

The Australian

Let's get down to business

Corporate Australia is starting to accept the realities of global warming, reports **Andrew Trounson**

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JOHN Schubert, chairman of the Commonwealth Bank and a former head of the Business Council of Australia, is a former mining executive, so it is no surprise that he uses mining metaphors.

But what's interesting is that a corporate heavyweight such as Schubert, especially one from the carbon-intensive resources sector, uses such metaphors to ram home his belief that climate change is upon us and we need to do more to curb greenhouse gas emissions.

The precarious future of coral reefs, and the Great Barrier Reef in particular, is a matter close to Schubert's heart. The former head of Esso Australia and building materials company Pioneer is chairman of the Great Barrier Reef Research Foundation. The increasing incidence of bleaching, or coral death, in the reef as a result of rising sea temperatures has focused his mind on the issue of climate change.

Across the business world, corporate leaders are increasingly accepting that serious action has to be taken to curb greenhouse gas emissions. How, and how fast, is the vexing issue. Schubert is convinced that human activity in burning ever greater quantities of fossil fuels is driving climate change and he believes most of his colleagues in corporate Australia have come to the same conclusion.

Schubert hosted a panel discussion on climate change at the Australian Davos Connection's annual corporate talkfest on Hayman Island, smack in the middle of the Great Barrier Reef, his ground zero.

Even those corporate leaders who may be sceptical of theories that human activity is the driver of climate change are coming to accept the need for action. Dick Warburton, chairman of oil refiner Caltex Australia and a former director of the Reserve Bank, suspects that global warming is more a natural phenomenon and that the world will have to adapt to it. But he accepts the need to cut greenhouse gas emissions as a way of moderating and slowing the process.

"There is no doubt that global warming is happening, but I'm not jumping on the bandwagon and saying man is the main cause of it," he says.

Michael Roux, chairman of the Australian Davos Connection, has been attending corporate discussions on climate change for the past 10 years, but last weekend's meeting on Hayman Island was the first one at which there was no real dispute over the science of global warming. "Climate change has moved into the mainstream," Roux says.

Craig Winkler, co-founder and chief executive of software company MYOB, embraced the need for action several years ago and has installed low-energy lighting and air-conditioning at his corporate headquarters in Melbourne. At home he has switched almost entirely to compact fluoro light bulbs, which use only 20 per cent of the energy of normal globes, and he drives a Toyota

Prius hybrid car. "People are catching on," he says. "The next challenge is to individually and collectively do something about it."

But that something is the hard part. Earlier this year the likes of Westpac, Origin Energy, Insurance Australia Group and BP joined with the Australian Conservation Foundation to form the Australian Business Roundtable on Climate Change, and called on the Government to set out a pathway for imposing a cost on carbon emissions. They are advocating a national market-based system such as carbon trading that could be in place by 2013. Business has long opposed such a move, arguing that unilaterally imposing a cost on carbon in Australia will just force industry and carbon emissions to migrate offshore without any net benefit to the environment. But the roundtable believes Australia needs to take a lead in pressing for change and that mechanisms can be found to protect vulnerable industries until Australia can link into an international system.

In contrast, the Business Council of Australia remains unconvinced. It has backed the Government's approach that concentrates on promoting technological solutions such as cleaning up coal by burying gas emissions.

It is an approach supported by Australia's fellow Kyoto objector, the US. Under their so-called AP6 climate action pact, the two countries have attracted the support of China and India, the fastest growing sources of greenhouse gases, who are nevertheless both exempt from Kyoto cut-back targets.

For Schubert, how to balance the need to take more action to cut emissions while preserving the economy is the dilemma. While scientists and engineers are working overtime to provide new clean technologies and alternative power sources, Schubert is convinced that a price signal from the Government will be required to encourage the development and adoption of these technologies. "It will require a global initiative and that will require leadership from the US. So the sensible thing for Australia to do is to use its influence over the US administration," Schubert says.

Schubert believes politicians in Australia and the US could yet end up taking more serious action more quickly than expected as community concerns over climate change increase. He suspects that community attitudes may be approaching a tipping point as evidence mounts of climate change.

"The community is starting to ask: 'Are the Katrinas of this world part of global warming and should we be doing something about it?'"