

Australian Industry
Greenhouse Network

Annual Report
2021/22



Contents

Chair's Report	1	About AIGN	2	Our climate change	
		AIGN Directors	3	policy principles	4

International negotiations	6	Australian policy	8
-----------------------------------	----------	--------------------------	----------



AIGN's advocacy	10	Operating model	12	Membership	14
------------------------	-----------	------------------------	-----------	-------------------	-----------

Australian Industry
Greenhouse Network Ltd
PO Box 4622, Kingston ACT 2604
T +61 2 6295 2166
W www.aign.net.au
E admin@aign.net.au

This Annual Report 2022 is a summary of AIGN's operations, activities, and financial position as of 30 June 2022. An electronic version of this report is available on AIGN's website, www.aign.net.au.

We respectfully acknowledge and celebrate the Traditional Owners and Elders, past and present, of all the lands on which the Australian Industry Greenhouse Network operates.

Chair's Report

As the world learns to adjust to living with COVID-19, AIGN has naturally joined the general shift towards a new 'COVID-normal' operating model.

The pandemic has left an indelible mark on how individuals engage in their work, and with the need for greater flexibility, we are making use of our digital connectedness on an ongoing basis. At the same time, the last two to three years have proven beyond doubt the intrinsic value of face-to-face engagement.

AIGN's unique offering of open information sharing and strong stakeholder engagement, together with the collective experience and knowledge of experts across the industry, ensures we continue to play a valuable role in the development and consideration of climate change policies.

The distinctive and exceptional character of AIGN is due in very large part to the valuable, constructive engagement of members, and I thank each of you for your continued contributions to the work of AIGN.

Reflecting on the year that has passed, AIGN has provided a forum for members to analyse and discuss the Safeguard Crediting Mechanism, a series of method redevelopments for the Emissions Reduction Fund, and the Corporate Emissions Reduction Transparency co-design and pilot implementation process.

We have continued to engage on issues such as the evolution of climate-related financial disclosures and notable developments in other jurisdictions, such as the European Commission's development of a Carbon Border Adjustment Mechanism. As always, these priorities were complemented by a continued engagement in the international climate negotiations, which were conducted virtually for several years.

AIGN thanks officials from across various portfolios that have engaged with us on domestic and international climate change issues. We continue to appreciate close working relationships with the Department, the Clean Energy Regulator, and the Climate Change Authority, as well as a range of other independent bodies and highly skilled colleagues across a range of disciplines in the private sector.

I would personally like to express my gratitude to the secretariat for their ongoing and dedicated service to the membership.



Damian Dwyer
Chair, Australian Industry
Greenhouse Network

“

The distinctive and exceptional character of AIGN is due in very large part to the valuable, constructive engagement of members, and I thank each of you for your continued contributions to the work of AIGN.

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 is a unique community of highly experienced professionals, which 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.

Our Board

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).



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 within which effective and equitable domestic greenhouse gas abatement actions are developed and implemented.



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

AIGN Directors (30 June 2022)



Damian Dwyer
Chair



Marghanita (Margi) Johnson
Vice Chair



Paul Barrett
Director



Anshul Jain
Director



Charmaine (Tzila) Katzel
Director



Margaret (Margie) Thomson
Director



Graham Winkelman
Director

AIGN Board Attendance

Name	Title and organisation	Appointment	Date	Jul	Aug	Oct	Feb	Apr
AIGN Chair (2020) Damian Dwyer BEC, Grad Dip Pub Ec Pol	<i>Deputy Chief Executive</i> Australian Petroleum Production & Exploration Association	Elected: Re-elected:	October 2011 October 2013, 15, 16 18, 20	✓	✓	✓	✓	✓
AIGN Vice Chair (2020) Marghanita (Margi) Johnson BEng (EnvEng)(Hons), BSc, GAICD	<i>Chief Executive Officer</i> Australian Aluminium Council	Appointed: Elected:	December 2019 October 2020	✓	✓	✓	✓	a
Paul Barrett BEC,	<i>Chief Executive Officer</i> Australian Institute of Petroleum Ltd	Appointed: Elected: Re-elected:	February 2015 October 2015 October 2017, 19, 21	✓	a	✓	✓	✓
Anshul Jain BEng, MBA	<i>Manager, Carbon & Sustainability</i> Santos Limited	Elected:	October 2021	n/a	n/a	✓	✓	✓
Charmaine (Tzila) Katzel BSc, MSc, Mphil	<i>Group Manager, Sustainability & Social Performance</i> Newcrest Mining Limited	Elected: <i>Previous terms:</i> <i>Previous resignation:</i>	October 2021 Oct 2016, 18, 20 30 June 2021	n/a	n/a	✓	✓	a
Margaret (Margie) Thomson BAgEcon, MEcon	<i>Chief Executive</i> Cement Industry Federation Ltd	Appointed: Elected Re-elected:	March 2017 October 2017 October 2019, 21	✓	✓	✓	a	✓
Graham Winkelman PhD Materials Eng	<i>Head of Carbon Management</i> BHP Group Limited	Appointed: Elected: Re-elected:	January 2017 October 2017 October 2019, 21	a	✓	✓	✓	a

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

Our climate change policy principles

02

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. Importantly, including substantive participation and contribution from the business sector – including AIGN.

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. In the domestic context, the principles envisage Australian policy measures that:

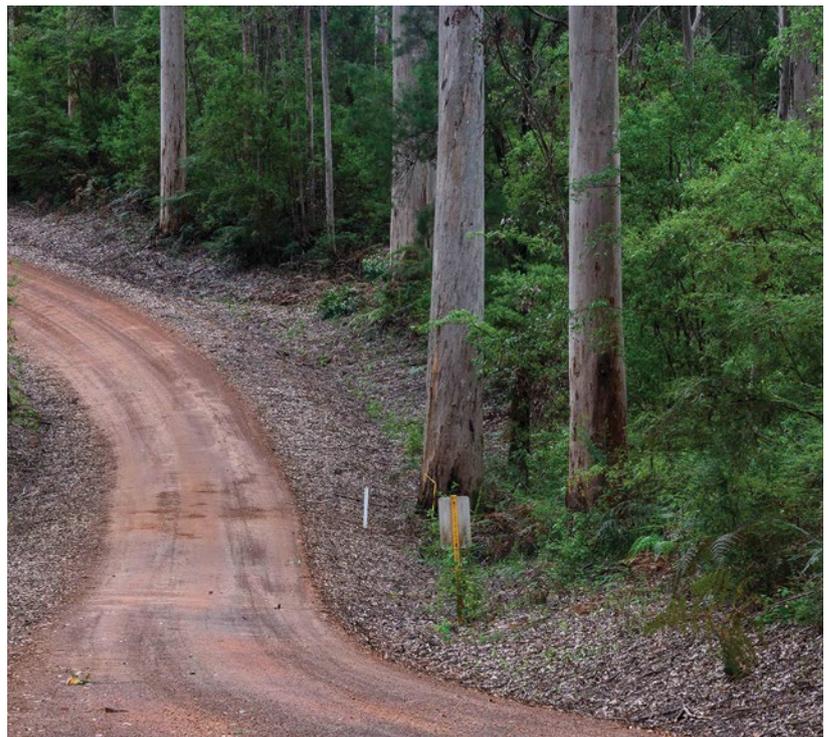
- Are national
- Recognise and respond to the scientific consensus of the Intergovernmental Panel on Climate Change
- Are developed and implemented transparently to engender community support
- Are stable, predictable and avoid complexity to help minimise investment uncertainty

- Establish a long-term price signal across the whole economy
- Do not expose Australian export- and import-competing industry to costs not faced by these industries in other countries
- Promote public and private investment in low-emission technologies
- Do not discriminate against early movers and new entrants
- Encourage investment in adaptation and resilience strategies

Adopting policies that meet these principles should deliver least-cost, environmentally effective, and equitable outcomes for Australia – and ultimately globally.



Adopting policies that meet these principles should deliver least-cost, environmentally effective, and equitable outcomes for Australia – and ultimately globally.



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

03

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.

Progressing the Paris Rulebook (COP26)

AIGN is an established presence at the end-of-year international Council of the Parties meetings, engaging with Australian Party delegates and fostering ties to the international business community and non-government organisations.

COP26, which was originally scheduled to be held in Glasgow in 2020, was instead held one year later in 2021. Although formal negotiations were delayed by one year due to the COVID-19 pandemic, parties continued to engage in informal discourse and made substantive progress on technical aspects of the Paris Rulebook in the lead-up to the conference.

For the first time, the United Nations secretariat facilitated virtual participation as well as in-person attendance. Due to travel restrictions active at that time, AIGN observed the negotiations through the virtual access provided.

At the meeting, parties agreed to the 'Paris rulebook' setting out in greater detail how they will meet their obligations under the Paris Agreement.

Importantly, significant progress was made on Article 6 (markets) and a list of priority matters was agreed upon for resolution at COP27 to be held in Egypt in November 2022.



Intersessional (Bonn)

AIGN also regularly attends the mid-year intersessional meetings of the subsidiary bodies. At these smaller, focused technical meetings, AIGN is uniquely placed to provide a considered Australian industry perspective.

In June 2022, parties and observers were once again able to convene for the intersessional negotiations in Bonn. While COVID-19 measures were implemented and virtual participation offered, there was no separation between parties and observers, to the overwhelming approval of the delegates. AIGN was able to once more attend in person and engage closely with party delegates and international business and industry colleagues.

The optimistic atmosphere at these negotiations reflected the energy that will be needed to complete the unprecedented work program in the lead-up to, and at, COP27 at the end of 2022.



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



Article 6, international carbon markets, will play an important role in accelerating the transition to net zero emissions

Increasing ambition (COP27)

Egypt, as the COP27 incoming Presidency, plans to draw focus to adaptation and the need for developed country parties to support developing country parties in their efforts to reduce emissions and transform their economies. This is an important issue for governments around the world and the private sector.

Supporting developing country parties to meet the transparency and integrity standards required by the Paris Agreement and the expectations of the private sector will also be crucial to supporting private sector investment in abatement activity across the globe. From an international perspective, it will be important to develop and implement measures to ensure the integrity of Nationally Determined Contributions.

The focus of the negotiations on the detailed design and implementation of the Paris Agreement suggests a deepening value for close

stakeholder engagement with the international process.

To achieve the emission reduction targets, it is not an either or proposition, fuel switching, energy efficiency, technology, and abatement will be required. International and national policy should be tuned to unlocking private capital and accelerating the necessary transformation to a net zero economy.

Key outstanding issues within Article 6 were resolved at COP26 and many important decisions were taken that have allowed further work to progress. This includes the setting up of a Supervisory Body for Article 6.4, the Paris Agreement market mechanism. AIGN continues to advocate for integrity and transparency in these markets.

Article 6, international carbon markets, will play an important role in accelerating the transition to net zero emissions.



04

Australian policy

At COP26, Australia announced, with bipartisan support, its commitment to net-zero emissions by 2050.

Australia commenced consultation on a potential amendment to the Safeguard Mechanism to create a Safeguard Crediting Mechanism, as well as the design and implementation of the pilot program for the Corporate Emissions Reduction Transparency (CERT) reporting initiative.

The election of a new Labor Government in May 2022 brought significant changes to the climate policy suite, with the Powering Australia policy representing a change of pace, especially in terms of the scope of Australia's climate ambition. The 2030 emissions reduction target moved from 26 to 28% below 2005 levels to 43% below the same baseline.

The cornerstone of Australia's climate change policy suite continues to be the National Greenhouse and Energy Reporting Scheme. This scheme combines the elements of stability and flexibility in its design and management. This data source underpins Australian climate change and energy policies, including the Renewable Energy Target, the Emissions Reduction Fund, and the Safeguard Mechanism.

Legislating Australia's climate ambition

The federal Climate Change Bill 2022 legislates the 43% emissions reduction target and the net-zero by 2050 target. AIGN supports the objectives of the bill.

This bill is an important step towards delivering policy certainty for industry, and the community more broadly in Australia's transition to a net zero economy.

Institutional stability through an enduring policy framework including a transparent and consistent approach to setting emissions reduction goals is important and can improve investor certainty.

It is evident that there is a strong commitment to 'get the design right' and embed a policy framework long-term through a consultative approach.

AIGN supports the principle of efficiency inherent in the bill. It is sensible to use existing policy architecture as much as possible to achieve the objectives of the bill, noting that adjustments and supplements to the policy suite are needed to achieve the intended outcomes.

Supporting corporate transparency

The Clean Energy Regulator successfully completed the design and implementation of its corporate emissions reduction transparency reporting pilot program.

The program provides a voluntary instrument for the reporting and disclosure of corporate carbon offset and renewable energy certificate surrenders, with the view to providing an Australian Government platform for businesses to report their net carbon position against internal climate goals.

The Regulator consulted closely with stakeholders throughout the design of the pilot program, including holding regular meetings with their expert reference group and hosting a co-design working group with key stakeholders.

There was broad representation in the pilot program, including representation by AIGN corporate members. Feedback from the pilot will be used in the design of the program, with members identifying a number of areas for consideration.

43%

The 2030 emissions reduction target moved from 26 to 28% below 2005 levels to 43% below the same baseline.

Evolving the Policy Suite

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

The climate change policy suite includes:

- National Greenhouse and Energy Reporting Scheme and Safeguard Mechanism
- Emissions Reduction Fund
- Renewable Energy Target Scheme
- Technology Investment Roadmap

- Australian Renewable Energy Agency
- Clean Energy Finance Corporation
- Modern Manufacturing Strategy

While some questions remain over how the climate change policy suite may be made use of in the future, it is clear that the Government intends to encourage rapid transformation to a low-carbon economy this decade, on the way to achieving a net-zero carbon economy by mid-century.

AIGN's Advocacy

05

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.

In the past 12 months, AIGN has formally and informally contributed to policy reviews on emissions reporting, abatement and technology initiatives, climate change strategy and emissions caps, project approvals, international policy, and other related climate change matters such as private member bills, opposition statements, and 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. In contrast to climate change policy in the early 2000s businesses must now manage multiple climate change-related compliance obligations under an active and evolving policy framework.



AIGN hosted a diverse program of invited guests.

- Clean Energy Regulator
- Climate Change Authority
- Former Department of Industry, Science, Energy, and Resources
- Department of Climate Change, Energy, the Environment and Water
- Department of Foreign Affairs and Trade
- Commonwealth Scientific and Industrial Research Organisation (CSIRO)
- Embassy representatives / officials
- University of Melbourne
- Centre for International Economics
- Investor Group on Climate Change
- Baker McKenzie
- Comhar Group

“

Regular network meetings facilitate policy discussions and information sharing between members...

Emissions reporting and approvals



- Corporate Emissions Reduction transparency reporting pilot [CER]
- Updated guidelines for new project implementation [WA EPA]

Emissions abatement



- Emissions Reduction Fund Method Advisory Panel [CER]
- Safeguard Crediting Mechanism: consultation [DISER]
- Climate Change Bills 2022 [DCCEEW]
- Safeguard Mechanism upcoming consultations on amendments [DCCEEW]

Strategy and emissions caps



- ALP National Platform 2021 [ALP]
- Victoria's five-yearly interim emissions reduction targets [DELWP]
- NSW's electricity infrastructure roadmap: consultation on the framework [DPIE]

Low emission technology



- Australia's Technology Investment Roadmap / statement [DISER]
- Hydrogen Guarantee of Origin Scheme: consultation [DISER]
- Australian Industry Energy Transitions Initiative: industry workshops [ClimateWorks]

International policy



- United Nations Framework Convention on Climate Change: meetings [DFAT / DISER / BINGO]
- Leadership Group for Industry Transition [DFAT / DISER]
- Indo-Pacific Carbon Offset Scheme [DISER]
- Carbon Border Adjustment Mechanism [EU]
- Inflation Reduction Act [USA]

Adaptation and resilience



- Resilience and adaptation [DISER & DAWE]
- Engineers Australia's Climate Smart Engineering Initiative (CSEI) roundtable

Abbreviations

ALP: Australian Labor Party

APRA: Australian Prudential Regulation Authority

CER: Clean Energy Regulator (Cth)

CCA: Climate Change Authority (Cth)

DAWE: Department of Agriculture, Water and the Environment (Cth)

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

DELWP: Department of Environment, Land, Water and Planning (Victoria)

DFAT: Department of Foreign Affairs and Trade (Cth)

DISER: Department of Industry, Science, Energy and Resources (Cth)

DPIE: Department of Planning, Industry, and Environment (New South Wales)

DWER: Department of Water and Environmental Regulation (Western Australia)

HoR: House of Representatives Standing Committee on the Environment and Energy (Cth)

LeadIT: Leadership group for industry transition (International)

UNFCCC: United Nations Framework Convention and Climate Change

WA EPA: Environmental Protection Authority (Western Australia)

Operating model

06

AIGN operating model

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

Commencing in 2022, AIGN reintroduced regular face-to-face network meetings. In recognition of the ongoing pandemic operating model, these meetings were scheduled quarterly, rather than monthly. AIGN also successfully trialled the addition of a half-day workshop to the regular full-day network meetings. The purpose of the workshops was to provide an internal deep-dive analysis and discussion on key policy areas.

Remote stakeholder engagement and AIGN's email news service continued as normal.

Financials

The financial statements, which accompany this report, confirm AIGN's continued sound financial position at the end of the reporting year. AIGN delivered a surplus of \$91,476 for the 2021/22 financial year and maintained a contingency reserve of approximately \$200k.

The Board retains a reserve to: ensure that the Company will always have sufficient cash to allow it 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.

A net neutral budget for 2022/23 was approved by the Board in April 2022. This is based on membership remaining stable and no substantive changes to secretariat resourcing and office arrangements.

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



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

Membership fees in 2021-22

In accordance with the AIGN constitutional requirements (Clause 11), members are required to provide notice of membership resignation prior to the commencement of the next financial year.

Association membership:

\$24,786 (excluding GST)

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."

Corporate membership:

\$13,770 (excluding GST)

AIGN Secretariat

Susie Smith

Chief Executive (0.5 FTE)

Marion Niederkofler

Senior Policy Advisor (0.4 FTE)

Angela Gray

Business Manager and Secretariat (0.7 FTE)



Membership

07

Association members

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

Australian Industry

Greenhouse Network Ltd

PO Box 4622, Kingston ACT 2604

T +61 2 6295 2166

W www.aign.net.au

E admin@aign.net.au

Corporate members