



25 February 2019

Investors: More of the same will not address climate risk

In response to the government's climate policy announcement, institutional investors today warned that more of the same will not address growing climate and transition risk to the Australian economy.

“The government’s policy announcement today largely represents a business as usual announcement,” said Emma Herd, CEO of the Investor Group on Climate Change. “Business as usual will not address the risks to the Australian economy that climate change represents nor will it unlock large-scale investment in zero emissions solutions.”

“In the electricity sector alone, over \$1.3 billion dollars of investment is needed each and every year over the next 20 years to achieve emissions reductions in line with the Paris Agreement.* Limited government funds will not unlock this, credible and durable energy and climate policy can.”

Investors are engaging with companies and governments around the world to ensure policies and practices are consistent with the goals of the Paris Agreement.

“The deadline for Australia to update its 2030 targets in line with net zero emissions and limit global warming to 1.5-2°C under the Paris Agreement, is fast approaching. Australia’s climate policies must be scalable, and able to meet deeper emissions commitments through time. Capped government funds have limited flexibility.”

“There is a significant gap between the government's current target and the objectives of the Paris Agreement. This is of great concern for investors, as global warming above 1.5-2°C would have large and detrimental impacts on global economies, society and investment portfolios.”

“The Australian government needs to close the gap between its long-term Paris commitments and its current target and policies urgently.”

“The government’s support for investigation into stronger network connection with Tasmania and large-scale energy storage is important. This work should be undertaken in the context of the energy market operator’s Integrated System Plan and embedded within a strategy to achieve net zero emissions in the electricity sector.”

“Investors are stepping up their action as part of a growing concern regarding systemic climate change risks and to ensure that investments deliver in the long-term interests of super fund members. Investors will continue to urge governments to implement policies to achieve a smooth and fair transition to a resilient net zero emissions economy,” Ms Herd said.

** Based on fast change scenario in the Australian Energy Market Operator's Integrated System Plan.*

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For further enquiries contact:

Erwin Jackson
Ph: 0411 358 939
E: erwin.jackson@igcc.org.au

Visit IGCC at www.igcc.org.au