

Australian public authority directors should prioritise climate risk

- *New research from the Centre for Policy Development (CPD) finds directors of public authorities are behind private counterparts on assessing, disclosing, and managing climate change risks*
- *Of large state-owned water utilities around Australia, only three disclosed climate-related financial risks in their 2020 annual reports, and only four had climate change risk management KPIs*
- *The [Raising the Bar](#) report recommends that governments set clear and transparent expectations for public authority directors on their climate change obligations*

Wednesday 28 September 2022 - Directors of Australian public authorities should take a rigorous and holistic approach to climate risk to build a whole of government picture of climate risk exposure, new research has found.

The [Raising the Bar: Managing climate change risk in public authorities](#) report released Wednesday by independent public policy institute the Centre for Policy Development recommends ministerial statements to provide guidance to directors, standardised frameworks across public authorities, and audit office scrutiny of climate risk disclosures.

An analysis of annual reports published by Commonwealth, state and territory authorities found that only a small proportion discuss climate risk management.

While the climate reporting practices of some public authorities are moving towards best practice - the reporting practices of many others are not. *Raising the Bar* highlights steps some states and public authorities are taking to manage climate risk to encourage others to follow their approach.

The report recommends clear and transparent policy direction through ministerial statements; standard frameworks for risk assessment, particularly around financial risk; and use of audit office authorities to consider climate change risks among government agencies and public authorities.

Report author, CPD Fellow Dr Arjuna Dibley said that the urgency for consistent risk practices across the public and private sectors had increased.

“Climate risks that public authorities face have only become more pronounced, with extreme weather events such as heatwaves, heavy rainfall, cyclones, droughts and fire projected to increase and Australia’s export markets begin to transition to new forms of energy,” Dr Dibley said.

“Ultimately the climate risk of public authorities rests with the public - we all have a strong interest in making sure these risks are managed appropriately.”

CPD Climate Lead Tom Arup said while directors in the private sector had dramatically enhanced their position on climate risk in response to evolving regulatory, legal and shareholder expectations, public sector counterparts were slipping behind.

“A complete picture of national climate risk must include the public sector,” Mr Arup said.

“Public authorities oversee substantial finances, as well as critical assets such as water and electricity infrastructure that have a high degree of climate risk exposure.



“Clear and transparent signals setting expectations around climate risk assessment, disclosure and mitigation would bring governance practices in public authorities into line with private sector best practices.

“Our national response to climate-change requires a whole-of-government picture of climate change-related risk. This picture necessarily includes a thorough and proactive effort to produce, disclose and address climate change-related risks on the part of individual public authorities.”

MEDIA CONTACT:

Lachlan Williams

lachlan.williams@cpd.org.au

+61 447 682 027

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