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By email: jsctig@aph.gov.au

To the Joint Standing Committee on Trade and Investment Growth,

Submission to the Inquiry into the Prudential Regulation of Investment in Australia's Export Industries

350.org Australia is a registered charity, and our charitable purpose is to inform and educate the general public about climate change and its impact on the natural environment, and encourage research into climate change. We are building a grassroots movement to stand up to the fossil fuel industry, and support a just transition from coal, oil and gas to a renewable-energy future for all. We have 60,000 supporters across the country. Thank you for the opportunity to make this submission.

This submission will address points 1, 3 and 4 in the Terms of Reference as outlined by the committee, in the order in which they appear.

350.org believes that financial institutions have both a moral and economic imperative to put in place regulations to rapidly phase out investment in fossil fuels, and increase investment in renewable energy. This must be done in line with analysis of IPCC scenarios which show that global coal emissions should peak in 2020 and OECD nations should end coal use entirely by 2030 in order to be aligned with the Paris Agreement.¹ This view is shared by investment analysts, who report the need to diversify investments, to increase investment in renewable energy, and reduce involvement and exposure to fossil fuel industries. This is vital to protect the economic security of Australia and is the only appropriate response to the climate change crisis.

1. The existing and future contribution of Australia's export industries;

Australia's export renewable energy and sustainable industries will have a critical and growing role to play in our future growth and success. It will be critical to our future prosperity that financial institutions limit investment in polluting and harmful industries including fossil fuels, and instead invest substantially in efforts to combat climate change and transition to renewable energy. These investment decisions should be supported by Government policy and programs

¹ Climate Analytics, Coal Phase Out, available [here](#).

that allow for an orderly and fair transition for affected communities and workers as global decarbonisation takes place.

Already many of Australia's key coal and gas export partners, such as South Korea, China, Taiwan and Japan, have committed to achieving net zero emissions by 2050-60. Analysis shows that over 80% of Australia's top twenty trading partners have pledged net zero emissions by mid-century.² These policies put a clear timeline on the end of coal and gas exports from Australia. It is clear that fossil fuel industries do not have a viable economic future in a carbon constrained world. The Morrison government needs to recognise the risk of supporting investment in fossil fuels in a global economy that is shifting away from them, and instead focus on a just transition for who will be impacted during the transition.

3. The approach and motivations of our financial institutions, including banks, insurers and superannuation funds, as well as publicly-listed companies, to their investment in Australia's export industries

A number of financial institutions have clearly stated their position in regards to their investment in Australian export industries; they have proposed their intention to stop financing fossil fuel projects in order to reduce emissions and positively contribute to the fight against climate change. Both their approach and motivation are clear and reflect the growing trend of independent institutions recognising their own responsibility to address the climate crisis.

The "big four" banks in Australia have all made similar commitments to transition away from investments in thermal coal, as they have recognised that these projects are no longer a secure investment. The actions of financial institutions are influenced by an obligation to reduce emissions as well as a strong understanding of the economic risks associated with the fossil fuel industry and with inaction on climate change.

4. The consequential impacts of (2) and (3):

- a) For legitimate, law-abiding businesses connected to Australia's export industries**
- b) On regional and rural economies that are reliant on Australia's export industries, particularly in light of the COVID-19 recession**
- c) Our national economy, particularly in light of the COVID-19 recession**

By continuing to promote investment and reliance on fossil fuels, the Australian government is putting livelihoods and the economy at risk. Coal, oil and gas industries are undergoing a global transition, and it is vital for regional and rural communities that Australia diversifies its primary exports. Having a plan to support these communities and workers is essential to ensuring that the coming transition is just. Ensuring job security and economic prosperity for regional areas relies on the Government taking a proactive approach and developing replacement industries that are sustainable and have a long-term future. This can be done by supporting good renewable energy

² The Australian Financial Review, 9 February 2021, "Global climate action will reshape Australia's trade", available [here](#).

jobs -- analysis by Beyond Zero Emissions shows that 200,000 jobs could be created in renewable energy and transmission and an additional 1.6 million jobs in low-emissions industries like building retrofitting and clean manufacturing in the next five years.³ The Australian Council of Trade Unions have set out how the federal government can ensure that the renewable energy jobs are safe and secure with good conditions.⁴

The Morrison government should be looking to the future, to establish a long term plan that will provide long term, sustainable export markets and other means for economic security.

Recommendations

350.org recommends that the committee:

- Ensures that Australian government lending bodies such as Export Finance Australia have policies in place to end their support of and exposure to fossil fuel projects.
- Ensures the Australian Government has a policy to reduce emissions in line with scenarios that would limit warming to 1.5 degrees, and require businesses operating in Australia to do the same.
- Provide economic support and long-term planning for communities impacted by the decline of the fossil fuel industry.

Yours sincerely,

Lucy Manne | CEO
350 Australia

³ Beyond Zero Emissions, "The Million Jobs Plan", available [here](#).

⁴ ACTU, "Sharing the benefits with workers: A decent jobs agenda for the renewable energy industry", available [here](#).