MEDIA RELEASE

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Weak 2030 emissions target positions Australia as laggard in global economy

The Australian Government’s announcement that the country will target net zero emissions by 2050 is welcomed, however its 2030 target remains insufficient for positioning Australia competitively into the future and achieving a sustainable and productive economy, the Responsible Investment Association Australasia (RIAA) has said.

The Government has announced that Australia will keep its commitment to reducing emissions 26-28% by 2030 (compared to 2005 levels).

“The announcement to target net zero emissions by 2050 aligns Australia with our key trading partners and is welcomed. However Australia’s near-term target of achieving emissions reductions of 26-28% by 2030 is not aligned with the Paris Agreement’s interim targets of 35-55% and is insufficient for readying the Australian economy for the transition needed,” said Nicolette Boele, RIAA’s Executive, Policy and Standards.

“Projections do not offer business and investor sufficient policy certainty. Australia’s projections of achieving 30-35% reductions by 2030 should be government policy, providing investors with more reliable parameters for better risk pricing and valuation.

“However to be competitive globally, we should be lifting the bar and adopting scientifically-relevant emissions reduction targets for 2030 that set the pace for decarbonising Australia’s economy in step with the global investment market place.

“We have seen recently that Australia is among the least attractive countries for green investment, alongside Argentina, India, Indonesia, Mexico, Russia and Saudi Arabia¹. Today’s announcement does little to set the Australian finance sector onto a different path and towards a net zero future in the short term.

“Climate change is front of mind for investment managers, who are already acting on market signals. They understand that as Australia’s trading partners follow through on their commitments to reduce emissions, fossil fuel heavy investments will only deliver reduced returns over time.

“The transition to a more sustainable economy is now underway and Australia needs to play its hand to unlock the billions of investment dollars waiting to flow into our businesses and communities” said Boele.

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¹ G20 countries’ Climate Policy Report Card, 2021