

Australian Industry
Greenhouse Network

Annual Report 2022/23



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This Annual Report is a summary of our operations, activities, and financial position as of 30 June 2023. An electronic version of this report is available on AIGN's website.

In the spirit of reconciliation, AIGN acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea, and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Chair and Chief Executive's report

Following the 2022 Federal Election, the incoming Government's policy platform included a strong emphasis on increasing climate action including a new 2030 emissions reduction target of 43% below 2005 levels.

This commitment has guided a busy year in climate policy.

AIGN has continued to provide a valuable information-sharing forum for our members, connecting with officials and experts across a range of issues.

Our strong stakeholder participation and collective experience continue to distinguish our contributions to the development and consideration of climate change policies. The excellence of AIGN input reflects the expertise present in our membership, for whose astute and dedicated engagement we would like to express our gratitude.

This year we have worked to maintain accessibility to network meetings; with a balance of virtual and in-person meetings to utilise digital connectivity while recognising the importance of face-to-face engagement. Several half-day deep-dive workshop sessions have followed in-person meetings, to maximise the benefit of gathering in person.

In the past year, AIGN has engaged in processes to establish the *Climate Change Act 2022*; reforms to the Safeguard Mechanism to set declining baselines and introduce safeguard mechanism crediting; discussions around the development of a Climate-Related Financial Disclosure framework; technology pathway; and ongoing consultation on climate risk and adaptation.

Several of these policy development processes are still underway and will be joined by other key public discourses, including the Government's review of carbon leakage issues affecting Australia. AIGN will maintain active involvement on these important topics. Alongside these priorities, AIGN continues valuable engagement in international climate negotiations and side events.

AIGN continues to benefit from deep and open engagement with officials across various portfolios, on both domestic and international climate issues.

We are grateful for our constructive working relationships with the Department of Climate Change, Energy, the Environment and Water; the Department of Foreign Affairs and Trade; the Department of Industry, Science and Resources; the Clean Energy Regulator; the Climate Change Authority, and a range of accomplished colleagues across several disciplines in the private sector.

Lastly, we would like to thank the secretariat for their effort and dedication to advancing the priorities of AIGN members.



Marghanita Johnson
Chair



Susie Smith
Chief Executive

01

About AIGN

The Australian Industry Greenhouse Network Limited (AIGN) is a network of industry associations and corporations.

AIGN provides a forum for discussion on key climate change issues, providing information and analysis in the consideration of national and international climate change policy and the role industry can play in the transition to net zero emissions by 2050.

AIGN stands apart as a unique community of highly experienced professionals, who bring together their collective knowledge and expertise to promote the development of sensible international, national, and local climate policy.

AIGN provides focused research and information services for its members, issuing updates on policy, preparing submissions, and commissioning research on relevant climate change issues.



Providing information, advice, and a forum for the analysis and formulation of public policy.



Consulting with government and other opinion leaders on the adoption of a principled national and international climate change policy framework.



Contributing to international climate change dialogue including through participation in United Nations climate change meetings.

Our Board



Marghanita (Margi) Johnson
Chair



Margaret (Margie) Thomson
Vice Chair



Anshul Jain
Director



Damian Dwyer
Director



Charmaine (Tzila) Katzel
Director



Paul Barrett
Director



Graham Winkelman
Director

AIGN's Board of Directors is responsible for the company's business planning and operational oversight.

In managing the Company, the Board will approve an annual business plan and make decisions on the management of the Company pursuant to and consistent with the policy framework and strategic agenda as determined by the general meeting(s).

AIGN Board Attendance FY23

Name	Title and organisation	Appointment	Date	Jul	Sep	Oct	Feb	May
AIGN Chair (2022) Marghanita (Margi) Johnson BEng (EnvEng)(Hons), BSc, GAICD	<i>Chief Executive Officer</i> Australian Aluminium Council	Appointed: Elected:	Dec 2019 Oct 2020, 22	✓	a	✓	✓	✓
Vice Chair (2022) Margaret (Margie) Thomson BAGecon, MEcon	<i>Chief Executive</i> Cement Industry Federation Ltd	Appointed: Elected: <i>Previous terms:</i> <i>Previous resignation:</i>	Mar 2017 Oct 2017, 19, 21 Oct 2010, 12 Jul 2014	✓	✓	✓	✓	✓
Paul Barrett BEc	<i>Chief Executive Officer</i> Australian Institute of Petroleum Ltd	Appointed: Elected:	Feb 2015 Oct 2015, 17, 19, 21	a	✓	✓	✓	✓
Damian Dwyer APPEA BEc, Grad Dip Pub Ec Pol LETA BEc, Grad Dip Pub Ec Pol	<i>Deputy Chief Executive</i> Australian Petroleum Production & Exploration Association <i>Director Policy &</i> <i>International Relations</i> Low Emission Technology Australia	Elected: <i>Previous resignation:</i> Appointed:	Oct 2011, 13, 15, 16,18, 20, 22 Jan 2023 May 2023	✓	✓	✓	n/a	n/a
Anshul Jain BEng, MBA	<i>Manager, Carbon &</i> <i>Sustainability</i> Santos Limited	Elected:	Oct 2021	✓	✓	✓	✓	✓
Charmaine (Tzila) Katzel BSc, MSc, Mphil	<i>Head of Sustainability</i> <i>and Social Performance</i> Newcrest Mining Limited	Elected: <i>Previous terms:</i> <i>Previous resignation:</i>	Oct 2021 Oct 2016, 18, 20 Jun 2021	✓	✓	a	✓	✓
Graham Winkelman PhD Materials Eng	<i>Head of Carbon</i> <i>Management</i> BHP Group Limited	Appointed: Elected:	Jan 2017 Oct 2017, 19, 21	✓	✓	✓	a	a

Directors are elected for a two-year term and are eligible to re-nominate via election at the Annual General Meeting of the Company.

Our climate change policy principles

It is of vital importance for long-term investment in the transition to net zero greenhouse gas emissions that there is a long-term global climate change agreement based on common commitments.

The United Nations Framework Convention on Climate Change provides the foundation for international cooperation. Since the formation of the convention in 1992, Australia has been a significant contributor and AIGN acknowledges the importance of the convention in providing a forum for the international community to formulate common actions to address climate change. Business plays an important role in these discussions: by unlocking private capital to support the transition to net zero and by contributing practical insight into the application of proposed policy mechanisms.

In December 2015, the Paris Agreement was signed by 198 countries, and it formalised a comprehensive global treaty to combat climate change. In this context, AIGN welcomes the growing commitments of the parties, individual corporations, and associations to the global goal of net zero by 2050 or sooner.

AIGN's climate change policy principles establish a preferred framework for Australian policy development within this global context. Adopting policies that meet these principles should deliver the least-cost, environmentally effective, and equitable outcomes for Australia – and ultimately globally.

Policies should

- Recognise and respond to the scientific consensus of the Intergovernmental Panel on Climate Change
- Establish a long-term price signal across the whole economy.
- Address trade competitiveness of export and import competing industries.
- Promote public and private investment in low emission technologies.
- Encourage investment in adaptation and resilience strategies.
- Be based on sound science and climate risk management.

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AIGN Climate Change Policy Principles



Australia should make an equitable contribution, in accordance with its differentiated responsibilities and respective capability, to global action to reduce greenhouse gas emissions and to adapt to impacts of climate change.

Australia should engage the international community in pursuing identified and beneficial environmental outcomes through greenhouse gas emissions reduction action that:

- Allows for differentiated national approaches
- Promotes international cooperation
- Minimises the costs and distributes the burden equitably across the international community
- Is comprehensive in its coverage of countries, greenhouse gases, sources, and sinks
- Recognises the economic and social circumstances and aspirations of all societies
- Is underpinned by streamlined, efficient, and effective administrative, reporting, and compliance arrangements



In this global context, Australia should develop a strategic national approach to responding to climate change that:

- Is consistent with the principles of sustainable development and other national policies, including economic growth, population growth, international trade, energy supply and demand, and environmental and social responsibility
- Takes a long-term perspective
- Maintains the competitiveness of Australian export and import-competing industries
- Distributes the cost-burden equitably across the community
- Adopts a consultative approach to the development of new policies
- Is consistent and effectively coordinated across all jurisdictions throughout Australia



Australia's future greenhouse policy measures should:

- Be consistent with the strategic national approach
- Be trade and investment-neutral, in a way that does not expose Australian industry to costs its competitors do not face
- Not discriminate against new entrants to Australian industry, nor disadvantage 'early movers' in Australian industry who have previously implemented greenhouse gas abatement measures
- Take account of the differing sectoral circumstances
- Be based as far as is practicable on market measures
- Address all greenhouse gases, emission sources, and sinks
- Balance, in a cost-effective way, abatement and adaptation strategies, both of which should be based on sound science and risk management

Australia's contribution to the global climate change effort as set out here reflects the principle in Article 3.1 of the United Nations Framework Convention on Climate Change.

International negotiations

The United Nations Framework Convention on Climate Change facilitates the development and implementation of common actions across the international community to address climate change.

A long-term universal climate agreement, based on common and transparent commitments across member parties, will encourage private investment in the transition to a net zero environment.

Spotlight on implementation (COP27)

AIGN's abiding presence at the international climate negotiations plays a pivotal role in keeping our members informed and poised to contribute to ensuring Australia's international climate commitments are translated into practical domestic policy in an economically competitive environment.

The Conference of the Parties (COP) meetings are a crucial point in international climate negotiations, with influential, consensus-based decisions that direct global decarbonisation efforts. AIGN uses this opportunity to discuss critical issues with the Australian and other delegates and to cultivate relationships in the international business community.

COP27, held in Sharm El-Sheikh, was labelled the 'implementation COP' due to the Egyptian Presidency's focus on adaptation and support for developing countries to decarbonise, attempting to find bridging solutions on several issues between the developed and developing world. Parties agreed to the Sharm el-Sheikh Implementation Plan, which promotes renewable and low-emissions energy and

recognises the need to rapidly transform energy systems to promote security, reliability, and resilience. Parties also agreed to establish a fund for responding to loss and damage, with key details to be agreed upon in the coming years.

The steady progress made on Article 6 rules to establish an international carbon market was complemented by a full work program for the Article 6.4 Subsidiary Body, which has been tasked with setting up the market mechanism that will allow private sector contributions to count towards the Paris Agreement goals. While the market mechanism is unlikely to be in operation before 2025, Parties can move abatement between jurisdictions through cooperative approaches under Article 6.2; indeed, some Parties are beginning to employ bilateral agreements for this purpose.

These promising initiatives must be underpinned by robust transparency and integrity standards to meet Paris Agreement requirements and the expectations of the private sector to promote investment. Measures to support developing countries should be encouraged, both to ensure the integrity of Nationally Determined Contributions and to encourage private-sector abatement projects. The hopes for a substantial increase in ambition at COP27 were rather disappointing, with relatively few countries revising their mitigation commitments.

The virtual platform which was introduced during COP26 has become a permanent feature, enabling observers to follow the negotiations online. Side events are not all streamed, and there is no way to replicate the value of both formal and informal networking opportunities; nevertheless, the opportunity to follow negotiations from off-site is a welcome addition to the UNFCCC process.



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Intersessional meeting of the Subsidiary Bodies (Bonn)

AIGN regularly attends the mid-year climate negotiations, held near the UNFCCC Secretariat's head office in Bonn, Germany. At these smaller, focused technical meetings, AIGN is the sole established Australian industry presence. This mid-year session is an important waypoint between COPs, providing opportunities for Parties to discuss prominent issues in a less constrained environment. This enables deeper consideration of detailed matters and can be a valuable opportunity to build an understanding of differences between Parties' positions and consider bridging proposals to elevate the prospect of reaching consensus positions at the following COP.

Article 6 negotiators worked steadily on the matters required for decision to implement the market mechanism. Despite the trust and constructive attitude negotiators have established through years of toil, the volume of outstanding work is a substantial obstacle to timely implementation.

Parties continued to progress the first Global Stocktake, which provides stakeholders with opportunities to provide input and contribute to the collective understanding of global efforts and priority actions. Parties and observers have expressed some dismay that the collective effort of Parties to the Paris Agreement remains insufficient to reach the 2°C Paris goal, with the 1.5°C aspirational goal still firmly out of reach.

Looking ahead (COP28)

For COP28, the Presidency will pass to the United Arab Emirates (UAE), with the negotiations commencing in Dubai at the end of November 2023. The UAE is characterising COP28 as a 'milestone moment' to close the

gaps to achieve significant decarbonisation before 2030, with a very broad program of themes.

The Presidency has flagged the need for course correction on adaptation, finance, and loss and damage, and the need for ambitious and urgent global action to minimise the impacts of global warming.

The Global Stocktake is due to conclude and is expected to present a challenging outlook in the absence of significant further mitigation measures. While the Stocktake has no formal outcome, the COP28 Presidency has vowed to ensure Parties respond to this assessment with a clear plan of action. This may take the form of a collective commitment to consider the Stocktake outcomes as Parties prepare to submit a new round of Nationally Determined Contributions in 2025.

Business observers will continue to look for progress toward a well-designed market mechanism and a clear framework to support transparency and integrity in mitigation. Providing the necessary assistance to developing countries to meet these standards will be crucial in encouraging private-sector investment in global abatement activity.

It will take an immense, widespread acceleration in decarbonisation to transition to net zero emissions by 2050. This effort will require all available methods and technologies, and both public and private funding. International carbon markets, particularly the Article 6 provisions, will play a vital role in this transition.

Australian policy

After the 2022 Federal Election, the incoming Government revised Australia's 2030 emissions reduction target from 26-28% below 2005 levels, to 43% below 2005 levels – consistent with the Climate Change Authority's recommendation. This change was enshrined in legislation and reflected in Australia's updated NDC.

The new 2030 target is intended to encourage rapid transformation to a low-carbon economy this decade, on the way to achieving net zero carbon emissions by 2050. It set the tone for an overhaul of the climate policy suite, including amendments to existing legislation.

Legislating Australia's targets

The *Climate Change Act 2022* came into effect in September 2022, establishing framing legislation for Australia's mitigation activity and codifying the 2030 and 2050 targets into law. The Act requires the Government to have regard to its climate change targets across a broad range of initiatives; it also compels the Climate Change Minister to give an annual statement to Parliament to report on our progress towards these targets.

Cementing institutional stability with an enduring policy framework, including a transparent and consistent approach to setting emissions reduction goals, is important and can improve investor certainty. AIGN supports the continued open and transparent development of the climate policy suite to meet Australia's mitigation ambition.

Evolving the Policy Suite

The Government's approach to meeting its emissions reduction targets is to leverage the existing climate policy suite to support the needed economic transformations.

The Government intends to encourage rapid transformation to a low-carbon economy this decade. This will require a whole-of-economy abatement effort, and further change to the policy suite to ensure all sectors of the economy are doing their share of the collective abatement task.

World-recognised reporting framework

The cornerstone of Australia's climate change policy suite continues to be the National Greenhouse and Energy Reporting Scheme (NGERS). It underpins Australian climate change and energy policies.



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The Climate Change Authority's legislated review of NGERs is currently underway. The credibility and integrity of Australia's internationally regarded national reporting system should continue to be recognised and maintained.

Declining baselines introduced

One of the most substantive amendments to existing policy was the reform of the Safeguard Mechanism. The Mechanism, which applies to approximately 28% of Australia's emissions and predominately covers the resource and industrial sectors, was updated to introduce declining facility baselines, enable trading of below baseline credits, and requires all facilities to update to the new baseline method.

In the lead-up to the implementation of the reformed Safeguard Mechanism, AIGN has worked closely with the Department and the Clean Energy Regulator, to facilitate the discussion of our members' implementation priorities.

Broad climate change policy suite

- National Greenhouse and Energy Reporting Scheme and Safeguard Mechanism
- Emissions Reduction Fund
- Renewable Energy Target Scheme
- National Reconstruction Fund
- Australian Renewable Energy Agency
- Clean Energy Finance Corporation
- Climate Resilience and Adaptation Strategy
- Net Zero Economy Agency
- Corporate Emissions Reduction Transparency

Supporting disclosure of climate risks and opportunities

AIGN members have been closely involved in the consultation process for the development of a mandatory climate-related financial disclosure framework.

Many AIGN members have established relevant disclosure practices on a voluntary basis, through international frameworks such as the standards of the International Sustainability Standards Board and the recommendations of the Taskforce on Climate-Related Financial Disclosures.

The Australian Government's mandatory reporting framework will build on these international standards. As this important work continues, AIGN will maintain active engagement to support the development of a credible, transparent, and internationally aligned framework that meets the needs of AIGN members and supports a thriving investment environment in Australia.

Advocacy

For two decades, AIGN has continued to provide a reasoned and informed voice in the development and implementation of climate change policy in Australia.

Regular network meetings facilitate policy discussions and information sharing between members, and key public and private sector subject matter experts.

AIGN has formally and informally contributed to policy reviews on emissions reporting, abatement, technology, climate change strategy and emissions caps, project approvals, international policy, and other related climate change matters such as independent research projects.

AIGN is also an active contributor to industry-government consultation on international policy and is a business delegate at the United Nations Framework Convention on Climate Change negotiations.

While the network's primary focus is on national and international policy, the evolution of state-level climate change policies continues to draw focus. Sub-national policies can play an important role within a strategic national framework, but due attention should continue to be given to ensure that these policies are complementary rather than duplicative.



AIGN continues to advocate for a streamlined climate change policy suite - that promotes economic growth and is firmly underpinned by sustainable development goals.

AIGN hosted a diverse program of invited guests.

- Centre for International Economics
- Clean Energy Regulator
- Climate Change Authority
- Comhar Group
- Department of Climate Change, Energy, the Environment and Water
- Department of Foreign Affairs and Trade
- Embassy representatives
- Gilbert and Tobin
- Investor Group on Climate Change
- Market Advisory Group
- Treasury

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Emissions reporting

- Climate-related financial risk disclosures [TSY]
- Corporate emissions reduction transparency reporting [CER]
- National greenhouse and energy reporting [CCA]

Emissions abatement

- Climate Change Act 2022 [DCCEEW]
- Emissions reduction fund [CCA]
- Safeguard mechanism upcoming amendments [DCCEEW]

Strategy and emissions caps

- Climate Change Authority's issues paper [CCA]
- NSW's electricity infrastructure roadmap: consultation on the framework [OECC]
- Victoria's five-yearly interim emissions reduction targets [DEECA]

Low emission technology

- Australian industry energy transitions initiative: industry workshops [ClimateWorks]
- Australia's technology investment roadmap and pathways strategy [DCCEEW, DISR]
- National Reconstruction Fund [DISR]

International policy

- Carbon Border Adjustment Mechanism [EU, DCCEEW]
- Leadership group for industry transition [DFAT, DCCEEW]
- United Nations Framework Convention on climate change: meetings [DCCEEW, DFAT, BINGO]

Approvals, adaptation and resilience

- Engineers Australia's Climate Smart Engineering Initiative (CSEI) roundtable
- Resilience and adaptation [DCCEEW]
- WA EPA updated guidelines for new projects implementation [WA EPA]

Abbreviations:

BINGO: Business and Industry Non-Government Organisation at UNFCCC negotiations (Int)

CER: Clean Energy Regulator (Cth)

CCA: Climate Change Authority (Cth)

DCCEEW: Department of Climate Change, Energy, the Environment and Water (Cth)

DEECA: Department of Energy, Environment, and Climate Action (Victoria)

DFAT: Department of Foreign Affairs and Trade (Cth)

DISR: Department of Industry, Science, and Resources (Cth)

OECC: Office of Energy and Climate Change in Treasury (New South Wales)

TSY: Treasury (Cth)

UNFCCC: United Nations Framework Convention on Climate Change

WA EPA: Environmental Protection Authority (Western Australia)

Operating model

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AIGN retains its commitment to providing members with a highly efficient, low-cost network service.

AIGN operating model

AIGN's secretariat operated a virtual office, utilising technology for day-to-day online communications. This approach optimised costs whilst maintaining member benefits of regular network meetings, and information distribution and policy analysis service.

During this reporting period, AIGN held five full-day network meetings and four half-day workshops in Canberra. The high-quality engagement with guest speakers encouraged strong attendance at the network meetings and the workshops provided valuable opportunities for deeper analysis and discussion on key policy areas.

Scheduled video conference meetings were also held periodically, and several *ad hoc* videoconference sessions were held to capture important policy announcements and consultation processes.

Members continued to receive regular news briefings and other supporting material by email.

Financials

The audited financial statements, that accompany this report, confirm AIGN's continued sound financial position at the end of the reporting year. The working capital ratio indicates that AIGN remains in a strong financial position and can meet its financial obligations as they fall due.

The Board retains a contingency reserve to ensure that the Company will always have sufficient cash to meet its liabilities as and when they fall due and to provide sufficient funds to meet foreseen and unforeseen expenses in the unlikely event that the organisation is wound up.

For FY23, the Board resolved to utilise excess contingency reserve over the three-year forward budgets. This strategic draw-down enabled AIGN to manage the increase in operating costs whilst keeping membership fees lower. This is based on membership remaining stable and no substantive changes to secretariat resourcing and office arrangements.

A range of cost-saving initiatives across the business delivered a less than budgeted deficit of \$25,461 for the reporting period.

AIGN reported no occupational health and safety incidents or non-compliance with its governance requirements in this reporting period.

AIGN Secretariat

Susie Smith

Chief Executive (0.5 FTE)

Marion Niederkofler

Senior Policy Advisor
(0.7 FTE)

Angela Gray

Business Manager and
Secretariat (0.7 FTE)

Membership fees in 2022-23 were:

Association membership:

\$25,281.72 (excluding GST)

Corporate membership:

\$14,045.40 (excluding GST)

Membership

07

The Australian Industry Greenhouse Network is comprised of a broad cross-section of Australian industry associations and businesses.

Association members





Corporate members







Clause 11 of AIGN's constitution states that: "A member may at any time, by giving notice in writing to the Secretary, resign as a member. The resignation will be effective three (3) months from the date of receipt of the notice by the Secretary. A member so resigning shall be liable for payment of the subscription fee for the financial year in which the resignation becomes effective. When the resignation of a member becomes effective, that member's name must be removed from the register."

*BHP Group Limited resigned their membership effective on 13 October 2023.



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