

**Minerals Council Environmental Workshop:
Greenhouse and the Minerals Industry
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1. Introduction

Greenhouse is an economic and public policy issue of major potential commercial importance to the minerals industry and for our overall operating environment.

region, even though this is likely to reduce rather than increase global emissions.

And because of the composition of our exports and our geographic location, Australia is probably the most exposed country in the world to 'carbon leakage' –

countries modelled is relatively efficient today. It follows from this assumption

In the light of this it would be a tragedy not just for economic efficiency 12 Tf 0. but much BT

those countries' skill, capital and resource endowments. Such investment may

business have emphasised the importance of the commitment of the largest country – the United States.

In fact the Protocol is written so that it can come into force without the ratification of the United States. But we all know that it cannot survive for any length of time without United States engagement.

It is easy to be moralistic in ones approach to this topic. It looks like a position that lacks principle and leadership to say that we should be amongst the last to ratify. Yet to me there is principle in the position being put. It is the principle of a

It seems to be the essence of good policy and good management that the issues of compliance and enforcement and the use of the mechanisms should be separate – with some exceptions in the case of the CDM to the extent necessary to meet its unique integrity requirements. Unless the use of the mechanisms raises genuine compliance and enforcement issues which undermine an integrity the Protocol would otherwise have, compliance and enforcement arrangements for use of the flexibility mechanisms should be the same as those for independent abatement.

5. Two views of the world

'bubble' – should remain wholly unfettered. Of course it should remain unfettered: what possible use could there be in imposing restrictions on it? But so too should other flexibility mechanisms be unfettered.

Likewise they are indignant that some will benefit unduly from the ability to access Russian 'hot air' – the excess of Russian business as usual emissions over their assigned amount. But they will be making full use of East German hot air within the bubble to meet their own commitments.

5.1. Principle based diplomacy

Given the situation in which we find ourselves, I believe we should adopt what I

6. *Building on Kyoto*

7. Role of NGOs and Government

Given the tripartite nature of today's session on climate change, I thought I would hazard some reflections on the role of my counterparts in the green movement and in government. The reflections are offered provocatively, but not without sympathy for their roles in the ecosystem of environmental policy making. All I can offer in return is my own preparedness to listen to what others have to say.

7.1. From green politics to green outcomes

A great deal of credit must go to the green movement for prosecuting the cause

challenge program because they fear that that action could disadvantage them if emissions trading permits are 'grandfathered' and because, so far, Governments have only said that they would not like to penalise firms for early action. Boards need more than this if they are to commit funds to substantial abatement projects. This is at a time when, in our view, firms are ready to really focus on carbon abatement as a commercial issue and move somewhat beyond 'no regrets' action so as to mitigate forward carbon risk, particularly for new, long lived projects.

As I have said to Gwen Andrews personally, my view is that we need a