

# AUSTRALIAN CLIMATE **POLICY SURVEY 2019**



**Carbon  
Market  
Institute**

*business leading transition*



## ABOUT THE 2019 SURVEY

The Carbon Market Institute's (CMI) Australian Climate Policy Survey provides a critical means of capturing the views of Australian business and industry to inform government and the wider community. It captures data on climate and energy policy, on corporate climate action as well as on the economic implications of international developments.

The 2019 survey is the fifth in a series, allowing CMI to track trends on business views and practices. The survey was carried out as an electronic survey sent to a wide Australian database of senior executives and employees working for businesses with a large emissions profile, investors, carbon project developers, carbon market experts and professional service providers. Just under half of respondents work for businesses that aren't CMI members.

The survey was conducted over a three-week period in November 2019 and received significant senior-level responses, demonstrating the importance of the topic to the business community. We thank all respondents for taking the time to participate. The findings will shape our discussions with policy makers; business and investment stakeholders, and; media and opinion makers both domestically and internationally.

The information contained herein reflects a broad market perspective and should not be attributed to the position of any single individual or organisation. While responses are slightly down on last year's 270 respondents, the 2019 survey has a greater senior management proportion than 2018's (64%) and slightly higher proportion of emissions-intensive companies than 2018's (33%).

**220** RESPONDENTS FROM AUSTRALIAN  
BUSINESS

**80%** HOLD C-SUITE & SENIOR  
MANAGEMENT ROLES

**34%** REPORT EMISSIONS  
UNDER THE NGER SCHEME

*"Climate policy in Australia is incredibly volatile, creating risk, uncertainty and market challenges for organisations."*

survey respondent

## EXECUTIVE SUMMARY

### BACKGROUND

2020 marks the start of the operation of the historic Paris Agreement and its processes of international cooperation and nationally determined contributions (NDCs). The effective implementation of this agreement will require countries to set clear pathways to reaching net-zero emissions for the agreed goal of keeping average global warming well below 2°C and pursuing efforts to limit warming to 1.5°C above pre-industrial levels. The urgency of these goals, and the emerging climate crisis, are vividly highlighted by the tragic and costly loss of life, property and environmental heritage with current average global warming of around 1.0°C above pre-industrial levels.

The Intergovernmental Panel on Climate Change (IPCC) last year reported that keeping warming to 1.5°C will require halving global emissions by around 2030 and achieving net-zero emissions by 2050 with negative emissions to occur thereafter. Under the Paris Agreement, countries committed not just to their first targets but also to ratcheting stronger subsequent NDCs. While they can be updated at any time, countries are encouraged to update and review their first NDC in 2020 and, following a 2023 global stocktake, submit next NDCs in 2025.

Business is considering these requirements and timelines in addition to evolving global carbon markets, investor calls for action and reporting requirements such as those from the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

### POLICY CONCERNS AND OPPORTUNITIES

The Carbon Market Institute's 2019 Australian Climate Policy Survey reveals widespread concern about the adequacy of current policy, with 94% of respondents indicating that Australia's current policy suite is insufficient to support reductions to meet our initial 2030 Paris commitment, an increase from 92% in 2018. Asked for the first time, 96% of respondents believe that the longer Australia delays decarbonisation, the more abrupt, forceful and disruptive the policy response will need to be, especially for carbon-intensive industries.

There is an opportunity to address this in 2020 with the Climate Change Authority reviewing Australia's policy toolkit and the Government reviewing the operation of its Safeguard Mechanism and developing a technology roadmap as part of a Long-Term Strategy.

Significantly 76% of business respondents surveyed do not believe that Australia should be able to use Kyoto carryover units to achieve its 2030 emission reduction target. Just 7% agree.

The survey reveals that 83% of business respondents support a national target of net-zero emissions by 2050. 89% support a

market mechanism that prices carbon with 82% supporting linkages to international markets to allow the import and export of carbon credits.

There is some caution in relation to how imports should be linked to compliance under the Safeguard Mechanism with 53% supporting the use of international units under Safeguard compliance and 20% disagreeing. Concerns were expressed about the quality of imports and whether the Australian carbon market is sufficiently mature.

Considering current national policy and the lack of a long-term strategy, 82% of survey respondents agree it is appropriate for state governments to set and implement their own 2050 targets and related policies.

### BUSINESS RISKS, ACTION AND DRIVERS

In a new 2019 survey question addressing international carbon markets, 70% of business respondents agreed that carbon border tariff adjustments from trading partners are a potential risk to Australia's emissions-intensive economy and exports. 61% disagree that emissions-intensive trade-exposed industries will not be impacted by a carbon price being implemented in key trading partners such as China and South Korea. This is an increase from the 46% with this view in 2018.

Survey respondents reported a significant increase in their organisation's recognition of the material, financial and strategic risks posed by climate change at board and executive management levels. This has increased from 77% to 84% in the last 12 months. Almost two thirds (65%), up from 56% in 2018, are detailing the risks and opportunities from climate change in public communications and/or mainstream reporting. The survey reveals that there is an expectation of significant carbon prices in Australia with 58% believing carbon prices of \$30 or more will be in place by 2030. A further 31% expect 2030 prices in the \$20 to \$30 range.

The top three actions businesses identified as taking include developing an emissions reduction strategy, investing in emissions reduction technology, and/or defining a strategy to address climate change risk.

Respondents reported that key drivers for climate action included long-term strategy; risk management; community, customer and employee demands; low or zero carbon business opportunities, and; investor engagement or action. The latter point is reinforced with 42% of respondents reporting that in the past 12 months, their organisation has faced increased shareholder action or resolutions regarding climate change.

CMI's 2019 Australian Climate Policy Survey reveals a business community deeply concerned about the adequacy of current policy and the risks that policy delays will necessitate abrupt, forceful and disruptive policy. An overwhelming majority want national recognition of a target of net-zero emissions by 2050. As the Paris Agreement is operationalised in 2020, government policy reviews and strategy development allow the opportunity to address these concerns.

# KEY FINDINGS

Australia's emission reduction target, international carbon markets, domestic policy, Safeguard Mechanism, the Emission Reduction Fund, the Climate Solutions Package, carbon pricing, climate risk and climate strategy.

96%

AGREE THAT THE LONGER AUSTRALIA DELAYS DECARBONISATION, THE MORE ABRUPT, FORCEFUL AND DISRUPTIVE THE POLICY RESPONSE WILL NEED TO BE, ESPECIALLY FOR CARBON-INTENSIVE INDUSTRIES.

83%

AGREE THAT AUSTRALIA SHOULD SET AN ECONOMY-WIDE ZERO-NET EMISSIONS TARGET FOR 2050.

94%

AGREE THAT AUSTRALIA'S CURRENT CLIMATE AND ENERGY POLICIES ARE INSUFFICIENT TO DRIVE EMISSIONS REDUCTIONS TO MEET OUR PARIS AGREEMENT TARGETS.

95%

DISAGREE THAT AUSTRALIA'S CURRENT SUITE OF CLIMATE POLICIES PROVIDES EMITTING ORGANISATIONS WITH A STABLE ENVIRONMENT FOR MAKING LONG-TERM INVESTMENTS.

84%

AGREE THERE IS RECOGNITION IN THEIR ORGANISATION AT BOARD/ EXECUTIVE MANAGEMENT LEVELS OF THE MATERIAL, FINANCIAL AND STRATEGIC RISKS POSED BY CLIMATE CHANGE.

89%

EXPECT AUSTRALIA'S NATIONAL (IMPLICIT) CARBON PRICE TO BE >\$20 BY 2030, 58% EXPECT GREATER THAN \$30.

76%

BELIEVE THAT AUSTRALIA SHOULD NOT BE ABLE TO USE KYOTO CARRYOVER UNITS.

82%

AGREE CONSIDERING CURRENT NATIONAL POLICY AND LACK OF LONG-TERM STRATEGY, IT IS APPROPRIATE FOR STATE GOVTS TO SET AND IMPLEMENT THEIR OWN 2050 TARGETS & RELATED POLICIES.

70%

INDICATED THAT CARBON BORDER TARIFF ADJUSTMENTS FROM TRADING PARTNERS ARE A POTENTIAL RISK TO AUSTRALIA'S EMISSIONS-INTENSIVE ECONOMY AND EXPORTS.

59%

IS THE NUMBER OF RESPONDENTS FROM COMPANIES WITH SIGNIFICANT GREENHOUSE GAS PRODUCING ACTIVITIES WHOSE ORGANISATIONS ARE FACTORING IN A CARBON PRICE.

42%

INDICATED THAT THEIR COMPANY HAS FACED INCREASED SHAREHOLDER ACTION AND/OR RESOLUTIONS REGARDING CLIMATE CHANGE IN THE LAST 12 MONTHS.

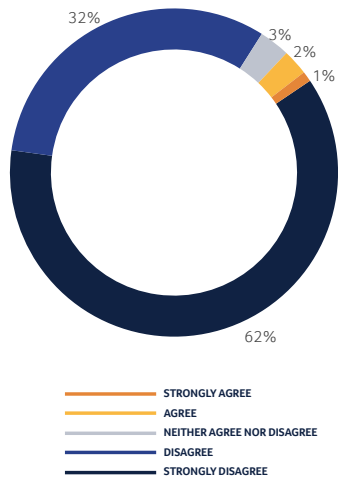
SECTION 1

# PARIS AGREEMENT AND AUSTRALIA'S EMISSION REDUCTION TARGET

In signing and ratifying the Paris Agreement, Australia committed in its first nationally determined contribution to reduce emissions by 26-28% on 2005 levels by 2030. Australia's emission reduction commitments are not limited to this first NDC. Australia also committed to the goal of "holding the increase in global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C". NDCs may be amended at any time and parties have been invited to review or update NDCs before Paris Agreement mechanisms commence in late 2020. Starting in 2023 and then every five years, governments will take stock of the implementation of the Agreement to assess the collective progress towards achieving the purpose of the Agreement and its long-term goals (the 'ratchet

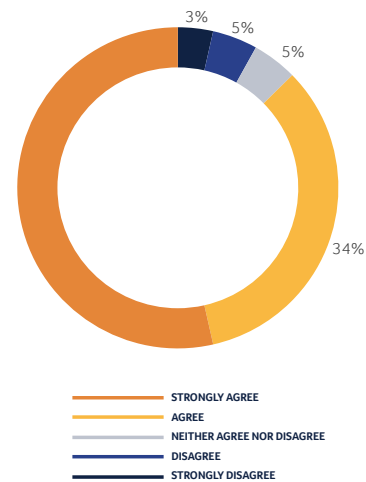
mechanism'). The outcome of the global stocktake will inform the preparation of subsequent NDCs, in order to allow for increased ambition and climate action. Respondents are aware of this important context, calling for stronger policies but also optimistic that stronger emission reduction activities will not compromise economic growth.

*"Delay is creating system-wide risks for the Australian economy."* survey respondent



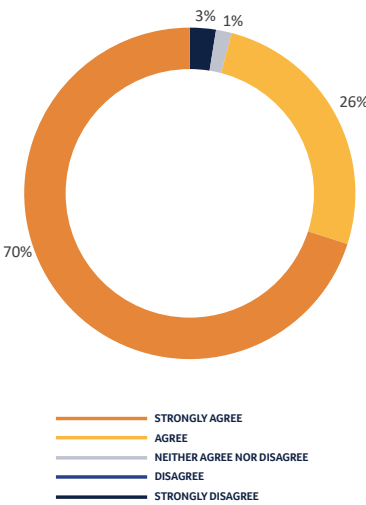
94% OF SURVEY RESPONDENTS BELIEVE THAT AUSTRALIA'S CURRENT CLIMATE AND ENERGY POLICIES ARE INSUFFICIENT TO DRIVE EMISSIONS REDUCTIONS TO MEET OUR PARIS TARGETS (92% IN 2018).

Q7 AUSTRALIA'S CURRENT CLIMATE AND ENERGY POLICIES ARE SUFFICIENT TO DRIVE EMISSIONS REDUCTIONS TO MEET OUR PARIS TARGETS.



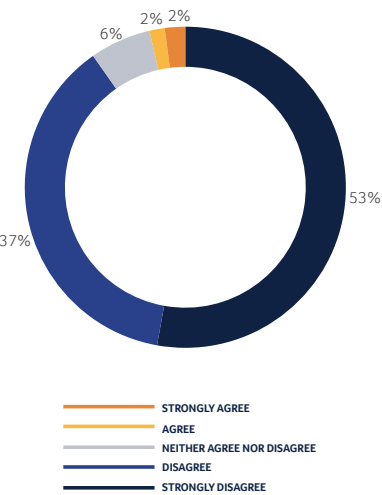
87% OF RESPONDENTS EXPECT THAT AUSTRALIA'S CURRENT EMISSIONS REDUCTION TARGET OF 26-28% WILL INCREASE OVER TIME (86% IN 2018).

Q8 AUSTRALIA'S CURRENT TARGET OF 26-28% WILL BE EXPECTED TO INCREASE OVER TIME.



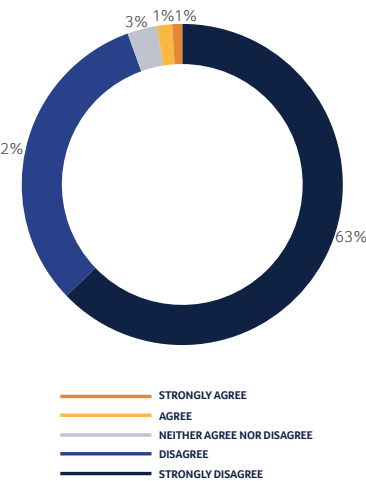
96% OF RESPONDENTS AGREE THAT THE LONGER AUSTRALIA DELAYS DECARBONISATION, THE MORE DISRUPTIVE POLICY RESPONSES WILL NEED TO BE, ESPECIALLY FOR CARBON-INTENSIVE INDUSTRIES.

Q9 THE LONGER AUSTRALIA DELAYS DECARBONISATION, THE MORE ABRUPT, FORCEFUL AND DISRUPTIVE THE POLICY RESPONSE WILL NEED TO BE, ESPECIALLY FOR CARBON-INTENSIVE INDUSTRIES.



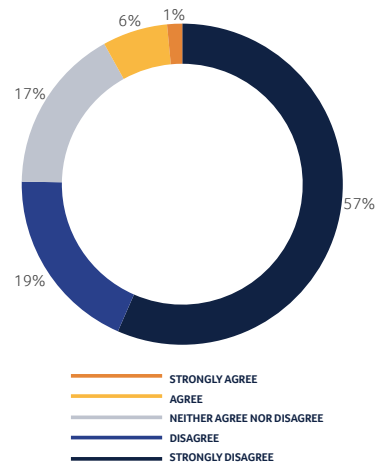
90% OF RESPONDENTS BELIEVE THAT AUSTRALIA'S CURRENT SUITE OF CLIMATE POLICIES DOES NOT SUFFICIENTLY ASSIST BUSINESSES IN CAPITALISING ON THE OPPORTUNITIES IN THE TRANSITION TO A NET-ZERO ECONOMY.

Q10 AUSTRALIA'S CURRENT SUITE OF CLIMATE POLICIES SUFFICIENTLY ASSIST BUSINESS TO MANAGE THE RISKS AND CAPITALISE ON THE OPPORTUNITIES IN TRANSITION TO A NET-ZERO EMISSION ECONOMY.



95% OF RESPONDENTS STATE THAT AUSTRALIA'S CURRENT SUITE OF CLIMATE POLICIES DOES NOT PROVIDE EMITTING ORGANISATIONS WITH A STABLE, LONG-TERM ENVIRONMENT IN WHICH THEY CAN MAKE RISK-APPROPRIATE, LONG-TERM INVESTMENTS INTO EMISSIONS-REDUCTIONS TECHNOLOGY AND ACTIVITIES.

Q11 AUSTRALIA'S CURRENT SUITE OF CLIMATE POLICIES PROVIDES A STABLE, LONG-TERM ENVIRONMENT THAT ENABLES EMITTING ORGANISATIONS ACROSS THE ECONOMY TO MAKE RISK-APPROPRIATE, LONG-TERM INVESTMENT INTO EMISSIONS-REDUCTIONS TECHNOLOGIES AND ACTIVITIES.



76% OF RESPONDENTS BELIEVE THAT AUSTRALIA SHOULD NOT BE ABLE TO USE KYOTO CARRYOVER UNITS TO ACHIEVE ITS 2030 NDC TARGET.

Q12 AUSTRALIA SHOULD BE ABLE TO USE KYOTO CARRYOVER UNITS TO ACHIEVE ITS 2030 NDC TARGET.

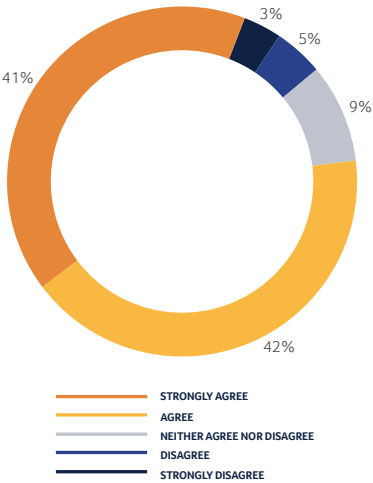


SECTION 2

INTERNATIONAL CARBON MARKETS AND TARIFFS

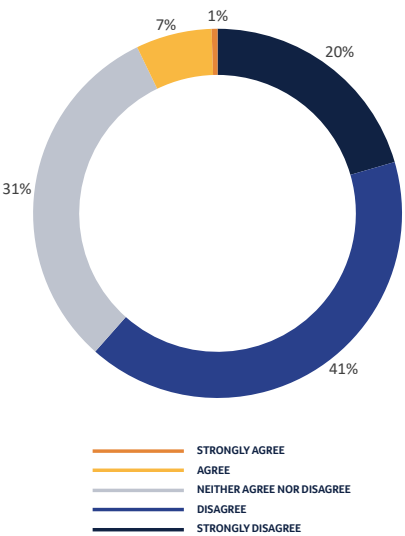
Article 6 of the Paris Agreement recognises that countries may establish market-based mechanisms and link carbon markets to address climate change, enabling their emission reduction commitments to be achieved at lowest cost. This offers Parties

the opportunity to cooperate in implementing their NDCs. Internationally, carbon markets continue to emerge. This may have implications for Australian business both as opportunity, but also risk as economies pricing carbon seek to ensure those not doing so do not gain at their expense.



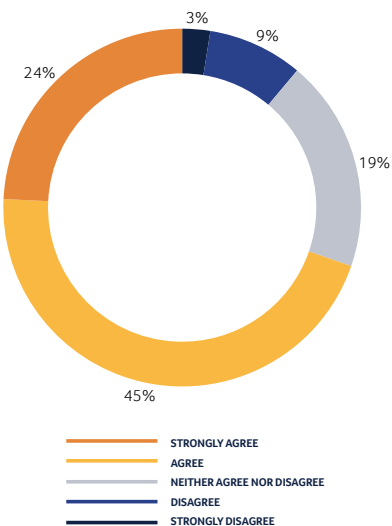
83% OF RESPONDENTS AGREE THAT AUSTRALIA SHOULD ACTIVELY PARTICIPATE IN ESTABLISHING LINKS TO INTERNATIONAL CARBON MARKETS SO CARBON CREDITS CAN BE IMPORTED AND EXPORTED (84% IN 2018).

Q13 AUSTRALIA SHOULD ACTIVELY PARTICIPATE IN ESTABLISHING INTERNATIONAL LINKAGE OF CARBON MARKETS TO ALLOW FLEXIBILITY FOR BOTH IMPORT AND EXPORT OF CARBON CREDITS.



61% OF RESPONDENTS FEEL THAT EMISSIONS-INTENSIVE TRADE-EXPOSED BUSINESSES WILL BE IMPACTED BY A CARBON PRICE BEING IMPLEMENTED BY KEY TRADING PARTNERS, SUCH AS CHINA AND SOUTH KOREA (46% IN 2018).

Q14 EMISSIONS-INTENSIVE TRADE-EXPOSED INDUSTRIES WILL NOT BE IMPACTED BY A CARBON PRICE BEING IMPLEMENTED IN KEY TRADING PARTNERS SUCH AS CHINA AND SOUTH KOREA.



70% OF RESPONDENTS AGREE THAT CARBON BORDER TARIFF ADJUSTMENTS FROM TRADING PARTNERS ARE A POTENTIAL RISK TO AUSTRALIA'S EMISSIONS-INTENSIVE ECONOMY AND EXPORTS.

Q15 CARBON BORDER TARIFF ADJUSTMENTS FROM TRADING PARTNERS ARE A POTENTIAL RISK TO AUSTRALIA'S EMISSIONS-INTENSIVE ECONOMY AND EXPORTS.

*"We MUST be on a trajectory to net-zero emissions to maintain obligations under Paris, this will require significant ramping-up of action in the decades to follow."*  
survey respondent

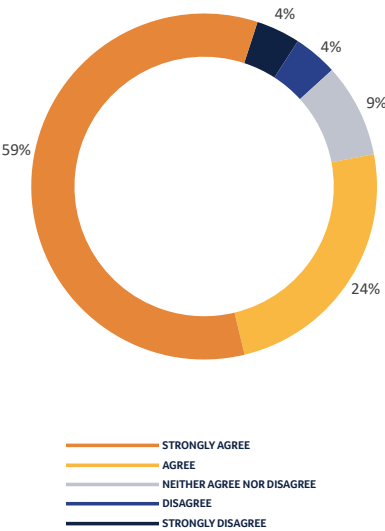


SECTION 3  
DOMESTIC POLICY

The Government has committed to preparing a long-term strategy for 2050 by 2020, as encouraged by the Paris Agreement, and this was reinforced at the Pacific Island Forum meeting earlier in 2019. Respondents are looking to the Australian Government matching all states and territories who have at least set aspirational targets of net-zero emissions by 2050.

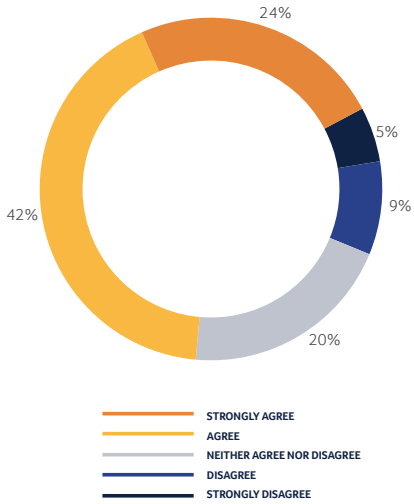
*"In the absence of progressive National commitment - State's targets are appropriate, but a national approach and target would be far superior."*

survey respondent



**83%** OF RESPONDENTS BELIEVE THAT AUSTRALIA SHOULD SET AN ECONOMY-WIDE ZERO-NET EMISSIONS TARGET FOR 2050 (82% IN 2018).

**Q16** AUSTRALIA SHOULD SET AN ECONOMY-WIDE ZERO-NET EMISSIONS TARGET FOR 2050.



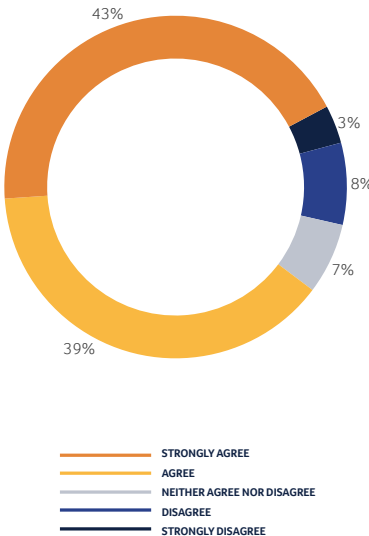
**66%** OF RESPONDENTS AGREE THAT INCREASING AMBITION ABOVE CURRENT EMISSIONS REDUCTION TARGETS WILL NOT HAVE SIGNIFICANT IMPACTS ON ECONOMIC GROWTH (67% IN 2018).

**Q17** INCREASING AMBITION ABOVE CURRENT TARGETS WILL NOT HAVE SIGNIFICANT NEGATIVE IMPACTS ON ECONOMIC GROWTH (E.G. 45% REDUCTION ON 2005 LEVELS BY 2030).

SURVEY RESPONDENTS INDICATED THAT, IN TERMS OF PRIORITY, AUSTRALIA'S LONG-TERM POLICY SHOULD ENSURE (TOP FIVE RESPONSES REPRESENTING 75% OF ALL):

**Q18** AUSTRALIA'S LONG-TERM STRATEGY SHOULD INCLUDE:

- 1 A COORDINATED NATIONAL CLIMATE POLICY SUITE WITH A CLEAR TRAJECTORY, REGULARLY REVIEWED, TO MEET THAT TARGET
- 2 A PRICE ON CARBON
- 3 SECTORAL DECARBONISATION STRATEGIES THAT IDENTIFY ABATEMENT POTENTIAL, STRUCTURAL BARRIERS AND ECONOMIC OPPORTUNITIES
- 4 A PLAN TO ENSURE ORDERLY CLOSURE OF OLD COAL PLANTS AND THEIR REPLACEMENT WITH CLEAN ENERGY
- 5 A LEGISLATED 2050 TARGET



**82%** OF RESPONDENTS BELIEVE THAT IT IS APPROPRIATE FOR STATE GOVERNMENTS TO SET AND IMPLEMENT THEIR OWN 2050 TARGETS AND RELATED POLICIES, CONSIDERING CURRENT NATIONAL POLICY AND THE LACK OF LONG-TERM STRATEGY.

**Q19** CONSIDERING CURRENT NATIONAL POLICY AND THE LACK OF A LONG-TERM STRATEGY, IT IS APPROPRIATE FOR STATE GOVERNMENTS TO SET AND IMPLEMENT THEIR OWN 2050 TARGETS AND RELATED POLICIES.



## SECTION 4 SAFEGUARD MECHANISM

The Safeguard Mechanism aims to manage emissions from Australia's largest emitters and ensures that significant emissions increases don't negate abatement and sequestration achieved through the ERF. An Amendment Rule commenced in March 2019, whereby all facilities are to be transitioned to calculated baselines that will be annually updated against production. The Government will also be conducting a review of its Safeguard Mechanism, including use of international permits, by 2020.

161

RESPONSIBLE EMITTERS WITH ONE OR MORE COVERED FACILITIES

211

FACILITIES COVERED BY THE SAFEGUARD MECHANISM

13

SAFEGUARD COVERED FACILITIES SURRENDERED ACCUs TO MANAGE EMISSIONS ABOVE THEIR BASELINE IN COMPLIANCE YEAR 2

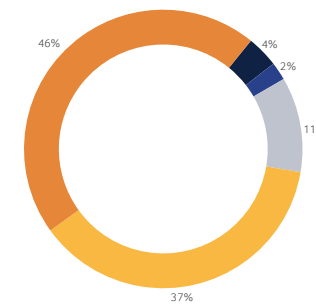
17

FACILITIES CURRENTLY HAVE MULTI-YEAR MONITORING PERIODS IN PLACE TO MANAGE THEIR LIABILITY

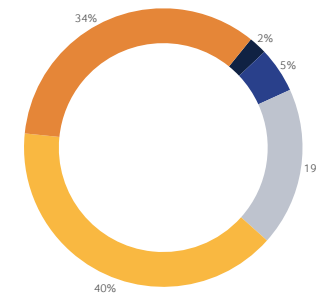
259,528

ACCUs SURRENDERED BY LIABLE ENTITIES IN COMPLIANCE YEAR 2

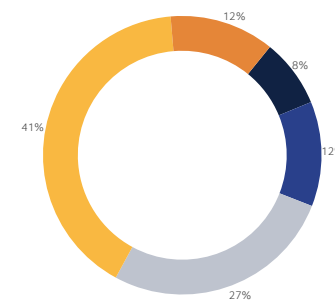
*"The Safeguard Mechanism does not provide a robust enough signal for business or the carbon offset market to rely on and make investment decisions on."* survey respondent



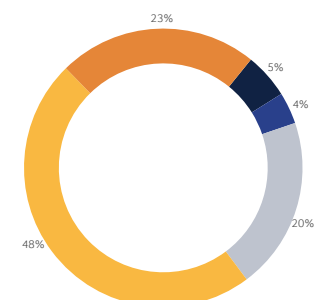
— STRONGLY AGREE  
— AGREE  
— NEITHER AGREE NOR DISAGREE  
— DISAGREE  
— STRONGLY DISAGREE



— STRONGLY AGREE  
— AGREE  
— NEITHER AGREE NOR DISAGREE  
— DISAGREE  
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— STRONGLY AGREE  
— AGREE  
— NEITHER AGREE NOR DISAGREE  
— DISAGREE  
— STRONGLY DISAGREE



— STRONGLY AGREE  
— AGREE  
— NEITHER AGREE NOR DISAGREE  
— DISAGREE  
— STRONGLY DISAGREE

**83%** OF RESPONDENTS AGREE THAT BASELINES ALLOCATED UNDER THE SAFEGUARD MECHANISM SHOULD BE SET TO REDUCE OVER TIME (82% IN 2018).

**Q20** BASELINES ALLOCATED UNDER THE SAFEGUARD MECHANISM SHOULD BE SET TO REDUCE OVER TIME IN LINE WITH THE TRAJECTORY OF AUSTRALIA'S 2030 EMISSIONS REDUCTION TARGET.

**74%** OF RESPONDENTS THINK THE GOVERNMENT SHOULD CONSIDER EXPANDING THE THRESHOLD OF COVERAGE UNDER THE SAFEGUARD MECHANISM (76% IN 2018).

**Q21** THE GOVERNMENT SHOULD CONSIDER EXPANDING THE THRESHOLD OF COVERAGE UNDER THE SAFEGUARD MECHANISM (I.E. TO INCLUDE LOWER EMITTING COMPANIES OR FACILITIES).

**53%** OF SURVEY RESPONDENTS AGREE INTERNATIONAL UNITS SHOULD BE AVAILABLE FOR COMPLIANCE PURPOSES UNDER THE SAFEGUARD MECHANISM (52% IN 2018).

**Q22** AUSTRALIA SHOULD ALLOW INTERNATIONAL UNITS FOR COMPLIANCE PURPOSES UNDER THE SAFEGUARD MECHANISM.

**71%** OF RESPONDENTS AGREE THE SAFEGUARD MECHANISM SHOULD TRANSITION INTO A BASELINE AND CREDIT SCHEME THROUGH AMENDMENTS TO CURRENT LEGISLATION (79% IN 2018).

**Q23** THROUGH AMENDMENTS TO THE CURRENT LEGISLATION, THE SAFEGUARD MECHANISM SHOULD TRANSITION INTO A BASELINE AND CREDIT SCHEME (WHICH WOULD ALLOW THE CREATION OF PERMITS BY BUSINESSES THAT REDUCE EMISSIONS BELOW THEIR BASELINE AND REQUIRE THE PURCHASE OF PERMITS FOR EMISSIONS ABOVE THEIR BASELINE).



## SECTION 5 EMISSIONS REDUCTION FUND (ERF) AND THE CLIMATE SOLUTIONS PACKAGE

The ERF remains central to the Government's climate policy. Under its 2019 Climate Solutions Package, the Government allocated an additional \$2 billion over the next 15 years to continue purchasing low-cost abatement and "build on the success of the Emissions Reduction Fund and continue the momentum to reach Australia's 2030 emissions reduction target". The Government is reviewing the operation of the ERF. This involves exploring ways they can work in partnership and co-ordinate efforts with other governments and the private sector to incentivise further action and achieve even higher levels of abatement.

**192**

MILLION TONNES OF ABATEMENT CONTRACTED AT AUCTION

**\$12.02**

WEIGHTED AVERAGE PRICE PER TONNE OF ERF ABATEMENT

**433**

LONG-TERM ERF CONTRACTS IN PLACE TO DELIVER ABATEMENT

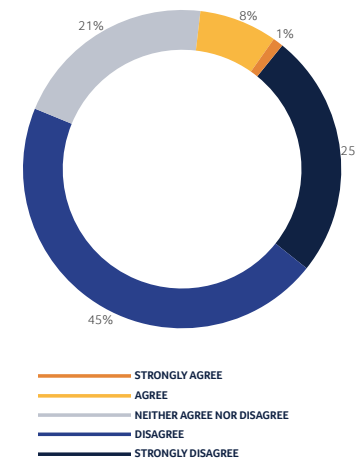
**44.8**

MILLION TONNES OF ABATEMENT DELIVERED UNDER CONTRACT

Source: Clean Energy Regulator Contract Portfolio as at ninth auction, 1 August 2019

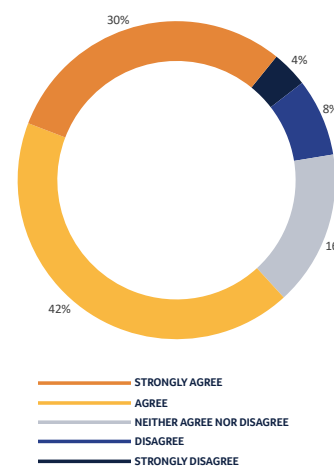
*"If the ERF remains the centre piece of Australia's policies, we will need much broader and wider methods to drive emissions reductions across all sectors of the Australian economy"*

survey respondent



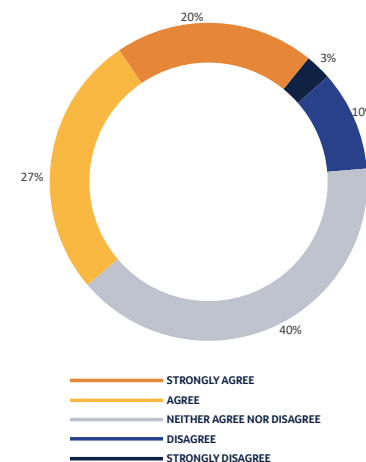
**70%** OF RESPONDENTS INDICATED THAT THE CURRENT LIST OF APPROVED ERF METHODOLOGIES ARE INSUFFICIENT TO COVER MOST VIABLE CARBON ABATEMENT AND EMISSIONS AVOIDANCE OPPORTUNITIES. ONLY 9% FELT THEY ARE SUFFICIENT, 21% HAVING NO OPINION (56% IN 2018).

**Q24** THE CURRENT LIST OF APPROVED ERF METHODOLOGIES ARE SUFFICIENT TO COVER MOST VIABLE CARBON ABATEMENT



**72%** OF RESPONDENTS BELIEVE THAT MORE GOVERNMENT FUNDS NEED TO BE INVESTED IN R&D OF NEW ERF/CARBON FARMING METHODOLOGIES TO ENSURE GROWTH AND SUPPLY OF AUSTRALIAN CARBON CREDIT UNITS (ACCUS) (59% IN 2018).

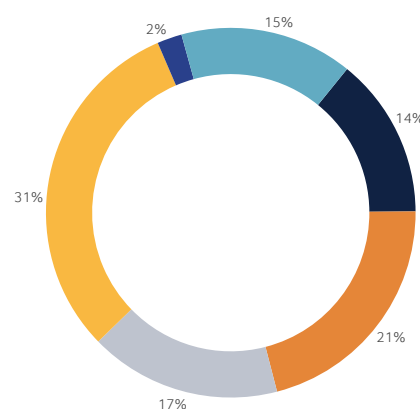
**Q25** TO ENSURE GROWTH AND SUPPLY OF ACCUs, MORE GOVERNMENT FUNDS NEED TO BE INVESTED IN THE R&D OF NEW ERF/CARBON FARMING METHODOLOGIES.



**47%** ALMOST HALF OF RESPONDENTS AGREE THAT THE GOVERNMENT SHOULD MODIFY THE CLEAN ENERGY REGULATOR'S 'LOWEST-COST ABATEMENT' MANDATE FOR ACCUs PURCHASED

**Q26** THE GOVERNMENT SHOULD MODIFY THE CLEAN ENERGY REGULATOR'S 'LOWEST-COST ABATEMENT' MANDATE FOR ACCUs

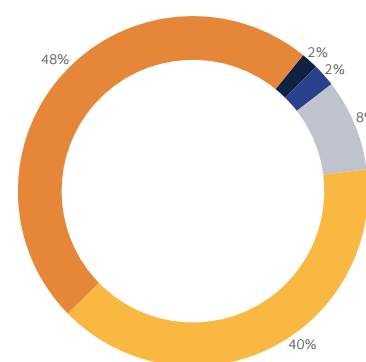




**21%** OF RESPONDENTS UNCONDITIONALLY AGREE THE RULES GOVERNING THE SAFEGUARD MECHANISM SHOULD BE AMENDED TO ALLOW FACILITIES TO BE CREDITED FOR EMISSIONS REDUCED BELOW THEIR BASELINE. 65% SUPPORT THIS WITH SOME FORM OF CONDITION.

**Q27** THE RULES GOVERNING THE SAFEGUARD MECHANISM SHOULD BE AMENDED TO ALLOW FACILITIES TO BE CREDITED FOR EMISSIONS REDUCED BELOW THEIR BASELINE.

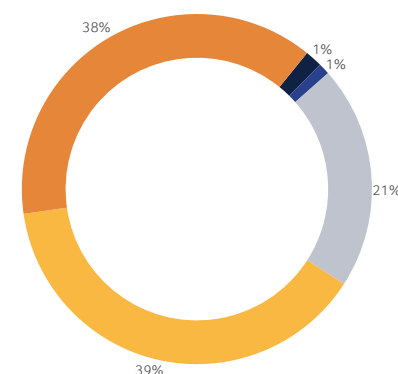
— AGREE (UNCONDITIONALLY)  
— AGREE (ONLY WITH DECLINING SAFEGUARD MECHANISM BASELINES)  
— AGREE (ONLY UNDER CONTROLS THAT REFLECT NORMAL BUSINESS)  
— AGREE (ONLY IF THE CREDIT IS IN AN ACCU & COMPLIES WITH ERF INTEGRITY STANDARDS)  
— AGREE (ONLY IF CARBON FARMING INDUSTRY GROWTH IS MAINTAINED)  
— DISAGREE



**88%** OF RESPONDENTS BELIEVE THE AUSTRALIAN RENEWABLE ENERGY AGENCY (ARENA) AND THE CLEAN ENERGY FINANCE CORPORATION (CEFC) SHOULD BE FURTHER FINANCIALLY SUPPORTED WITH EXPANDED MANDATES.

**Q28** ARENA AND THE CEFC SHOULD BE FURTHER FINANCIALLY SUPPORTED AND HAVE MANDATES EXPANDED TO ENABLE FACILITATION OF NET-ZERO AND NEGATIVE EMISSION TECHNOLOGY DEVELOPMENT AND DEPLOYMENT.

— STRONGLY AGREE  
— AGREE  
— NEITHER AGREE NOR DISAGREE  
— DISAGREE  
— STRONGLY DISAGREE



**77%** OF RESPONDENTS FEEL THAT PRIVATE SECTOR INVESTMENT WILL BE BEST ENCOURAGED BY A TRANSITION FROM PUBLIC TO LONG-TERM, SCALABLE PRIVATE SECTOR DEMAND SIGNALS ACROSS THE ECONOMY.

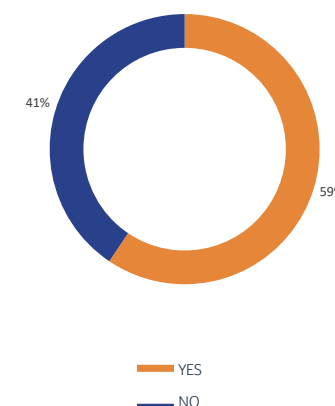
**Q29** PRIVATE SECTOR INVESTMENT WILL BE BEST ENCOURAGED BY A TRANSITION FROM PUBLIC TO LONG-TERM, SCALABLE PRIVATE SECTOR DEMAND SIGNALS ACROSS THE ECONOMY. FOR EXAMPLE, BY DECLINING SAFEGUARD MECHANISM BASELINES, THUS FREEING UP PUBLIC FUNDS FOR SUPPORTING TECHNOLOGY DEVELOPMENT AND DEPLOYMENT.

— STRONGLY AGREE  
— AGREE  
— NEITHER AGREE NOR DISAGREE  
— DISAGREE  
— STRONGLY DISAGREE

## SECTION 6 CARBON PRICING, CLIMATE RISK AND CLIMATE STRATEGY

Internal carbon pricing is an important tool to help companies manage climate risks and identify opportunities in the low-carbon economy transition. Today, thousands of companies disclose to the Climate Disclosure Project their current practices or plans to use

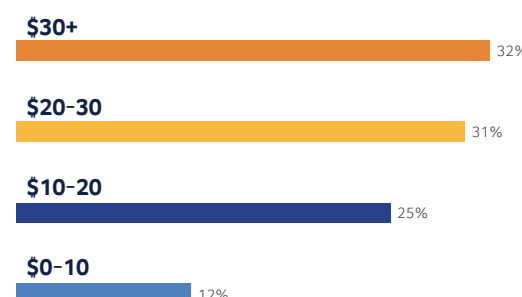
internal carbon pricing. There are 46 national and 30 sub-national carbon pricing initiatives implemented globally covering over 20% of greenhouse gas emissions.



**59%** IS THE NUMBER OF RESPONDENTS FROM COMPANIES WITH SIGNIFICANT GREENHOUSE GAS PRODUCING ACTIVITIES WHOSE COMPANIES ARE FACTORING IN A CARBON PRICE IN INVESTMENT AND/OR OPERATIONAL DECISIONS (64% IN 2018).

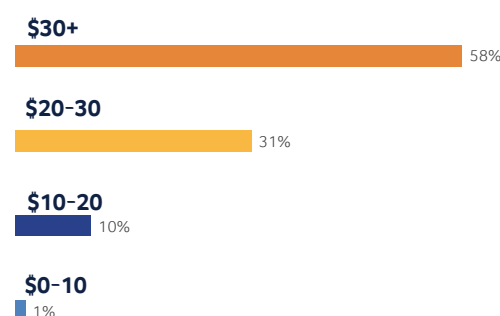
**Q30** IF YOU WORK FOR A COMPANY WITH SIGNIFICANT GREENHOUSE GAS PRODUCING ACTIVITIES, IS YOUR COMPANY FACTORING IN A CARBON PRICE IN INVESTMENT AND/OR OPERATIONAL DECISIONS?

— YES  
— NO



**63%** OF RESPONDENTS WHO INDICATED A PRICE RANGE ARE FACTORING IN AN INTERNAL CARBON PRICE > \$20 (45% IN 2018).

**Q31** IF YOU ARE FACTORING IN AN INTERNAL CARBON PRICE, AT WHAT LEVEL ARE YOU SETTING THE CARBON PRICE?



**89%** IS THE PROPORTION OF RESPONDENTS EXPECTING AUSTRALIA'S NATIONAL (IMPLICIT) PRICE ON CARBON TO BE >\$20 BY 2030, 58% EXPECT A PRICE GREATER THAN \$30.

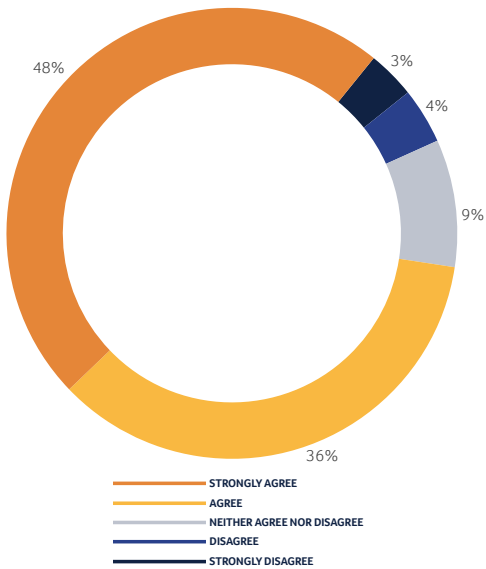
**Q32** WHAT DO YOU EXPECT AUSTRALIA'S NATIONAL (IMPLICIT) PRICE ON CARBON TO BE BY 2030?

# CLIMATE RISK

Disclosure practices on managing climate risks and identifying opportunities in the transition to a low-carbon economy are evolving as organisations respond to market signals and a heightened investor focus on the associated financial impacts. The Task Force for Climate-related Financial Disclosures (TCFD) framework recommends companies use their voluntary framework to disclose the financial impact of climate-related risks and opportunities. An increasing number of jurisdictions such as France and New Zealand are moving to make such disclosure mandatory.

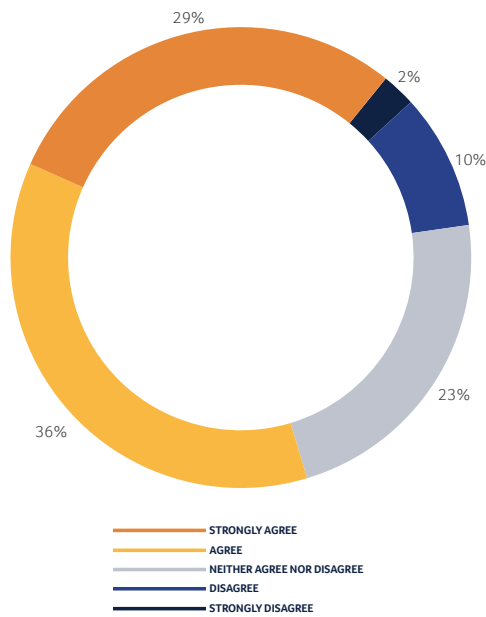
**"ASIC should make climate-related financial reporting compulsory and provide guidelines of what should be included."**

survey respondent



**84%** OF RESPONDENTS INDICATED THEIR BOARD AND EXECUTIVE MANAGEMENT RECOGNISES THE MATERIAL, FINANCIAL AND STRATEGIC RISKS POSED BY CLIMATE CHANGE. (77% IN 2018).

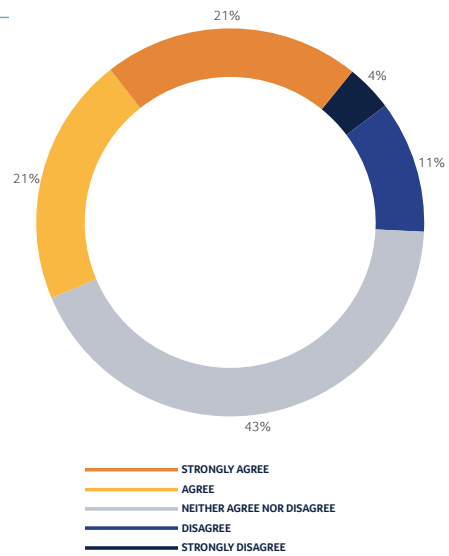
**Q33** THERE IS RECOGNITION IN MY ORGANISATION AT BOARD AND EXECUTIVE MANAGEMENT LEVELS OF THE MATERIAL FINANCIAL AND STRATEGIC RISKS POSED BY CLIMATE CHANGE.



**65%** OF RESPONDENTS STATE THAT THEIR ORGANISATION HAS DETAILED THE RISKS & OPPORTUNITIES FROM CLIMATE CHANGE IN PUBLIC COMMUNICATIONS AND/OR MAINSTREAM REPORTING (56% IN 2018).

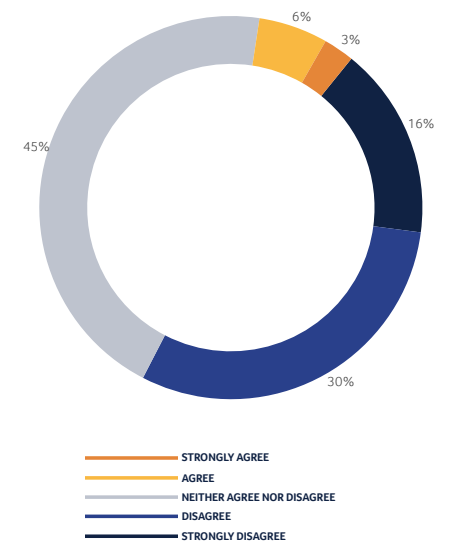
**Q34** MY ORGANISATION HAS DETAILED THE RISKS/OPPORTUNITIES FROM CLIMATE CHANGE IN PUBLIC COMMUNICATIONS AND/OR MAINSTREAM REPORTING.





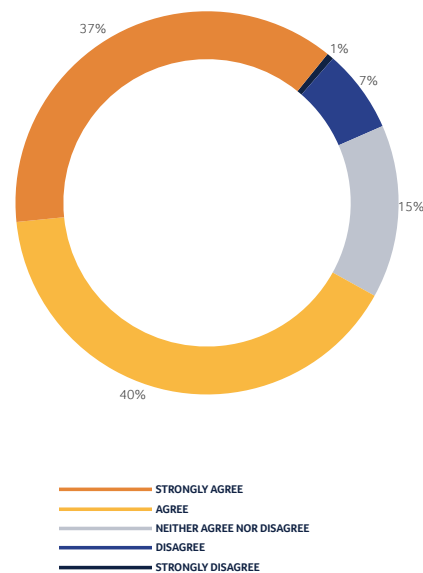
**42%** OF RESPONDENTS INDICATE THAT THEIR ORGANISATION HAS FACED INCREASED SHAREHOLDER ACTION AND/OR RESOLUTIONS REGARDING CLIMATE CHANGE IN THE LAST 12 MONTHS. 43% NEITHER AGREE NOR DISAGREE, 15% DISAGREE.

**Q35** IN THE PAST 12 MONTHS, MY ORGANISATION HAS FACED INCREASED SHAREHOLDER ACTION/ RESOLUTIONS REGARDING CLIMATE CHANGE.



**9%** OF RESPONDENTS STATED THAT THEIR ORGANISATION HAS FACED INCREASED LEGAL CHALLENGES REGARDING CLIMATE CHANGE IN THE LAST 12 MONTHS. 45% NEITHER AGREE NOR DISAGREE AND 46% DISAGREE.

**Q36** IN THE PAST 12 MONTHS, MY ORGANISATION HAS FACED INCREASED LEGAL CHALLENGES REGARDING CLIMATE CHANGE.



**77%** OF RESPONDENTS AGREE THAT AUSTRALIA SHOULD ADOPT A NATIONAL REGULATORY DISCLOSURE FRAMEWORK FOR CLIMATE-RELATED FINANCIAL REPORTING (82% IN 2018).

**Q37** AUSTRALIA SHOULD ADOPT A NATIONAL REGULATORY DISCLOSURE FRAMEWORK FOR CLIMATE-RELATED FINANCIAL REPORTING.

## CLIMATE STRATEGY

IN EXAMINING CLIMATE-RELATED ACTIONS THAT ORGANISATIONS HAD IMPLEMENTED, THE TOP FIVE ANSWERS (MAKING UP OVER 70% OF RESPONSES) WERE:

**Q38** MY ORGANISATION HAS:

- 1 DEVELOPED AN EMISSIONS REDUCTION STRATEGY
- 2 INVESTED IN EMISSIONS REDUCTION TECHNOLOGY
- 3 DEFINED A STRATEGY TO ADDRESS CLIMATE CHANGE RISK
- 4 DEVELOPED A CARBON OFFSET STRATEGY
- 5 ADOPTED A NET-ZERO EMISSIONS TARGET

REGARDING THE MAIN DRIVERS FOR CLIMATE ACTION WITHIN ORGANISATIONS, THE TOP FIVE SURVEY ANSWERS (REPRESENTING 55% OF ALL RESPONSES) WERE:

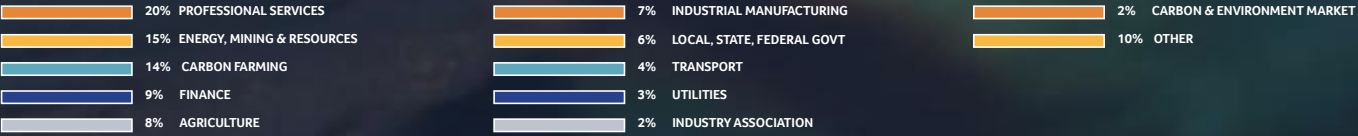
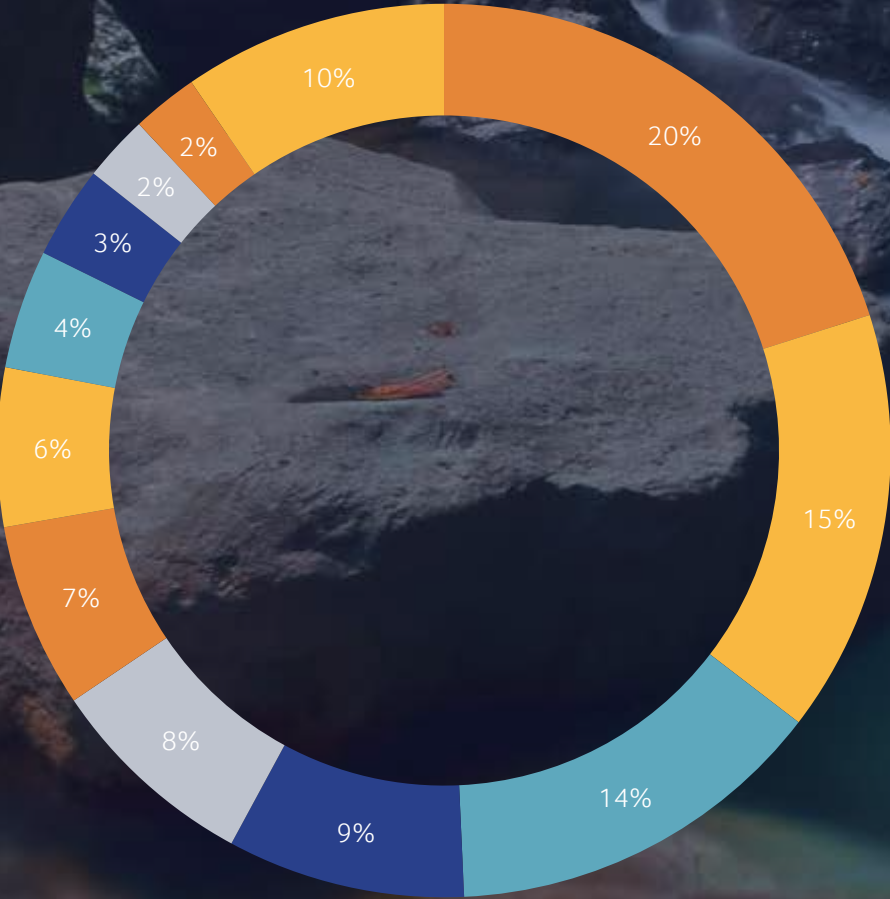
**Q39** THE MAIN DRIVERS FOR CLIMATE ACTION WITHIN MY ORGANISATION ARE: (PLEASE TICK ALL DRIVERS THAT APPLY) ORGANISATION HAS:

- 1 LONG-TERM STRATEGY
- 2 REPUTATION RISK
- 3 RISK MANAGEMENT
- 4 COMMUNITY/CUSTOMER & EMPLOYEE DEMAND
- 5 LOW/ZERO CARBON BUSINESS OPPORTUNITIES



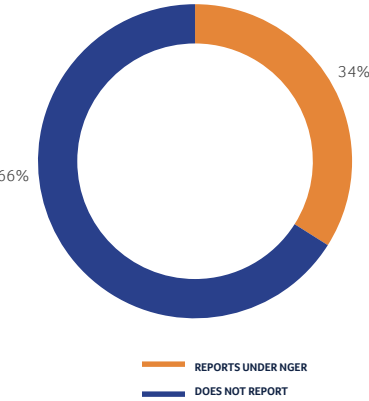
ABOUT  
SURVEY RESPONDENTS

220 SENIOR LEVEL INDIVIDUALS RESPONDED TO THE SURVEY WHICH CLOSED ON 29 NOVEMBER 2019. 37% OF RESPONDENTS WERE FROM DIRECT EMITTING SECTORS AND FROM FINANCE, GOVERNMENT AND PROFESSIONAL SERVICES.

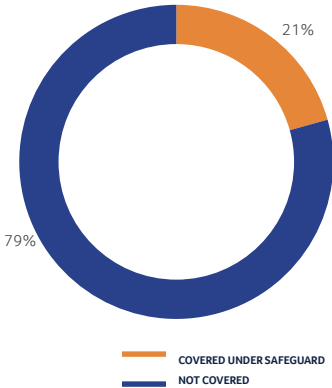


AMONG RESPONDENTS, 34% INDICATED THEY WORKED FOR AN NGER REPORTING COMPANY, WITH 21% INDICATING THEIR COMPANY IS COVERED BY THE ERF SAFEGUARD MECHANISM. 57% ARE CMI MEMBERS.

34%  
NATIONAL GREENHOUSE & ENERGY REPORTERS



21%  
COVERED UNDER SAFEGUARD MECHANISM





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