

Sustainable Business Practices is pleased to present a review of recent activities from government, the courts, business and research centres on issues relating to business sustainability.

Emissions reductions and renewable energy targets

Legislation:

South Australia – The “Climate Change and Greenhouse Emissions Reduction Bill 2006” was introduced to the House of Assembly on 6 December 2006.

The essential features of the Act are:

- By 2050 a reduction of GHG emissions of at least 60% on 1990 levels – “as part of a national and international response to climate change.”
- Renewable energy targets of 20% of both energy consumed and energy generated in South Australia by 2014.

Other renewable energy targets:

- Victoria - On 17 July 2006, the Victorian Government announced renewable energy target of 10% for 2016. According to the Victorian government, this will result in more than 3250 gigawatts of additional renewable energy, more than \$2 billion of new investments in renewable energy and savings of more than 27 million tons of greenhouse gases.
- New South Wales – on 9 November Premier Iemma announced the New South Wales Renewable Energy Target (NRET) requiring NSW energy retailers to source 10% of energy from renewable sources by 2010 and 15% by 2020. This is part of an overall target of reducing total NSW GHG emissions to 2000 levels by 2025, and by 60% by 2050. This will require an additional 1317 GWh of renewables by 2010 and 7250 GWh by 2020, reducing total GHG emissions by 115 million tons. An explanatory paper on the proposal is available at: www.deus.nsw.gov.au

It is worth noting that only the South Australian target covers both generation and distribution. The New South Wales and Victorian targets in relating only to supply means that those states are not necessarily committing to the development of renewable capacity, rather relying on demand pull to provide the incentive for establishment of renewable energy generation.

CoAG Reporting of emissions

In July 2006 CoAG agreed to adopt a single system for reporting GHG emissions at least cost and the least administrative burden for business.

A report is required by the end of 2006 proposing a system for streamlining emissions and energy reporting based on national purpose-built legislation to provide for cost effective reporting by companies as soon as possible. The National Pollutant Inventory (NPI) was not to be the means of reporting GHGs although the States and Territories reserved the right to use the NPI if the Commonwealth, States and Territories were unable to reach agreement on national legislation at the next CoAG meeting.

As at 20 December the requested report has not been made public.

Emissions Trading

Business Council of Australia President, Michael Chaney, in a speech to the BCA Annual Dinner on 13 November outlined for the first time BCA support for emissions trading. Although the suggested use of the AP6 grouping as the vehicle for establishing a pro-forma market as a pre-cursor to a global market will not meet with universal approval, this is an important policy shift by the BCA.

Prime Minister Howard’s speech to the same event announced the formation of an Emissions Trading Taskforce – the membership of the Taskforce was announced on Monday 11 December 2006. Members are Peter Shergold, Secretary of PM&C (Chair), Margaret Jackson (Qantas), Peter Coates (Xstrata Coal), Chris Lynch (BHP Billiton), Russell Higgins (Australian Pipeline Trust), Tony Concannon (International Power Australia), John Marley (Alumina), John Stewart (National Australia Bank), Ken Henry (Treasury), David Borthwick (Environment & Heritage), Michael L’Estrange (Foreign Affairs and Trade) and Mark Paterson (Industry, Tourism and Resources).

Responses to the discussion paper “Possible Design for a National Greenhouse Gas Emissions Trading Scheme” prepared by the National Emissions Trading Taskforce in August are due for submission by 22 December.

Sustainable Business Update

Legal Developments

The Grey v Minister of Planning case in NSW relating to Centennial Coal and the Anvil Hill coal mine has created considerable interest because of the suggestion that emissions from burning coal exported to other countries should form part of the environmental impact statement required under NSW law.

Whilst it is likely that the decision will be appealed and there is a possibility that recent legislative action may mean the Minister of Planning could ignore the decision and approve the mine proposal as is, there is significant moral pressure on the NSW Government to support action that encompasses consideration of the full life cycle of a development proposal.

From a business perspective the willingness of the Land and Environment Court to address global climate impacts stands as a warning that business should consider potential global impacts in their decision-making processes. Similar to Government there will be growing pressure on boards to take the same broad view of life cycle impacts into consideration when making decisions on projects.

Carbon Disclosure Project

The results of the global CDP were released in mid-October, including, for the first time, responses from the ASX100 and NZ50. 57% of Australian and 37% of the New Zealand companies responded. 94% of respondents identified climate change issues to be relevant to their business with 63% identifying specific risks and/or opportunities. The full report is available at www.cdproject.net/cdp4reports.asp

One of the interesting issues that arises from the CDP is the requirement of continuous disclosure under ASX Listing Rules. If a company has determined that climate change impacts are relevant to their business then continuous disclosure requirements may necessitate that the potential impacts are disclosed to the market.

CEDA Climate Change conference, Sydney, 27 November 2006

A well attended event with a broad cross section of the business community presenting and in attendance. An interesting feature was the acceptance of the science of climate change with the result that presentations focused on issues and possible actions necessary to find viable solutions. Whilst mitigation was an acknowledged critical issue, many of the likely consequences of climate change are built into the system such that adaptation is necessary in many areas and industries.

The Stern Review

The review by Sir Nicholas Stern was released on 30 October 2006 and is available at: www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm

The conclusion of the Stern Review is that "there is still time to avoid the worst impacts of climate change, if we take strong action now." This supports the report of the Australian Business Roundtable on Climate Change, released on 6 April 2006 and associated scientific and economic research by CSIRO and Allen Consulting are available at:

www.businessroundtable.com.au

Australia State of the Environment Report 2006

This report was released by the Commonwealth Government in early December. The report is available at: www.deh.gov.au/soe

The Energy Futures Forum

The final report of the Energy Futures Forum, "The Heat is On" has been published by CSIRO. The report is available at: www.csiro.au/csiro/content/file/pfnd.html

ABARE Report on climate change policies

ABARE have released this report (December 2006) by Guy Jakeman and Melanie Ford on the subject of "integrating developing countries into the architecture of policies". It is available at: www.abareconomics.com/interactive/ac_dec06/pdf/a1.pdf

We would be pleased to receive
any feedback you may have.

Sustainable Business Practices Pty Ltd
Level 7, 140 Queen Street, Melbourne Vic 3000
Phone: (03) 9602 3899 Fax: (03) 9670 8355
Website: www.sbpractices.com
ABN: 27 109 835 903

Melbourne: sbp@sbpractices.com
Sydney: bt@sbpractices.com
Adelaide: sf@sbpractices.com