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**Climate & Recovery Initiative**

# Stakeholder Roundtable Eight

27 April 2022, 4PM-6PM AEST

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# Climate & Recovery Initiative

The **Climate & Recovery Initiative (CRI)** is a collaborative initiative coordinated by the Centre for Policy Development (CPD) and Climateworks Centre, with a steering group that includes Pollination Group, Australian Industry Group (AiGroup) and the Australian Council of Trade Unions (ACTU). Working together, we are seeking to identify the best ideas and opportunities for aligning Australia's economic recovery with climate and transition priorities, and to get them into the right hands.

Our stakeholder roundtable series brings together trusted leaders, experts and advisers from business, regulation, policy and the community to consider the challenges and opportunities ahead. The eighth roundtable will focus on the emerging trends and action in 2022; physical risks and the findings of the IPCC; and the impact of global decarbonisation on local communities and industry.

## This briefing pack contains:

- Instructions for joining via Zoom
- Roundtable agenda and participant list
- Recap of past CRI work
- Agenda reading materials



# Agenda

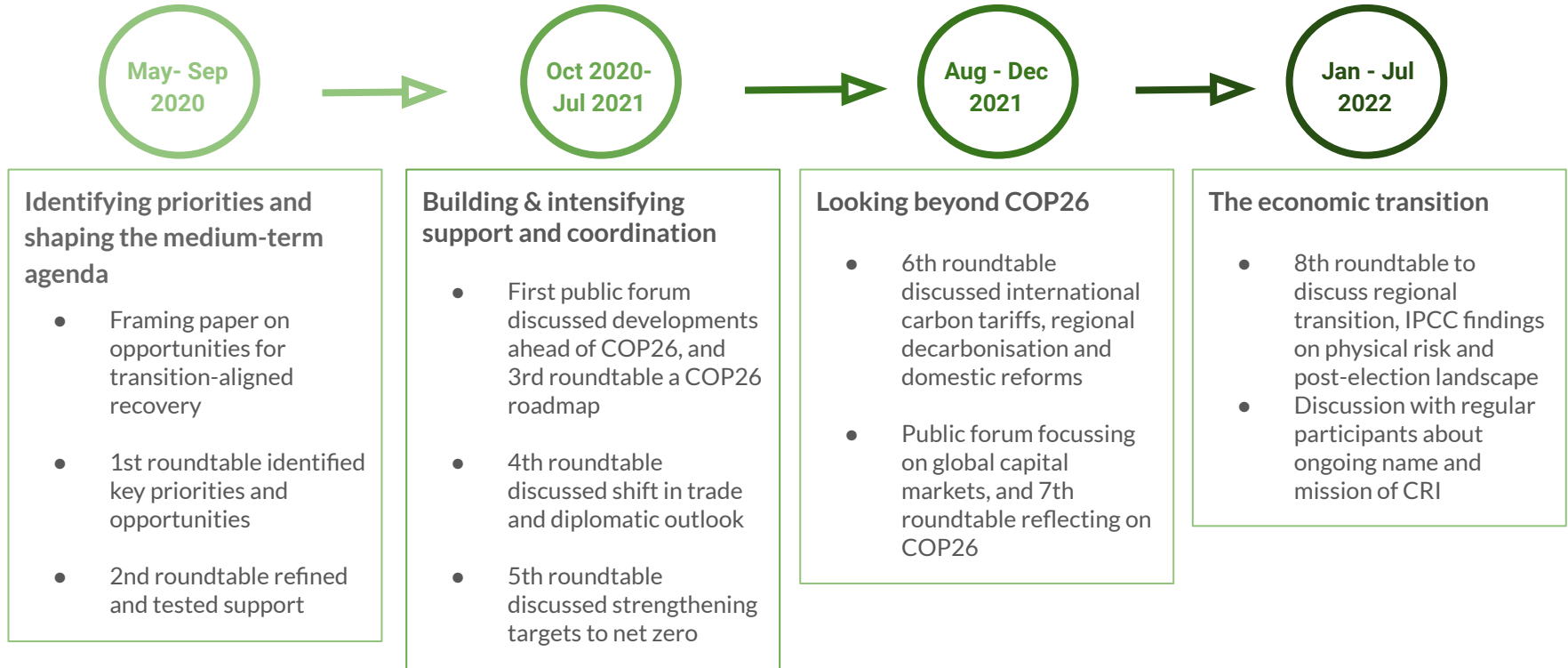
Time	Duration	Agenda Item
4.00PM	10 mins	<b>Welcome and introductions</b> <i>Anna Skarbek (Climateworks) and Andrew Hudson (CPD)</i>
4.10PM	40 mins	<b>Priorities for 2022</b> <i>Tennant Reed (AiGroup)</i>
4:50PM	30 mins	<b>IPCC WGII report and physical risks</b> <i>Mark Howden (ANU)</i>
5.20PM	30 mins	<b>Global decarbonisation and local transition</b> <i>Kylie Turner (Climateworks) and Toby Phillips (CPD)</i>
5.50PM	10 mins	<b>Conclusions</b> <i>Anna Skarbek and Andrew Hudson</i>

## Participant list for Roundtable Eight – 27 April 2022

<b>Name</b>	<b>Position and affiliation</b>
Alex Heath	Head of Economics Analysis, Reserve Bank of Australia
Andrew Hudson	CEO, Centre for Policy Development
Anna Skarbek	CEO, Climateworks Centre
Brian Shoemaker	Director, Sustainability & National Agenda, Microsoft ANZ
Cathie Armour	Commissioner, ASIC
Chris Barrett	Deputy Secretary, Victorian Department of Treasury and Finance
Darren Miller	CEO, ARENA
Don Russell	Chair, Australian Super
David Thodey	Chair, CSIRO
Emma Herd	Partner, Ernst & Young
Georgia Windrum	Senior Policy Officer, ACTU
Graham Sinden	Head of Climate Risk, APRA
Jamie Isbister	Australian Ambassador for the Environment
John Lydon	Co-Chair, Australian Climate Leaders Coalition
John Thwaites	Chair, Climateworks Centre
Kate Wilson	Executive Director, Climate Change and Sustainability, NSW Department of Planning, Industry and Environment
Kath Rowley	Acting Head, Climate Change Division, Federal Department of Industry, Science, Energy and Resources
Kate Griffiths	Executive Manager, Public Policy and Advocacy, Australian Council of Superannuation Investors

<b>Name</b>	<b>Position and affiliation</b>
Kylie Turner	Program Impact Manager, Industry System, Climateworks Centre
Mark Ellul	Senior Advisor, Sustainability Transition, ANZ
Mark Howden	Vice Chair, Intergovernmental Panel on Climate Change
Mark Joiner	Independent Non-Executive Chairperson, QBE
Meghan Quinn	Deputy Secretary, Markets Group, Australian Treasury
Owen Pascoe	Associate Director, Clean Energy Finance Corporate
Patrick Suckling	Senior Partner, Pollination Group
Pradeep Philip	Senior Partner, Deloitte Access Economics
Rachel Parry	Deputy Secretary, Energy, Climate Change and Sustainability, NSW Treasury
Rebecca Mikula-Wright	CEO, Investor Group on Climate Change
Richard Yetsenga	Chief Economist, ANZ
Romilly Madew	CEO, Infrastructure Australia
Sam Mostyn AO	Chair, Chief Executive Women
Sarah Gill	Director Climate Change at Western Australia Department of Water and Environmental Regulation
Stuart Hocking	Under Treasurer, ACT Chief Minister and Treasury Directorate
Tennant Reed	Principal Advisor, National Public Policy, Australian Industry Group
Tim Reed	President, Business Council of Australia
Toby Phillips	Program Director, Sustainable Economy, CPD
Zoe Whitton	Executive Director, Pollination Group

# The Climate & Recovery Initiative journey so far



## Key question for this eighth roundtable:

*As the net zero economic shift accelerates and the physical impacts intensify what are the key policy pillars required for an orderly transition?*

# Discussion: Priorities for 2022



The Big Read **Renewable energy** [+ Add to myFT](#)

# Will the Ukraine war derail the green energy transition?

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As Europe scrambles to find alternatives to Russian oil and gas and global energy prices soar, coal could be the winner

Source: [Financial Times, 2022](#)

**Intergovernmental Panel on Climate Change Sixth  
Assessment Working Group II Report**  
*Australian findings and physical risk implications*



## Nine key risks/impacts identified for Australia in WGII (Chapter 11)

1. Loss and degradation of coral reefs and associated biodiversity and ecosystem service values due to ocean warming and marine heatwaves ( e.g. 3x heat waves on Great Barrier Reef between 2016-2020)
2. Loss of alpine biodiversity due to less snow (e.g. loss of alpine vegetation; stress on snow-reliant wildlife)
3. Transition or collapse of alpine ash, snowgum woodland, pencil pine and northern jarrah forests in southern Australia due to hotter and drier conditions with more fires (e.g. declining rainfall in southern Australia = death of fire-sensitive tree species due to unprecedented wildfires)
4. Loss of kelp forests due to ocean warming, marine heatwaves and overgrazing by climate-driven range extensions of herbivore fish and urchins (e.g. less than 10% of giant kelp in Tasmania remaining by 2011 due to ocean warming)
5. Loss of natural and human systems in low-lying coastal areas due to sea-level rise (e.g. current 1-in-100 year flood in Australia could occur several times a year)
6. Disruption and decline in agricultural production and increased stress in rural communities in south western, southern and eastern mainland Australia due to hotter and drier conditions (e.g. a 30% decline in median wheat yields in south-west Australia and 15% in South Australia by 2050)
7. Increase in heat-related mortality and morbidity for people and wildlife in Australia due to heatwaves (e.g. heat-related excess deaths in Melbourne, Sydney and Brisbane projected to increase 300 to 600/year during 2031-2080)
8. Cascading, compounding and aggregate impacts on cities, settlements, infrastructure, supply-chains and services due to wildfires, floods, droughts, heatwaves, storms and sea-level rise
9. Inability of institutions and governance systems to manage climate risks

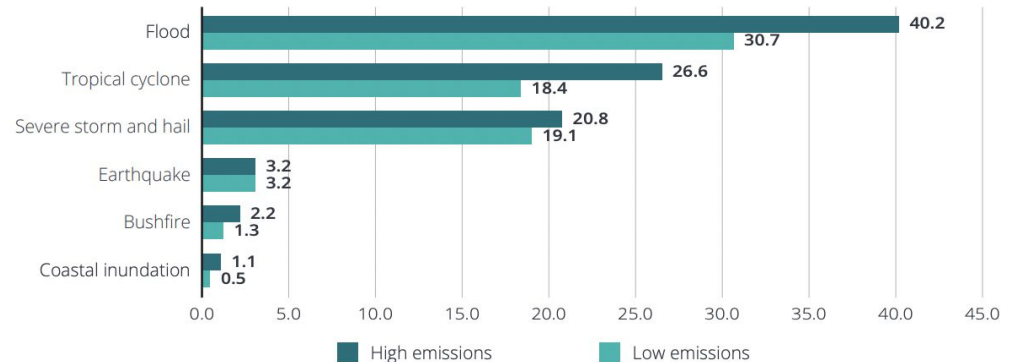
## Physical risk response accelerating but falling short

- In 2020 the Australian Climate Roundtable stated: “Australia is currently woefully unprepared for the scale of climate change threats that will emerge over the coming decades”
- Investors and insurers increasingly integrating physical risk into portfolio and pricing decisions but tools, disclosure and valuation remains difficult
- Commonwealth response has accelerated post-Royal Commission and with the National Adaptation Strategy; but national-state-industry coordination still a significant area of weakness
- APRA stress test; Australian Climate Service scenario development; national risk assessment all looming

### The cost of natural disasters will increase significantly under all emission scenarios

*Annual economic costs in 2060 by disaster type under the high and low emissions scenarios, \$billions*

Source: [Deloitte Access Economics, 2021](#)



# **Global decarbonisation and local transition**

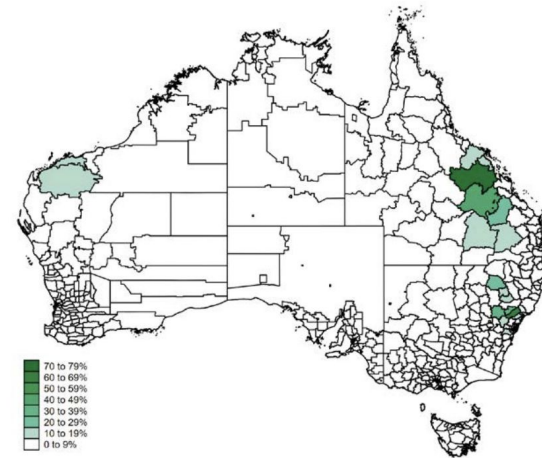
*Recent research by CPD and Climateworks Centre*

# Global decarbonisation will impact and create jobs in many LGAs

- CPD research finds global decarbonisation could affect around 300,000 Australian jobs connected to coal, oil and gas exports.
- This impact is geographically concentrated. Seven LGAs face an impact on more than 20% of all jobs in the region.
- This is not theoretical. Major export markets have announced stronger policies to tighten emissions, reduce thermal energy imports, boost clean energy and transition to net zero.
- Jobs created by zero carbon industries will eclipse those affected, but leave gaps in some key LGAs.
- Even on the most conservative pathways, global demand for Australian coal exports is expect to halve by 2050. Under COP26 pledges, demand destruction for all fossil fuel exports will be significantly faster and deeper.

**There is a concentration of jobs exposed to global decarbonisation in a handful of LGAs**

*Percent of jobs exposed by LGA*



Source: [CDP, 2022](#)

## A transition with significant community and employment shocks will be disorderly

- Scenario modelling for global central banks and financial regulators (NGFS) finds significantly better economic outcomes from pursuing an orderly transition in line with the Paris Agreement
- The cost of inaction (both global and domestic) is significantly larger than any transition scenario
- Transition is inevitable, underway and accelerating. This will bring significant new export opportunities for Australia
- Major economic disruption in communities is both a symptom and cause of a disorderly transition
- Community-level transition will require cooperative engagement between community, business and government, with the latter needing to convene spaces to bring these actors together

### Orderly Transition

- Collective immediate climate action – the main transition period is 2020-40
- Global primary energy demand: reduced by 42% from 2020 to 2040
- ~2.5% annual decreasing rate of primary energy demand
- Cumulative GDP impact: ~ -2% by 2050, and ~ -4% by 2100
- 66% of existing workforce in communities in transition must transition to another industry sector per decade from 2020 to 2040

### Disorderly Transition

- Delayed climate action followed by abrupt changes to the economy – the main transition 2030-50
- Slight decrease of global primary energy demand in 2020-30, followed by 70% reduction from 2030 to 2050
- ~5% annual decreasing rate of primary energy demand
- Cumulative GDP impact: ~ -7% by 2050, and ~ -10% by 2100
- 75% of existing workforce in communities in transition must transition to another industry sector per decade from 2030 to 2050

Source: [\*Network of Central Banks and Supervisors for Greening the Financial System, 2021\*](#); [\*Investor Group on Climate Change, 2021\*](#)