

CONFERENCE COMMUNIQUE

Businesses target greenhouse gas cuts in Australia and New Zealand

Sydney 12 August 2010

Australia and New Zealand can cut their greenhouse gas emissions by at least 15% by 2020 in economically beneficial ways, according to business leaders at the *6th Australia-New Zealand Climate Change and Business Conference* in Sydney.

But to do so businesses in both countries need a carbon price and a full range of other measures tailored to the specific needs of each sector, speakers from major areas of the economy told the conference.

“Australia can learn from New Zealand’s experience implementing a price on carbon and New Zealand can benefit from Australia’s experience with complementary measures,” said Gary Taylor, chairman of the Climate Change and Business Centre.

“With the right policy mix, Australia could achieve a 25% reduction in emissions from 2000 levels,” Professor John Thwaites, chairman of ClimateWorks Australia, told delegates.

“This is based on our report *Charting a low carbon growth plan* which analysed 54 emission reduction opportunities across 10 sectors. The report is available at www.climateworksaustralia.org

“Each sector of the economy, though, has different opportunities and barriers to lowering emissions. Thus, federal, state and local governments must customise their policies and programmes for each sector to meet those needs.

“Business also needs to provide leadership, advocacy for action, low carbon growth plans and strategies to deliver sustainability goods and services,” Professor Thwaites added.

“Australia has very large scope for reducing emissions through energy efficiency,” said Jonathan Jutsen, executive director of Energetics, the major consultant to large businesses on energy and climate change.

“The Australian economy is only about 10% efficient – this means that 90% of the energy in the fuel we dig up is lost in the supply chain and end uses,” said Mr Jutsen.

A similar mix of measures would help New Zealand cut its emissions by the government's target of 10% to 20% by 2020 from 1990 levels," said Mr Taylor.

"New Zealand has made a good start by introducing an Emissions Trading Scheme, which is due to include all gases and all sectors. But to invest with confidence in cleaner, more competitive technologies, business needs greater long-term certainty on climate change policy and on allocation of free carbon credits to companies exposed to international trade," Mr Taylor said.

The urgent need for strong leadership by business and government and closer collaboration between them was a strong theme of the conference. Businesses have opportunities to improve profitably through acting on energy productivity. While a price on carbon will increase the justification for action, government policy changes are required to maximise carbon mitigation. These will help support a reinvestment program to allow industry to rapidly respond to a low carbon economy.

Murray-Goulburn, the leading Australian dairy processor, can reduce its emissions by 25% by 2020 through efficiency and other measures, Patten Bridge, its general manager of sustainability, told the conference. But the co-op would want regulations changed to support clean energy initiatives like cogeneration, rather than inhibiting them.

A panel of speakers for six major sectors said the government can accelerate adoption of cleaner, more efficient technology through the right mix of a carbon price and investment incentives, appropriate regulation and standards, simplification of approval processes, removal of barriers, enhancement of information, education and skills and more support for research.

A summary of opportunities and barriers across six major Australian sectors presented at the conference is found in the attached table.

A poll of conference delegates highlighted the wide range of climate change opportunities their businesses are pursuing. For example, 30% are engaged in energy efficiency and 16% in renewable energy, 17% want a cap-and-trade price mechanism and 9% a carbon tax, 20% want incentives, 19% want regulations and 16% funding help. The poll results are attached.

Next August, New Zealand will host the 7th *Australia-New Zealand Climate Change and Business Conference*. Delegates will have a chance to hear about New Zealand's evolving policies on cap-and-trade and other climate initiatives; and New Zealand delegates will hear about Australia's progress under its next federal government.

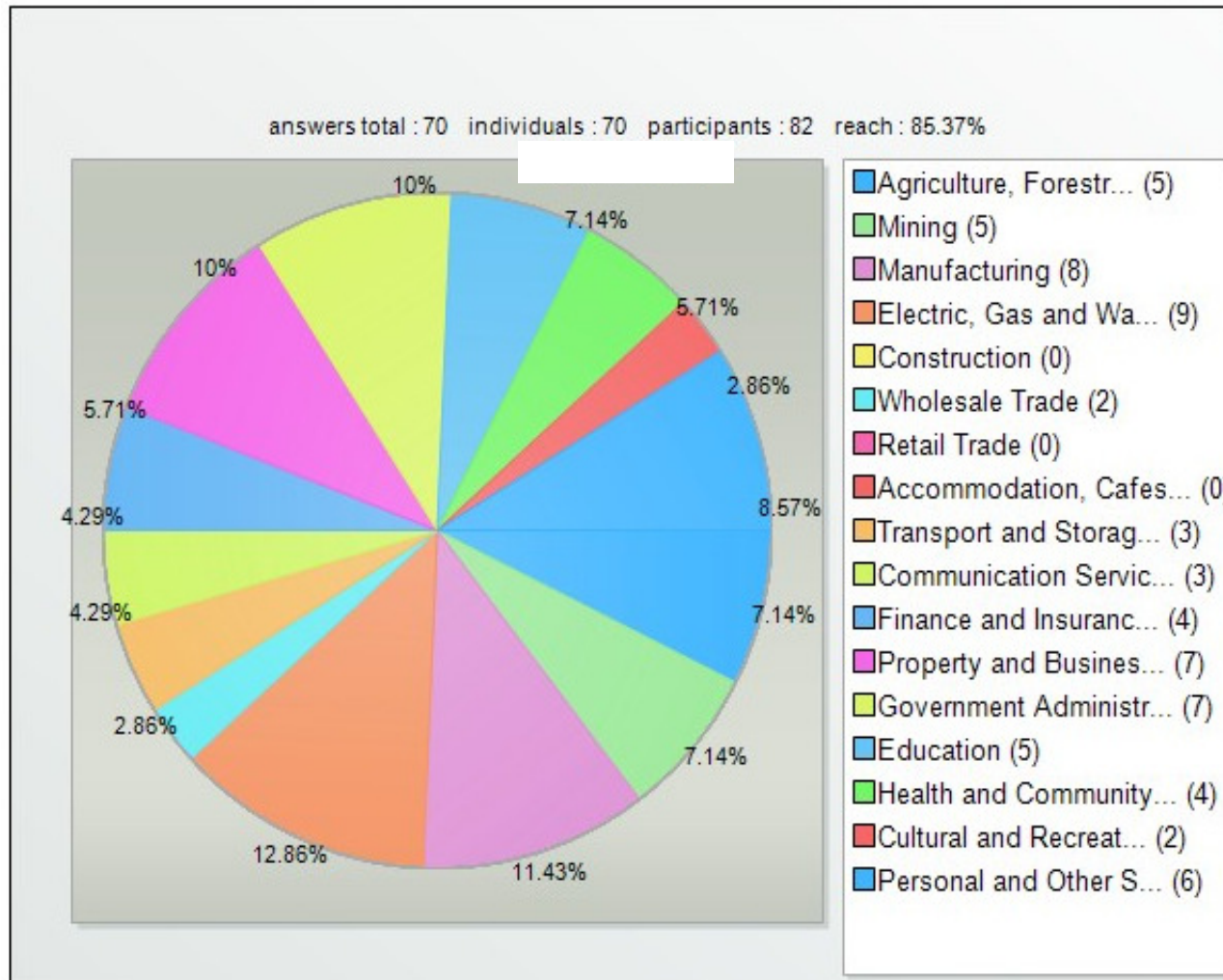
Contacts:

- Gary Taylor, chairman, Climate Change and Business Centre, Sydney and Auckland
Mobile +64 21 895 896; Email gary.taylor1@xtra.co.nz
- Jonathan Jutsen, Executive Director, Energetics, Sydney
Mobile +61 418 510 109; Email jonathan.jutsen@energetics.com.au

Sector	Reduction opportunities	Examples of Government help needed
<u>Power</u>	<ul style="list-style-type: none"> - At \$20/t carbon price gas will replace coal in new build electricity generation. - At \$50/t significant shift from coal to gas in base-load generation; and gives certainty to renewables. 	<ul style="list-style-type: none"> - Carbon price is essential to incentivise switch. - Energy efficiency measures help in short-term but not long-term solution.
<u>Transport</u>	<ul style="list-style-type: none"> - Small direct reductions e.g. fuel efficiency. - Also reductions from changing demand e.g. encouraging more walking, cycling, increasing car occupancy. - Greater benefits available through holistic approach, e.g. less congestion, better air quality. 	<ul style="list-style-type: none"> - Help change behaviour through incentives, regulations and gov't best practice e.g. with its vehicle fleets. - Work on integrating infrastructure e.g. upgrade electricity grid to facilitate renewable power for vehicles.
<u>Buildings</u>	<ul style="list-style-type: none"> - No carbon price needed for economically viable reductions; price would accelerate action. - Opportunities across commercial buildings, not just offices but also e.g. hotels, retail etc. - Retrofit commercial and residential because they will be most of the building stock in 2020. 	<ul style="list-style-type: none"> - Sector needs behaviour change to get bigger take up of opportunities. - Government can help with incentives, tax breaks, regulation, communication, education etc. and lead by example. - Introduce accelerated green depreciation. - Revise building codes – we're still creating buildings for climate of the 1960s. - Carbon prices makes cogen / trigen more viable.

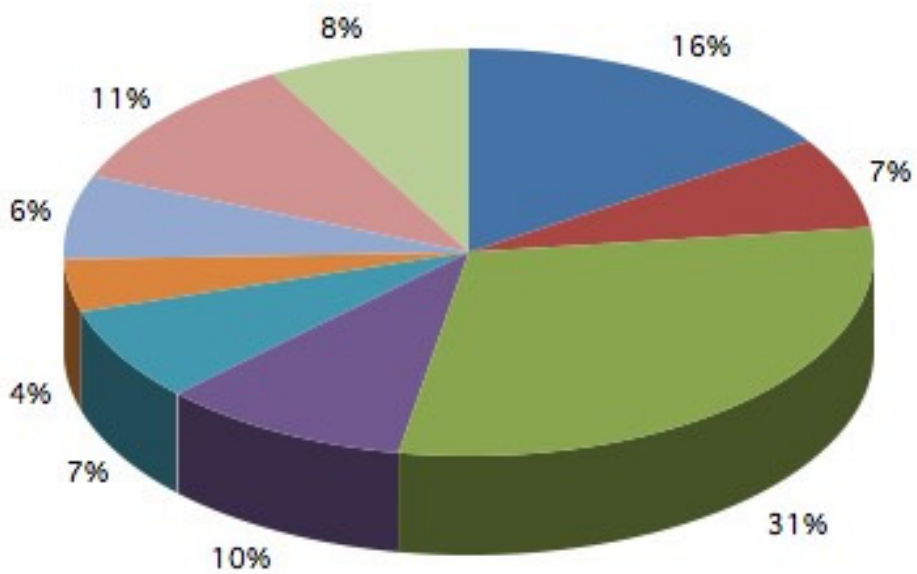
Sector	Reduction opportunities	Examples of Government help needed
<u>Industry</u>	<ul style="list-style-type: none"> - No price needed to reduce emissions through operational efficiency e.g. heat recovery; process efficiency e.g. technologies; fuel switching e.g. briquettes to gas; alternative energy e.g. bio-gas, solar, thermal, wind. - Adoption driven by expectations of rising energy prices regardless of carbon price. 	<ul style="list-style-type: none"> - Reduce bureaucracy at all levels of government to e.g. speed up approvals for renewable energy projects. - Improve supply contracts so industry can generate electricity to feed into grid. - Carbon price would reduce competitiveness of trade exposed sectors like dairy so they need relief from it. - Regulation to promote cost effective energy efficiency.
<u>Forestry</u>	<ul style="list-style-type: none"> - Forestry only significant, known and quantifiable present abatement opportunity. - At \$20/t carbon price new plantings become economically viable. - At \$69/t (the Garnaut price) forestry's full potential could be realised but sector would still need reforms and mindshift. 	<ul style="list-style-type: none"> - No carbon price = no opportunity. - Long-lead time sector needs long term carbon price signal. - Policy delays create even longer delays in sector. - Need programmes that allow aggregation of small holdings to give economy of scale. - Remove barriers e.g. on tree planting in some jurisdictions.
<u>Agriculture</u>	<ul style="list-style-type: none"> - No price on carbon gives little opportunity (reforestation, reduced methane output, soil carbon etc). - \$20/t – more robust systems become viable – methane capture, marginal forestry, treatment of livestock (inoculations etc) to reduce methane output. - \$50/t – carbon sink forestry, large-scale land conversions, range of technologies become viable, bio char etc. 	<ul style="list-style-type: none"> - Soil carbon needs carbon price. - But soil carbon needs robust science to prove sequestration levels. - Need international agreement on land emission rules on e.g. soil carbon. - Bio-char still very early stage technology; needs government support in research.

Poll results:



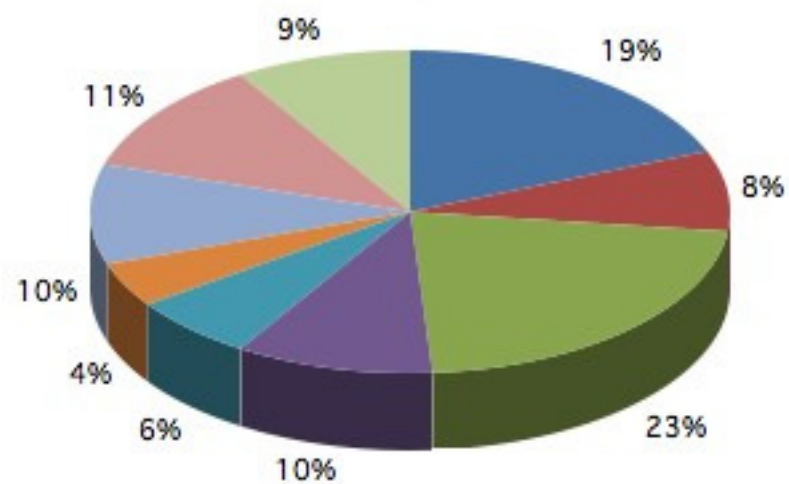
Actions by companies polled

- Renewable energy
- Cogeneration / trigeneration
- Energy efficiency
- Alternative fuels/ energy
- Low carbon technologies
- HVAC
- Alternative transport options



Best options for industries polled

- Renewable energy
- Cogeneration / trigeneration
- Energy efficiency
- Alternative fuels/ energy
- Low carbon technologies
- HVAC
- Alternative transport options



Government actions sought

- Regulation
- Funding
- Incentives
- Education
- Green skills development
- Price on carbon via cap and trade
- Tax on carbon

