



OXFORD  
ECONOMICS  
AUSTRALIA

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**Climate change:  
Australia's journey to net  
zero and its economic  
implications.**



*A Soft Landing* by Todd Robinson  
Location: Winmark Wines Sculpture Park

# What will we cover today?

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- 1** Present two scenarios to help you navigate the climate change transition and meet ASRS disclosures
- 2** Describe the transition impact of a delayed transition scenario
- 3** Describe the impact of physical peril from a warmer than expected future due to an incomplete transition



# Why will we need to care about climate change?

The Australian Sustainability Reporting Standards (ASRS) are now being enforced for large and/or heavy emitting entities.

Covered entities need to evaluate the business impact of at least two possible future states:

1

**A scenario where global temperature increase exceeds 2°C**

This represents a higher warming scenario, reflecting a future with less stringent climate policies and greater greenhouse gas emissions.

2

**A scenario where global temperature increase is maintained below 1.5°C**

This scenario aligns with the most ambitious global temperature goal set out in the Climate Change Act 2022.

# A sample of Group 1 companies covered by ASRS

AGL ENERGY LIMITED

STANWELL CORPORATION LIMITED

ENERGYAUSTRALIA HOLDINGS LIMITED  
ORIGIN ENERGY LIMITED  
CHEVRON AUSTRALIA HOLDINGS PTY LTD

PIONEER SAIL HOLDINGS PTY LIMITED  
WOODSIDE ENERGY GROUP LTD

C S ENERGY LIMITED

RIO TINTO LIMITED

SEV.EN GLOBAL INVESTMENTS PTY LTD

SOUTH32 LIMITED

SANTOS LIMITED

NRG VICTORIA I PTY LTD

BLUESCOPE STEEL LIMITED

GENUITY PTY LTD

ALCOA AUSTRALIAN HOLDINGS PTY LTD

INPEX HOLDINGS AUSTRALIA PTY LTD

WOOLWORTHS GROUP

GLENCORE HOLDINGS PTY LIMITED  
ELECTRICITY GENERATION AND RETAIL CORPORATION

ANGLO AMERICAN AUSTRALIA LIMITED  
QANTAS AIRWAYS LIMITED

BHP GROUP LIMITED

BM ALLIANCE COAL OPERATIONS PTY LIMITED  
LIBERTY PRIMARY METALS AUSTRALIA PTY LTD

RTA HOLDCO AUSTRALIA 5 PTY LTD

CEMENT AUSTRALIA HOLDINGS PTY LTD

SHELL ENERGY HOLDINGS AUSTRALIA LIMITED

YANCOAL AUSTRALIA LTD

CONOCOPHILLIPS AUSTRALIA OPERATIONS PTY LTD

VIRGIN AUSTRALIA HOLDINGS LIMITED

FORTESCUE METALS GROUP LTD

ADBRI LIMITED

EXXONMOBIL AUSTRALIA PTY LTD

QGC MIDSTREAM INVESTMENTS PTY LTD

CK WILLIAM AUSTRALIA HOLDINGS PTY LTD

YARA AUSTRALIA PTY LTD  
KESTREL COAL GROUP PTY LTD

ORICA LIMITED

APA INFRASTRUCTURE LIMITED  
BANPU AUSTRALIA CO. PTY LTD

INCITEC PIVOT LIMITED

SEVEN GROUP HOLDINGS LIMITED

CITIC PACIFIC MINING MANAGEMENT

PECHINEY CONSOLIDATED AUSTRALIA

WHITEHAVEN COAL LIMITED

CORONADO AUSTRALIA HOLDINGS

QGC UPSTREAM INVESTMENTS PTY LTD

POWER GENERATION CORPORATION

TRANSALTA ENERGY (AUSTRALIA) PTY LTD  
WESFARMERS LIMITED

MACH AUSTRALIA HOLDINGS PTY LTD  
AUSTRALIAN LOGISTICS ACQUISITION HOLDINGS PTY LIMITED

STANMORE RESOURCES LIMITED  
INTERNATIONAL POWER (AUSTRALIA) HOLDINGS PTY LIMITED

NORTHERN STAR RESOURCES LTD

HANCOCK PROSPECTING PTY LIMITED

QCOAL PTY LTD

BLUEWATERS POWER 1 PTY LTD

PRATT CONSOLIDATED HOLDINGS PTY. LTD.

AMPOL LIMITED

SGSP (AUSTRALIA) ASSETS PTY LTD

NEWGEN KWINANA HOLDINGS PTY LTD

COMGEN AUSTRALIA PTY. LTD.  
WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED

QENOS HOLDINGS PTY LTD

ARROW ENERGY HOLDINGS PTY LTD

RATCH - AUSTRALIA CORPORATION PTY LTD  
NEWCREST MINING LIMITED

ILUKA RESOURCES LIMITED

ANGLOGOLD INVESTMENTS AUSTRALIA PTY LTD

VEOLIA RECYCLING & RECOVERY HOLDINGS ANZ PTY LTD

GOLD FIELDS AUSTRALIA PTY LIMITED

IDEMITSU AUSTRALIA PTY LTD

BEACH ENERGY LIMITED

QUBE HOLDINGS LIMITED

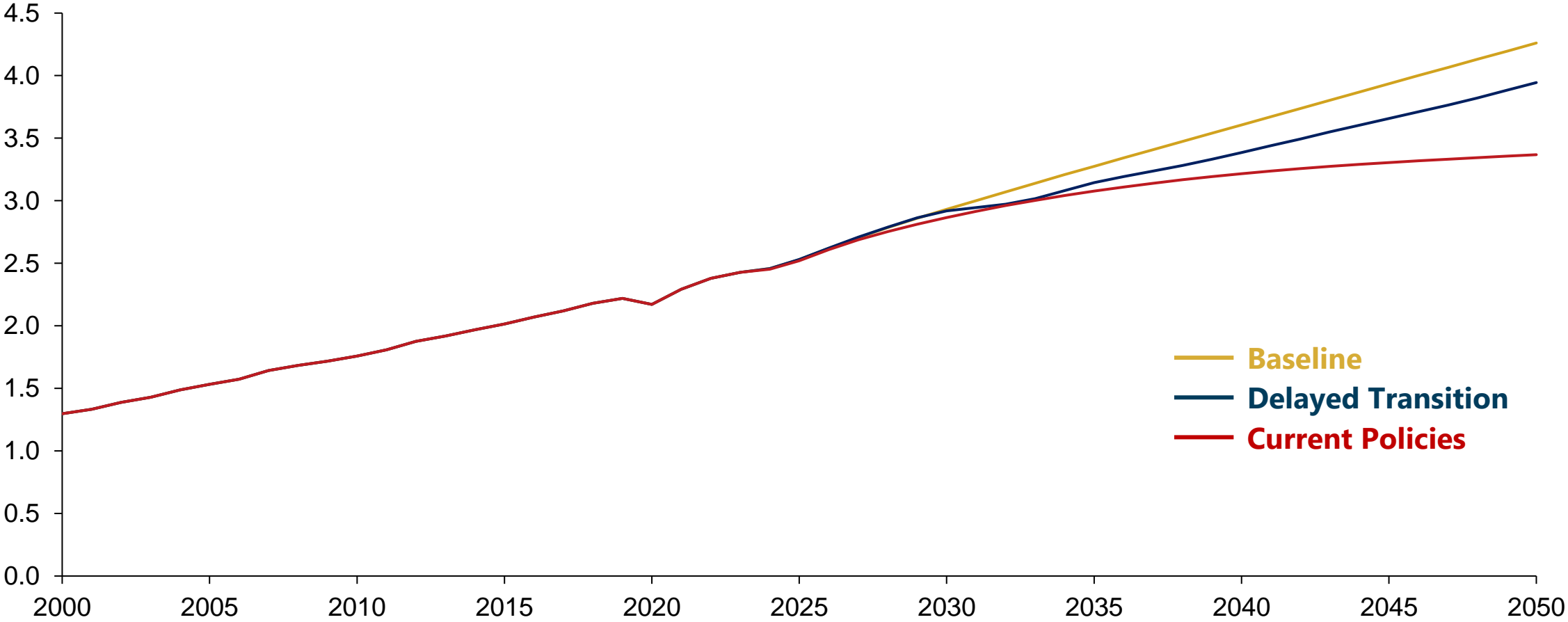
ADANI MINING PTY LTD

PAPER AUSTRALIA PTY LTD

NEWMONT AUSTRALIA PTY LTD

# Our baseline and two plausible scenarios

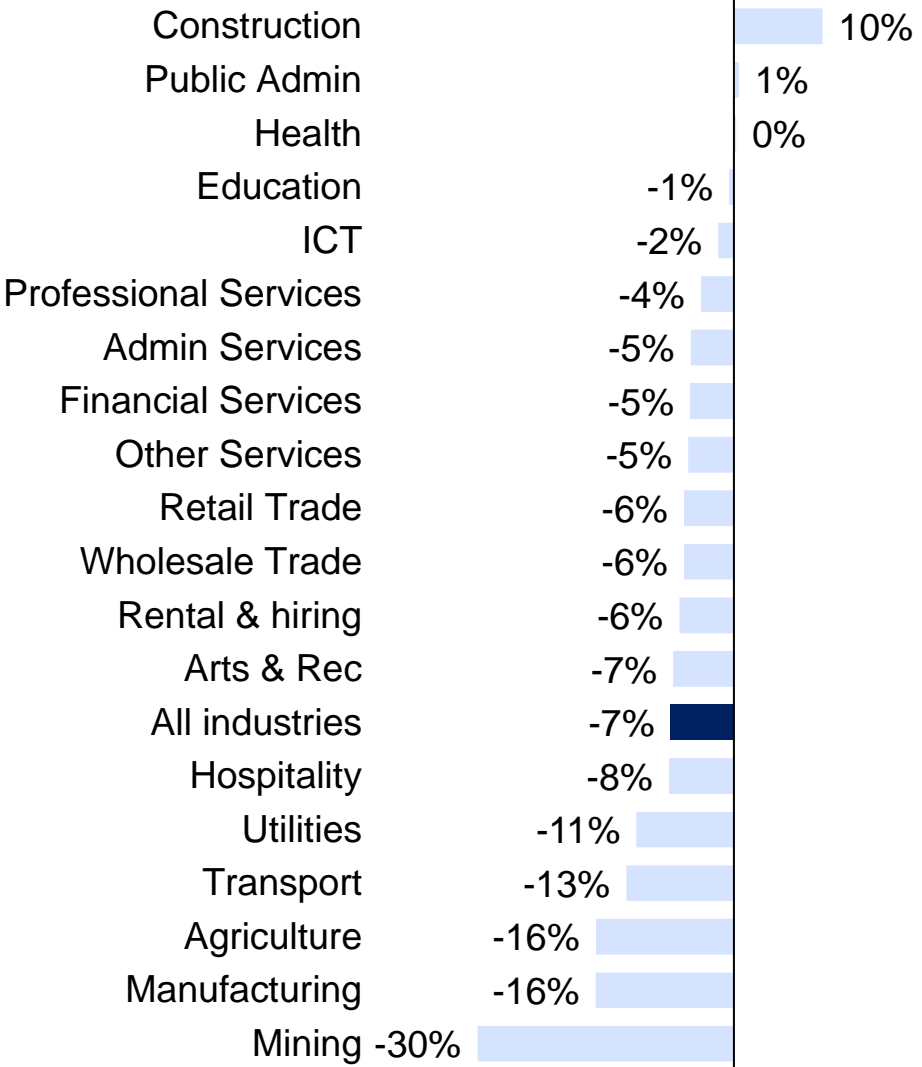
Australia's annual economic output  
(real GDP \$ trillion)



# Some industries are much more affected than others

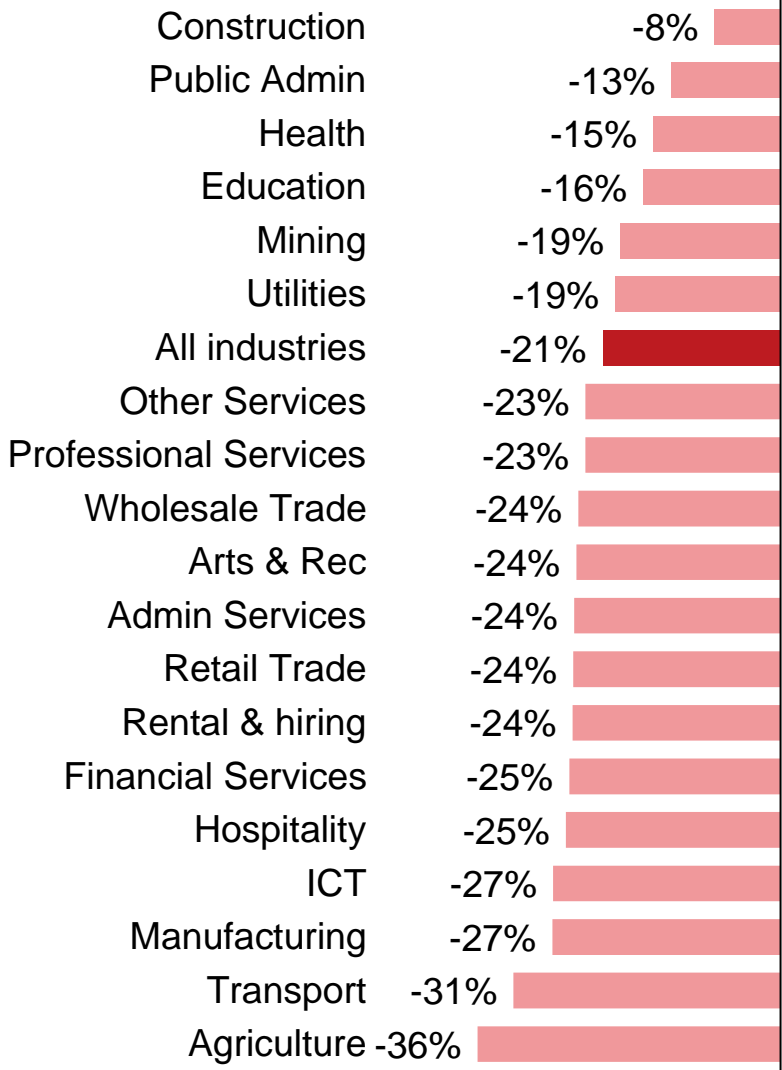
## Delayed Transition

Deviation to baseline in 2050



## Current Policies

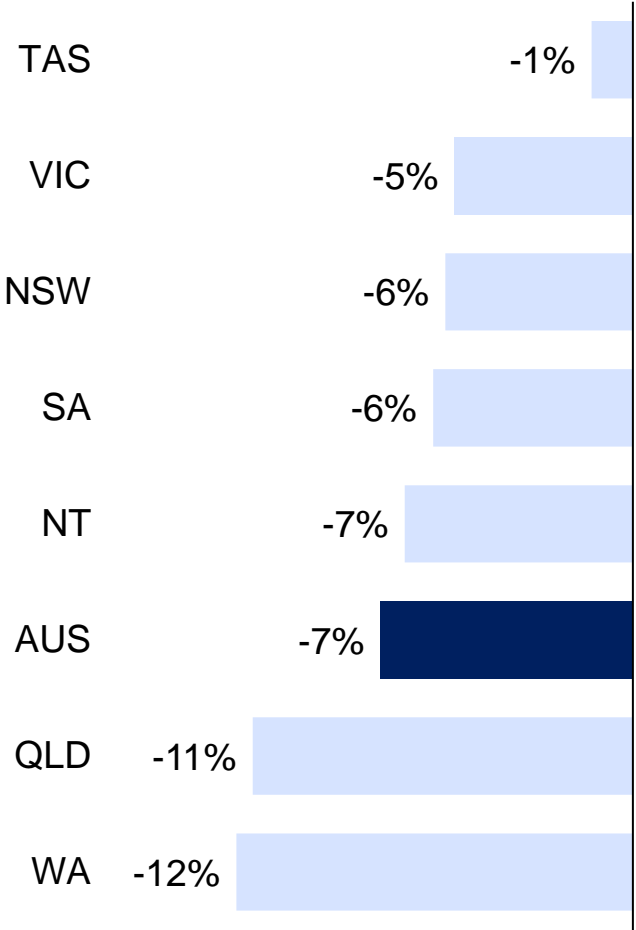
Deviation to baseline in 2050



# States will be affected differently

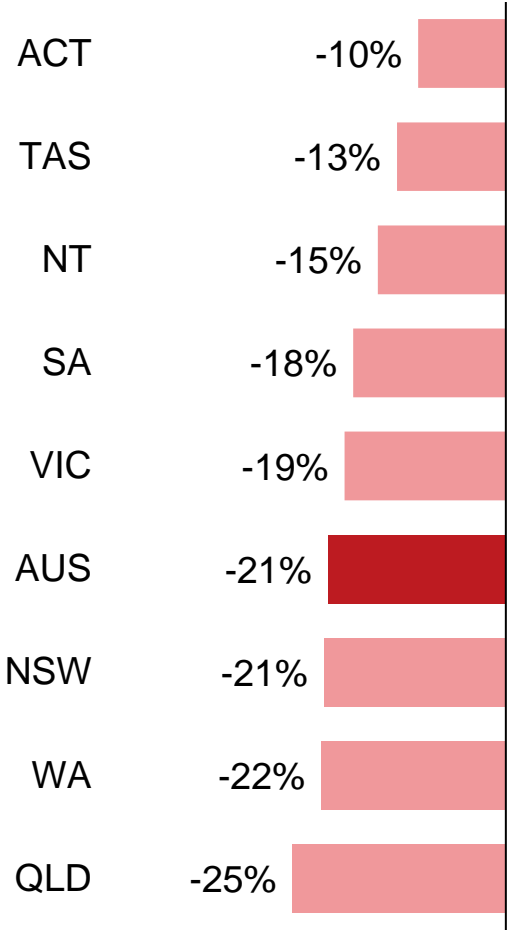
## *Delayed Transition*

*Deviation to baseline in 2050*



## *Current Policies*

*Deviation to baseline in 2050*

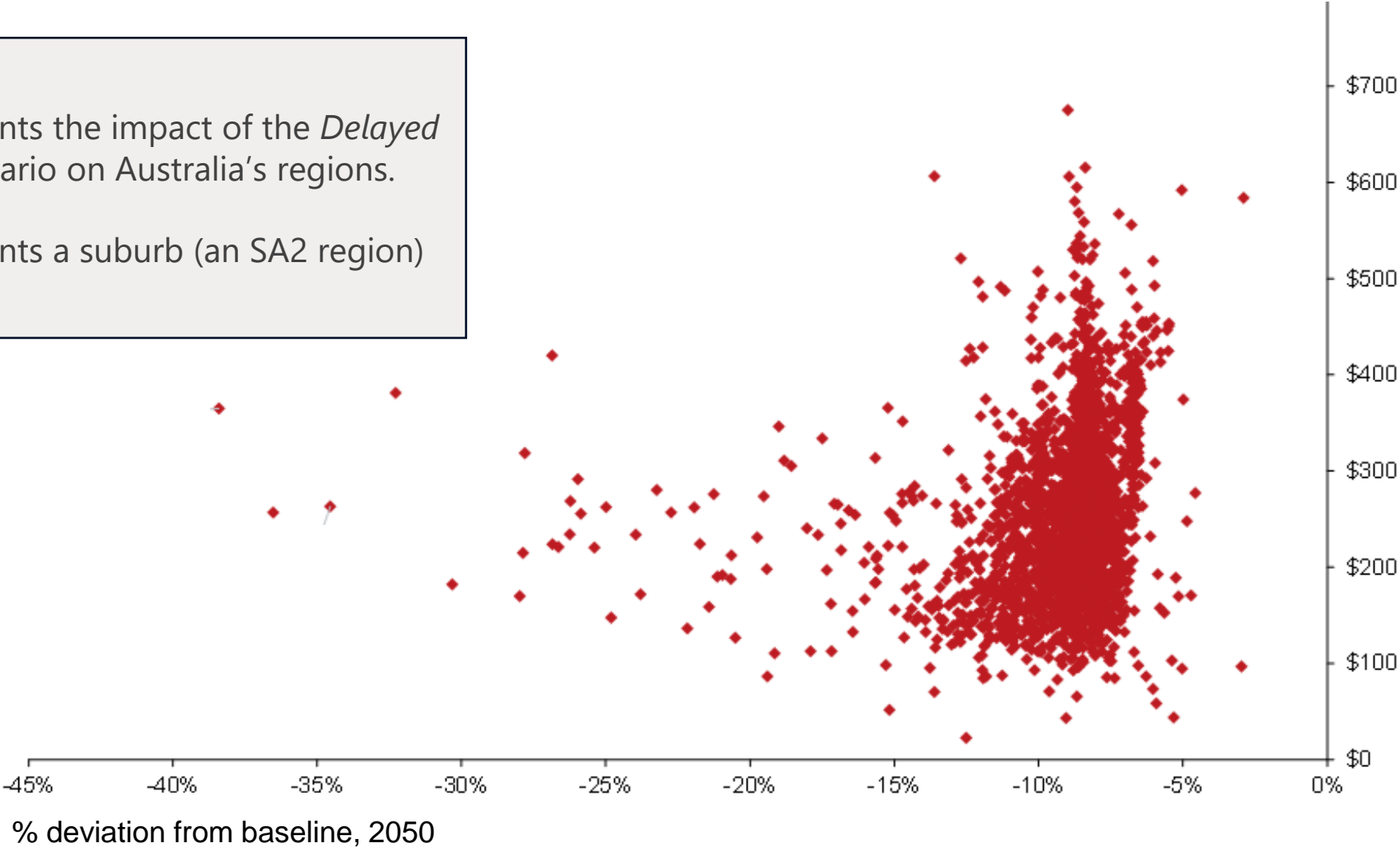




# Impacts will be more acute for particular regions

2050 average household employment income ,000's

This chart represents the impact of the *Delayed Transition* scenario on Australia's regions.  
Each dot represents a suburb (an SA2 region)



# How could climate change affect my new bourbon business?

Ability to pay for premium goods and increasing input costs will challenge profits

KK's Bourbon Co.

Revenue	\$40,000
Rent	\$1,000
Power	\$2,000
Wages	\$10,000
Purchase of raw materials	\$10,000
EBITDA	\$17,000
Depreciation	\$3,000
Interest	\$1,000
Taxes	\$3,900
Net profit	\$9,100

Sales may drop as ability to pay for high-end liquor will drop

Purchase costs to vary as climate change shifts agricultural land

Interest costs to rise as interest rates rise to curb price increases

Taxes may increase to enable the government to pay for the transition

# How will this affect my construction business?

Physical peril will affect the type of work I do. The transition journey will affect the cost and type of materials I work with

KK Builds for You!

Revenue	\$200,000
Rent	\$10,000
Power	\$1,000
Wages	\$120,000
Purchase of raw materials	\$60,000
EBITDA	\$9,000
Depreciation	\$2,000
Interest	\$5,000
Taxes	\$600
Net profit	\$1,400

Demand will vary widely from one region to another and vary between new builds and maintenance

Local building requirements change to reflect decarb path.  
Global supply chains affected by differing decarbonisation journeys and Carbon Border Adjustment Mechanisms

# That's a lot of information – what are the key take-aways!

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**Look beyond  
conventional  
damage  
functions**

**Dive below GDP  
to consider  
industry changes**

**Consider  
regional impact  
below the State  
and national  
level**

**Think about who  
will need to pay  
along the supply  
chain**



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# Thank You



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## Feedback

