

Special CPD business roundtable highlights need for a new national “mission” to address climate risk and opportunity

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A special business roundtable convened by the Centre for Policy Development found strong support for accelerated action on climate change and a new national mission to address climate risk and opportunity across Australia’s economy and financial system.

The roundtable brought together senior executives and directors from Australia’s biggest banks, insurers, investors, businesses and superannuation funds. They were joined by Australia’s financial regulators, including Dr Guy Debelle (Reserve Bank of Australia), John Price (ASIC), Geoff Summerhayes (APRA), other senior officials and international guests, including Bank of England Executive Director Sarah Breen. Former High Court Justice and Royal Commissioner, the Hon Kenneth Hayne AC QC, was among the participants.

CPD convened the roundtable on 21 November to consider what Australia needs to prioritise next in its climate risk responses, amidst mounting climate impacts and growing scrutiny of Australia’s climate credentials.

CPD CEO Travers McLeod, who moderated the discussion, said the group reached three key conclusions.

“First, the consequences of climate change are upon us now” he said. “Climate change is a ratcheting risk that will touch every part of Australian society. Decision makers across our economy have a clear and increasing obligation to act. Our economy and financial system are acutely exposed, including to measures taken by global investors and trading partners who are stepping up their focus on climate.”

“Second, we must make climate risk more visible and front of mind for company directors and others so that we can pull the economic transition forward. The key priority here is more sophisticated and consistent climate scenario analysis and stress testing. Company directors increasingly risk liability if they do not do more.”

“Third, much greater collaboration between public and private sectors is essential. There are initiatives from industry, investors, regulators and government – but the Commonwealth Government has to join them up.”

“Now is the time for a new national mission to understand and respond to system-level climate impacts and plan our responses, starting with national adaptation priorities and disaster preparedness.”

“The roundtable demonstrated there is a broad coalition pushing for greater action on climate risk. Australian communities and our economy are deeply exposed. Shifting our horizon is the smart thing to do. Much of this work is underway, but it needs new urgency, and a centre of gravity. Australia’s long-term fortunes will rise or fall on how quickly we face up to this mission. The choice is simple: lift off or be left behind.”

Former High Court Justice and Royal Commissioner, the Hon Kenneth Hayne AC QC, has given permission for his remarks to the roundtable to be published by CPD.

“Learned helplessness and short-termism may explain how our political debates are being framed”, Mr Hayne told the roundtable. “If they do, we must be careful that the framing of the political debates does not distract from what is clear: that directors have a duty to respond to climate-related risks and that the continuing work of TCFD shows directors what they should do.”

The roundtable summary, agenda, participant list, framing paper, and Mr Hayne’s remarks are available on the CPD website: <https://cpd.org.au/2019/12/climate-roundtable/>

Travers McLeod is available for interview.

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