

An exploratory study of a sample of key stakeholders' views of the business implications and politics accompanying Australian Climate Policy reform.

Nicholas Peter Charles Flood

Bachelor of Education (UNE); Master of Commerce (UNE)

A thesis submitted for the Master of Business Research with Honours at the University of New England

June 2010

Acknowledgements

It is my pleasure to thank those who made this thesis possible. I am indebted to a committed and enthusiastic supervision team, including; Associate Professor Bob Murison (Convenor of Statistics), Professor Annette Cowie (Director, National Centre for Rural Greenhouse Gas Research) and Professor Larry Smith (Director, Centre for Business Research) at the University of New England. These individuals made available to me their support in a number of ways. I feel privileged to have worked under their guidance.

I offer my thanks to my friends who provided a much appreciated respite and whose company I will continue to enjoy.

I would like to thank my family. My two sisters, Paula and Emma who provided a great deal of support throughout the entire period of candidature. I owe my deepest gratitude to my parents, Emeritus Professor Peter and Patricia Flood. The innate sense of comfort that comes from being supported in whatever endeavours I choose to pursue allows me to continue to set ambitious personal goals. I will demonstrate the gratefulness I owe my family by making the most of every opportunity.

Nicholas P.C. Flood

Abstract

This research sets out to examine how key stakeholders view climate change and climate policy reform in Australia. The study presents a survey of the existing literature detailing various aspects of the topic, including; business preparedness for policy reform, perspectives of climate change, the efficacy of proposed mitigation strategies, employment ramifications and the authority of the sovereign nation to pursue climate policy reform autonomously. This survey demonstrates a situation where consensus is far from reached. Divergent opinions exist as to the nature, cause and impacts of climate change and arguments abound as to the most appropriate response to mitigate against further climate change. The literature does, however, present two areas of agreement. Firstly, the discourse presents a situation where business and individuals are poorly informed as to the proposed Carbon Pollution Reduction Scheme. Secondly, the literature argues forcefully that vested interests are holding sway in the design and implementation of new climate policies.

The literature survey is complemented through data generated by a survey questionnaire administered on two groups of individuals. The first of these groups constitutes those employed in the Financial Services Sector, the second those employed in the Resource Sector. These employment sectors were selected as they constitute those that will be directly impacted upon by the policy reform. Results suggest that support for legislative action to reduce carbon emissions is strong, as is support for Australia to lead the way in reducing carbon emissions. Despite this, the majority of respondents believe that the CPRS will precipitate a net decrease in employment in Australia. Respondents are of the view that non-state actors, such as environmentalists, energy producers and the resource sector have had a disproportionate influence in Australian Climate Policy reform. In addition, respondents predict that the carbon market will be marred by volatility. This leads to concerns as to the efficacy of the proposed scheme to actually reduce carbon emissions. Despite these criticisms 42 percent of respondents believe that Australia's carbon emissions will be lower in 2030 than today. Given that this is the overriding

objective of the Carbon Pollution Reduction Scheme this finding adds legitimacy to the Government's efforts.

Contrary to the researcher's initial assumption, a statistical analysis of this data demonstrates that a respondent's belief that the introduction of the CPRS will be personally beneficial/detrimental overrides the nature of their employment in informing their response to statements relevant to climate policy reform in Australia. This finding adds impetus for further enquiry into the variables that influence stakeholder's attitudes toward this, most pivotal, of issues.

Candidate's Certification

I certify that the substance of this thesis has not already been submitted for any degree and is not currently submitted for any other degree or qualification.

I certify that any help received in preparing this thesis, and all sources used have been acknowledged in this thesis.



Nicholas P.C. Flood

Contents

Chapter One: Introduction	19
Project Overview	19
Background to the Study	19
Overview of the Scope of the Study	21
Statement of Objectives of the Study.....	22
Analytical Framework.....	23
Limitations of the Study.....	28
Key Terms/Concepts.....	28
Structure of the Thesis	29
Chapter Two: Literature Survey	31
Perspectives of Business Preparedness	32
Perspectives of Climate Change	35
Perspectives of the Efficacy of Proposed Policy Developments.....	42
Perspectives of Employment Ramifications.....	52
Perspectives of State Autonomy	57
Chapter Three: Methodology	63
Justification of Approach.....	66
Weakness of Approach.....	71
Analysis of Data	75
Ethical Implications	77
Chapter Four: Results of the Survey Questionnaire.....	80
Description of Sample.....	80
Business Preparedness & Attitude toward the CPRS.....	82
Perspectives of Climate Change	85
Perspectives of the Efficacy of the Proposed Scheme.....	89
Employment Ramifications	92
Perspectives of State Autonomy	96
Chapter Five: Statistical Analysis.....	100
Data Analysis.....	100
Exploratory Data Analysis.	101
Comprehensive Analysis.....	107
Chapter Six: Summary of Findings.....	119
Chapter Seven: Conclusion.....	128
Bibliography.....	131
Appendix 1- Glossary of Terms	143
Appendix 2- Research Instrument.....	148
Appendix 3 – Ethics Approval.....	151
Appendix 4 – Complete Findings of the Study.....	152

List of Tables

Table 1. Respondent Gender	64
Table 2. Employment Status	65
Table 3. “My age is”	65
Table 4. “The position I hold within my organisation can best be described as”	66
Table 5. “All things considered I believe I will benefit from the introduction of an ETS in Australia.”	66
Table 6. “The level of awareness within my organisation regarding the introduction of an Emissions Trading Scheme can best be described as:”	67
Table 7. “My understanding of the debate surrounding the introduction of an Emissions Trading Scheme in Australia can best be described as:”	68
Table 8. Key findings of business preparedness and attitude toward the CPRS.	69
Table 9. “Human activity is responsible for climate change.”	70
Table 10. “Unmitigated climate change is likely to have dire ramifications for Australia’s continued economic prosperity.”	70
Table 11. “It is essential that the Australian government legislate to drastically reduce carbon emissions.”	71
Table 12. “As a developed nation Australia has a responsibility to lead in addressing climate change.”	72
Table 13. Key findings of respondent perspectives of the Climate Debate.	72
Table 14. “A Cap and Trade Model, where the government sets a maximum limit on emissions and then distributes tradable permits to emitters, is a more appropriate approach than a carbon tax.”	73
Table 15. “Granting free carbon credits will significantly undermine the effectiveness of the proposed Carbon Pollution Reduction Scheme.”	74
Table 16. “Carbon will be traded at volumes equivalent to or greater than that of other major commodities, e.g. oil, coal.”	74
Table 17. “The Carbon Market will suffer from problems of volatility similar to those witnessed in recent financial markets”.	75
Table 18. “Total carbon emissions in Australia will be lower in 2030 than today.”	75
Table 19. Key findings of respondent perspectives of the efficacy of the proposed Emissions Trading Scheme.	76
Table 20. “The introduction of an Emissions Trading Scheme will lead to industries off-shoring operations, resulting in a net decrease in employment in Australia.”	77
Table 21. “The introduction of an Emissions Trading Scheme will result in a net decrease in employment in the industry in which I work.”	78
Table 22. “The introduction of an Emissions Trading Scheme will create a large number of green energy jobs.”	78
Table 23. “The success of an Emissions Trading Scheme will be hampered by a significant shortage of appropriately qualified personnel to meet industry needs, e.g. accountants, engineers.”	79
Table 24. Key findings of respondent perspectives of the employment ramifications of the proposed Emissions Trading Scheme.	79
Table 25. “The resource industry has a disproportionate influence in dictating Australian Climate Policy.”	80
Table 26. “Energy producers have a disproportionate influence in dictating Australian Climate Policy.”	81
Table 27. “Environmentalists have a disproportionate influence in dictating Australian Climate Policy.”	81
Table 28. “The time-scales of democratically elected governments are appropriate to meet the demands of climate change.”	82

Table 29. Key findings of respondent perspectives as to the extent that the Australian government has displayed autonomy in designing its climate policy.	82
Table A. Survey rating descriptors.	84
Table B. Question D4 and Question Q2	84
Tables C.1 & C.2. Examples of confusion tables that indicate whether responses to different questions are similar.	85
Table D. Proportions of responses for each level of Industry and Belief for question 5B17.	87
<hr/>	
Table 30. Survey items with no statistically significant differences across the Belief (yes, unsure, no) and Industry (Resources, Financial) categories.	91
Table 31. Significant effect across the Belief categories for the Climate Debate theme.	92
Table 32. Significant effect across the Belief categories for the Employment theme.	94
Table 33. Significant effect across the Belief categories for the Autonomy theme.	95
Table 34. Significant effect across the Belief categories for the Efficacy theme.	97
Table 35. Significant effect across the Belief and Industry categories for the Employment theme.	98
Table 36. Significant effect across the Belief and Industry categories for the Autonomy theme.	98
Table 37. Summary of key findings through the application of the statistical model.	100

List of Diagrams & Figures

Diagram 1: <i>Alan Moir Cartoon</i>	28
Diagram 2: <i>Climate Sceptics by Glen Le Lievre</i>	29
Diagram 3: <i>Money Tree by Glen Le Lievre</i>	41
Diagram 4: <i>Alan Moir Cartoon</i>	41
Figure 1: <i>Cumulative sample probabilities across ratings for each of the factors (a) Industry and (b) Belief</i>	103
Figure 2: <i>Cumulative number of global policy/policy announcements by type</i>	141
Figure 3: <i>Monthly number of global policy/policy announcements by type</i>	141