DOI: 10.54254/2754-1169/93/20241052

Transforming Australia's Energy Landscape: Corporate and Government Strategies for Sustainable Development

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Abstract: This paper examines the critical role of Australia's traditional energy sector in the global climate crisis and explores corporate and governmental strategies to mitigate environmental impact while promoting sustainable development. It highlights the significant adverse effects of climate change exacerbated by the activities of energy, mining, and transportation sectors, which have been amplified due to insufficient regulatory frameworks and corporate malpractices. The analysis underscores the consequences of neglecting environmental protection, including increased regulatory pressures, stakeholder discontent, and consumer distrust. The paper discusses comprehensive measures that can be adopted by corporations and enforced by the government to address these challenges. These include integrating environmental concerns into business philosophies, transitioning to renewable energy, and stringent oversight of corporate practices. By fostering a cooperative relationship between the government and the energy sector, the paper argues for a strategic overhaul to achieve emission reduction targets stipulated in the Paris Agreement and ensure the sector's transition towards environmentally sustainable practices. Through this transformative approach, Australia's energy companies can align profit with planet, thereby securing long-term economic, social, and environmental benefits.

Keywords: Regulatory Pressures, Stakeholder Discontent, Consumer Distrust

1. Introduction

In recent years, global climate change has become more extreme, causing significant adverse effects on people's livelihoods and the development of agricultural economies [1]. The outcome of climate change is influenced to a large extent by the businesses involved such as mining companies, energy companies, and the transport sector [2]. The issue of climate change as a result of the operation and development of Australia's traditional energy enterprises, which are based on fossil fuels, is a persistent and difficult problem to solve. As industrialisation progresses, more and more Australia's traditional energy companies are required to produce on a larger scale, which leads to large emissions of greenhouse gases and this makes the climate problem not only unmitigated, but a responsibility that is shifted between countries and between companies. The reason behind this is due to the poorly formulated environmental regulatory laws by the government and the connivance of corporate managers to take advantage of the loopholes in them to violate the law and ignore the harsh effects of the climate crisis [3]. In addition, some energy businesses have ignored the needs of consumers for a living environment in order to maximise profits. This paper outlines the negative impacts of

Australia's traditional energy companies' lack of attention to environmental protection and neglect of consumers' needs for a quality living environment, and how companies can effectively address these issues through changes in business philosophy and improvements in government environmental laws. This paper focuses on two issues that arise for Australian energy companies as a result of climate change issues. The first is that companies' lack of attention to environmental protection will lead them to bear the corresponding negative impacts, and the second is that consumers have a negative impression of the companies concerned due to environmental issues and climate change. It will also discuss efforts to change corporate perceptions of environmental protection and related measures, as well as government efforts to address the issue by improving laws and strengthening oversight of corporate behaviour. The focus on climate change issues not only contributes to the sustainable development of Australia's traditional energy companies, but also reflects their sense of social responsibility. Problems caused to the environment in business operations need to be identified and addressed in a timely manner.

2. Literature Review

2.1. Regulatory Pressures

Regulatory frameworks play an important role in guiding corporate behavior, and there is a direct correlation between industry practices and regulatory scrutiny, suggesting that stringent regulation is forcing energy companies to adopt more sustainable practices [2]. This is consistent with the broader finding that traditional energy companies face increasing regulatory pressure, which not only requires compliance in corporate behavior, but also affects corporate sustainability strategies.

2.2. Stakeholder Discontent

Studies have shown that stakeholders are becoming increasingly dissatisfied with the environmental practices of energy companies. Greenhouse gas (GHG) emissions have serious impact implications for society, which not only exacerbate climate change, but also affect public health and safety [4]. And divestment campaigns and consumer boycotts emphasize the changing expectations of stakeholders and their impact on corporate policies [1].

2.3. Corporate Adaptation Strategies

The shift to a sustainable model requires a profound change in corporate strategy and culture. Effective communication and the embedding of green policies in the corporate philosophy are key to successful adaptation [5]. In addition, ExxonMobil's case shows that the industry can reduce its carbon footprint by investing in renewable energy and clean technology [6].

2.4. Government Policies

Government policies play a crucial role in shaping the business environment for energy companies. The Australian Government's action exemplifies efforts to strengthen regulatory frameworks and support industry transition towards lower emissions [7]. The effectiveness of these policies, however, requires rigorous enforcement and continuous adaptation to emerging scientific and technological advancements.

3. Analysis

3.1. Regulatory Pressures on Traditional Energy Companies

The lack of attention to environmental protection in Australia's traditional energy companies can lead to negative consequences and pressure from the regulatory system. In addition to making a profit, companies need to be ethical and socially responsible, working together with governments and people to promote sustainable development. Inappropriate operations in relation to climate change will lead to increased regulation by environmental and business authorities, and companies will face increased costs if they wish to change their business strategies to become more environmentally friendly [2]. For example, according to the article named “A benchmarking framework to evaluate business climate change risks: a practical tool suitable for investors decision-making process”, it analyses the enterprise risks related to government regulations, that is, regulation climate change risks. This article quantifies the correlation between various industries and regulatory risks, and then ranks them from high to low according to the correlation. The findings of the research indicate, it is rational that the mining and the oil sector achieved higher average scores in relation to other sectors due to the tougher environmental legislation that they face [2]. This data reflects that energy companies are more sensitive to the regulatory system than other industries. Traditional energy enterprises' lack of attention to climate issues upfront will inevitably lead to greater regulation and costly changes to existing industrial systems at a later stage. In addition, the lack of attention to climate issues will lead to a lower level of consumer acceptance.

3.2. Stakeholder Discontent with Energy Sector Practices

The negative impact of business operations on the climate will trigger stakeholder resentment towards the Australia's traditional energy companies. The massive greenhouse gas emissions of companies will lead to high global temperatures and extreme weather that will seriously threaten people's normal lives and even lead to the death of some vulnerable people [4]. There have been numerous boycotts of energy and mining companies by environmental groups around the world, demanding that they reduce their greenhouse gas emissions and reform their industrial structures. Stakeholders are also considering the social responsibility of the energy company and its responsibility for the environment when making purchases or invests. Companies that have a detrimental impact on the climate will not be given priority by stakeholders. For example, according to a 2016 report, Australia has the highest per capita divestment of any developed country. More than 140 institutions, including pension funds, local governments, universities, and businesses, have pledged to divest from fossil fuel companies. Between 2011 and 2022, more than 8,700 megawatts of fossil-fuel capacity have been withdrawn or decommissioned. This equates to 19.3 percent of NEM's total generating capacity in the 2017-18 financial year. Similarly, investment in coal capacity has fallen sharply since 2009-10, and coal-fired power has been withdrawn from the market in most years [1]. Stakeholders and consumers are the most important part of a company's profitability and growth, and as people around the world become more environmentally conscious, energy companies that are not environmentally conscious are bound to be boycotted by stakeholders. It is important for energy companies to make reasonable adjustments to their industrial structure in order to reduce the impact of their operations on the environment.

3.3. Transformative Strategies for Energy Companies

The best way to tackle climate change is to change the mindset and industrial structure of Australia's traditional energy companies’ managers. Corporate executives need to adapt to the times and incorporate environmental concepts into their business philosophy and day-to-day supervision so that they can drive industrial change throughout the company. The development of renewable energy will enable Australia's traditional energy companies to reap the benefits of the new energy era and increase shareholder and consumer satisfaction [5]. For example, ExxonMobil has made significant investments in restructuring its industry, power generation and commercial transportation sectors, where emissions are highest. It has also made significant efforts to develop carbon capture, biofuel, hydrogen, and energy-efficient process technologies. Over the past 20 years, ExxonMobil has reduced or avoided approximately 480 million tons of CO_2 emissions and reduced greenhouse gas emissions by 5% [6]. Corporate industrial reform responds to the urgent need for a better living environment and will be widely recognized and supported by society [8]. In addition, governments need to strengthen the regulation of relevant Australia's traditional energy companies to ensure that they are reducing their impact on global climate issues.

3.4. Government Policies to Enhance Environmental Compliance

Australian Government could develop strong policies for traditional energy businesses to comply with environmental protection laws and regulations and to monitor their progress at all times. Under the Paris Agreement, countries are obliged to take measures to reduce greenhouse gas emissions, both domestically and globally [9]. This requires the government to formulate appropriate policies to regulate the unreasonable production practices of traditional energy enterprises and require them to make adjustments. Secondly, the government also needs to follow up on the greening of industries to ensure that they are really doing it. For example, Australia has a strong policy framework in place to meet the 2030 targets, centered on the Emissions Reduction Fund and its safeguards mechanism. In the interim, the Government will continue to consult on and implement initiatives that will achieve low-cost emissions reductions and other co-benefits. These include working with the Australian Government's Council of Energy Ministers to develop a national energy production plan, phase out potent hydrofluorocarbons, meet renewable energy targets, develop strategies to improve the use of solar and other renewable energy sources, and develop a road map for low-emission technologies [7]. Many traditional energy businesses, in pursuit of their own profitability, are bound to continue their business activities that are harmful to the air through loopholes in the law. It is therefore important that the government enacts strong and well-defined laws, and that there is ongoing regulation, so that business practices can be effectively stopped.

4. Conclusion

The global climate problem is already very serious, and Australia's traditional energy companies have a major responsibility for it. By adapting themselves, energy companies can not only help to solve the global climate change problem, but also promote internal industrial upgrading, gain more profit and achieve sustainable development. Government regulation can help energy companies to accelerate the process of reforming their renewable energy business and achieve the emission reduction targets set out in the Paris Agreement sooner. However, the process of industrial restructuring is often accompanied by multiple conflicts of interest, which exposes energy companies to pressure from multiple stakeholders and makes the industrial reform process inefficient. In addition, some multinational Australia's energy companies will face additional problems in dealing with different laws and regulations due to the differences in emission reduction measures between countries. Energy companies need to be more aware of people's desire for a better living environment, actively engage with government and civil society organizations, and conduct internal meetings to upgrade and reform their industries. They also need to adapt to the regulations of different countries to better suit local environmental practices and avoid other problems.

DOI: 10.54254/2754-1169/93/20241052

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