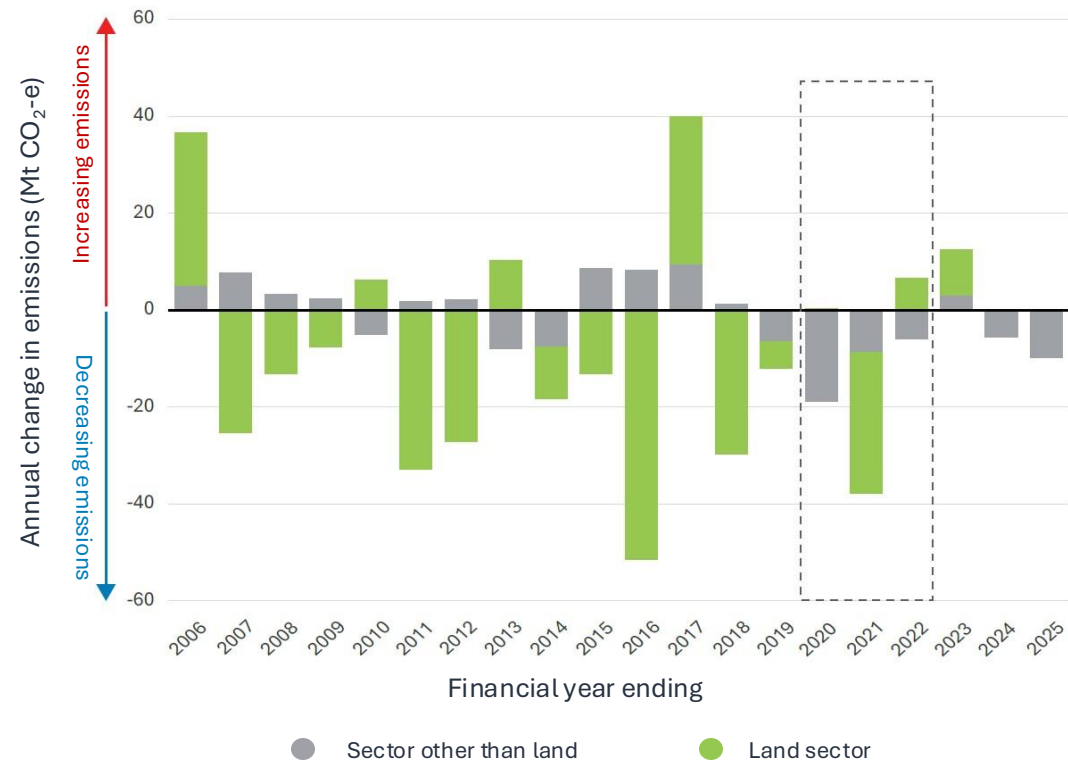


Australia's year-to-year emissions are highly variable

Fluctuations in land sector emissions, influenced by weather conditions like rainfall, are driving Australia's highly variable year-on-year emissions. This volatility makes it harder to assess long-term progress toward national targets.

To provide a clearer picture of Australia's transition, this report examines both economy-wide trends and sector-specific progress. Sectoral analysis helps identify where further effort is needed to meet Australia's climate goals.

Annual change in emissions from land and non-land sectors, 2006–2025





Spotlight: Accelerating environmental approvals

Cutting emissions helps protect the environment from climate change. Rolling out renewable energy quickly is essential to decarbonising the economy.

Environmental approval processes at all levels are slowing down clean energy deployment and progress toward the Government's 82% renewable electricity target. We need smarter, faster approvals to keep on track. Here's how:

- Let the Environment Minister consider emissions reductions when approving renewable projects, and prioritise such considerations, except in 'no-go' zones.
- Set up a specialist strike team to fast-track approvals, supported by measures like the National Renewable Energy Priority List for quicker decisions.
- Use regional planning, robust agreements between governments, and digital processes to accelerate administration.



Policy focus: Capacity Investment Scheme

The Capacity Investment Scheme is the Australian Government's main instrument for driving investment in utility-scale renewables and storage.

Successful delivery of the Capacity Investment Scheme is critical to rapidly decarbonising electricity production and reaching renewable electricity and emissions reduction targets.

While the Authority welcomes recent changes to the Capacity Investment Scheme, sustaining the renewables rollout requires investment certainty beyond 2027 when Capacity Investment Scheme tenders are scheduled to end.

To maintain investment momentum, the Capacity Investment Scheme should be extended until it is no longer needed.



Policy focus: Safeguard Mechanism

Over the first 2 years of the reformed Safeguard Mechanism, emissions have fallen in line with Australia's climate targets.

The Safeguard Mechanism sets limits – called baselines – on emissions from Australia's biggest polluting facilities. These baselines are designed to help meet national emissions reduction targets of 43% below 2005 levels by 2030 and net zero by 2050.

Preliminary data show many facilities exceeding their baseline emissions by larger amounts than before. At the same time, the number of Safeguard Mechanism Credits – earned when facilities emit less than their baseline – is expected to fall.

In 2026, the Authority will look at ways to speed up cuts in fossil methane emissions. The Authority also stands ready to contribute to the Government's 2026-27 review of the Safeguard Mechanism.



For Australia to meet its targets, all sectors need to reduce emissions faster

The Annual Progress Report makes 7 recommendations for government action.



01 Accelerating project approvals

Streamline approval processes for renewable energy projects to protect the environment from both climate change and development impacts.



02 Capacity Investment Scheme

Maintain momentum of the rollout of renewable electricity by extending the Capacity Investment Scheme until it is no longer needed.



03 Electricity system security

Keep the electricity system stable by installing technologies needed to maintain a balanced grid while more renewable energy is deployed.



04 Community acceptance

Ensure regional communities share in the benefits of clean energy projects.



05 Fossil methane

Note the Authority will take a deep look at the opportunities to radically reduce fossil methane emissions in Australia.



06 Climate adaptation

Ensure Australians are not locked into living and working in places exposed to dangerous climate risks.



07 Adaptation finance

Partner with investors to help communities and businesses build resilience to a range of climate-related impacts like floods, fires and heatwaves.

For more information on our 2025 Annual Progress Report, including the full report, visit [Climate Change Authority's website](#)