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Business
Council of
Australia



Investor Group on
Climate Change



MEDIA RELEASE

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BROAD ALLIANCE POINTS TO COMMON GROUND ON CLIMATE POLICY

The Australian Climate Roundtable, an unprecedented alliance of major Australian business, union, research, environment, investor and social groups has come together to put the climate policy debate on common ground and offer a way forward.

The Australian Climate Roundtable discussions have involved the Australian Aluminium Council, the Australian Conservation Foundation, the Australian Council of Social Service, the Australian Council of Trade Unions, the Australian Industry Group, the Business Council of Australia, The Climate Institute, the Energy Supply Association of Australia, the Investor Group on Climate Change and WWF Australia.

Australia's major political parties support the global community's goal of limiting climate change to less than 2°C above preindustrial levels. Australia should play its fair part in these efforts while maintaining and increasing its prosperity.

That important but challenging objective will require deep global reductions in greenhouse gas emissions, with most countries including Australia eventually reducing net emissions to zero or below. Net emissions are inclusive of trade in emissions entitlements and the removal of carbon from the atmosphere. Emissions reductions on the necessary scale will require substantial change and present significant challenges in Australia as well as other countries. Well-designed policy will be important to manage the challenges along the way.

Our broad coalition has come together because climate change and climate policy both impact our missions and members. We believe Australia should play its fair part in global efforts to avoid 2°C and the serious economic, social and environmental impacts that unconstrained climate change would have on Australia. Avoiding unconstrained climate change will provide important benefits and opportunities to Australia.

Delayed, unpredictable and piecemeal action will increase the costs and challenges of achieving the goals and maximising the opportunities. We also know that policies won't work if they don't last and stay on investors' radars. The foundations of climate policy need broad and durable support, and we all have a role in building it.

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We found that groups with very different constituencies and missions have much in common and this is captured in our joint principles for climate policy, which we have released today.

This has been a tumultuous area of policy development on a major challenge for Australia that isn't going away. We thought it important to reset the objectives, principles and key priorities to make the next phase of policy development as civil and constructive as possible.

Our principles address the goals of climate policy and the characteristics of policies to meet the goals. They don't end debate or prescribe a single solution. The principles set out common ground on which more detailed policy can be built. We have discussed them with both major parties and look forward to further constructive dialogue. We encourage the Australian community to consider and support these principles.

The Australian Climate Roundtable will continue to work together to ensure that climate policy meets our nation's economic, environmental and social needs.

The Australian Climate Roundtable's joint policy principles are attached.

Individual quotes

Australian Aluminium Council Executive Secretary Miles Prosser said: "It is time to set climate policy on a path that will efficiently reduce emissions while also enhancing economic prosperity and maintaining industry competitiveness."

Australian Conservation Foundation Chief Executive Officer Kelly O'Shanassy said "This is an unlikely alliance, but we've come together because the challenge of tackling global warming is bigger than any of our differences. Among the things we have in common is a shared goal for Australia to cut its net greenhouse pollution to zero or below."

Australian Council of Social Service Chief Executive Officer Cassandra Goldie said "People experiencing poverty and inequality will be hardest hit by the negative impacts of climate change and the least able to adapt. The only way to develop stable and equitable policies to avoid 2 degree global warming is to work together. The Climate Roundtable exemplifies the commitment of its members to help Australia maximize the opportunities and reduce the risks associated with climate change."

Australian Council of Trade Unions President Ged Kearney said "Taking action on climate change, and investing and supporting the local clean energy industry, is vital if Australia is to create and capitalise on the high-skilled innovative clean tech jobs of the future."

Australian Industry Group Chief Executive Innes Willox said "These principles will help end the frustration and disruption that business has faced from ever-changing climate policy. The shared recognition that we need to maintain competitiveness while reducing emissions over time is a major advance and a solid platform for future policy stability."

Business Council of Australia Chief Executive Jennifer Westacott said "It is significant that a broad cross-section of groups have agreed to an important set of principles to send climate policy in

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Australia in the right direction and avoid years of costly policy uncertainty and reversals. There is now overwhelming common ground on the need for a more certain and meaningful approach to emissions reduction.”

Climate Institute Chief Executive Officer John Connor said “The Climate Roundtable statement is a shared recognition that helping avoid 2 degree warming is in Australia’s economic, social and environmental interest. This shared position should renew, revitalise and guide discussion on how to achieve this priority and to help build a resilient Australia prospering in a zero carbon global economy.”

Energy Supply Association of Australia Chief Executive Officer Matthew Warren said “Effective and efficient measures to reduce emissions and meet the challenges of the 21st century will need to be delivered over a generation or longer; they require broad, common support and enduring policies.”

Investor Group on Climate Change Chairman Frank Pegan said “We have come together because we want to invest our efforts in a way that avoids unconstrained climate change and we need a durable policy environment to support that effort.”

WWF Australia Chief Executive Officer Dermot O’Gorman said “We have come together because climate change is more than just an environmental issue; it presents significant risks to our economy, infrastructure, jobs, water, health, food and lives, with the greatest burden falling on our kids. But there are opportunities, which is why we are asking our leaders to do the right thing and act now to build a cleaner more sustainable future for the people and places we love.”

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Australian Climate Roundtable: Joint principles for climate policy

Preface

This document sets out principles to guide the development of sound long term policy to address climate change. These principles reflect extensive discussions between the diverse organisations participating in the Australian Climate Roundtable, encompassing business groups, unions, institutional investors, environmental groups, research organisations and social policy organisations.

The principles address the goals of climate change policy and the ideal characteristics of policies to meet the goals.

The principles spring from the considerable common ground between the existing policy approaches of each group, and have been revised and clarified to ensure that they cover areas of essential need and joint agreement. Each organisation maintains their own existing policy priorities, with which they have judged these principles to be compatible.

The following organisations have agreed to the joint principles:

Australian Aluminium Council	Australian Industry Group	The Climate Institute
Australian Conservation Foundation	Business Council of Australia	WWF Australia
Australian Council of Social Service	Energy Supply Association of Australia	
Australian Council of Trade Unions	Investor Group on Climate Change	

Principles

Goal

Unconstrained climate change would have serious economic, environmental and social impacts on Australia. These costs underpin our assessment of the need for action.

We recognise the major parties' bipartisan goal of limiting global warming to less than 2°C above preindustrial levels. Our overarching aim is for Australia to play its fair part in international efforts to achieve this while maintaining and increasing its prosperity.

Achieving this goal will require deep global emissions reductions, with most countries including Australia eventually reducing net¹ greenhouse gas² emissions to zero or below.

Avoiding unconstrained climate change will provide important benefits and opportunities to Australia. However, emissions reductions on the necessary scale will also require substantial change and present significant challenges for Australia as well as other countries. Delayed, unpredictable and piecemeal action will increase the costs and challenge of achieving the goal. Policy must be well designed to achieve the goal while avoiding these risks. This document sets out principles for dealing with the key issues.

Ideal policy

Policy instruments should: be capable of achieving deep reductions in Australia's net emissions in line with our overall goal; provide confidence that targeted emissions reductions actually occur; be based on an assessment of the full range of climate risks; be well designed, stable and internationally linked;³ operate at least cost to the domestic economy while maximising benefits; and remain efficient as circumstances change and Australia's emissions reduction goals evolve.

¹ 'Net' greenhouse gas emissions includes the impacts of activities that remove carbon dioxide from the atmosphere (such as carbon sequestration in forests or geological formations), and of international trade in credible emissions entitlements and offsets. Climate change is affected by the total quantity of greenhouse gases in the atmosphere, not their point of origin.

² Greenhouse gases that are a focus for climate policy include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and a range of synthetic fluorinated gases.

³ International linkage of climate policies can take many forms depending on policy type, from trade in emissions offsets or entitlements, to shared regulatory standards or project methodologies, to coordinated tax settings.

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Cost control

Policy should allow Australia to meet its short and long term emissions reduction goals at least cost.

To achieve this, policy should:

- drive domestic abatement wherever it is efficient and internationally recognised across all sectors of the Australian economy;
- make use of internationally recognised abatement from overseas to ease the transition towards net zero emissions;
- overcome identified market failures and help markets work more efficiently; and
- explicitly account for climate impacts in any assessment of costs and benefits.

Trade competitiveness

Policy should prevent the unnecessary loss of competitiveness by Australia's trade exposed industries and net increases in global emissions that might otherwise occur due to the uneven international application of climate policies.

Innovation

Policy should stimulate and support research, development, demonstration and commercial deployment of new and improved low-emissions technologies and processes to minimise the long term costs, and maximise the economic opportunities, in achieving the long-term goal.

Equity

Reducing Australia's emissions and adapting to unavoidable climate impacts, some of which are already here, involves both costs and opportunities. New opportunities for decent work should be open to all in the community. The costs of climate policy should be spread fairly within the Australian community and policy should:

- protect the most vulnerable individuals;
- avoid disproportionate impacts on vulnerable people, low income households and the organisations that support them; and
- assist the successful transition of communities that are especially vulnerable to economic shocks or physical risks as a result of climate change or climate policy.

Equity should be explicitly addressed in the policy design process, including immediate impacts and those on future generations of Australians.

Stability

To attract and sustain investment over the long term, the underlying climate policy framework should be stable, offer predictable processes for important decisions and enjoy broad political support.

Energy sector

Policy should recognise the strategic importance of reducing emissions from the energy sector in achieving the overall goal. It should provide a credible basis for planning and investment by the energy sector and energy consumers, maintain energy security and avoid sovereign risk.

While the need to reduce energy sector emissions has been widely anticipated, specific policies may create economic shocks that negatively affect businesses. These shocks should be smoothed without negating the incentives created by the policy.

Adaptation

Some adverse climate impacts are already occurring and more will be unavoidable. Systematic assessment, planning and action are needed to adapt to the range of climate change scenarios we face.

Use of revenue

Any revenue resulting from climate policy should be used where cost-effective to address legitimate needs directly related to climate policy, and otherwise be returned to individuals and business in ways that maximise efficiency and do not reduce abatement incentives.

Administration

Compliance costs and regulatory burdens should be kept to a minimum.

Policy should aim to provide transparent information about its operation and impacts, consistent with commercial expectations and the public interest.

Review

Australia needs regular independent review of its emissions policies, its targets (including their consistency with agreed overall goal, and international undertakings) and the efforts of other countries. This should involve full public consultation.