

Submission – AU Treasury – Economic Reform Roundtable

25 July 2025

Overview

RIAA thanks the Australian Government for the opportunity to provide input into the Treasurer's Roundtable to unlock new ideas and build consensus around reforms ([consultation](#)).

RIAA welcomes the Government's focus on the three priority areas: productivity, economic resilience and budget sustainability, and made a [submission](#) to the Productivity Commission – summarised below.

Sustainable finance can play a key role in supporting a prosperous future for our nation: from developing future-proof skills and capabilities, building infrastructure, supporting affordable housing to investing in new technologies and financing the transition to net zero emissions. With such a breadth of application and opportunity, sustainable finance incorporates systems change to challenge, adapt and improve underlying structures and frameworks in support of sustainable growth.

Productivity cannot grow, or even be maintained, in a world that has failed to decarbonise, mitigate and adapt to climate change.

If done right, this will benefit all Australians and businesses by ensuring that the economy builds resilience in a fast-changing world and the transition supports local communities and First Nations people.

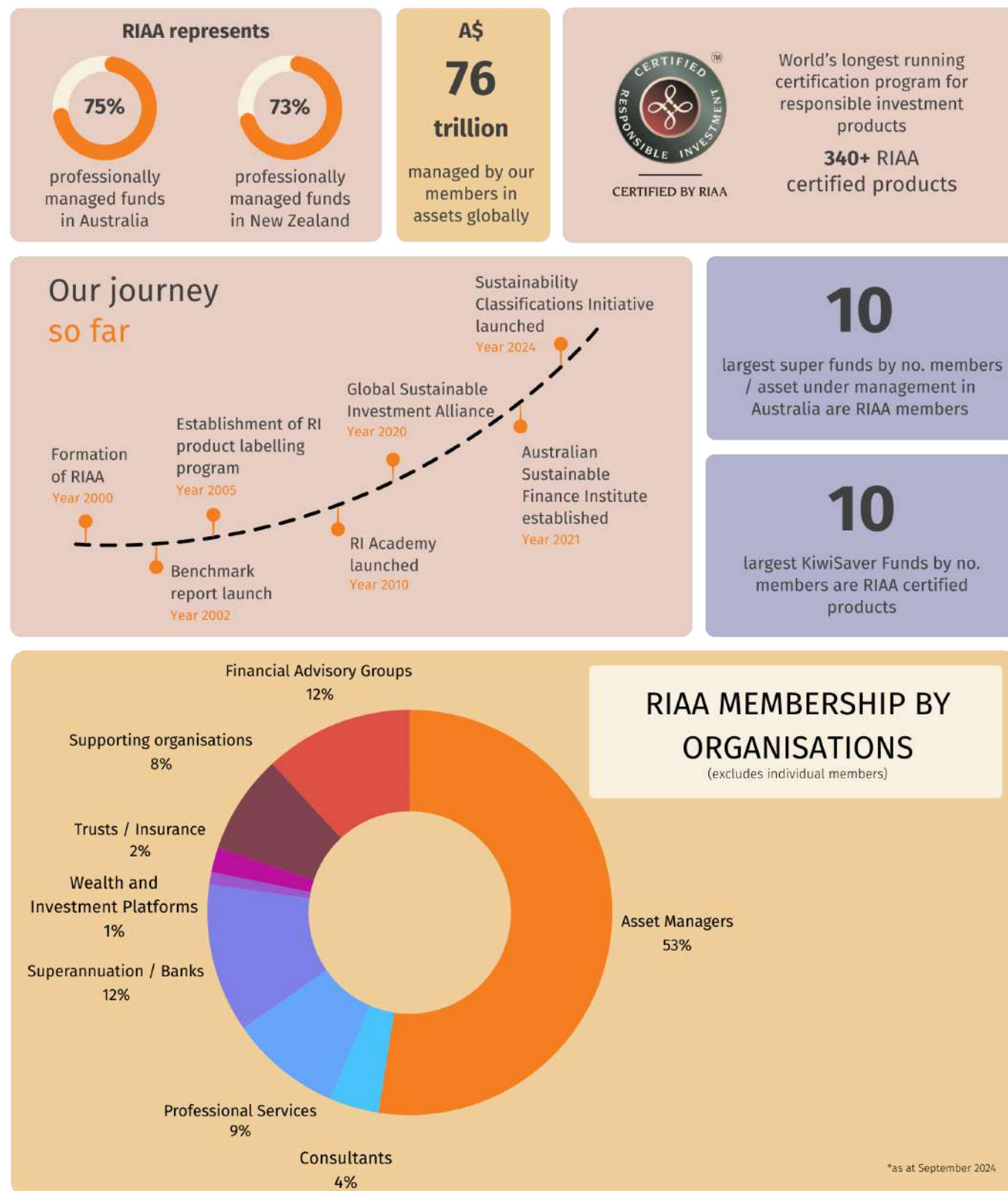
But, as the Government has acknowledged – including through this Roundtable process – objectives such as productivity, sustainable growth and the energy transition cannot be achieved by the private sector or institutional investors alone. The policy and regulatory landscape must support responsible investing. Australia risks missing out on the finite capital available for the transition to a more sustainable future if policy settings are not changed and if misaligned incentives are not dismantled.

In preparing this submission, RIAA has been informed by its previous publications and submissions:

- [RIAA Policy Platform 2025 Harnessing sustainable finance for a thriving Australia](#)
 - [AU Productivity Commission – Pillar 5 – Submission](#)
 - [DCCEEW – Australia's new Nature Positive laws – Submission](#)
 - [AU Treasury – Future Made in Australia Investor Front Door – Submission](#)
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About RIAA

The Responsible Investment Association Australasia champions responsible investing and a sustainable financial system in Australia and Aotearoa New Zealand. It is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.



RIAA's submission

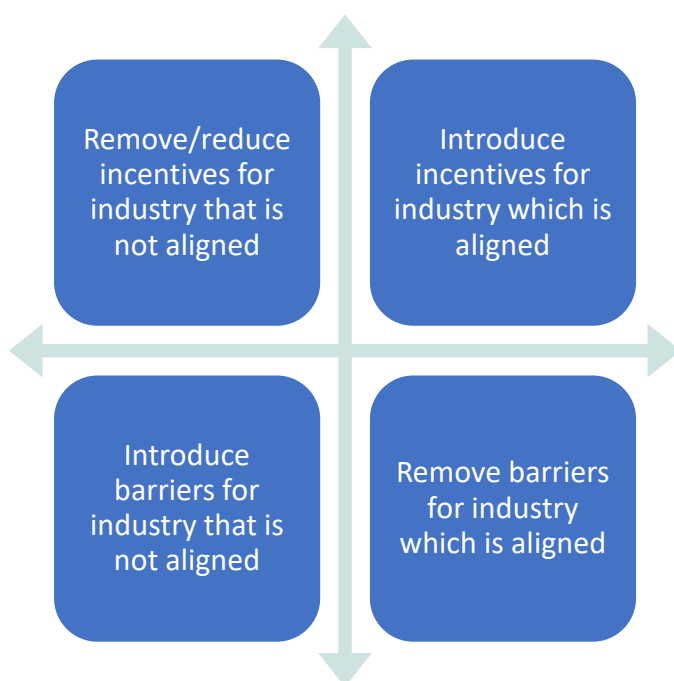
1- Cost and loss of productivity of inaction must be a central consideration

RIAA acknowledges the need to ensure that reform considered to boost productivity must be cost effective and practical. However, RIAA cautions against overly focusing on the cost and/or impact to productivity of taking action without a proportionate consideration of the cost and/or impact to productivity of not taking action. The Australian Government has itself usefully identified the importance of looking beyond economics. The [Measuring What Matters Framework](#) was released in July 2023 to understand, measure, and improve on the things that matter to Australians with an objective to embed the Framework into government decision making, to inform policy development and evaluation. In particular, where it relates to policies to reduce emissions, the cost of taking action will only increase with delays and worsening impacts of climate change: see RIAA's [submission](#) to Pillar 5 of the Productivity Commission's inquiries.

Further, failure to adapt to climate change will limit or reduce productivity, particularly relative to those economies that act to implement adaptation measures sooner. Failure to adapt to climate change will directly negatively impact the efficiency, resilience and sustainability of the economy. Companies and sectors will require measures to deal with such issues as: the destruction of property and physical infrastructure caused by regular extreme weather events, and the need to plan and build with climate scenarios in mind; the high likelihood of supply-chain disruptions affecting many sectors; the impact of significantly hotter days on workers' physical and cognitive performance; the impact on human health of climate change, including respiratory problems, leading to increased absenteeism; the impact on businesses of water scarcity and energy disruptions; the reduction of agricultural production due to depleted soil quality and degraded land; and the need to respond quickly to climate-related economic shocks.

2- Without a whole-of-government approach, using all policy levers, success is unlikely

To achieve the Government's 3 priorities, it is crucial that the reform is cohesive, with a level of ambition and urgency that is shared across all government levels. Communicating publicly and with industry the manner in which the Government is coordinating the approach, the information shared between agencies and this shared understanding and urgency across industries, the real economy and the financial economy which have this shared goal will demonstrate confidence and policy certainty.



In addition, RIAA encourages the government to broaden the methods through which it progresses the three priorities which will likely intersect and overlap with several portfolios as well as the public, private and not-for-profit sectors. This includes reviewing existing policies and mechanisms that act as barriers to encouraging investment into vital sectors, boosting jobs, productivity and growth. Figure 1 outlines the possibilities open for Government to push forward the objectives in relation to activities that are aligned with the net zero transition and those that are not aligned.

Within sustainable finance, using these policy levers may include:

- in accordance with the Government's commitments under the Paris Agreement and Global Biodiversity Framework, eliminate subsidies for harmful activities and remove incentives such as tax breaks that insulate high-emitting industries,
- address the use of offsets to meet climate targets at the national or company level which can obscure true progress towards that goal;
- strengthen existing financial product requirements such as expanding portfolio holdings disclosure to managed investment schemes to support transparency for the new projects to be funded in Australia with the aid of public resources from domestic and international capital;
- remove regulatory barriers, not just adding new regulatory policies to aid facilitation. This will ensure domestic investors and consumers are on an equal playing field. For example, at present the structure of the annual superannuation performance test may limit the degree to which superannuation trustees are able to consider all possible options and opportunities for their members (see below).

3- RIAA's policy platform sets out priorities to progress sustainable finance

RIAA's [Policy Platform 2025](#) outlines key actions for the Australian Government to mobilise the capital needed to transition the economy. This boost in investment, coupled with policy certainty provided by a whole-of-government approach will go far to increase Australia's productivity, build economic resilience in the face of climate change and other challenges such as threats to nature and strengthen budget sustainability – resulting in a future-proofed industry that is prepared and able to adapt to a changing climate and participate in a just and orderly transition.

1- Capitalise on Australia's opportunity to become a sustainability leader	2- Build Australians' trust in responsible investment	3- Make sustainable investment easier with fit-for-purpose regulatory frameworks and the right guidance
4- Reduce nature-related financial risks and support a nature positive transition	5- Prioritise progress of the Sustainable Finance Roadmap	6- Provide certainty to markets and global investors by reinforcing net zero commitments with science-based targets and investment in proven technologies
7- Support economic self-determination for First Nations peoples and embrace Indigenous knowledge to drive sustainable investment outcomes	8- Equip Australia with the data to support good investment decision-making	9- Improve human rights protections to support investors in managing modern slavery and supply chain risks
Coordinate efforts across Government to ensure the successful economic transition, including harnessing all available policy levers		
Ensure policy developments acknowledge the impact on other sustainability-related issues		

4- Specific suggestions to progress the Government's 3 priorities

In addition to the recommendations made in the submission to the Productivity Commission, RIAA strongly recommends the Government prioritise the resolution of the following policy priorities:

1) Reform the annual superannuation performance test

- The current performance test introduced under the Your Future, Your Super measures may constitute a regulatory barrier which is, at present, disincentivising the superannuation sector to invest outside of a limited universe that tracks carbon intensive benchmarks.
- As acknowledged by the Government in its [2024 consultation](#) on design options, the current performance test has had the desired effect of removing underperforming funds, but has also had unintended consequences which has disincentivised the superannuation sector from long-term decision-making, taking advantage of investment opportunities in new and emerging sectors and being able to adapt to a changing future: one where a focus on decarbonisation and transitioning to a net-zero economy is crucial.
- See [RIAA submission](#) for more information, including possible solutions.

2) Reform the EPBC Act and regulatory processes

- Investors, and project proponents, require policy certainty and consistency to invest in Australia's future, including on how regulatory approvals will progress with the proposed changes to the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC Act).
- It is essential that the reforms assess potential impacts on these intact and healthy native forest ecosystems against their intrinsic value to the nation. Since 2000 (when the EPBC Act came into force) and 2017, over 7.7 million hectares of potential habitat and communities were cleared. Of this clearing, over 93% of this clearing went unscrutinised as it was not referred to the Federal Government for assessment under the EPBC Act.
- The Government has also recognised the value of nature in climate mitigation, with the [National Ecosystem Accounts](#) finding that, in 2020–21, ecosystems stored over 34.5 billion tonnes of carbon, providing climate regulation services valued at A\$43.2 billion. Nature-based solutions—such as mangrove restoration and urban green spaces—are often more cost-effective and sustainable than grey infrastructure like seawalls and levees. They also support biodiversity, human health, and economic resilience.
- See [RIAA's submission](#) on the Nature Positive Laws.

3) Summary of [RIAA's recommendations](#) to the Productivity Commission

- Recognise the urgency and long-term costs of inaction, act now for lowest cost.
- Improve and reduce the time for approvals of renewables projects, whilst avoiding bypassing environmental laws, including:
 - Analysing approval timelines to identify bottlenecks.
 - Comparing renewable vs. non-renewable project approval processes.
 - Considering the impact of FMIA and the Investor Front Door initiative.
 - Ensuring early and effective community engagement.
 - Reinforce net zero commitments with science-based targets, including interim science-based targets to attract global capital.
 - Support for skills, renewables, and innovation.
 - Expansion of the Safeguard Mechanism.
 - Funding clean tech via ARENA, CEFC, and Net Zero Economy Authority.
 - Implementing a robust Green Bond Framework.
- Build community support for, and leverage, renewable energy projects, including:
 - Legislate UNDRIP principles and define Free Prior and Informed Consent (FPIC).
 - Encourage Traditional Owner partnerships in renewables.
 - Adopt Dhawura Ngilan principles to protect Indigenous cultural heritage.
- Ensure planning is climate-resilient, including:
 - Improved planning and zoning

- Increased sustainable housing.
 - Investment in affordable housing.
- Address regulatory barriers through:
 - Better transparency in private markets.
 - Clear climate-related financial disclosure guidance.
 - Proportionate enforcement of new regulations.
 - Expanded sustainability reporting, including nature risk.
 - A unified carbon offset policy based on emission elimination.