

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Australia and New Zealand Banking Group Limited

ANZ22QW: Global emissions targets

(a) Regarding the statement from APRA that “it is estimated that in order to have a two-in-three chance of keeping global warming below two degrees we need to restrict future global emissions to around 800 gigatons of CO₂”, given the bank’s commitment to keeping global warming below two degrees, does the bank agree with the carbon budget set out by APRA?

(b) If the bank does agree, what does the bank consider to be the implications for Australia’s fossil fuel consumption and exports? Does this pose any risk for the bank?

(c) If not, why not and what global carbon budget does the bank consider to be consistent with the two degree limit endorsed by the bank?

Answer: We are aware of the ‘carbon budget’ referenced by APRA, along with other estimates that have been produced.

We do not consider it is our role to publically forecast the potential implications of ‘carbon budgets’ for Australia’s consumption and exports. We note the Australian Government’s Department of Industry publishes forecasts for Australian export volumes and values for key resources and energy commodities, which take into account government policies that restrict carbon emissions.

We note the International Energy Agency’s 2016 World Energy Outlook considers three scenarios and their impact on global energy demand and carbon emissions. These scenarios are used by many governments and industry to formulate long-term policy.

ANZ’s exposures to the most carbon-intensive forms of energy generation have declined over the past year, partly as an outcome of active portfolio management, informed by our industry credit strategies. The credit strategies reference ANZ’s Climate Change Statement and relevant ‘sensitive sector’ policies. They reflect risks associated with climate change and influence decisions about ANZ’s business strategy and capital allocation. Our exposure to resources, including coal, oil and gas, decreased by 10% in 2016.