

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

## China – Climate Change Assessment Report

China this week released its Climate Change Assessment Report, citing “developing the economy and improving people’s lives remains the country’s primary task” rather than taking action to limit emissions from factories and coal fired power plants.<sup>i</sup>

A synopsis of the climate change impacts and adaptation from the Panel which prepared the assessment report is available at: [www.law.berkeley.edu/centers/envirolaw/capandtrade/Lin%20Erda%202-5-07.pdf](http://www.law.berkeley.edu/centers/envirolaw/capandtrade/Lin%20Erda%202-5-07.pdf)

As China is likely to overtake the USA as the largest emitter of greenhouse gases (GHGs) in the near future, the role of China in finding workable global solutions to reducing GHGs is critical.

On a per capita basis, however, it is interesting to note USA at 25.09 tonnes GHG (2003)<sup>ii</sup> and Australia at 28.2 tonnes GHG (2004)<sup>iii</sup>, compared to China’s 3.05 tonnes GHG (2004)<sup>iv</sup> per capita.

## US Supreme Court rules that the US EPA has power to act on polluting gases

In a decision handed down on 2 April, 2007, the US Supreme Court has ruled “that the Environment Protection Agency has the authority to regulate heat-trapping gases in automobile emissions. The court further ruled that the agency could not sidestep its authority to regulate the greenhouse gases that contribute to global climate change unless it could provide a scientific basis for its refusal”<sup>v</sup>

The state of Massachusetts and others, including a number of local governments had sued the US EPA for not regulating the emissions of greenhouse gases by the transportation sector.

Further details are available at [www.nytimes.com/2007/04/03/washington/03scotus.html?ex=1333252800&en=f966c12737f03a23&ei=5088](http://www.nytimes.com/2007/04/03/washington/03scotus.html?ex=1333252800&en=f966c12737f03a23&ei=5088)

## US - NY Times and CBS poll on climate change

The New York Times and CBS News poll on climate change was released on 26 April. The New York Times reported “Ninety percent of Democrats, 80 percent of independents and 60 percent of Republicans said immediate action was required to curb the warming of the atmosphere and deal with its effects on the global climate”<sup>vi</sup>

Details of the poll are available at [www.nytimes.com/2007/04/26/washington/27pollcnd.html?\\_r=2&hp&oref=slogin&oref=slogin](http://www.nytimes.com/2007/04/26/washington/27pollcnd.html?_r=2&hp&oref=slogin&oref=slogin)

## Increased cyclone activity impacts on business

The impact of weather on business profitability has been illustrated by activity in the recent north Australian cyclone season.

In February Zinifex reported a barge carrying A\$20 million of zinc was crippled by Cyclone Nelson and the metal was contaminated.<sup>vii</sup>

More recently, Fortescue Mining reported a cost blow out of A\$106 million and six-week delay in ore shipments as a result of Cyclones George, Kara and Jacob in March.<sup>viii</sup>

Woodside Petroleum has also reported a 5% drop in production for the first quarter of 2007 from the December quarter “because of cyclones”.<sup>ix</sup> The reduced production and lower prices reduced revenue for the quarter by 18%.

With the IPCC Fourth Assessment Report, Working Group II suggesting there is a greater than 66% chance of intense tropical cyclone activity increasing,<sup>x</sup> the potential for increased exposure to companies operating in the north of Australia is obvious. With much of Australia’s booming mineral sector in the north, the concomitant economic impact cannot be underestimated.

# Sustainable Business Update

## Australian tourism to assess impact of climate change

The tourism industry has urged the federal government to make tourism a part of the policy debate about climate change. As a result the Federal Tourism Minister, Fran Bailey, has called for a tourism action plan to assess the impact of climate change, review best practices and develop adaptation strategies for the A\$75 billion industry.

Ms Bailey said the industry which employs more than half a million people depended on sustainable development.

Queensland Tourism Industry Council Chief Executive, Daniel Gschwind noted "... we have Australia's key natural assets under threat, such as the Great Barrier Reef, Queensland's world heritage rainforests and even the Snowy Mountains".<sup>xi</sup>

An outline of impacts on the tourism industry at varying levels of warming is contained in "The Business Case for Early Action" produced by the Australian Business Roundtable on Climate Change.

The impacts table is on page 13 of the report at [www.businessroundtable.com.au/pdf/F078-RT-WS.pdf](http://www.businessroundtable.com.au/pdf/F078-RT-WS.pdf)

## New Zealand liability under Kyoto Protocol understated by NZ\$1 billion

A report by former New Zealand Ministry for the Environment climate change team head, Murray Ward, has estimated that New Zealand's carbon liability under the Kyoto protocol could be NZ\$1.7 billion by 2012.

This amounts to an underestimation by almost 60%, or more than NZ\$1 billion compared to previous liability estimates of NZ\$656 million.<sup>xii</sup>

## Green buildings on the rise

A report in the May 2007 issue of "In the Black", the journal of the Australian Society of CPAs, notes the rise of the green revolution in the building industry. "Early this year we had 125 commercial office projects across Australia registered for certification under Green Star, with 25 of those projects already assessed and Green-Star certified", according to Green Building Council CEO Romilly Madew.<sup>xiii</sup>

Melbourne City Council is also planning to leverage the knowledge gained from the development of Council House 2, Australia's first 6-star rated office building, by partnering with commercial property owners in the Melbourne CBD to deliver eco-friendly building improvements.<sup>xiv</sup>

## Carbon offset smokescreen

The dramatic expansion in the number of businesses offering both companies and individuals the chance to go carbon neutral, has seen the burgeoning regulated market for carbon credits expected to more than double in size to about US\$68.2 billion by 2010. The unregulated voluntary sector is also expected to rise to US\$4 billion in the same period.

A Financial Times investigation into carbon credit projects has uncovered widespread failings in the new markets for greenhouse gas emission credits, suggesting some organisations are paying for emissions reductions that do not take place.

Companies looking to offset their emissions should understand the source of emission reductions and seek external verification of credits i.e. via the Australian Greenhouse Office, Greenhouse Friendly program.

[www.ft.com/cms/s/48e334ce-f355-11db-9845-000b5df10621.html](http://www.ft.com/cms/s/48e334ce-f355-11db-9845-000b5df10621.html)

## References

- i Australian Financial Review, 26 April 2007, pp 60 & 61
- ii [www.unfccc.int/resource/docs/natc/usnc3.pdf](http://www.unfccc.int/resource/docs/natc/usnc3.pdf)
- iii [www.greenhouse.gov.au/inventory/2004/](http://www.greenhouse.gov.au/inventory/2004/)
- iv [www.unfccc.int/resource/docs/natc/chnnc1exsum.pdf](http://www.unfccc.int/resource/docs/natc/chnnc1exsum.pdf)
- v The New York Times, April 26 2007
- vi The New York Times, 3 April 2007
- vii Australian Financial Review, 8 February 2007, p 20
- viii Australian Financial Review, 19 April 2007
- ix Sydney Morning Herald, 19 April 2007, p 20
- x IPCC WGII Fourth Assessment Report, April 6, 2007, p 16
- xi Australian Financial Review, 18 April, 2007, p 5
- xii The Press, 20 April 2007, p 5
- xiii In the Black, May 2007, p 41
- xiv Australian Financial Review, 26 April 2007

## We would be pleased to receive any feedback you may have.

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