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IGCC bushfire royal commission submission: Extending CEFC mandate could drive private investment in climate change resilience

The mandate of the Clean Energy Finance Corporation (CEFC) should be expanded to allow the green bank to spur private capital investment in climate change resilience projects as part of reforms recommended by the Investor Group on Climate Change (IGCC) in its submission to the Royal Commission into National Natural Disaster Arrangements.

IGCC, which represents institutional investors with over \$2 trillion in assets under management, warned in its submission that failure by Australian governments to plan today for future damage from climate change will increase economic risks, costs and impacts across the community.

To better prepare communities and the financial sector for the unavoidable impact of climate change, the submission recommends, among other measures, that governments:

- Extend the mandate of the CEFC and bolster its budget to help co-fund resilience and adaptation projects. Financing options that could be considered include pooling smaller projects to attract private sector co-investment and resilience bonds.
- Implement mandatory reporting of climate-related financial disclosures to stop the underreporting of climate change exposure by companies and ensure investors can make full risk assessments and better price risk.
- Conduct a national assessment of the infrastructure at risk from climate change and begin mapping out an adaptation roadmap including the indicative investment need.
- Revise the National Construction Code to explicitly account for climate change threats.
- Establish a National Climate Services Capability to better coordinate the provision of climate data between the Bureau of Meteorology, CSIRO, academia and other private and public sector actors.

IGCC Chief Executive Officer, Emma Herd, said Australia was underprepared for the physical threats of climate change and that more intense extreme weather events like the bushfires of last summer would threaten the nation's capacity to safeguard the financial system and protect communities unless there was significant fresh investment in resilience measures.

"The global financial system is increasingly recognising climate change, and the implications for infrastructure and communities, as core business and a financial and economic risk," Ms Herd said.

"As a trade-exposed, carbon-intensive economy, highly vulnerable to the physical effects of climate change, Australia must take steps to strengthen our climate change response in the face of warming temperatures and the associated impacts on our communities.

"One immediate opportunity to create greater private capital flow into building climate change resilience is to draw on the Clean Energy Finance Corporation's experience in mitigation finance and extend its facilitation of public-private investment to include adaptation projects.

"Investment in the resilience of our economy and communities to climate change has been sadly undervalued in Australia for too long and we must urgently rectify this. This royal commission into last

summer's devastating bushfires is the right forum to properly examine the climate risks facing our nation and how we might begin filling the gaps in our response.”

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IGCC's submission to the Royal Commission into National Natural Disaster Arrangements can be found [here](#).

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand institutional investors and advisors, managing over \$2 trillion in assets under management and focusing on the impact that climate change has on the financial value of investments. IGCC aims to encourage government policies and investment practices that address the risks and opportunities of climate change.

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