



Australia's 2035 National Climate Plan: A Robust Climate Target for Economic Certainty and Global Credibility

September 2025



Foreword

Australia's next Nationally Determined Contribution (NDC) will help shape the direction of the country's economy and climate response for the next decade. A science-aligned 2035 target—consistent with limiting warming to 1.5°C—is not only essential to meet Australia's global commitments and enhance its credibility on the international stage in the run up to COP31, but also presents a powerful opportunity to drive economic transformation, strengthen industrial competitiveness, and position Australia as a clean energy leader.

With world-class renewable resources, a strong industrial base, and deep expertise in innovation, Australia has everything it needs to prosper in a low-carbon world. But realizing this potential requires clear ambition from government matched by practical, economy-wide measures to unlock private investment and guide a fair and inclusive transition.

Better Futures Australia, We Mean Business Coalition and the Business Council for Sustainable Development Australia are committed to supporting the delivery of an Australian 2035 NDC that is ambitious, achievable, and aligned with science. We believe this target and the policies put in place to deliver it can be a cornerstone for long-term prosperity—creating jobs, accelerating clean technology, and ensuring Australia remains a trusted partner in global markets.

This document sets out to inform and inspire the decisions needed to secure a thriving, climate-resilient future for all Australians.



Executive Summary

Australia's next NDC can help to power economic growth and advance the nation's industrial competitiveness. A science-aligned target backed by a clear and coherent Net Zero Plan is needed to provide the economic certainty businesses need to plan, invest, and compete in global markets.

Australia has legislated its 2030 target of a 43% reduction on 2005 levels and is on track to deliver it. Looking ahead, recent modelling studies show that an ambitious 2035 target of at least 75% below 2005 levels is both achievable and cost-effective. Such a target would align Australia with a 1.5°C pathway, create economic benefits, avoid stranded assets, and mitigate the economic risks of dependence on fossil fuel imports, while building resilience to climate impacts such as bushfires and droughts that already pose a serious threat to Australian businesses.

For businesses, the value of a robust 2035 target lies in predictability. It provides a clear signal for capital allocation, workforce planning, and infrastructure investment. This certainty will help attract low-cost finance, strengthen supply chain resilience, and position Australia as a trusted partner in global trade.

Headline ambition, however, is not enough. The NDC must be supported by clear delivery mechanisms and accountability structures. Priority actions include:

- Sectoral pathways for electricity, industry, transport, buildings, and land use.
- Financing tools such as a blended finance platform and climate-related disclosure requirements.
- Governance mechanisms including economy-wide carbon budgets, progress checkpoints, and a national climate investment council.
- Guardrails for integrity in carbon markets, ensuring Article 6 credits are additional, capped, and of high quality.
- Just transition measures to support regional economies, First Nations participation, and workforce transition.

A credible 2035 NDC, paired with these policies, would enhance Australia's competitiveness, accelerate clean technology deployment, and strengthen its global reputation. Business is already moving in this direction; what is needed now is clear national ambition and a stable policy framework to match.

Introduction

Climate change poses a serious threat to Australian businesses. Extreme weather events such as droughts, bushfires, and floods are already disrupting supply chains, damaging infrastructure, and driving up insurance and financing costs. Beyond these direct impacts, global markets are shifting. Investors, trading partners, and regulators increasingly expect robust climate strategies and are embedding them into trade, investment, and procurement decisions. Businesses that fail to adapt face not only higher costs and greater exposure to risk, but also a loss of competitiveness in international markets.

Australia's high reliance on fossil fuels is a major economic risk. Continued dependence on coal and gas exports leaves Australia vulnerable to rapid changes in global energy demand as trading partners increasingly seek clean energy alternatives. Companies tied to fossil fuel exports face growing transition risks, from stranded assets to reduced access to capital as banks and investors tighten their portfolios. Without a clear national strategy to diversify the economy and support new industries, Australia risks falling behind competitors who are already positioning themselves in low-carbon sectors.

Most Australian businesses want the Government to take action to mitigate these risks. In a 2025 poll of business executives, **77% of Australian businesses said they want a renewables-based electricity system in Australia within the next ten years**, and over three quarters said they would be willing to relocate their operations and/or supply chains overseas if Australia does not transition away from fossil fuels for electricity generation.¹

As a Party to the Paris Agreement, Australia must submit a new NDC every five years setting out what Australia will do to contribute to tackling climate change. In its first NDC, updated in 2022, Australia committed to reduce its greenhouse gas emissions by **43% by 2030 relative to 2005 levels**.² It also reaffirmed its target to achieve **net zero emissions by 2050**.

Australia is on track to meet its 2030 commitment. Emissions in the year to March 2025 were **28% below 2005 levels**.³ Government projections anticipate a reduction of **42.6% by 2030** under existing policies, assuming timely implementation of Safeguard reforms, Renewable Energy Zones (REZs), and the clean industry package.⁴

Australia's next NDC is due in 2025. It will include a new emissions reduction target for 2035, which must represent a progression beyond the existing NDC and reflect Australia's highest possible ambition. The Australian Government has indicated that the NDC will be accompanied by a Net Zero Plan that will guide Australia's transition to the legislated target of net zero emissions by 2050.

¹ E3G, Beyond Fossil Fuels, We Mean Business Coalition and Savanta, 2025. [Powering up: Business perspectives on shifting to renewable electricity](#).

² Department of Industry, Science, Energy and Resources, 2022. [Australia's Nationally Determined Contribution Communication 2022](#).

³ DCCEEW, 2025. [National Greenhouse Gas Inventory Quarterly Update: March 2025](#).

⁴ DCCEEW, 2024. [Australia's emissions projections 2024](#).

This document builds on We Mean Business Coalition's *Business Call to Action for Ambitious and Investible NDCs*. It outlines why an ambitious Australian NDC for 2035 backed by strong plans and policies for implementation is an economic necessity, as well as being critical for enhancing Australia's global credibility ahead of the COP31 conference. It was prepared by Better Futures Australia with contributions from We Mean Business Coalition and the Business Council for Sustainable Development Australia (BCSDA).⁵ A draft version was presented at a business and industry roundtable event with Hon. Chris Bowen MP (Minister for Climate Change and Energy) and Simon Stiell (UNFCCC Executive Secretary) on 29th July 2025 in Canberra. The document was updated and finalized following the roundtable meeting.

We Mean Business Coalition's Business Call to Action for Ambitious and Investible NDCs

We Mean Business Coalition launched the "Business Call to Action for Ambitious and Investible NDCs" in September 2024.⁶ This called for action from governments, led by the G20 countries, across three pillars:

- Pillar 1: Put forward ambitious NDCs containing economy-wide emissions reduction targets that are aligned with 1.5°C, as well as sector-specific targets and policy commitments to transition from fossil to clean energy solutions and to restore nature.
- Pillar 2: Develop clear and consistent policy frameworks to implement NDCs by unlocking private investment, including national-level strategy and planning, sector-specific policies, and international coordination on policies and implementation.
- Pillar 3: Undertake transparent and inclusive dialogue with businesses, including thorough consultations on NDC content, co-creation with business of solutions for implementation, and effective reporting and communication strategies.

Building on the original call to action, the Coalition is now supporting and amplifying business voices in key geographies advocating for robust NDCs together with clear and consistent plans and policies for NDC implementation.

⁵ BCSDA contributed business insights and supports the report's direction in principle, subject to Climate Change Authority advice and further member engagement on implementation detail.

⁶ We Mean Business Coalition, 2024. [Business Call to Action for Ambitious and Investible NDCs](#).

Pillar 1: What a science-aligned 2035 target looks like

Several recent modelling exercises indicate that an ambitious 2035 target is feasible and would bring benefits to Australia:

- In an analysis published in 2024, the **Climate Change Authority** found that a 2035 target in the range of 65-75% below 2005 levels would be ambitious and achievable, based on the evidence it had considered so far.⁷ Further modelling on the 2035 target and sectoral pathways is currently underway.
- **Climateworks'** 2023 scenarios find that an 85% reduction by 2035 is the lowest-cost, science-aligned pathway that keeps Australia in line with the 1.5°C goal.⁸ The modelling shows emissions from electricity reaching near-zero by 2034; transport, buildings, and industry follow rapidly with electrification and clean fuels—unlocking additional climate, health, and productivity benefits.
- A 2025 analysis by **Climate Analytics** recommended net emissions reduction targets for Australia of around 72% by 2030 and around 81% by 2035 relative to 2005 levels.⁹ It also called for setting a separate target for emissions outside of the land sector (gross emissions), limiting reliance on land sequestration to meet Australia's targets, and planning for a transition away from fossil fuels in power, industry, transport and other sectors of the economy.
- The **Climate Council** has published a plan for how Australia could reduce its emissions by 75% below 2005 levels by 2030, by focussing on renewable energy, cleaning up transport, modernising industry, and caring for the land.¹⁰
- The **Business for 75** campaign has over 500 businesses supporting a 75% target for 2035 and understanding the economic opportunity it brings.¹¹
- According to recent modelling from Deloitte Access Economics, achieving a 75% target is a **\$227 billion economic opportunity** compared to a 65% target and would create 45,000 more jobs per year on average from today to 2035.¹²

⁷ Climate Change Authority, 2024. [Targets, Pathways and Progress: 2024 Issues Paper](#).

⁸ Climateworks Centre, 2024. [Climateworks Centre decarbonisation scenarios 2023: Australia can still meet the Paris Agreement](#).

⁹ Climate Analytics, 2025. [A blueprint for climate leadership: 1.5°C aligned climate targets for Australia](#).

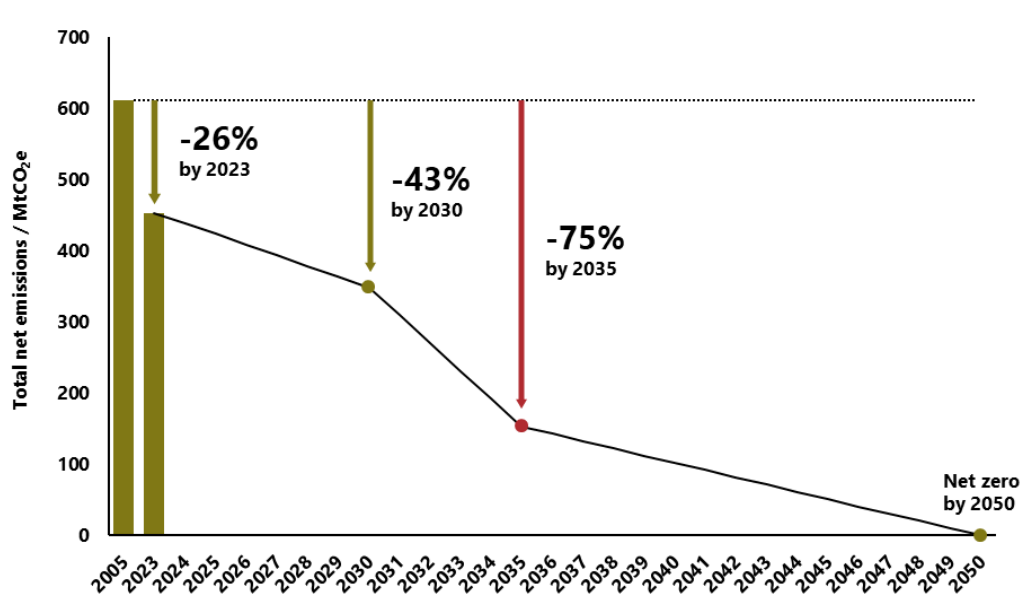
¹⁰ Climate Council, 2024. [Seize the Decade: How we empower Australian communities and cut climate pollution 75% by 2030](#).

¹¹ <https://www.businessfor75.com.au/>

¹² Business for 75, 2025. [Unlocking potential. Powering prosperity. The economic opportunity of a strong 2035 emission reduction target](#).

Based on the evidence above, a science-aligned 2035 target—such as a reduction of **at least 75% below 2005 levels**—would be ambitious and feasible, and would give business the five-year lead time required to scale up deep decarbonization.

Figure 1: An ambitious and achievable emissions pathway for Australia.



Source: Authors, based on emissions data from Australia's [National Greenhouse Gas Inventory 1990-2023](#).

Australian businesses and investors are already transitioning—setting net zero targets, decarbonizing supply chains, and investing in clean technologies. But long-term decisions, including capital allocation, workforce planning, and infrastructure development, require **clear national direction**.

A science-aligned 2035 target provides the policy certainty needed to:

- Lock in low-cost finance for clean infrastructure, energy, and industry, including by guiding investment decisions across superannuation, capital markets, and global funds.
- Support domestic supply chain confidence and cross-border competitiveness.
- Enable companies to plan for decarbonisation without policy whiplash.
- Avoid stranded assets and improve sovereign risk profile in international markets.

In short: **business is ready to scale**, but the ambition signpost must come from government.

Pillar 2: Clear plans and policies for NDC implementation

Key implementation levers

A strong NDC must be underpinned by **credible delivery mechanisms**. Below are priority implementation levers aligned with Climateworks’ modelling and current policy discussions.

Sector	Key Implementation Levers
Electricity	Accelerated build-out of renewable energy zones, grid upgrades, firming/storage, roadmap for transitioning away from fossil fuels ¹³
Industry	Clean industry package, Safeguard Mechanism ¹⁴ tightening, electrification and green hydrogen
Transport	Fuel efficiency standards, EV sales targets, freight mode shift, zero-emissions trucks
Buildings	National Building Code reforms, electrification incentives, embedded carbon standards
Finance	Climate-related disclosure mandates, green finance frameworks, blended finance tools
Land Use	Carbon farming reform, stewardship programs, emissions accounting clarity
Cross-Sector	Workforce transition plans, place-based decarbonisation, integrated state/federal planning

Delivery checkpoints (e.g. a 2028 policy review) and **data transparency mechanisms** are also essential to assess progress, course-correct, and reinforce accountability.

¹³ Clear targets and timelines for phasing out unabated fossil fuels in line with 1.5°C is one of the actions being called for by more than 260 companies globally as part of the We Mean Business Coalition’s Fossil to Clean campaign. The Fossil to Clean campaign is a global movement of businesses that are moving from fossil fuels to clean energy. See <https://www.wemeanbusinesscoalition.org/fossil-to-clean/>

¹⁴ The Safeguard Mechanism sets legislated limits (baselines) for emissions from large industrial facilities.

Governance and market integrity

The Government should establish a **National Climate Investment and Accountability Council** (government, business, unions, First Nations, states/territories) to co-develop and monitor delivery of the NDC. The Council would:

- Oversee five-year, economy-wide carbon budgets (e.g., 2026–2030; 2031–2035) and public progress checkpoints in 2028 and 2031.
- Coordinate sectoral plans and market design with Treasury, CCA, AEMO, ASIC/ASRS and the Australian Sustainable Finance Taxonomy.
- Ensure transparent business consultation and co-delivery, aligned with WMBC's Pillar 3.
- Report annually under a framework aligned to Biennial Transparency Reports.

To ensure that a science-aligned target translates into real emissions cuts, the new NDC must also:

- Include Article 6 guardrails, ensuring integrity of international offsets and avoiding double-counting. International (Article 6) credits should not be used to dilute the domestic ambition of the NDC. Any use should be in addition to the domestic target, capped, and meet high-integrity standards with no double counting, and aligned with any relevant guidance from the Climate Change Authority.
- Commit to coordinated delivery through sectoral plans and ongoing engagement with business, unions, states, and communities.
- Promote a just transition and regional delivery: Commit to place-based transition plans, First Nations economic participation, and workforce transition funds for emissions-intensive regions, co-designed with industry and communities.
- Develop new financing mechanisms for high-impact sectors—including low-carbon industrial production, critical minerals, and electrification of transport.

Financing the transition

To finance the implementation of the NDC, the following actions are required to provide the necessary finance architecture and to support corporate transition plans:

- Finalize and legislate the Australian Sustainable Finance Taxonomy and ISSB/ASRS-aligned climate disclosures, including mandatory corporate transition plans for large entities by FY2027.
- Establish a public-private blended finance platform to crowd in capital to priority decarbonization projects (clean industry, critical minerals, grid, hard-to-abate).
- Align prudential and procurement frameworks to prioritise science-aligned transition plans.

Conclusion

Australia's 2035 NDC must do more than meet climate expectations—it must create a stable foundation for economic transformation.

A **science-aligned target for 2035**—anchored around 75% or higher emissions reductions—extends the current 2030 law, offers predictability to business, and reinforces our position as a climate leader ahead of COP31.

This target is not an aspirational leap—it's a **pragmatic waypoint** that balances ambition, achievability, and the real-economy need for clarity.

By backing this target with strong implementation policies and levers, financial frameworks, and collaboration mechanisms, Australia can deliver a **credible, economy-wide plan** that accelerates investment and strengthens our clean, competitive future.

While this document is focussed on Pillars 1 and 2 of the Business Call to Action for Ambitious and Investible NDCs, Pillar 3 (enhanced public-private sector collaboration) is also important. Establishing a pathway for **strengthened government and private sector collaboration** would help to build trust and provide a transparent framework for climate advocacy and policy implementation.

Australia must act decisively now to remain competitive in the emerging low-carbon global economy. Australia has world-class renewable resources and a strong industrial base that could underpin leadership in green hydrogen, critical minerals, and clean manufacturing. But seizing this opportunity requires clear, ambitious policy signals. An ambitious and investible Nationally Determined Contribution (NDC) for 2035, backed by clear plans and policies for implementation, would provide the certainty businesses need to unlock capital, scale clean technologies, and modernize supply chains.

About Better Futures Australia

Better Futures Australia is the country's largest cross-sectoral alliance advocating for a science-aligned national climate response. We are a program of Climate Action Network Australia (CANA). We bring together influential voices from across business, local and state government, community, and industry to accelerate climate action and shift federal policy in line with a 1.5°C target. Our network includes local leaders, organisations, and companies who are already rolling out solutions and demonstrating that a better future is not only possible—but already underway.

betterfutures.org.au

Linkedin: linkedin.com/company/better-futures-australia

YouTube: youtube.com/@betterfuturesau

About We Mean Business Coalition

We Mean Business Coalition works with the world's most influential businesses to take action on climate change. The Coalition is a group of seven nonprofit organisations: BSR, CDP, Ceres, Climate Group, CLG Europe, The B Team and WBCSD. Together, we catalyse business and policy action to halve emissions by 2030 and accelerate an inclusive transition to a net-zero economy.

wemeanbusinesscoalition.org

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About the Business Council for Sustainable Development Australia

The Business Council for Sustainable Development Australia (BCSD Australia) is the national peak body representing forward-thinking companies and organisations that are working towards the transition to a sustainable Australia. Our mission is to accelerate this transition by making sustainable business more successful. We are the Australian partner of the World Business Council for Sustainable Development (WBCSD). Previously known as Sustainable Business Australia, our members come from all sectors and industries, representing more than 150,000 employees across Australia.

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