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Adopting Paris-aligned climate plan would create billions of dollars in fresh Australian investment opportunities

Australia would create \$63 billion in fresh investment opportunities over the next five years by strengthening climate targets and policies in line with reaching net zero emissions by mid-century, new economic modelling finds.

The analysis also finds that under this scenario private investment would accelerate out to 2050, with hundreds of billions of dollars in opportunities created across renewable energy, green hydrogen, manufacturing, electrified transport and carbon sequestration.

However, if current climate targets and policy approaches are continued into coming decades then significant private investment opportunities would be lost, worth \$43 billion to 2025 and \$265 billion out to 2050, when compared to a Paris-aligned emissions trajectory.

The economic modelling - undertaken by consultancy Energetics for the Investor Group on Climate Change (IGCC) - compared an 'orderly transition' scenario, in which Australia adopts a stronger 2030 emissions reduction target and a 2050 net zero goal, with a 'hothouse' scenario marked by current emissions trajectories and policy approaches.

Amid the other findings of the analysis:

- Under an orderly transition there would be significant new investment opportunities created in manufacturing (\$15 billion) and transport (\$6 billion) over the next five years. A major new investment asset class in carbon sequestration would also emerge (\$33 billion) as companies and governments seek to meet tighter emissions goals.
- Under an orderly transition, green hydrogen starts slowly as an investment opportunity (\$3 billion to 2025) reflecting its early stage of development. But from the start of the next decade commercial-scale opportunities emerge, leading to green hydrogen becoming the second-largest investment opportunity by 2050 (\$350 billion).
- Renewables and other clean power generation would become the largest investment opportunity (\$385 billion) from 2020 to 2050 under an orderly transition. Other significant opportunities are also created in transport infrastructure (\$104 billion), carbon sequestration (\$102 billion) and electricity transmission and distribution (\$98 billion).
- Equities (\$525 billion) and private debt finance (\$322 billion) are the biggest investment opportunities by asset class to 2050 under an orderly transition, with government (\$115 billion) and corporate bonds (\$101 billion) following.

The analysis did not include investments in assets geared towards export. This means the analysis' estimates are likely conservative compared to the real-world opportunities that could eventuate for exportable products like green hydrogen and green steel.



IGCC Chief Executive Officer, Emma Herd, said Australia could not afford to ignore the investment opportunities identified under an orderly transition.

"Investors, companies and governments will need to work together to create a trajectory to achieve a resilient net zero emissions economy by 2050, including deeper emission reductions over this decade.

"If we get this right, Australia could reap the benefits of \$63 billion in fresh private investment over the next five years, and over \$1 trillion by mid-century, in domestic opportunities alone. If we continue as we are, we'll leave billions of dollars in investment opportunities behind.

"The billions of dollars in investment opportunities associated with an orderly transition to net zero emissions would support the jobs, livelihoods and wealth of millions of Australians for decades to come.

"Many of these prospects are in regional Australia with multi-billion-dollar opportunities in carbon farming, renewable energy, transport infrastructure and advanced manufacturing.

"Governments will be more fiscally challenged in coming years after deploying immediate COVID-19 relief. Mobilising private capital is therefore critical to economic recovery and unlocking net zero investment opportunities."

A full copy of the report - *Mapping Australia's net zero investment potential* - can be [found here](#).

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