The Superpower Institute

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An achievable 75% emissions reduction target is in our national interest

5 September 2025, Melbourne: A target of 75% emissions reductions by 2035, provided it is accompanied by appropriate policies to allow it to be achieved, is in Australia's national interest for two reasons.

First, a less ambitious target would lead to higher cumulative emissions through to 2035. This is like spending more of Australia's carbon budget early. It will require sharper reductions after 2035, which would be significantly more costly and economically destabilising than acting now.

The total amount of greenhouse gases we release between now and when the world finally hits net-zero will decide how high global temperatures climb before they can level off and start to come down. Australia must play, and be seen to play, its part in global emission reduction.

Second, Australia needs its electricity system to function well, and to meet the needs of a modern and productive Australia. This requires a significant boost in renewable energy.

Without new policy, Australia is not currently on track to achieve its 43% emissions reduction target by 2030, which is putting strains on our electricity system. It is uneconomic to build new fossil fuel electricity generation, and there seems little incentive to spend significant amounts on the maintenance of existing fossil fuel plants, so new renewable energy with storage and other back up is required if the energy needs of Australians and industry are to be met.

Chair of the Superpower Institute, Rod Sims, said:

"A strong emissions reduction target to 2035 - with the right policy settings - will send strong market signals to drive decarbonisation, specifically in the hard to abate sectors.

"If we have a less ambitious target and choose to do the heavy lifting closer to 2050, we would simply be a drag on global progress towards an objective that is strongly in our national interest.

"Australia is currently not on target to decarbonise quickly enough. The renewable energy rollout has slowed and is not meeting Australia's needs because the market does not have the right price signals and incentives to stimulate the required investment. This is a failure of policy, but it is reversible.

"To meet our current 43% emissions reduction target, but particularly to meet higher targets in the future, Australia needs to put a price on carbon. Ross Garnaut and I in our National Press Club address urged the introduction of a Carbon Solutions Levy applied at around 105 fossil fuel production sites and on fossil fuel imports. This could be applied domestically with more than enough money for appropriate compensation.

"Such a move would provide the needed incentive for renewable energy investment and the other steps that need to be taken to meet our 43% then our 75% targets.

"Currently, we have 80 carbon pricing instruments operating worldwide. We are seeing significant momentum among China and major emerging economies.

"Over the next few years, we will see several major global policies such as a carbon price on shipping and the EU's Carbon Border Adjustment Mechanism will begin requiring payments in 2026.

"Imposing a domestic Carbon Solutions Levy will allow effective climate action, science-based targets to be met, full compensation to households for the price effects, and strengthening rather than weakening the federal budget at a time when it is under stress."

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About the Superpower Institute

The Superpower Institute's purpose is to help Australia seize the immense economic opportunities of the post-carbon world. With unparalleled renewable energy resources and our 'clever country' scientific and engineering capabilities, Australia is perfectly positioned to be a green export superpower in the world of net zero emissions.

The Institute specialises in the policy settings and market incentives needed to make Australia an economic superpower and provides practical knowledge to governments and industry to realise this opportunity.

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