



CLIMATE ENERGY FINANCE

## **\$20-30BN OF TRANSITION CAPITAL AT RISK AS AUSTRALIANSUPER LOOKS TO KILL BROOKFIELD'S ORIGIN ENERGY BID**

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What kind of game is AustralianSuper, the country's biggest super fund, playing with Origin Energy?

The pension behemoth, with \$300bn in assets under management and over 3.26 million members, is shaping up to [scuttle a bid](#) by Canadian fund manager Brookfield, plus Singapore's Temasek and GIC, to acquire Australia's largest power company, gentailer Origin Energy, owner of near-death coal clunker Eraring, Australia's biggest coal-power station slated for mothballing in 2025.

AustralianSuper has been buying up shares in Origin and currently holds a ~16.5% stake, ahead of a 23 November vote on the takeover. A 75% shareholder vote in favour is required to seal the deal.

AustralianSuper's spoiler act trashes a key consideration that, along with members' interests, should be paramount: the broader national interest. Is it in the public interest for the acquisition to be blocked when doing so crushes the \$20-30bn investment in 14GW of accelerated firm renewable energy to which Brookfield has committed?

This mammoth capital influx, backed by the might of the asset manager's balance sheet, is decarbonisation investment on an epic – and necessary – scale. 14GW outstrips the Federal Renewable Energy Target of 33,000 GWh, and NSW's 2020 Electricity Infrastructure Investment Act commitment of 12GW of clean energy. It is also highly consequential in that it has the potential to provide a foundation to drive NSW' and Australia's net zero emissions ambitions. It

is material to our ability to meet our emission reduction and renewables targets, and our Paris commitments. The acquisition would be key to on-time closure of Eraring in 2025, obviating the payment of some [\\$200-400m pa of public subsidies to Origin](#) by the NSW government to keep the carbon belcher chugging on.

Brookfield's Australian head of renewables and transition has said the main thing investors have wanted to talk about was the [transition investing](#) aspect. He emphasises Brookfield's dual mandate: financial returns for investors, but also a measurable decarbonisation impact.

[Brookfield chair Mark Carney](#) spoke to its plans for Origin at Bloomberg's New Economy Forum last week. He said the deal and transition plan is of "an order of magnitude that will take 6 percentage points of Australian emissions out. So, a big impact on the climate, and a good financial return."

Notably, Carney also explicitly drew out the nexus between the bid and their intention to bring domestic cleantech manufacturing into Australia: "We intend to take over a large utility in Australia called Origin with a big transition, shutting down coal, getting rid of gas, building up 14 gigawatts of wind and storage. But importantly, it's big enough that we're looking at building domestic manufacturing as well. So we have an [MoU with \[Chinese wind turbine and battery giant\] Envision](#) looking on the storage side. It gets to the point when ... key investors are thinking about [transition ventures], if you incentivise at scale, then it opens up other opportunities domestically for security of supply to drive [them]."

We have consistently advocated for urgent and [substantial public and private capital strategic investment](#) in Australia's generational opportunity to position itself as a zero-emissions economy leader, leveraging our abundant solar and wind resources and bringing cleantech supply chain manufacturing onshore. Brookfield's vision for Origin is a case in point. The global decarbonisation race is on, and it is accelerating, driven by China's leadership and dominance in all things renewable and by the game-changing impact of the US Inflation Reduction Act. Again, Australia's chronic inaction, strategic myopia and underinvestment now risks leaving the clever country in the dust.

Are we really so lacking in foresight as to let a transformative opportunity of this scale go begging? To spike this deal would send exactly the wrong signal. Investors will find better places for their money if Australia positions itself a backwater hostile to innovation capital.

AustralianSuper has the important opportunity to play a constructive role in one of the most promising developments in Australia's energy transition pathway, with the potential to

accelerate our decarbonisation at a critical juncture. We face confluent climate and energy price crises. Projects of this size address both, delivering permanently lower power prices for all Australians – including AustralianSuper’s members – by ramping up the supply of cheap, clean, deflationary, reliable firming renewables, and slashing climate-wrecking carbon pollution.

AustralianSuper should also pay attention to its obligations set out by the super system regulator, APRA, to mitigate systemic risks such as climate change in its portfolios, with Treasury’s [climate disclosure framework](#) set to escalate reporting requirements next year.

What is AustralianSuper offering as its alternative plan? Higher electricity prices, slower decarbonisation and more climate destruction? If it kills the deal, will it step up and guarantee a \$30bn commitment to decarbonising Origin? If not, why not? If it has no legitimate answer to these questions, it should get out of the way.

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*Note: The op ed reflects the key concerns in an [open letter to AustralianSuper](#) co-signed by the Nature Conservation Council, Australian Conservation Foundation, Climate Action Network Australia, Queensland Conservation Council, Environment Victoria and Ironbark Sustainability.*