



The Climate Change Authority
GPO Box 1944
Melbourne VIC 3000

via website: www.climatechangeauthority.gov.au/submissions

29 November 2013

Re: Targets and Progress Review Draft Report

Thank you for the opportunity to provide comment on the Targets and Progress Review Draft Report.

Prior submission

On behalf of the investors Regnan represents, we submitted to the issues paper that:

- Minimising costly, disruptive changes to climate and weather systems should be the sole imperative in setting caps and targets for Australia's atmospheric carbon emissions;
- The Climate Change Authority should adhere to a broad and long-term perspective when formulating its recommendations, particularly when prioritising among competing claims;
- Emphasis should be placed on the emissions budget needed to achieve targeted warming outcomes, in preference to benchmarks that reference business-as-usual or emissions levels in a prior years;
- The 2020 target should be, at a minimum, equal to the 15% conditional pledge made by the Australian government, in order to:
 - Smooth the pathway to the long term goal;
 - Provide flexibility to accommodate new information;
 - Provide a more accurate near-term signal to business and to investors about the abatement that is required; and
 - Reduce the magnitude and likelihood of abrupt and disruptive reductions being required subsequent to 2020.

In our view, the draft report addresses all of these concerns.

Remarks on the Draft Recommendations

Regnan agrees that the current minimum bipartisan goal of a five per cent reduction by 2020 is inadequate and would require, 'an implausibly rapid acceleration of effort beyond 2020' and would

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'increase future costs and cause unnecessary disruption to the economy'. We agree that Australia should consider allowing the use of genuine international emission reductions (R.6); and we accept modelling concluding (C.11) that adopting more ambitious targets would result in a comparatively small additional impact of (option 2).

Given the small cost, we consider it irresponsible not to adopt higher targets (option 2) since that Australia's best interests are met by adopting domestic settings conducive to bringing about co-ordinated global action needed to target limiting warming to two degrees.

We further note that a higher target is made easier to achieve by the surplus Australia has carried over from the first commitment period of the Kyoto Protocol (C.9) and by the reduction task having become easier than previously projected (C.10).

Regnan's research into business impacts from climate change finds that corporate risk responses are lagging the advance of the physical consequences of climate change. Value impacts are expected to continue to continue to grow without meaningful global action to limit climate change.

We agree that there are net benefits from developing indicative long term goals and that these should be reviewed regularly (C.8). We consider the form of the post-2020 goals proposed (being a long-term national emissions budget to 2050 and a trajectory range from 2020 to 2030) to be appropriate.

We agree that reviews of Australia's long-term goals should occur at least every five years (R.1) and have regard to developments in climate science, international action and economic factors (R.2). Further, **we consider that such reviews should be conducted transparently by an independent body with adequate skills and resources.**

Regnan thanks the Climate Change Authority for the opportunity to present its views and the perspectives of long term and widely diversified investors. We would welcome the opportunity to discuss matters within this document, or related matters, should it be of assistance to the Authority in forming its views.

Yours sincerely

A handwritten signature in black ink, appearing to read "Amanda Wilson", written in a cursive style.

Amanda Wilson
Managing Director
Regnan – Governance research and engagement

About Regnan

Regnan is an institutional investor initiative established in 2007 to investigate and address environmental, social, and corporate governance-related sources of risk and value for long-term shareholders in Australian companies. Its research directs the program of company engagement and advocacy it undertakes on behalf of its clients. Its clients invest \$45.5 billion in S&P/ASX200 companies (at December 2012). Regnan's clients include Advance Asset Management, BT Investment Management, Catholic Super, Commonwealth Superannuation, Hermes Investment Management, HESTA Super Fund, Local Government Superannuation Scheme, NTGPASS, Vanguard (Australia), VicSuper and the Victorian Funds Management Corporation (VFMC).