

Greenhouse Gas Emissions and Regional and Rural Business

Recently, the federal government received a report from its **greenhouse gas emissions task force** recommending a national emissions trading scheme. The opposition has committed Australia to a **60% reduction target** by 2050. Meanwhile, the rest of the world is talking about 'beyond Kyoto'.

What does this all mean for regional and rural businesses? What does it mean for your business?



What Are Greenhouse Gases Emissions?

Greenhouse gasses affect the atmosphere in a way which enhances the natural capacity of our atmosphere to trap heat, thus increasing global temperatures. The most common greenhouse gasses include carbon dioxide, nitrous oxides and methane. These are typically produced by electricity production, manufacturing (e.g. cement, steel, textile, and fertilizer) and transport sectors.

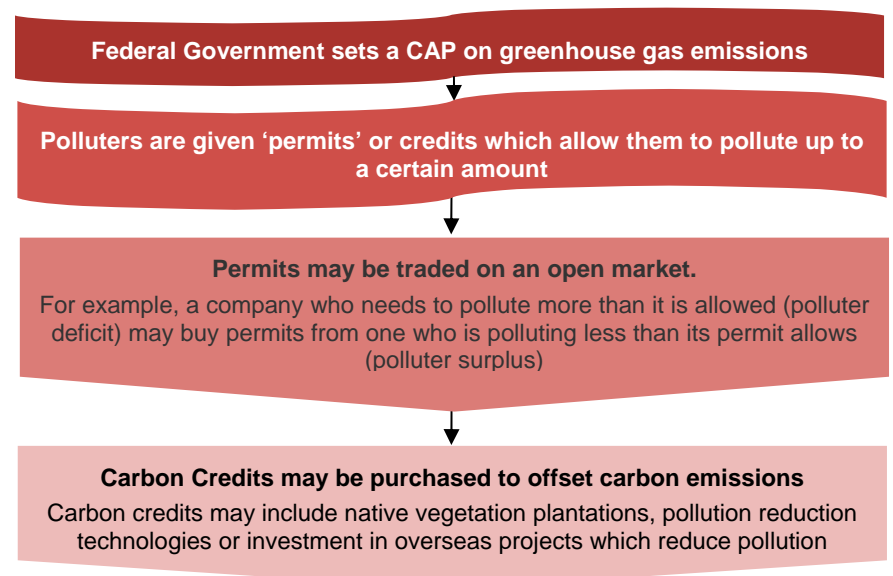
What is Climate Change?

Over recent decades, scientists have measured changes in global temperature which normally occur over thousands of years. This has been linked to longer, stronger droughts, increased occurrences of tornados and cyclones and an increase in more intense storm events across the world. It is this sudden, intense change in climate which concerns scientists, environmentalists, economists and politicians across the globe.

There are still some sceptics who question whether climate change is really happening. Until recently, our own government was not convinced. However, the large majority of the world's scientists consider climate change to be a real issue. Business leaders and economists now rate the potential impact of climate change on markets as the single biggest business risk today; so much so that the leaders of the largest businesses in Australia are planning the future with climate change firmly in mind.

What is an Emissions Trading Scheme?

The basics of an emissions trading scheme are shown below. Essentially, it is a mechanism whereby the market determines the price of pollution.



There are several emissions trading schemes in operation across the world. In Australia, the state governments have committed to a national scheme by 2010. It would appear that the federal government may establish one after 2011. A world-wide scheme (known as the *Kyoto Protocol*) will be in force in 2008.

What does this Mean for Regional and Rural Businesses?

It is inevitable that an emissions trading scheme will be in place in Australia in the foreseeable future. Whilst the nuts-and-bolts of such scheme are yet to be determined, it is certain that the scheme will have impacts on regional and rural businesses including:

- **Mandatory caps** on polluting industries such as power generation, manufacturing and automotive industries including road transport.
- Businesses will need to know their **emission profile**.
- **'Downstream' pollution**, such as the use of electricity, freight transport and pre-manufactured product is likely to be included in a company's emissions profile.
- Businesses will need to change they way they operate in order to **reduce emissions**.
- Industry will need access to **emissions permits and carbon trading** schemes.
- **Emissions reporting** will become a key requirement for businesses. Reporting may commence as early as 2008.

For the farming community, a carbon trading scheme may dramatically alter the way in which farms are managed. In many cases, particularly in our region, farms could receive more revenue from selling carbon credits through planting and managing native vegetation than from traditional farming outputs.

Regional and rural business needs to start planning for the future today. A few basic things you can do to better prepare your business for these changes include:

- **Know** how much pollution your business emits! For most businesses, energy use and transport will make up the majority of emissions.
- **Research** how to reduce your pollution at little or no cost, simply through small changes in your infrastructure.
- **Educate** your staff about the importance of reducing emissions through saving energy and reducing fuel use. It is no longer only an environmental issue – it will soon affect your bottom line.

How can nghenvironmental assist?

nghenvironmental can help your business get a better understanding of your emissions. We can provide you with links to free Internet based information and other tools to help you get started. We can also assist you with analysing your particular situation and assisting you with developing emission reduction and carbon trading plans for your own organisation, and we can prepare in-house seminars to explain and discuss this with your staff.

Key Links

Australian Greenhouse Office: www.greenhouse.gov.au

Greenhouse Challenge Plus program: www.greenhouse.gov.au/challenge/index.html

PM's Task Group on Emissions Trading: <http://www.pmc.gov.au/emissionstrading/index.cfm>

National Emissions Trading Scheme: <http://www.emissionstrading.nsw.gov.au>



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