



KEEPING US UP AT NIGHT

The big issues facing
business leaders in 2022

KPMG

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INTRODUCTION



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After a COVID-19 induced pause, welcome back to KPMG's 'Keeping Us Up at Night' New Year survey, in which we uncover the key issues as Australia's business leaders see them.

The pace of economic recovery globally remains linked to countries' relative speed in vaccinating their populations. New variants of the coronavirus are likely to emerge in the months and years ahead; but hopefully the threat to life of each variation becomes lower and lower so that, at worst, this pandemic transforms into an endemic, or at best, peters out.

We, as a social and business community, have lived with the potential spectre of damaging risk on a daily basis for the past few years. The premise of understanding risk and consequence was the genesis of this survey of Australian C-level leaders when it was launched in 2017. The new report has expanded the respondents to include emerging leaders and Non-Executive Directors (NEDS), as well as current CEOs.

Highlighting issues that keep us up at night has been intended to let leaders know that they're not alone in being concerned about specific risks, and that there is an array of potential solutions to help manage those risks. A formalised "a problem shared is a problem halved", if you will.

But for the 2022 edition of the survey, we decided to add another dimension to the questionnaire: rather than focusing solely on the downside of business risks we also asked respondents to tell us what areas of social change they are hoping to see develop to have a positive effect on how we all live, work and play.

The great existential threat of our lifetime – global warming and climate change – must also be an opportunity to contribute to improving the outlook, via transformation and reversal. Not only is working on climate change and energy transition seen as a social benefit, but it is also recognised as a key area for potential economic opportunities.

Researching and developing new technologies, bringing electricity costs down as renewable energy becomes more cost effective, and implementing adaptive behaviours are viewed as catalysts for change that are also likely to provide economic stimulus for those supplying and consuming the 'new world' services.

The overwhelming issue which nearly two-thirds of respondents identified as both an immediate and short-term challenge is access to talent.

The response to the coronavirus of closing our borders is now leaving businesses across the board urgently requiring additional people resources. But the challenge is more than just simple numbers; it is also about skills and talent, and this extends beyond new hires and into re-training and re-purposing existing staff as market demand increases and evolves.

Digital transformation, the number one issue facing Australian business leaders in 2020, has remained a core concern in 2022, but with a twist. Two years ago, digital transformation risk was primarily about implementation; enabling IT to deliver much awaited productivity gains and engender workplace flexibility.

Today, the risk associated with digital transformation has moved into a different phase as many organisations have been forced to embrace new technologies and ways of working to navigate COVID-19. The risk today is more about optimising outcomes and extracting organisational value from change that has already occurred.

We have prepared a summary report with a focus on the risks and opportunities for business in the coming few years. Our analysis includes commentary from KPMG specialists on the top three focus areas identified – Talent; Digital Transformation; and Environmental, Social and Governance (ESG).

We hope you find this report valuable and can embrace the optimism of Australia's business leaders for change and opportunities as the world manages through this global pandemic.

KEY FINDINGS

KEY CHALLENGES FOR 2022 & FOR 3-5 YEARS BEYOND

TOP 5 CHALLENGES IN 2022

69% Talent acquisition, retention and re/upskilling to meet a more digitised future.

50% Dealing with cyber vulnerability.

48% The challenges and benefits of employees working remotely.

44% Digital transformation & optimisation and extracting organisational value from it.

34% Dealing with evolving regulatory processes, reporting changes & impacts.

TOP 5 CHALLENGES IN 3-5YRS

48% Digital transformation & optimisation and extracting organisational value from it.

47% Talent acquisition, retention and re/upskilling to meet a more digitised future.

42% Identifying & growing future market segments and/or innovation opportunities for growth.

42% New technologies (AI, machine learning, blockchain & distributed ledger technology, quantum computing) and the ethics and issues that arise when implementing.

35% Dealing with cyber vulnerability.

ALL RESPONDENTS - % SAY TOP 5 CHALLENGE FOR THEIR ORGANISATION

ALL RESPONDENTS % SAY TOP 5 CHALLENGE FOR THEIR ORGANISATION	TOP 5 CHALLENGES IN 2022	TOP 5 CHALLENGES IN 3-5YRS
Talent acquisition, retention and re/upskilling to meet a more digitised future.	69%	47%
Dealing with cyber vulnerability.	50%	35%
The challenges and benefits of employees working remotely.	48%	10%
Digital transformation & optimisation and extracting organisational value from it.	44%	48%
Dealing with evolving regulatory processes, reporting changes & impacts.	34%	30%
Designing and implementing an ESG strategy that will deliver benefits in short & long term.	32%	33%
The need for greater agility and flexibility in your organisation to meet opportunities and challenges.	32%	29%
Balancing short term versus long term value creation in your organisation.	26%	25%
Building diversity into leadership and talent mapping.	25%	29%
Building greater purpose into organisational culture.	24%	24%
Identifying & growing future market segments and/or innovation opportunities for growth.	23%	42%
Genuinely embedding innovation into your organisational culture and practices.	22%	34%
Operating within a political, social & business environment that expects greater transparency.	20%	34%
De-risking supply chains.	20%	17%
New technologies (AI, machine learning, blockchain & distributed ledger technology, quantum computing) and the ethics and issues that arise when implementing.	15%	42%
Sourcing investment to fund growth opportunities.	11%	16%
Other	4%	4%

KEY FINDINGS


MOST SIGNIFICANT SOCIAL BENEFIT & CHALLENGES


TOP 5 SOCIAL BENEFIT & CHALLENGES

72%  Embracing the economic opportunities that climate change & energy transition presents.

61%  Preparing for a future skills gap - technology, data scientists, health workforce shortfall.

45%  Shifting levels of regional/global tension/cooperation.

39%  Building and managing physical & digital infrastructure to fuel productivity & growth.

34%  Shifts in intergenerational equity - the balance of financial burden on younger versus older generations.

ALL RESPONDENTS - % SAY TOP 5 CHALLENGE FOR THEIR ORGANISATION

SOCIAL ISSUE	TOP 5
Embracing the economic opportunities that climate change & energy transition presents.	72%
Preparing for a future skills gap - technology, data scientists, health workforce shortfall.	61%
Shifting levels of regional/global tension/cooperation.	45%
Building and managing physical & digital infrastructure to fuel productivity & growth.	39%
Shifts in intergenerational equity - the balance of financial burden on younger versus older generations.	34%
Dealing with future income and wealth inequality.	32%
Meeting the challenge of migration and demographics.	26%
Closer collaboration between the public and private sectors in dealing with challenges.	26%
Changing citizen dynamics - the shifting balance between personal benefits versus community benefits.	23%
Opportunities & challenges presented by policy shifting to deal with a long-term debt horizon.	22%
Importance and practicability of flexible education and retraining.	20%
The transition from shareholder to stakeholder value.	19%
Strengthened or weakened Federation following the Pandemic.	19%
Social impact of autonomous vehicles, Internet of Things and a different physical world.	16%
Feasibility of maintaining near full employment in the longer term.	14%
Equality of parenting responsibility to reduce the gap between male and female participation.	14%
Other.	3%

SURVEY FINDINGS

**KPMG
BUSINESS
LEADERS
SURVEY**

WE ARE IN THE ERA OF TALENT

This is the stand-out message from KPMG's survey of over 400 Australian business leaders undertaken shortly before Christmas 2021.

MAIN CONCERNS FACING THEIR OWN ORGANISATIONS

TALENT

(including acquisition, retention and re-skilling/upskilling to meet a more digitised future) was this year's biggest challenge, with

69%
NOMINATING
THIS ISSUE.

The executives were asked what they saw as the key challenges facing their organisations both in 2022 and in the next 3-5 years. Overwhelmingly talent (including acquisition, retention and re-skilling/upskilling to meet a more digitised future) was this year's biggest challenge, with 69% nominating this issue, ahead of the second-placed concern, cyber vulnerability (52%).

The rise of talent as the key issue, as Australia emerges from COVID-19 lockdowns, is shown clearly by comparison with previous editions of this survey. In the January 2020 report it came 10th while in 2019, business leaders placed it 15th in their priority list.

In third place for this year was the challenge (and benefits) associated with remote working, while digital transformation (optimisation and extracting organisational value from it) came in fourth at 44%.

But the key difference was in the longevity of respective top four issues – while digital (48%) and talent (47%) remained the top two concerns among executives looking ahead 3-5 years, cyber vulnerability fell to 35% and the remote working issue plummeted in perceived importance to just 10% in the medium term.

It appears business leaders believe that the present fears over cyber-security will be at least partly resolved over the next few years, while the current debates over flexible working and the

degree to which staff will come back to the office will be answered one way or the other by 2026.

Talent and digital transformation, on the other hand, were ongoing issues facing all organisations.

The two are connected, given that upskilling to meet a more digitised future was one of the central planks of the concern over talent. And when the questions moved from respondents' own organisations to their views on society's challenges, the skills gap was the second highest nomination, with Australia facing a lack of data scientists and technology specialists.

Another important aspect to the findings was the areas that came unexpectedly low in the polls for 2022, but which took on more significance in 3-5 years' time.

The most notable was growth. Identifying and growing future market segments and/or innovation opportunities for growth score just 23% for 2022 but was up to joint third (42%) in 2026.

It seems clear from this finding that the key concern for many business leaders for this year is fully emerging from the shadows of lockdown and meeting current demand, rather than focusing too much on the medium-term. Given rising wages, lack of skilled staff and the much-trumpeted 'great resignation' it may be the priority of many executives is having sufficient staffing to service existing custom.

Only over the next 3-5 years will growth and innovation again be priorities. Concern over genuinely embedding innovation into your organisational culture and practices was quite low now (22%) but rises to 34% in 2026.

The same can be said for new technologies such as AI, machine learning, blockchain and distributed ledger technology and quantum computing, and the ethics and issues that arise when implementing them. In 2022, these are way down the list (15%), but rise to joint third (42%) by 2026.

There does seem from our survey a feeling of caution now, but innovation and growth to come.

In other notable findings, designing and implementing an ESG strategy was in sixth place, both now and in 3-5 years. This would seem to suggest that it is now an accepted important issue facing executives and will continue to be an ongoing key priority for all companies in future years.

Concerns over supply chains were surprisingly low, only 20% now and 17% in the near future. The *KPMG 2021 CEO Outlook*, released last September, had this issue in the top three list.

CHALLENGES FACING AUSTRALIA

Embracing the economic opportunities that climate change and energy transition present was a clear top challenge at 71%. Preparing for a future skills gap – technology, data scientists, health workforce shortfall – was second at 61%.

Given that international co-operation will be crucial in meeting decarbonisation targets, it was sobering that shifting levels of regional/global tension was regarded as the third biggest challenge facing Australia, with 45%.

With growth regarded as more of an issue for the near future rather than immediate, it was perhaps understandable that building and managing physical and digital infrastructure to fuel productivity and growth was fourth, with 39%.

Notably the fifth and sixth highest concerns expressed by business leaders both focused on issues of inequality. Shifts in intergenerational equity – the balance of financial burden on younger versus older generations – was nominated by 34%, while dealing with future income and wealth inequality was at 32%.

It would seem the current housing price boom has caused this concern, with rising fears that young people will find it impossible to do as their parents did and get onto the property market.

Again, it was interesting to see the issues that had not raised major concern. Only 22% mentioned the long-term debt repayment post-COVID-19, and just 19% raised the issue of the federation, which many commentators believe has come under strain during the pandemic response.

But whether it is executives' views of their own organisations, or more widely across society, the battle for talent and skills is the number one issue both for 2022 and in the next 3-5 years. From an economic perspective, the skills shortage is already leading to higher wages for workers in demand, combined with the lack of migration due to closed borders.

Longer-term, the pandemic-induced trends of people wanting to work locally rather than commuting to CBDs and younger staff increasingly wanting to work for companies that share their values will make staff retention an equally crucial issue for years to come.

**WE HAVE SELECTED THREE
KEY ISSUES TO FOCUS ON
IN MORE DETAIL.**

TALENT & DIGITAL DISRUPTION

These were seen by business leaders as the two top ongoing issues over the next few years.

While cyber-vulnerability and the challenges posed by remote working were 2nd and 3rd for 2022, leaders' responses indicate they believe cyber will start to decline in the priority list, while flexible working is not seen as an issue of longevity.

ESG

on the other hand is now a permanent top-order issue for all businesses.

KEY ISSUE 01

JANE GUNN,
PARTNER IN CHARGE,
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STEFANIE BRADLEY,
PARTNER IN CHARGE,
ENTERPRISE TRANSFORMATION

TALENT

COVID-19 HAS DISRUPTED THE LABOUR MARKET IN AUSTRALIA IN A COMBINATION OF WAYS THAT WERE UNFORESEEN AT THE START OF THE PANDEMIC.

An interesting feature of these disruptions is that they have occurred in both the demand side and the supply side of the labour market, which has made it very difficult to predict how employment and unemployment would respond through the health crisis.

In “normal” business cycle downturns the fall in household and business demand generally results in increased unemployment and a withdrawal of workers from the labour market (lower participation). Even when the economy is experiencing periods of slow growth, Australia has always taken in foreign workers to augment our skills, capabilities, and capacity.

However, in every sense of the word, the last few years has been anything but “normal”. Australia’s economy experienced a sharp downturn in activity in the middle of 2020, with a further downturn in the second half of 2021 (especially in New South Wales, Victoria and the ACT), but this contraction was induced through the adoption of health risk mitigation strategies put in place to limit the spread of coronavirus. Simply, the recent downturns in Australia emanated from the supply-side of the economy.

The Government’s response during this period has also been central to the minimising of economic harm. Consistent with the saying attributed to Greek philosopher Hippocrates, “desperate times call for desperate measures”, government policy in Australia adopted never-seen fiscal and monetary responses, including JobKeeper, JobSeeker, and cash rate settings at the effective lower bound, which

were all aimed at keeping the economic structure together as much as possible through this period of great uncertainty.

And it worked.

The labour market saw an initial decline in the number of people employed by around 850,000, with a corresponding increase in the unemployment rate from 5.1% at the start of 2020 to 7.4% by the middle of the year. While the economy is still in recovery mode, the labour market has strengthened through most of 2020 and 2021, with total employment at the end of October 2021 just slightly shy of the pre-COVID-19 peak of nearly 13 million.

By comparison, in the last economic downturn, the unemployment rate peaked at 11.2% at the end of 1992, and it took more than 3 years for total employment to reach pre-recessionary levels again and nearly 10 years for the unemployment rate to fall below 7%.

In practical terms, Australia’s labour market has largely emerged through the pandemic unscarred; household and business demand, which has broadly held up in the downturn, is now returning and consumers are wanting to purchase a vast array of goods and services.

However, one policy response adopted during the pandemic – border closures - has been a strong factor in minimising the spread of COVID-19 in Australia, but has also had the effect of negatively impacting the domestic labour market.

Closing borders to foreign migrants and returning Australian residents, combined with the leakage of foreign workers returning to their home country during pandemic, has seen net overseas migration fall by nearly 100,000 people during the 12 months to the end of March 2021.

Australia has benefited from foreign workers migrating here since the post-European settlement. Skills, experiences, culture, and ideas have morphed from and between migrant groups in Australia to our resident population, lifting productivity, living standards and ultimately wages in the process.

These benefits have been on pause for the past 2 years. And that pause is now seeing business leaders scramble for the talent they need to fulfill the latent and future demand that is now coming from domestic consumers and foreigners seeking to import goods and services produced here.

Texas A&M University's Anthony Klotz coined the term 'the great resignation':- however, data indicates that this is not yet occurring in Australia. ABS figures show that 7.5% (975,000) of employed people changed employers or business in the 12 months up to February 2021. This was the lowest rate of job mobility on record in the annual series. The data shows that job mobility fell in five of the eight major occupation groups in Australia in the year to February 2021, with the largest decline in managers (7.3 per cent to 5.2 per cent); professionals (8.0 per cent to 6.5 per cent); and machinery operators and drivers (9.4 per cent to 7.9 per cent), which were also occupations less impacted by falls in employment early in the pandemic.

While some believe that this is just because the data hasn't yet been captured for 2021, others, such as the researchers at the University of Melbourne, argue that there are important differences with the labour market in Australia, including better employment conditions and greater access to childcare, something which wasn't as much as an issue for people when they could work from home.

Nevertheless, there is little debate about the need for employers to support people to come back to workplaces and for workplaces to be a more attractive place for talented people. Indeed, Anthony Klotz noted that the great resignation in the US is both a result of people choosing to quit, along with burnout and a rethinking of work-life balance that followed COVID-19.

So, it appears that the immediate demand for employers is to find ways to ensure that they can support workers to continue to have the flexibility of having more choice about where and when they work, rather than this being imposed on them. For example, 70% of people in one study suggested that being able to work from home is one of the top criteria for choosing a job. So there clearly an 'employee value proposition' reason for continuing to allow for some working from home.

This would appear to be particularly important for those occupations that are on the Australian National Skills Commission 2021 skills priority list – those with current shortages and a strong future demand. These include, for example, ICT, engineering, a range of health services including psychologists and pharmacists, and some which simply can't be done remotely such as childcare workers, arborists, locksmiths and chefs.

We would argue that the issue for employers is more about the "great renewal" – focusing on purpose, reskilling, working to create impact, understanding value and, via digital and ESG, finding better ways to connect with stakeholders, customers and employees.

In our experience, working with our clients there are a number of key elements to building an employee value proposition for this new world of work and to supporting leaders in organisations to embrace the best of digital working that people valued in lockdown.

First, be clear on why it's important to renew and even completely reimagine how we engage in work. What is your purpose as an organisation? Why is that purpose served by a new way of working? How does that support the culture you need to be effective in delivering to your customers or to your clients? For example, is collaboration a part of the culture that you need to thrive?

Arguably, for most organisations, collaboration is important to generate creativity and innovation. This suggests a work parameter that sometimes we need to be in the office; our lived experience has shown that collaboration is harder when not in person because the human connection is just not as strong. Not being clear on the 'why' will make it hard to encourage some people to fully participate in the workplace.

Second, based on this, establish organisational principles and parameters and articulate them in a way that connects people to the 'why' they come to work.

Third, support leaders to have conversations with their people that facilitate 'agency'. That is, the idea that, within parameters established through points 1 and 2, people have had choices and they don't want them taken away. They will resist having the decision taken off them.

Fourth, demonstrate the value: facilitate bringing people together for reasons that make sense and that are attractive. A New Year is starting – a good time to encourage people into the office to start the year positively.

And finally, consider the use of space; how does the space in your buildings need to change and adapt so that it is both an attractive, and productive place to be.

Raising the importance of ensuring workers are invested in goes beyond filling existing roles and into the identification of skills and capabilities to fill the coming future demand for jobs in the industries for tomorrow. Climate change, technology, AI, space, circular economy, electrification are merely a few of the sectors demanding highly skilled, highly motivated workers.

Australia will be competing with other nations for the same skilled, motivated workers, and so it will also need to produce more with what we already have.

So, in addition to the immediate work to ensure that employees retain the flexibility that contributes to their desire to work for an employer, re-training, and re-skilling need to become the focus of business leaders. Plus capturing the best and brightest from new cohorts of workers, whether they be home grown or foreign.

This year's survey has shown business leaders are already attuned to this shift in mindset, noting that the next few years will require them to ensure workers have more holistic opportunities, beyond pay rises and job stability.



**JAMES MABBOTT,
PARTNER IN CHARGE,
KPMG FUTURES**

KEY ISSUE 02

DIGITAL TRANSFORMATION AND OPTIMISATION

SINCE THIS SURVEY STARTED FOUR YEARS AGO,
DIGITAL TRANSFORMATION AND OPTIMISATION
HAS BEEN THE NUMBER ONE ISSUE CAUSING
BUSINESS LEADERS CONCERN.

Worries about whether existing digital platforms are keeping up with customer demand, and competitor investments, and concerns about whether the cost of expensive IT transformations will provide an appropriate return on investment have been at the heart of why business leaders lose sleep over this issue.

Alongside these concerns sits the ever-present threat of new more agile competitors emerging built on modern digital platforms.

The responses to KPMG's 2020 survey began to show a maturity in understanding what Digital Transformation was, and what it was not. Whole-of-business applications; connectivity from the moment a customer engages with the business to ultimately when its order has been delivered; employment engagement and empowerment through the use of information technology were all ideas and concepts that began to more readily appear in survey responses. Optimisation was recognised as being more than a 'shiny new app' or understanding how bitcoin works.

The path to digital transformation enlightenment was quickening prior to the onset of the global coronavirus pandemic, but it was still at a slower pace of change, primarily dragged down on investment hesitancy.

COVID-19 has been the impetus for dramatic change in the adoption of digital solutions for not only business but for many parts of society. Government-enforced rules aimed at limiting the spread of the virus, including working from home, closure of all non-essential retail, and limitations on how far residents can travel from their homes forced business and households to engage with one another in new ways.

Moving from physical to digital has been the necessary solution. Large parts of the labour force who previously worked at the business premises were now being required to work remotely. IT systems which were designed to be a part of the workforce solution now became the solution. Adopting new work processes and practices that encouraged workers to stay at home were implemented quickly, not to show employer flexibility, but out of necessity.

Retailers quickly had to adjust to their primary sales channel being the internet. Integrated front-end ordering systems, linked to inventory controls, and back-end despatch systems enabled customer centric 'click-n-collect' and home delivery to be the norm (and for many the outlet to keep sane during the long periods of lockdown).

COVID-19 was the ultimate agent for both business and consumer behavioural change.

From a business leaders' perspective this has all been achieved quickly. The pandemic required the adoption of new technologies and the transformation of operating practices simply in order to survive. The return on investment test became irrelevant to some degree as businesses realised that they had no choice but to make the investment if they wanted to still be operating at the end of the pandemic.

It is this context that provides the logic behind why we would have expected to see this business risk fall down the list of business leaders' concerns, but not out of the list altogether. The first part of the traditional concerns raised by leaders on this topic – which and what investment to make – has largely been dealt with; but the second part of the concerns – whether the investment will provide an appropriate return – remains an operational challenge. This is the optimisation element of the risk.

Inherent to achieving optimisation is the recognition that optimisation is not just efficiency but that it also encompasses the experience of the organisation for customers and employees. The digital investments made now will drive customer acquisition, engagement and experience. Digital platforms will also enable employee attraction and retention. So another way to think about optimisation is that it is about achieving meaningful differentiation.

Business leaders are telling KPMG that the digital investments made during COVID-19 are not sunk costs; they remain live and very much at the front of executives' minds in terms of getting the most out of the new platforms. Harnessing information gathered through the pandemic; expanding the service offering within the system; and ensuring disparate systems within the business interconnect are all about ensuring productivity benefits will be realised in 2022 - or if not this year, then certainly well before 2026.

KEY ISSUE 03



**ADRIAN KING,
GLOBAL HEAD,
ESG &
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SERVICES**

ESG

CLIMATE CHANGE HAS CEMENTED ITSELF AS THE BIGGEST ISSUE, AND CONVERSELY THE BIGGEST OPPORTUNITY, FACING CORPORATE AUSTRALIA; AND IT'S THE LARGEST ISSUE BY A LONG WAY.

The COVID-19 pandemic has brought science and global action to the fore and has focused people the world over on another existential threat of a warming planet. While some of our respondents may have been influenced by the fact the timing of the survey was analogous to the build up to COP26 at Glasgow, the commentary contained in the detailed responses reveals the complexity and importance business leaders are now showing towards climate change.

While COP26 did not achieve as much as many of the world's political leaders wanted to see accomplished, it did however result in three major outcomes that will influence international and domestic climate change policy from today onwards.

First, not only was there a significant increase in ambitions announced, but there was also an acceleration in the next window to ratchet up these ambitions. Rather than waiting until 2025 to revisit nationally determined commitments (NDCs) for 2030 and beyond, it has now been agreed countries can do this at this year's COP27. The purpose of resetting NDC ambition levels upwards (from those which were originally set at Paris in 2015) is to keep "1.5°C alive"; a target which was never going to be possible based on original NDCs.

The second key outcome from Glasgow was the finalisation of Article 6, which will finally make the Paris Agreement fully operational. This part of the Paris Agreement sets out the rules and norms for the creation

and operation of international carbon markets, which will foster greater multilateralism in combating climate change. For Australia the operationalisation of Article 6 is expected to create substantial opportunities in the development of emission offsets and [carbon credits](#), fostering innovation, participating in new markets and opening up the country to play a bigger role in the global response to climate change.

Third, financing to enable the acceleration of climate change goals took a positive step forward at COP26; albeit with not as much funding being committed as many poorer countries had hoped for. Financial pledges from rich countries to help decarbonise poor countries and fund climate adaption projects were progressed at Glasgow, but the targeted US\$100bn per year funding pledge made in 2010 and the creation of "loss and damage" payments to poor countries has not yet been achieved.

The private sector, however, rose to the challenge and showed that there is plenty of private capital available through the Glasgow Financial Alliance for Net Zero. But what is also clear is that there is currently a lack of credible projects globally for those investment funds - this will mean we will see a global drive towards encouraging innovative climate change projects. Australia will potentially be able to benefit from this, given the Government's recent net-zero emissions by 2050 policy, that is heavily skewed to using and developing cutting edge technology to achieve this outcome.

We also expect to see the ESG focus within Australia transitioning from commentary into legislative frameworks and regulation, with state governments and the private sector continuing to push for change and domestic policy evolution. This evolution is also likely to be forced upon us from foreign jurisdictions who adopt schemes like Europe's Carbon Border Adjustment Mechanism.

With ESG evolving before our eyes, there are going to be advantages adopting first-mover actions over and above adopting the Task Force on Climate-related Disclosures (TCFD) recommendations.

Reimagining corporate strategy in a dynamic climate change market; seeking to harness international momentum; and benchmarking global peers are all activities Australian business leaders should be considering for 2022 and beyond – not only to minimise risks, but as this year's survey respondents have confirmed, to also create ongoing opportunities.

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