



Submission: Senate Inquiry on the Net Zero Economy Authority Bill 2024

April 2024

Introduction

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand institutional investors focused on the impact of climate change on investments. Our members manage more than \$35 trillion in assets under management (AUM), with beneficiaries including more than 14 million Australians and New Zealanders. Members include our countries' largest superannuation and retail funds, specialist investors and advisory groups.

Institutional investors have a fiduciary duty to millions of Australians to generate long-term returns that can be safely enjoyed in retirement. This can only be achieved by responsibly managing climate-related risks and the opportunities presented by the transition to a zero emissions economy.

IGCC has advocated for an independent, statutory Authority to enable a fair, coordinated and well-planned transition for several years.¹ Our view is that the Net Zero Economy Authority can help fill a critical coordination and planning gap in the energy transition, and in doing so, help to unlock lasting opportunities for generations of Australians.

Earlier research commissioned by the IGCC has established that Australia's response to climate change will unavoidably involve significant change across most industries and regions.² A key

consideration for all stakeholders, including investors, is the need to guarantee social equity and a just transition for affected workers and communities throughout this response.

A high level of social cohesion and broad, ongoing public support for climate action are also essential to investors' ability to create sustainable financial returns and overall benefits for beneficiaries.

Key Point

IGCC welcomes the *Net Zero Economy Authority Bill 2024* ('the Bill') and the opportunity it represents for Australia to benefit from the global energy transition. The passage of this Bill will ensure that the proposed Authority's priority constituents—Australian workers, industry, communities, and investors—are able to play their role in delivering a fair and well-planned energy transition that benefits the whole Australian economy.

Support for the Net Zero Economy Authority Bill

IGCC's latest research with Australian investors suggests that the new Authority's investment facilitation function can help unlock billions of dollars for the transition.³ We particularly welcome the Authority's roles as:

- the net zero "shop front" within the Australian Government, to improve information and communication flows with investors and industry, and
- a facilitator of public and private sector participation and investment in transformative net zero initiatives, including via specialist investment vehicles such as the Clean Energy Finance Corporation and National Reconstruction Fund.

Our view is that the Authority will be well equipped to deliver these important outcomes throughout the energy transition, via its core functions to:

- a) Promote cooperation, coordination and consistency between Australian governments and other key stakeholders on matters relating to a net zero emissions economy;
- b) Facilitate public and private sector participation and investment in emission reduction and net zero transformation initiatives;

- c) Support affected workers in emissions-intensive industries and First Nations people to successfully navigate, and benefit from, the transition to a net zero emissions economy; and
- d) Promote an understanding of, and enable public participation in, Australia's energy transition.

The new Authority will be critical to unlocking billions in private investment and ensuring affected workers and communities across the country have the support they need to help build Australia's net zero economy.

For more information on this submission, please contact Bethany Richards, Junior Policy Manager at IGCC

¹ For example, see: IGCC, 2020, Policies for a resilient net zero emissions economy, <https://igcc.org.au/investors-set-out-policy-priorities-to-limit-systemic-climate-risks/>; IGCC, 2022, Making the transition happen: Investment policy for a net zero emissions economy, <https://igcc.org.au/investors-need-these-policies-to-fund-the-net-zero-transition/>

² See IGCC, 2021, Empowering Communities: How investors can support an equitable transition to net zero, https://igcc.org.au/wp-content/uploads/2021/07/IGCC-Investors-role-in-an-Equitable-Transition-to-net-zero-emissions_FINAL-15072021-copy.pdf

³ See IGCC, 2023, Investing in Australia's Vital Regions: Investor perspectives on how to leverage private capital to transform Australia's emissions-intensive regional economies and deliver a just transition, https://igcc.org.au/wp-content/uploads/2023/10/IGCC-Investing-in-Australias-Vital-Regions_Report_2023_online.pdf