

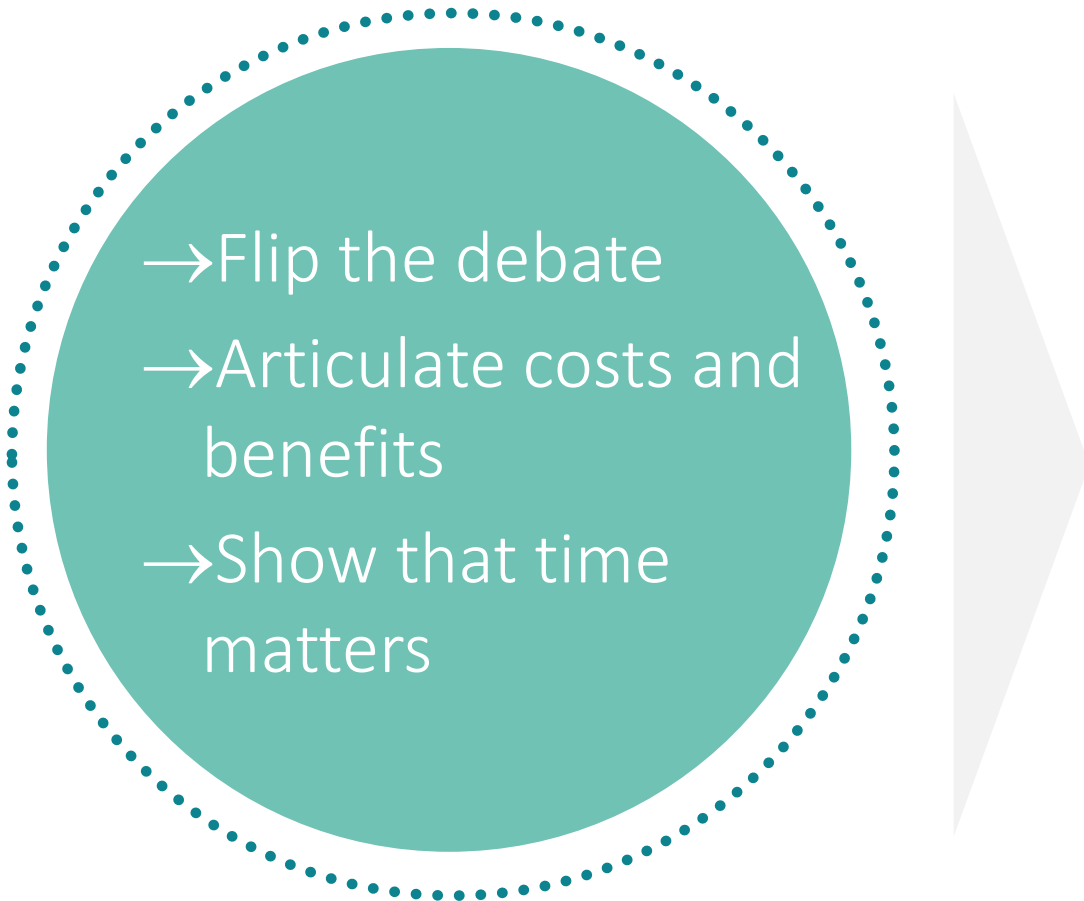


A new choice: Australia's climate for growth

Global Eco Asia-Pacific Tourism Conference
DECEMBER 2020

Deloitte
Access **Economics**

Our focus



The **triple** whammy

No **free** ride

It's all about the **baseline**

With risk comes **opportunity**

How we have done this



With no change, economic growth produces more greenhouse gas emissions globally.



Increased emissions result in a change in average temperature for different regions.



Average temperature change causes the climate to change. This results in physical damages to the environment and world around us.



Climate change damage impacts how land is used, how people work and how money is spent in the economy. This negatively impacts economic growth.

Damages



Capital damages



Health damages



Tourism damages



Agricultural damages



Heat stress damages



Sea level rise damages

Tourism damages impacts the flow of global currency

- The weather, and the climate, is a key consideration and driver of tourism around the world. But no more so than Australia.
- Where and how people can holiday using natural assets and attractions will change – making attracting domestic and international tourists harder.
- Tourism is a pillar of many economies and without it, many regional economies would struggle.



A warming world and climate induced damages will see many Australian environments become a casualty, with significant consequences for the **tourism markets** and regional economies that depend on them.



Without the flow of **tourism** money circulating such economies – business, jobs and livelihoods are fundamentally at stake.

Deloitte Access Economics considers the scale of loss of tourism money circulating economies – and the impact on business, jobs and livelihood.

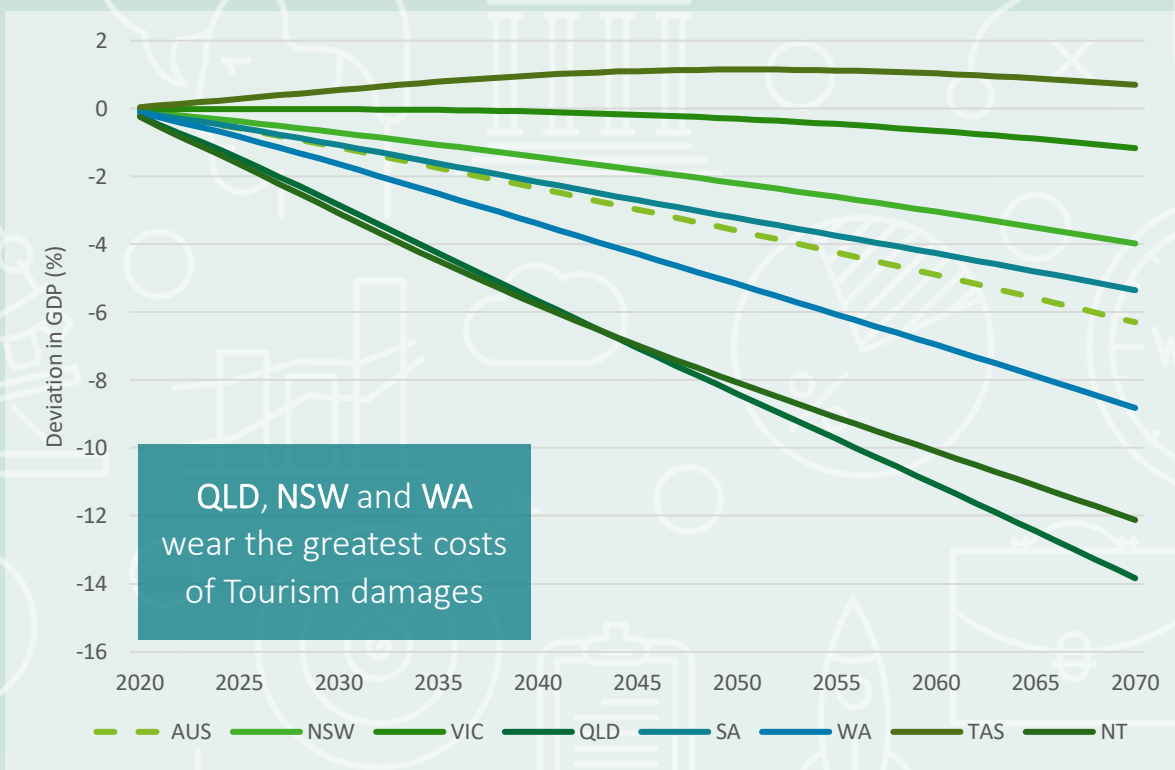
By 2070...

\$3.4 **trillion** **and over**
880,000
jobs lost

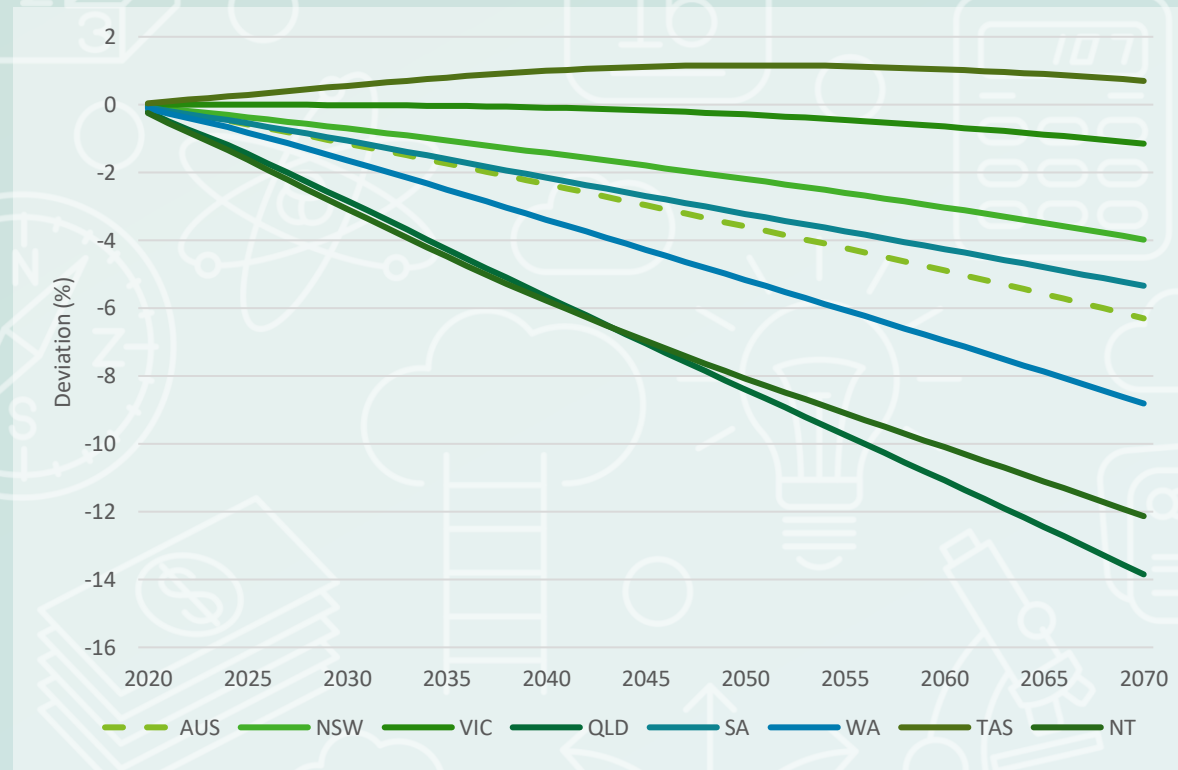
in Australia's economy from unchecked climate change.

High level results of unchecked climate change

GDP



EMPLOYMENT



The industries hardest hit:



-\$350 billion

lost in **Mining**



-\$330 billion

lost in **Manufacturing**



-\$1.6 trillion

lost across the
Services sectors



-\$500 billion

lost in
Trade and Tourism

Tourism impacts

*In a world that has an emissions pathway that produces global average warming of **above 3°C by 2070**:*

- The Trade and Tourism industry experiences a loss of **\$500 billion** (in present value terms) in Gross Value Added (GVA as a measure of the industries output).
- That is an **average of \$20 billion lost** in the industry each year, out to 2070.
- This loss sees almost **190,000 jobs lost** by 2070.
- Trade and Tourism was in the top 3 hardest hit industries across all states, except for Tasmania.

What creates a new growth recovery?



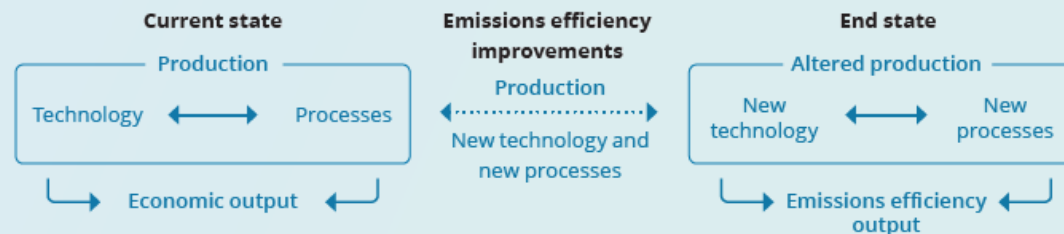
Energy system transformation and fuel switching

The decarbonisation of the electricity grid is a key enabler of fuel switching across the economy, and within industries, as firms and households substitute away from emissions-intensive fuel sources towards renewable electricity.



Technology advances driving emissions efficiency

Emissions efficiencies required for a net zero economy are driven by technological innovations; a result of incentives produced by a concerted effort by government to support a net zero transition.



A global sustainable recovery

Policy makers around the world have a once-in-a-lifetime opportunity to simultaneously boost economic growth, create sustainable jobs, build more resilient and cleaner energy systems and to steer global emissions into structural decline.

By 2070...

\$

680

Billion

and over

250,000
jobs added

to Australia's economy from choosing a new growth pathway.

In a world that has an emissions pathway that limits and maintains warming to 1.5°C by 2070, the Tourism industry will experience a net gain of \$71 billion (in present value terms) in GVA.

Key insights

- Climate change is not an economic scenario, it is the **baseline to make decisions against**
- There is **no free ride** for Australian industry or business
- The world is **changing** and we need to **keep up** to remain competitive
- **Net zero** is an **economic necessity**

Choosing change checklist:



1. Most to lose, most to gain:

Australia needs to drive the global agenda for action to mitigate climate change in the national interest.



2. What gets measured, gets done:

Australian governments need to understand the impact of climate change on their geographies and sectors. Understanding impact is the foundation for decision making.



3. Get on with it:

Business, industry and government need sector, organisation and economy-wide strategies to reach net zero emissions by 2050.



<https://www2.deloitte.com/au/en/pages/economics/articles/new-choice-climate-growth.html>

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