

19 February 2016

Climate Change Authority
GPO Box 1944
Melbourne VIC 3001

Via email : submissions@climatechangeauthority.gov.au

Dear Sir/Madam

Special Review – Australia’s climate policy options

Rio Tinto Limited (*Rio Tinto*) welcomes the release of the Climate Change Authority’s second draft report of the *Special Review – Australia’s climate policy options* in November 2015. This report aims to identify effective policies and measures that Australia can use to reduce its emissions in support of an effective global response to climate change.

Rio Tinto has a long history of engaging constructively on climate change issues in Australia. We support the outcomes from COP21 in Paris and the establishment of a framework for countries to commit to, deliver on, and increase ambition over time as necessary to achieve the stated 2°C goal. Our climate change advocacy positions are guided by our public global climate change position.

Rio Tinto is a large user of energy in Australia, in particular electricity, gas and diesel. Many of our operations are in remote locations and generate electricity both for our own use and also for surrounding communities. All of our operations are trade exposed, with our aluminium smelting and alumina refining assets also highly electricity and emissions intensive. As a result, any effects of Australian policy on the international competitiveness of our businesses are of significant importance to us.

To maintain competitiveness, action taken in Australia needs to be calibrated against international climate change policy efforts. Assessing the impacts on competitiveness requires not just a high level understanding of national targets and policy measures but also a detailed understanding of the scale and timing of policy implementation and the actual costs borne by industry in jurisdictions where our competitors are located.

The Review highlights that for any emissions reduction scheme type there are a range of design decisions that need to be made. The effectiveness of any particularly policy type is difficult to assess at the scheme level without an understanding of the outcomes of these detailed design decisions.

A stable regulatory framework is important for business to be able to plan long term investments appropriately. It is also important that climate change and energy policy is integrated given that energy is a large source of emissions in Australia and for companies such as Rio Tinto.

Rio Tinto would welcome further consultations with the Climate Change Authority to ensure that relevant issues are adequately considered.

Please contact Sue Lacey on (03) 9283 3152 or sue.lacey@riotinto.com if you have any queries in respect to this submission.

Yours sincerely



Andrew Harding
Chief executive – Iron Ore Australia, China and Korea