

# Sustainable Business Update

Issue 4, April 2007 - More on Climate Change

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

## Setting targets for emissions reductions

### Sir Nicholas Stern in Australia

Sir Nicholas Stern, the previous chief economist of the World Bank and current head of the UK Government Economic Service and senior Treasury Adviser, made a flying 48 hour visit to Australia, speaking at the Lowy Institute in Sydney, The National Press Club in Canberra and to Prime Minister John Howard and Opposition Leader Kevin Rudd.

The ABC reported "Sir Nicholas Stern says Australia should aim to cut its greenhouse gas emissions by 60 per cent by 2050, even though it is only responsible for a small proportion of the world's emissions." He says Australia should take a leadership role. "More and more countries around the world are prepared to move on the basis of their own responsibilities and their judgement of their own responsibilities in the light that others are also moving," he said.

Sir Nicholas says addressing climate change is a key issue for governments worldwide. "This can't simply be left to environment ministers, this is something that goes way beyond an environmental remit," he said <sup>i</sup>.

The Sydney Morning Herald reported Sir Nicholas as suggesting Australia should reduce emissions by 30% by 2020, a suggestion blasted by the Prime Minister <sup>ii</sup>.

On a National level, a target of reducing to 1990 levels by 2020 would be very close to Stern's 30% reduction target if Australia's special Kyoto concession relating to Land Use, Land Use Change and Forestry (LULUCF) is stripped out <sup>iii</sup>.

To reduce to 1990 levels by 2020 would be a reduction of 27% on the 2010 level with measures excluding LULUCF and 37.5% on the 2020 projection with measures excluding LULUCF.

### Australia to lead the World: Global Initiative on Forests and Climate

The Prime Minister has announced that Australia will contribute \$200 million to a global initiative to reduce deforestation, particularly in developing countries. Details are available at [www.pm.gov.au](http://www.pm.gov.au)

Reducing deforestation in developing countries, particularly by eliminating illegal logging, is of critical importance but this is not the only issue. Residents of affected areas will need support in finding alternative income and over time will need to be educated to become the stewards of the forests. This will be a very long term project.

Deforestation is not just a man-made phenomenon, the Victorian forest fires of 2006-07 are reported to have destroyed more than one million hectares of forest, and had an economic cost of up to A\$1.3 billion, depending on the amount of salvage from burned timber <sup>iv</sup>.

### South Australia strengthens climate change legislation

In the same week as Stern's call for a 30% reduction in Australia's GHG emissions by 2020, the South Australian Upper House has proposed reducing emissions by 20% of 1990 levels by 2020. The bill is expected to return to the Lower House for consideration later this month.

South Australia is the first Government in Australia and only the third jurisdiction in the world to legislate targets to reduce greenhouse emissions. More information is available at [www.climatechange.sa.gov.au](http://www.climatechange.sa.gov.au)

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## Submissions to the PM's Task Group on Emissions Trading

Submissions to the PM's Task Group on Emissions Trading closed on 7 March and non-confidential submissions are available at [www.pmc.gov.au/emissionstrading/submissions.cfm](http://www.pmc.gov.au/emissionstrading/submissions.cfm)

Among the submissions the following extracts from the submission by the Business Council of Australia are noteworthy:

"The submission also argues that, given a long-term solution to climate change effectively involves the transition from a high-emission to a low-emission global economy, no-one should be under any illusion about the enormity of the task or the possibility of a quick fix."

"The BCA's principles for a global solution to emissions reduction include:

- setting 'immediate and long-term' global emissions reduction targets that can be differentiated to address the circumstances of individual economies and regularly review these targets;
- building global and national responses around a 'cap and trade' scheme, which effectively involves governments setting a cap on overall emissions and issuing a fixed amount of permits covering these emissions that can be traded by the market;
- bringing all economies into a global scheme by recognising that some economies, particularly developing nations, will need to increase their emissions to accommodate high growth before reducing them – but can still be subject to emission targets. v"

## Stern Review debate/update on their website

Part of the Federal Government response to Sir Nicholas Stern's call to action was to refer to some of the criticisms of the Stern Review. For those who have not followed the debate on the Stern Review there are regular updates on the website at [www.hm-treasury.gov.uk/independent\\_reviews/stern\\_review\\_economics\\_climate\\_change/sternreview\\_index.cfm](http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm)

## Upcoming Events relating to climate change and finding solutions

EBA Forum – "Solutions to Climate Change – Carbon Credits and Offsets" – Sydney, April 11 2007\*  
Details from [eba@environmentbusiness.com.au](mailto:eba@environmentbusiness.com.au)

The 3rd AustralAsian Cleantech Forum – Melbourne, April 17 & 18 2007 Details from [www.cleantechnology.com.au](http://www.cleantechnology.com.au)

National Business Leaders Forum on Sustainable Development – Brisbane, May 21 & 22 2007\*  
Details from [www.ecofutures.com](http://www.ecofutures.com) under Business Leaders

\*Declaration of interest – Bruce Thomas (SBP Associate) is Finance Director of EBA and a member of the Steering Committee of NBLFSD.

## SBP launches climate change seminars

SBP has this week launched its Climate Change briefings and workshops. These briefings and workshops will help participants understand company specific risks and opportunities and develop an action agenda in response. Details at [www.sbpractices.com/climate-change](http://www.sbpractices.com/climate-change)

## References

- [www.abc.net.au/news/newsitems/200703/s1883733.htm](http://www.abc.net.au/news/newsitems/200703/s1883733.htm)
- Sydney Morning Herald, March 29, 2007, page 1
- This can be determined from "Tracking to the Kyoto Target 2006" published by the Australian Greenhouse Office and available at [www.greenhouse.gov.au/projections](http://www.greenhouse.gov.au/projections). Table 3 shows 1990 emissions of 552 Mt CO<sub>2</sub>-e, of which 129 Mt relates to LULUCF, a net 423 Mt of actual emissions. For 2020 emissions with measures are 702 Mt CO<sub>2</sub>-e including 25 Mt for LULUCF, a net 677 Mt. From Table 1, 2010 net emissions are 577 Mt CO<sub>2</sub>-e.
- Victorian Association of Forest Industries 12 February 2007
- [www.bca.com.au/Content.aspx?ContentID=100982](http://www.bca.com.au/Content.aspx?ContentID=100982)

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## 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](http://www.sbpractices.com)  
ABN: 27 109 835 903

Melbourne: [sbp@sbpractices.com](mailto:sbp@sbpractices.com)  
Sydney: [bt@sbpractices.com](mailto:bt@sbpractices.com)  
Adelaide: [sf@sbpractices.com](mailto:sf@sbpractices.com)