COVID Recovery – a time to invest wisely and build back a resilient Australia

Co-chairs of the Australian Sustainable Finance Initiative
Jacki Johnson
Simon O’Connor

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As we shift our focus from managing the crisis of COVID-19 to begin the recovery, now is the time to ensure we invest wisely, focusing our attention to a recovery and rebuild that restores jobs and livelihoods, strengthens social cohesion, and builds a resilient economy ready for any future crises we may face.

Australians have managed well in the most challenging of conditions protecting the health of our citizens. We should rightly be proud of All Australians helping to flatten the curve, to support our neighbours, communities and staff.

As we now shift focus to reanimating our economy, the focus in rebuilding our economy and growing jobs should be based upon a more resilient economy. This will prepare us for the future shocks that will no doubt continue to challenge us.

It’s at this point we must open up a discussion about the kind of future we want to rebuild in Australia: the businesses to support, the infrastructure to build and the jobs to bolster and create. We acknowledge that in this next phase decisions will be made that will shape a future Australian economy and society, that will affect the prosperity, resilience and sustainability of our nation.

Global voices from business, civil society and finance have begun calling for a recovery that responds to two critical crises: the social and economic upheaval of this global COVID-19 pandemic as well as the rapidly accelerating impacts of climate change.

Any response to COVID-19 must be used as an opportunity to ensure that whilst rebuilding jobs, that sustainability, stability and resilience are core to any recovery and renewal program, positioning Australia more strongly for any future crisis.

This week, a survey of more than 200 global central bankers, G20 finance ministries and academics from across 53 countries found that the most effective solutions to rebuild from this crisis are also solutions that reduce carbon emissions. This Oxford University study warns that without a considered and well targeted recovery, “the world risks leaping from the COVID frying pan into the climate fire.”

The report concludes that recovery packages should ensure alignment to Paris Agreement commitments and set the pathway to achieving net zero emissions by 2050.

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https://www.smithschool.ox.ac.uk/publications/wpapers/workingpaper20-01.pdf
When assessed, the most economically effective policy levers open to governments responding to the economic crisis are also those addressing the climate representing dual benefits for our economy, dealing with both short and long term challenges.

The Australian finance sector recognizes that a failure to fully consider the risks posed by climate change, as well as a failure to act to deliver on our commitments under the UN Sustainable Development Goals, will only exacerbate the economic cost of any crisis.

In this context, the Australian Sustainable Finance Initiative encourages a focus on a recovery that responds to both the immediate economic recovery from the pandemic whilst also addressing our climate and social goals. Specifically, the recovery should:

- be aligned with delivering on our Paris and Sendai Agreement and UN SDGs, reflecting that progress on these commitments underpin an economy that will better weather future shocks, protect jobs and livelihoods.
- be inclusive, creating and strengthening participation in the economy, including career pathways for jobs that ensure participation by the most vulnerable, and those professions that have proven so integral in these crises.
- ensure we are future-proofing our economy and society, rebuilding our systems, infrastructure, as well as institutions whilst strengthening social cohesion and protecting biodiversity and natural capital in a way that makes us better prepared for the next crisis.

Such policy measures and projects are already being put forward: whether it’s investing in social housing on scale, climate resilient infrastructure, electricity transmission networks to better connect distributed energy sources, energy efficiency programs, mass transit projects, or telecommunications infrastructure. Whether it be community scale investments, strengthening our health and education systems, or nature-based solutions.

All of these can form part of such a recovery program that delivers jobs, a strong economy and resilience for our future. Such projects will help to build back a better and stronger Australia.

The Australian Sustainable Finance Initiative has been working on a roadmap that embeds both preparedness for crisis and resilience from crisis into the finance system, to ensure the system works better for Australians. Together with 90 finance sector organisations across banking, insurance and investment, along with civil society groups, and academics, ASFI is well progressed in setting out a roadmap that ensures the finance sector is aligned to be building a more resilient economy, including playing a key role in reducing future fragility in our economy from the coming risks from climate change.

This work is of even greater need right now, to ensure a coordinated plan across this finance sector that supports and aligns with a stronger future Australia. ASFI, along with the finance sector, is ready to play our part.

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