



26 October 2021

## **Net zero by 2050 positive signal to investors, acute policy risks remain to 2030**

- *Investors are ready to invest billions into Australia's net zero transition.*
- *Australia not updating its 2030 targets risk limiting the ability of capital to support the climate solutions Australia needs.*
- *Strong policies can unlock \$131 billion in new technology and jobs by 2030.*

**26 October 2021** - Australia's commitment to net zero emissions by 2050 is an important long-term signal to investors, the Investor Group on Climate Change said today.

"Investors need a supportive, credible, consistent, and stable policy environment that will facilitate private investment by reducing policy-related climate risks and shape markets for low carbon products and services," said Rebecca Mikula-Wright, IGCC CEO.

"A national and bipartisan commitment to achieving net zero emissions is crucial to sustain investments in the Australian economy and to support the creation of new industries and economic opportunities.

"The global transition to net zero emissions is underway. Investors are ready to invest billions, not millions, in Australia's transition to net zero. There is a huge opportunity for the Australian economy, jobs and regional communities if we get the national climate policy settings right."

Concerningly, the nation's lack of a clear and ambitious 2030 target in line with the Paris Agreement will continue to hinder the orderly transition to net zero and frustrate investor's ability to invest in climate solutions across Australia.

"Climate risk is investment risk. Stronger and Paris-aligned 2030 policies can unlock \$131 billion investment in clean industries and new jobs by the end of the decade.

"Investors require interim targets to provide confidence for investment decisions in the short and medium term. Australia not updating its 2030 target in line with commitments under the Paris Agreements is of deep concern to investors.

Australia's current 2030 target of 26-28 per cent below 2005 levels remains well below the average of our competitors and major trading partners and allies of around 45% by 2030 and even further below what the science demands to limit warming to 1.5°C. (See figure below).

The gap is even larger between the 2030 emissions target and what is need by 2040 to achieve net emissions by 2050 and match the demands of science and our allies. This would require emissions reductions of around 65-75 per cent by 2040.



[Investment modelling](#) by IGCC has found that following the path outlined by the Government would see the total investment in the economy fall -\$43 billion by 2025, mainly in regional areas, compared with the orderly transition scenario. By 2050, lost investment opportunities could equate to -\$265 billion compared to an orderly transition, with clear long-term policies and market signals supporting net zero emissions.

“Investors and financial regulators have all consistently warned that lack of clarity around Australia 2030 and 2050 climate policy settings is driving capital to markets with clearer and more ambitious climate policies,” says Mikula-Wright.

“Business as usual on Australia’s current 2030 emissions target remains an acute financial risk to the Australian economy. Investors are likely to continue to seek short-term investment opportunities in other markets at a cost to the Australian economy.

In a recent survey 70 per cent of investors sighted the lack of climate policy in Australia as a key barrier to investment.

“IGCC encourages all Australian governments to set emissions reductions of at least 45 per cent below 2030 to join the global investment boom that will emerge over the next decade as countries implement policies to achieve their emissions 2030 commitments.”

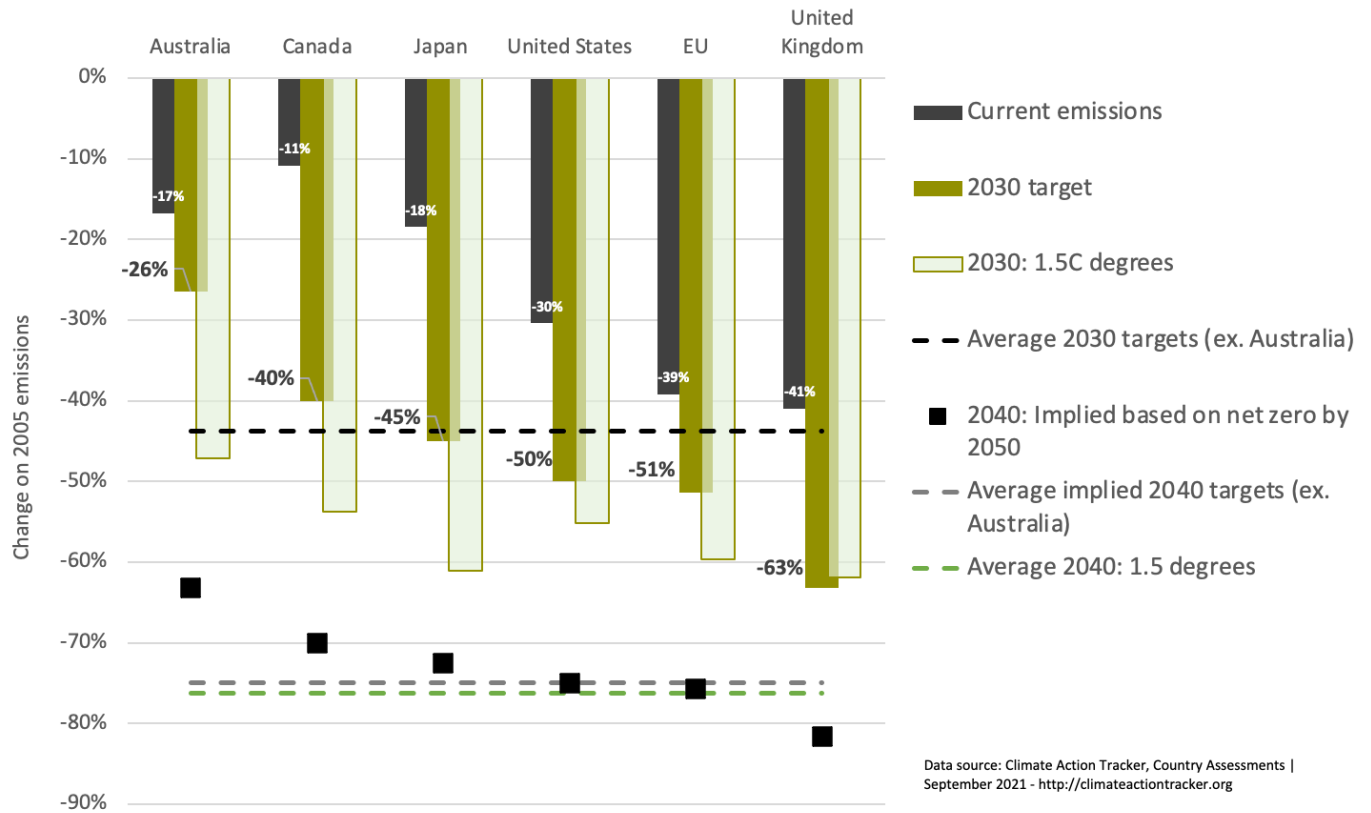
## NOTES

The figure below compares Australia 2030 target with that of our major allies and trading partners. It shows:

- **Current emissions** to demonstrate recent progress towards current 2030 targets
- The nation’s **current 2030 target** on 2005 levels
- An assessment of a countries appropriate 2030 target to contribute limiting warming to **1.5° C** (excluding LULUCF)
- The **average of 2030 targets** across Australia’s peers
- Assuming a linear reduction from 2030 to net zero by 2050 what the country’s **implied 2040 target** would need to be. The average **2040 1.5° C target** for this group of countries is also shown.



## The growing gap between Australia's targets, global competitors and allies, and science



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### About IGCC

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors focused on the impact that climate change has on the financial value of investments and the opportunities created by the transition to net zero emissions. IGCC represents institutional investors with total funds under management of over \$2 trillion, and others in the investment community interested in the impact of climate change. IGCC members cover over 7.5 million people in Australia and New Zealand.