

Media Release



INDUSTRY SUPER BLUEPRINT TO ACCELERATE INVESTMENT IN ENERGY TRANSITION

Friday 1 December 2023

Faster approvals for transmission projects, removing regulatory barriers to battery projects and the development of a local Sustainable Aviation Fuel (SAF) industry are some of the key recommendations set out in a new plan which could super-power the energy transition in Australia, while delivering returns to superannuation members now and protecting their retirement savings in the future.

Released today by major profit-to-member super funds, AustralianSuper, ART, CareSuper, Cbus, HESTA, Hostplus, Rest Super, UniSuper, representing around \$1 trillion of industry super capital, and industry superfund-owned IFM Investors, *Super-powering the energy transition: A policy blueprint to facilitate superannuation investment*, identifies policy solutions to help drive greater investment into Australia's energy transition.

Superannuation funds have a clear-eyed focus on achieving strong risk-adjusted returns, in line with our duty to act in the best financial interests of superannuation fund members.

The Blueprint makes a series of policy recommendations for Commonwealth and state governments that could help enable investment that delivers returns, and helps Australia achieve its net zero targets faster.

The policy levers include fast-tracking planning, expanding investment opportunities in transmission and a financial bridge to facilitate delivering risk-adjusted returns for fund members, while minimising costs to households, and the impact on local communities.

These focus on a range of potential areas for investment and complement the recent expansion of the Commonwealth Government's Capacity Investment Scheme, which is a significant and welcome contribution to improving investment certainty for renewable energy generation and storage.

Industry super funds manage about \$1.2 trillion and are expected to more than double in size to about \$3 trillion by 2030 – this growth is occurring at a time when there is a global competition for capital.

Governments across the world, including the United States, the United Kingdom, and in the European Union, are introducing incentives to attract investment in clean energy at scale and turbocharge the energy transition.

As a result, capital from industry super funds is being directed to energy transition projects in jurisdictions where they can generate stronger risk-adjusted returns for the working people they represent. For example, IFM has signed a MoU with the UK government which includes an intention to invest A\$20 billion in UK infrastructure by 2027, with a particular focus on the energy transition.

The Blueprint sets out three key areas of policy reform that could help scale up investment in the energy transition in Australia, while generating appropriate risk-adjusted returns for industry superannuation fund members, and include:

- **Transmission - roll out transmission lines to renewable energy zones by:**
 - Enabling distribution network service providers, with the right performance, safety and workforce record, to deliver greenfield transmission projects.
 - Reducing the impact of new transmission infrastructure on consumers' energy bills through concessional finance or availability payments for new projects
- **Batteries - accelerate investment in batteries by:**
 - Delivering the expanded Capacity Investment Scheme and removing regulatory barriers to investment in community batteries.
- **Sustainable Aviation Fuel - develop a local sustainable aviation fuel industry by:**
 - Introducing a production tax credit to help catalyse investment in a domestic industry
 - Establishing a sustainable aviation fuel certification framework
 - Developing a market which enables sustainable aviation fuel credits to be recognised and traded.

Accelerating superannuation investment into Australia's energy transition has the potential to create jobs and avoid costs for households and communities.

Delayed investment in and the delayed roll-out of new energy infrastructure will likely cost households more and be worse for communities at the front line of the transition.

To access the Blueprint and find out more visit www.ifminvestors.com/news-and-insights/thought-leadership/super-powering-the-energy-transition-a-policy-blueprint-to-facilitate-superannuation-investment/.

Attributable to AustralianSuper Chief Executive, Paul Schroder:

“AustralianSuper is a long-term investor in the Australian economy and is committed to investing in the nation's energy transition, while delivering on our purpose to help members achieve their best financial position in retirement.”

“Achieving our net zero target will take bold and decisive action from governments, industry and investors. The challenge we face is not a lack of capital, but a shortage of good quality investment opportunities. Collaboration across all sectors of the economy, underpinned by policy certainty, will deliver the outcomes we need to respond to this challenge and deliver better outcomes for all.”

Attributable to Australian Retirement Trust Chief Investment Officer, Ian Patrick:

“Australian Retirement Trust is committed to transition our investment portfolio and accelerate actions towards a net zero greenhouse gas emissions investment portfolio by 2050, in line with our Net Zero 2050 Roadmap. We believe the blueprint supports our view of approaches needing to be long-term, pragmatic, measured and actionable, as it is important to manage climate risk while safe-guarding and growing the retirement savings of our members.”

Attributable to CareSuper Chief Investment Officer, Suzanne Branton:

“The national transition to cleaner energy presents a wealth of investment opportunities for super funds and their members and CareSuper supports this collective initiative. By investing in the energy transition today, we are supporting the economy of tomorrow.”

Attributable to Cbus Super Chief Investment Officer, Brett Chatfield:

“The expansion of the Commonwealth Government’s Capacity Investment Scheme is a key initiative to address the urgent need for energy transition in Australia. Cbus Super, in partnership with other industry superannuation participants, has responded with a blueprint designed to accelerate the investment of private capital in the energy transition, which requires co-ordinated public policy. Success in energy transition is essential for all Australians, particularly Cbus members who are employed within the energy sector.”

Attributable to HESTA CEO, Debby Blakey:

“Australia stands poised to become a global leader in the energy transition given our large pools of patient, sophisticated capital. HESTA has committed to investing 10% of our portfolio in climate solutions by 2030. This blueprint provides the stable, cohesive policy settings needed to help break down many of the barriers HESTA and other investors face when seeking to invest in Australia's energy transition.”

Attributable to Hostplus CEO, David Elia:

“As we navigate a path to a sustainable energy future in Australia, the right investment settings will allow us to steer funds towards projects that ensure both sustainability and financial prosperity for our members, standing resilient amid global capital dynamics.”

Attributable to Rest Chief Investment Officer, Andrew Lill:

“As a fund representing more than one million Australians aged 30 or younger, we believe our members can reap significant long-term benefits from investments that deliver strong returns and support the energy transition. This blueprint charts a path to decarbonise the economy, achieve net zero objectives and enhance the financial interests of our members.”

Attributable to UniSuper Chief Investment Officer, John Pearce:

“UniSuper is committed to Australia's energy transition. We believe that supportive policy settings will open the door to investment opportunities needed to achieve a net zero economy while prioritising the best financial interests of our members. UniSuper is willing and ready to do our part in the interests of our members.”

Attributable to IFM Investors Chief Executive, David Neal:

“We believe with the right policy settings, superannuation capital can be increasingly deployed at scale to super-power the energy transition in Australia. Millions of industry fund members can receive returns on their retirement savings, owning the infrastructure they rely on every day and that will create a prosperous, greener, more productive economy for them and their children and grandchildren.”

“Capital will naturally be directed to regions with the most attractive policy settings for investment, this blueprint sets out a path to help ensure the growth of industry super funds is harnessed for Australia, as the transition to net zero continues to ramp up globally.”

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