

BUSINESS CONTINUITY ON THE BAY SEMINAR

Thursday 5 May 2011, 2pm–5pm
 Karstens Conference Centre
 123 Queen Street, Melbourne

Recent flood events in Queensland and Victoria have caused considerable loss and hardship to businesses. The floods damaged assets and severely interrupted the operations of a large number of businesses. The insurance industry is still assessing the total cost of these events.

Business owners with assets on low-lying areas around Port Phillip Bay should consider the possibility of inundation from sea-level rise and storm surge. The supply chains of many businesses in Victoria could be affected by a disruption to transport infrastructure located on low-lying areas around Melbourne.

The quality of definitive information currently available makes it difficult for business owners to effectively assess the risks or to develop mitigation strategies. Through this seminar, Climate Alliance hopes to encourage meaningful conversations about this important issue.

Climate Alliance is delighted that Dr John Church, of the CSIRO will be the Keynote Speaker. Dr Church is a leading authority on sea level rise and he will set the scene for the speakers who will address supply chain risks, legal aspects and risks from an insurance industry perspective.

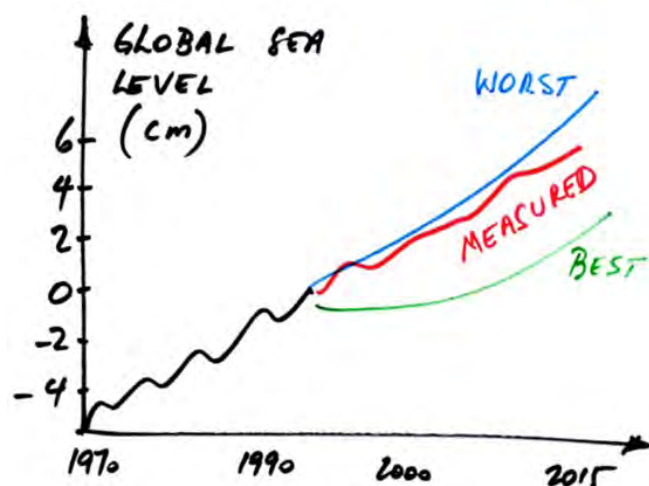
Please visit here to register: www.climatealliance.org.au or email info@climatealliance.org.au

STATE OF PLAY

The worst case projections that have been made by scientists have shown that on average - they have been overly optimistic. Most weather variables such as sea temperature, sea level and air temperature are tracking higher than was forecasted. In his fifth report, Professor Garnaut fears that the projections may be too optimistic.

Professor Garnaut: "Observations and research outcomes since 2008 have confirmed and strengthened the position that the mainstream science then held with a high level of certainty, that the Earth is warming and that human emissions of greenhouse gases are the primary cause."

"It is an awful reality that no major developments in the science hold out realistic hope that the judgements of the 2008 Review erred in the direction of overestimating the risks of climate change."

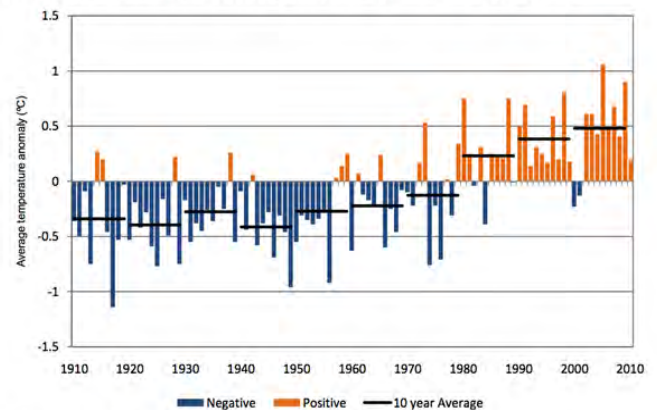


CLIMATE ALLIANCE

A business essential.

New weather related records are regularly being broken. Globally, 2010 tied with 2005 as the warmest year on record for land and sea surface temperatures. Southwest Western Australia had the driest year on record and Queensland was the wettest on record. Although 2010 was a relatively cool year in Australia, the decade ending in 2010 was the warmest on record.

Figure 4: Australian annual average temperature anomalies, 1910 - 2010



Note: the data show temperature difference from the 1961 - 1990 average.

Source: Bureau of Meteorology, retrieved 10 February 2011.
http://www.bom.gov.au/web01/ncc/www/cil_chg/timeseries/tmean/0112/aus/latest.txt

Notwithstanding strengthening information about the changing weather, the deniers are becoming louder. Professor Garnaut recently commented -

"If you take our mainstream media, it will often seek to provide some balance between people who base their views on the mainstream science and people who don't," he said. "That's a very strange sort of balance. It's a balance of words, and not a balance of scientific authority."

Section 180 of the Australian Corporations Act 2001 requires that company Directors inform themselves about a subject matter to an appropriate level - in order to make reasonable decisions. If these criteria were applied to Australian Federal politicians, they would need to become appropriately informed about the science of climate change. Unfortunately, Australia's Chief Scientist never met Prime Minister Gillard or the Opposition Leader, Mr Abbott. Professor Sackett resigned in January 2011 - half way through her term. Where do politicians source the information necessary to make informed decisions on policy regarding climate change?

Since the Prime Minister announced that the Government planned to introduce a price on carbon (initially a tax and then a market based price) the quality of the debate has rapidly deteriorated to name calling and alarmist rhetoric.

It is worth noting some recent trends.

In 2008, the world experienced dramatic increases in the price of hard and soft commodities. Crude oil rose to US\$147/Bbl. The impact of these price increases are much more dramatic than any price on carbon, yet the doomsday warnings from some sectors

See over.

seem to ignore the resilience of industries to adapt to price volatility (or to pass on raw material price increases).

The price of power has risen substantially in Australia over the last three years and this trend is expected to continue. Again, the impact of a carbon price will be considerably less than the increases already experienced. Yet some industries are asking for substantial compensation.

The Gillard Government is also providing up to A\$12B/yr subsidies to Australian fossil fuel producers. Why is the Government subsidising mature and profitable industries?

As Brian Toohey recently wrote in the AFR - "The inflated sense of entitlement is out of all proportion to the minor impact that a carbon tax has on the vast majority of households and firms"

Unfortunately for all concerned, this debate has been overwhelmed by a lack of candour on all sides. The idea of introducing a price on carbon is to penalise polluters so that they increase their prices and consumers use less. With a carbon price, goods made by polluting industries should cost more. In this way, producers will be encouraged to clean up their processes or competitors will take their market share.

Ill informed commentators repeat the mantra that Australia "should not be the first to introduce a price on carbon". Unfortunately, gullible media people print these statements without a challenge. Australians faces no threat from being the first. In fact, Australia is a laggard. The EU has had a price on carbon for over five years, New Zealand introduced a price on carbon in July 2010 and even Columbia and Mexico have priced carbon.

Professor Ian Lowe of Griffith University, said in January 2011: "It is still too early to say with certainty that climate change is responsible for the strong El Niño event that brought devastating drought to eastern Australia and the equally strong La Niña event that has produced the terrible floods. But they are exactly what climate science has been warning us about since the 1980s."

A handful of Australian political leaders has suffered the ultimate price over the issue of climate change. The last election saw Julia Gillard promise that "There will be no carbon tax in her Government" and she has been widely criticised for breaking that promise. The reality is that the current Government is not "her Government". It is a loose coalition of Labor, Independents and Greens. It is very likely that the Greens insisted on a carbon tax, in their negotiations prior to forming a coalition with Labor. This is a reasonable outcome, as it is simpler to introduce a tax and the setting of a clear price provides immediate certainty to industry. However, it does raise the issue of how effectively Labor will manage the program and how efficiently the revenue will be spent.

The unfortunate consequence of Australia's delay to price carbon, is that the longer we delay, the harder it will be for Australian businesses to compete on the global market. China is moving very aggressively in this area. Their goal is to become the leading manufacturer of renewable products for the world. Australia had a leadership position in the development and manufacture of solar cells and it has been lost to other countries. It takes time to change business processes, improve efficiencies and develop new products. Let's hope that this time our leaders will deliver on their promises.

CLIMATE ALLIANCE CELEBRATES LEADERSHIP

The Climate Alliance Business Leadership Awards are annual awards that recognise business leadership in the area of climate change. The awards are presented to Australian business leaders and organisations that have demonstrated leadership by addressing the opportunities or risks presented by climate change.

The Climate Alliance awards recognise the achievements of Australia's Boards, Directors, Executives and Innovators.

The 2011 awards will be presented at the Climate Alliance National Conference that will be held on the 15th of September 2011.



Left-right: Hendrik Karsten, Chairman of CAL, Mr R. Grant, CEO, Pacific Hydro



At the 2010 National Conference in October last year, Climate Alliance presented awards to the following leaders:

Board Leadership of the Year 2010 - National Australia Bank
Business Leader of the Year 2010 - Mr R. Grant, CEO, Pacific Hydro
Innovator/Exporter of the Year 2010 - Hepburn Wind
Special Commendation Award 2010 - Sydney Water

NOMINATIONS FOR 2011 AWARDS ARE NOW OPEN

Please email info@climatealliance.org.au to register interest in the upcoming round. More details on the Climate Alliance web site at www.climatealliance.org.au

FORTHCOMING EVENTS

Business Continuity on the Bay: Melbourne - 5th May, 2011

Powering Australia - trends in price and availability of electricity in the face of the climate change challenge: Sydney - 21st July, 2011

Climate Alliance National Conference - 15th September, 2011

Climate Alliance Membership

Business leaders are cordially invited to join Climate Alliance and benefit from networking opportunities, invitations to events and access to information that deals with the opportunities and risks of climate change. See website for details and registration forms.

About Climate Alliance

Climate Alliance is a not-for-profit, membership based company that collects and disseminates information on climate change. Our primary focus is to provide independent, business-oriented information to Company Directors, to help them inform themselves about the opportunities and risks resulting from climate change. We do not consult, lobby or develop policy.

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