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Australian business: Do not delay decarbonisation – National climate policy survey launched today

According to a national climate policy survey launched today by the Carbon Market Institute (CMI), 96% of Australian business and industry respondents believe the longer Australia delays decarbonisation, the more abrupt, forceful and disruptive the policy response will need to be, especially for carbon-intensive industries.

The risks posed by climate change to business are well known, both material financial and strategic, with 84% of survey respondents revealing their organisation recognises these risks at board and executive management levels. 42% reported increased shareholder engagement regarding climate change for their organisation in the past 12 months.

“Australian businesses are grappling with the knowledge that science requires net-zero emissions by 2050, policy volatility, 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,” said John Connor, CEO of the CMI.

“This survey tells us that many in Australian business – including Australia’s highest-emitting companies – are already planning to transition to a net-zero emissions world. Business is looking for more ambitious climate policies to set a defined pathway and assist them in managing this,” said Mr Connor.

Almost 95% of survey participants – including over a third from emission-intensive companies – think Australia’s current suite of climate policies do not sufficiently assist business to manage risks and capitalise on opportunities in the transition to a net-zero emission economy.

2020 will see the commencement of key operational elements of the Paris Agreement, however 94% of respondents believe Australia’s current climate and energy policies are not sufficient to drive emissions reductions to meet Australia’s targets set under the agreement. 76% believe Kyoto carryover units should not be used to achieve Australia’s 2030 target under the Paris Agreement.

A key example of policy change that could assist is in the Safeguard Mechanism, which sets emissions caps for high-emitting facilities. 83% of respondents believe the baselines set under this scheme should be reduced over time. 74% want lower-emitting facilities also captured under the Mechanism.

2020 is also the year in which the Government has agreed to develop a mid-century Long-Term Strategy. Most believe Australia should set an economy-wide net-zero emissions target for 2050 (83%).

The top five priorities for this Long-Term Strategy, as indicated by three quarters of respondents included: a legislated net-zero 2050 target; a coordinated national climate policy suite with a clear trajectory, regularly reviewed, to meet that target; sectoral decarbonisation strategies that identify abatement potential, structural barriers and economic opportunities; a price on carbon, and; a plan to ensure orderly closure of old coal plants and their replacement with clean energy.

“Climate policy in Australia is incredibly volatile, creating risk, uncertainty and market challenges for organisations,” said one survey recipient.

“We are seeing a gap between business expectations and government policy, and it is concerning business,” added Mr Connor. “Current reviews of the Safeguard Mechanism and Emission Reduction Fund, along with the development of the Long-Term Strategy next year offer an opportunity to close that gap.”

Approximately 220 senior level managers, including C-Suite and executive level professionals from sectors such as mining, oil and gas and manufacturing, with 34% from emissions intensive companies reporting under the National Greenhouse Emissions Reporting scheme, responded to this survey which is undertaken annually by the CMI.

The CMI is the independent peak industry body at the centre of business and climate action. CMI has 75 corporate members and speaks for business leading the transition to a net-zero emissions economy.

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