SUMMARY

Key findings

- Public authorities are important institutions for managing Australia's economy, and are both potential contributors to climate change and subject to climate risks.

- Public authority directors likely have duties of care and diligence to consider climate risk in their activities, which are at least as stringent as the duties of private corporation directors (detailed in Hutley-Hartford-Davis Opinion).

- Despite impediments to enforcement, public sector directors are now increasingly likely to be closely scrutinised and held to account for climate risk management – especially given rising standards demanded of private corporations.

Our recommendations

We suggest four policy proposals that could encourage and assist public authority directors to properly discharge their duties.

1. Create a whole-of-government toolkit and implementation strategy for considering and managing financial risks arising from climate change. This might include specific approaches for training and supporting directors to account for climate risk in decision making.

2. Use existing public authority accountability mechanisms to strengthen management of climate-related financial risks. This might include using institutions such as the public sector or public service commissioners and/or Auditors General to review the extent to which climate risk is accounted for in directors' decision making.

3. Issue formal ministerial statements of expectations to clarify how public authorities and their directors should manage climate-related risks and policy priorities.

4. Consider legislative or regulatory changes to ensure consistent consideration, management and disclosure of climate risk by public sector decision makers.