

Climate Alliance Newsletter

Welcome to the April edition of the Climate Alliance Newsletter.

Two Steps Forward.....

We have had good news recently and then some strange news. Rio has announced it has sold out of coal completely. An amazing development. Who would have predicted this decision five years ago? Also, BHP has quit its membership with the World Coal Association because of the Association's public statements on climate change policy. BHP was also very concerned about the Minerals Council of Australia's policy on climate change. However, the MCA has since restated its climate change policy and BHP has chosen to continue being a member.

Our politicians in Canberra continue to vacillate and dither on energy policy. The Government has developed the NEG, which has received spotted support at best. Now 20 Coalition MP's are making trouble for the Government by proposing a policy at odds with that of Mr Turnbull and Mr Frydenberg.

We at Climate Alliance will continue to do what we've been doing for the past ten years – highlight the risks and opportunities presented by climate change for executives in the business community. A major focus this year is sustainable finance, which will be the topic of our November workshops and briefings.

High Level Expert Group on Sustainable Finance



No doubt you are aware of the ground-breaking work done by Mr Bloomberg's [Task Force](#) over the last two years? Subsequent to the Task Force recommendations being published, the EU established a High-Level Expert Group on sustainable finance. The group's [report](#) sets out strategic recommendations for a financial system that supports sustainable investments.

Dr Paul Fisher, a key member of the group, who was also a member of the UK Green Finance Task Force, will be visiting Australia in November and running interactive workshops and executive briefing sessions. The sessions will address the relevance of and omissions from the HLEG in an Australian context. If you are interested in attending these briefings, or organising something specific for your organisation, please [contact us](#) to register your interest. This will be an essential update for any executives working in the finance sector.

- There will be half day workshops, offering a deep dive into the HLEG's recommendations. Dr Fisher will speak about each of the key recommendations and give the attendees the opportunity to ask questions and contribute their views to the conversation in the context of the

Australian economy and current Australian policy settings. This workshop can be run as an internal session or one open to your clients.

- We also have 30-45 minute high level summary talks of the HLEG recommendations that would be ideal for a breakfast or lunch briefing, targeted at your client executives responsible for sustainable investment.

Andrew Voysey of CISL provides an excellent summary of the HLEG report – highlighting the benefits to the finance industry:

[10 Takeaways from Europe's landmark sustainable finance plan.](#)

Climate Alliance is seeking support from sponsors for these important events. Please email admin@climatealliance.org.au to register your interest.

Rio quits coal

"The world's second-biggest miner on Tuesday agreed to sell its last coal mine, the Kestrel operation in Australia's Queensland state, for \$2.25 billion to private equity firm EMR Capital and Indonesia's PT Adaro Energy. That follows announcements last week that Rio will offload coal assets to Glencore Plc for \$1.7 billion in cash and sell an undeveloped project.



Just five years ago it would have been hard to imagine that one of the top miners wouldn't be digging up the dirtiest fuel, which generates about 40 percent of the world's electricity. Rio's coal-free future is in stark contrast to many of its rivals, such as Glencore, the world's top coal shipper. The commodity is one of BHP Billiton Ltd.'s main strategies, while Anglo American Plc has pulled back on plans to sell out.

RIO CEO Jean-Sebastien Jacques was asked why Rio is quitting a cyclically profitable business such as coal. He replied "Strategy is about making choices. We decided to invest more money in iron ore, in bauxite and in copper, and although we have the best balance sheet across the industry we have to make some choices." Jacques resisted any idea that the divestment of coal was motivated by "reputational reasons". But there is little doubt that sometime in 2014 Rio concluded that a long-term life in coal was likely to prove ever more complicated and that internal race for capital at Rio would be increasingly determined by long-run economics whose metrics were shaped to reflect the increasing risk of owning large, long-life coal assets in a carbon-constrained world."

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BHP dumps membership of World Coal Association



"BHP has officially dumped its membership of the World Coal Association due to the lobby group's stance on energy and climate change, but will retain its membership of the United States Chamber of Commerce for now.

BHP was particularly unimpressed with comments made by WCA chief executive Benjamin Sporton in *The Australian Financial Review* in

September, where he backed the federal government's abandonment of its clean energy target and said Australian banks should continue to lend to projects that underpinned high-efficiency, low-emissions coal-fired power stations."

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"It appears that for the moment, BHP will not quit its membership of the Minerals Council of Australia because of the MCA's revised policy published in March 2018.

References to coal in the document have shrunk dramatically from the MCA's previous energy and climate change policy document, produced about three years ago and which referred to coal 12 times. The previous policy had said technology gains were dramatically cutting the carbon footprint of coal-fired power and emphasised the role coal had played and would play, in meeting the energy needs of developing nations."

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Curiouser and curiouser

It is difficult to understand the motivation of the newly formed "Monash Forum" group. Made up of a group of twenty MP's in the Coalition, they are proposing that the Federal Government invest in new coal fired power plants. Is this a genuine attempt to broaden the conversation on energy policy or are there political strategies at play?

"The Monash Forum believes the government should build a \$4billion power Hazelwood 2.0 power station in Victoria's Latrobe Valley while exploring further sites for coal-fired plants.



1 Alice at the Mad Hatter's tea party. Illustration by John Tenniel, wood graving by Thomas Dalziel

The manifesto of the Coalition ginger group, obtained by *The Australian*, calls on signatories to advocate for the affordable and reliable power "that our parents and grandparents had".

The Australian understands it was drafted by Mr Andrews and 20 MPs have signed it, while others had indicated their support verbally.

"We accept that, in time, coupled with more efficient and larger scale batteries, renewable power is likely to form a bigger proportion of Australia's power generation," it said.

"But that time has not yet come, and we're sceptical of any claims made for the viability of renewables that requires continued mandatory use or taxpayer grants."

The lobby group could threaten the Prime Minister's national energy guarantee (NEG) as he attempts to secure support from state and territory governments for a new national framework later this month. Mr Kelly this morning denied the group were flexing their political muscles ahead of Mr Turnbull's likely 30th consecutive Newspan loss, which is due 9 April 2018."

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Veteran Journalist Paul Bongiorno has also written:

"This trashing of the Liberal Party's defining philosophy has some on the back bench shaking their heads. It is one thing for the Nationals, often dubbed agrarian socialists, to call for a renationalisation of energy supply. It's quite another for the champions of market forces and free enterprise who are supposed to inhabit the Liberal Party room to do so."

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Climate Alliance 2018 Leadership Awards are open!



Know of a person or an organisation that has demonstrated leadership in addressing the opportunities or risks presented by climate change? Please nominate them for the Climate Alliance Business Leadership Awards. Nominations close 1st September 2018.

Categories include:

- Board Leadership of the Year
- Company Secretary of the Year
- Business Leader of the Year
- Innovator/Exporter of the Year

Past winners include the NAB Board, Andy Vesey of AGL, Martijn Wilders of Baker McKenzie, the Board of the Clean Energy Corporation, Simon Corbell, Deputy Chief Minister of the ACT, amongst others. See full details of the various categories and evaluation criteria [here](#).