

**CLIMATE CHANGE ADDRESS TO
THE COMMITTEE FOR SYDNEY**

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FINAL

[Video Introduction - 3 minutes]

Good Afternoon

First of all I want to thank Craig Pudig for his kind words and Stephen Loosley for inviting me to address you today.

That video was part of a broadcast to News Corporation staff around the world in May, when News Corp chairman Rupert Murdoch committed all parts of the company to become carbon neutral.

It was the first time the group has spoken directly to all 50,000 employees, and it clear from this that Rupert Murdoch is leading from the front.

News Limited has about 10,000 employees and reaches about 15 million Australians each week.

Today I want to tell you what News Limited is doing in Australia as part of this initiative.

And discuss the broader social, political and economic context that affects us all.

[Introduction]

Understanding the social context of climate change is the key to everything else.

There is no doubt that Australia, like many other countries, has reached a tipping point on climate change.

Different surveys show that between seven and nine out of ten Australians are worried about climate change. It is now a priority for Australians, up there with terrorism and economic prosperity.

There's a revolution underway and like most revolutions, its drive and energy is coming from the people, not from government or business.

What we need now, more than ever, is strong, courageous and visionary leadership.

So where do I or a company like News fit in?

There are people in this room who know far more than I do about global warming.

News Limited is not the first business that springs to mind when you think about climate change.

We are not a company with major carbon emissions, certainly compared to many other companies in industry sectors like energy and transport.

But we do manufacture and distribute newspapers across the country, creating carbon as we do so.

And as Australia's largest media company we have an obvious role in reporting on this debate to inform the community.

So the answer for us is in how we bring these two streams together.

As a company by:

- Getting our own house in order

And

- Setting an example to our own people

And, as a media organisation by:

- Helping educate and inform Australians about the real issues
- And scrutinising the performance of our political and business leaders in managing these issues.

In other words, we see our responsibility as providing leadership on a number of fronts.

[What we're doing]

So, what are we doing?

News generates over 146,000 tonnes of carbon each year. Most of that comes from the use of electricity involved in printing our newspapers.

In the next three years we will cut our emissions by 20%, preventing 30,000 tonnes of greenhouse gas from entering the atmosphere.

We will be carbon neutral by 2010. That is, we will reduce our emissions and offset what we can't reduce by purchasing carbon credits.

We don't see credits as a short cut, only as a last resort. Once we have cut our emissions by 20%, we will keep going.

We have measured the carbon footprint of each of our businesses. Each business now has an energy reduction plan as part of an overall News Limited plan.

Together, they consume more than 350 pages, if we have the nerve to print them out.

They cover everything from:

- the power we use to drive our presses
- the fuel for our vehicles

- how we heat and cool our buildings
- how much waste we produce
- how we recycle mobile phones, printer cartridges, and printing plates
- how we turn off our computers at night and
- what sort of office lighting we use

All of these are changing within our business.

From this fiscal year, our energy reduction plans form part of our normal operating budgets.

In other words, we will be measuring our performance against specific targets in every department of every business.

This means costing and accounting for the changes.

We officially launched our climate change initiative – under the One Degree brand – to employees last week.

One Degree is a national program aimed at all staff under one unifying brand.

It's not a gimmick....

...or a quick fix

...or a novelty

...or a fad.

It's not just about how we communicate with staff.

It is about more than just turning off the lights for one day...or producing newspapers on green paper.

It's about everything we will do. Underpinned by the detailed 350 plus page plan I just mentioned.

It is a great example of practical altruism. It's when doing the right thing is directly related to our core business and good business in its own right.

One Degree is an invitation for our people to get involved.

We are encouraging them to take as many small steps as they can to help support the company's large scale changes.

We are also encouraging them and their families to take many small steps at home.

New incentives for staff are part of this.

Down the track we think there are unique and exciting ways to encourage our audiences – all 15 million of them every week – to get involved as well.

It is an opportunity – for News Limited as a company and for us all as individuals – to make lots of changes by One Degree.

To accept responsibility, provide leadership and take action.

The One Degree concept reflects our belief that it will be the collective efforts of many which will have an impact.

That by changing what we do by One Degree every day, together we can make a difference.

It is unquestionably an area where the power of the media will be a potent force for constructive change.

Our environmental initiatives have been driven for the past 17 years by Dr Tony Wilkins – who is here today and whom some of you know.

News Limited is an unacknowledged leader in environmental management in this country. Tony's work has contributed to the fact that Australia has the highest rate of newsprint recycling in the world.

As most of you know, the largest body of scientists ever assembled – the United Nations Intergovernmental Panel on Climate Change - has agreed that it is "unequivocal" that the earth's temperature is rising.

They said it is "very likely" that this is because of the increase in carbon dioxide emissions produced by man.

"Very likely" in a scientific context means it is 90% likely or more that increased emissions and global warming are connected.

They've told us if we act now we have a chance to minimise damage to the planet.

It's just like being told by your doctor that your health is in trouble, but if you make some small changes to the way you live, you won't die.

And I can relate to that - having had 7 stitches removed from my forehead this morning, after the excision of a skin cancer, so it certainly makes sense to me.

To state the obvious, I'm no scientist. I rely on the advice of people like Tony to analyse the different sides of this debate and provide intellectual leadership on what we should be doing as a company.

And, as those of you that know Tony can attest, he not only provides intellectual leadership, his passion and personal commitment is inspiring and highly motivating.

I've also had the benefit of attending presentations by both Al Gore and Sir Nicholas Stern.

Even if we put their passion to one side, or take a sceptical view of the science, it strikes us simply as good sense to "give the planet the benefit of the doubt".

It's also good business

[Business]

Business must be involved in the climate-change debate.

The issue cannot be simply left to governments or groups such as the United Nations.

Business will be attacked if it jumps on the eco-bandwagon without committing to real change.

But businesses willing to show genuine leadership and support their philosophical position with tangible changes that cost real money, have the potential to make a real difference to the environment and to their standing in the community.

The risks to business in Australia have been well documented by the Australian Business Roundtable on Climate Change, several members of which are represented here today.

Until recently, it has primarily been businesses with a direct stake in climate change - banks, insurance companies and those involved in the energy sector - that have been ringing the alarm bells and urging action.

The Roundtable report makes it clear that the impacts are much more widespread.

This is backed up by research by the Carbon Neutral Company in the UK which found that almost 80% of the FTSE 100 companies have identified climate change as a business risk.

Tackling risk is what business leaders are supposed to do. Companies that are trying to generate long-term returns for their investors need to take environmental and social issues into account.

Reducing energy consumption reduces cost.

But, as I have found recently, it resonates with real people.

In the past week I have launched One Degree to our staff in Sydney, Melbourne, Adelaide and Brisbane. We are rolling it out across the entire group in the weeks to come.

Not only is there incredible interest in this initiative, I have been delighted by how many people have expressed genuine pride in what we are doing.

Younger staff are generally highly attuned and supportive but the reaction within News has been extraordinarily positive across the spectrum – among newer recruits, people with 25 years service, from hardened editors and reporters to the middle level sales and circulation staff.

We conducted a survey of staff at News Digital Media a few weeks before the launch.

100% of our people surveyed said they would support a program to reduce energy consumption. 70% rated themselves passionate or extremely passionate about the environment.

If you surveyed your own people, as you probably have, I'm sure you'd find something similar.

Like most companies in most sectors we want to be an employer of choice. In our industry competition for talent is intense and attracting and retaining the best people is a core strategy.

In our view, it is initiatives like our climate change program that will have a big impact on what type of company we are perceived to be and the type of employer we are.

As a media company it is also a chance to strengthen our relationships with our audiences.

I've no doubt there are similar opportunities with your own customers, shareholders and voters.

Customers can – and do - exert pressure on business to act. And on government to act if business won't or the law is inadequate.

Think of the Australian boycott of French products in the wake of nuclear testing.

Or the public outcry over James Hardie.

Or the real hit to revenues, reputation and share price at Nike, over concerns about the use of child labour in third world countries to make its sports gear.

Consumers everywhere are being urged to boycott companies with poor records on recycling computers, or airlines that aren't prepared to offset their carbon.

In the UK, a report by the Co-operative Bank found that one-third of consumers boycotted at least one product a year for ethical reasons.

At News, we don't claim to have the answers. One Degree is just the start of a new commitment.

Cutting our emissions by 20% will be equivalent to taking 7,500 cars permanently off the road.

We plan to make the 20% cut with a myriad of changes, some large, some small:

- Introducing more efficient motors at our production sites with variable speed drives
- Repainting the roofs of our print centres with infrared reflective paint – to reduce energy used to heat and cool the buildings by up to 30%.
- Progressively replacing our fleets with hybrid cars and looking at providing staff with subsidies to buy hybrid cars for themselves.
- Sourcing renewable energy and so on.

We've got a long way to go.

But I am proud to tell you that our energy reduction plan is being used as the example of what other News Corp business should be doing around the world. Our division in Australia is leading the way.

It takes time and a long-term commitment to get your own house in order. We have put considerable energy into getting to a position where we can start.

The target we've set here in Australia is twice as high as the News Corp global target.

And we aim to achieve it 2 years' sooner than our parent company.

[Inspiring individuals]

But getting our own house in order is only the beginning for business in Australia.

Consumer-facing brands - including the media - can play a major role in informing and leading the community.

News Ltd has observed the global warming debate in Australia and overseas as it has occurred over the years.

Our journalists have reported on it and our media outlets have encouraged a full debate based on good science while acknowledging the politics - and we will continue to comprehensively cover the debate.

I should stop here and directly address the issue of editorial independence.

Regardless of the stance News takes at a corporate level on this issue, independent editorial scrutiny should and will continue.

The position taken on climate change by The Australian is different to that of the Daily Telegraph, and that is as it should be.

But climate change is clearly news on its own merits.

And, in our business, we also look at issues through the prism of the grass roots, where they are likely to have the biggest impact on our readers.

We have an opportunity not just to report on or analyse this debate, but to motivate our audiences and give them incentives to make one degree of change on their own which collectively can make a huge difference.

I believe we can have an enormous impact if we encourage our readers to make simple, effective changes in their lifestyles.

For example if just one energy efficient light bulb was installed by each person we reach, that would be the equivalent of taking 1.8 million cars off the road for a year.

An impact 50 times that of News Limited's annual carbon footprint.

The ability to have that kind of impact is not limited to the media.

As companies like IAG, Westpac and others know, business can have a huge impact on the attitudes and behaviour of its customers in a broader social context.

The need to do this now is more important than ever before....because government is failing to act, or acting too slowly.

Despite the efforts of many, there remains a gaping hole where leadership should be on climate change.

[Government]

I also acknowledge that the political landscape on climate change has moved on in the past few months with a range of intentions announced by both sides of politics.

Climate change matters to Australians. And government is at last responding.

To be fair, governments that don't respond to public opinion are roundly – and rightly – condemned.

But responding is different to leading.

Community distrust of politicians, big business – and the media - is as high as ever.

So, I'd like to canvas some of the areas where we might apply such leadership.

News Ltd supports a sensible market based mechanism to promote efficiencies and deployment of low carbon solutions in Australia.

We believe that a price signal is required on carbon – and we believe we need certainty on this issue - not in three or five years - but now.

We are adopting one in our own operations. We have set a price of \$10 US – or around \$13 Australian – for every tonne of carbon used within our business.

This is helping us to prioritise and to value our carbon energy reduction initiatives.

A national emissions trading scheme is needed.

Yet our political leaders are being dragged to the table, motivated it seems more by political expediency than by the need for sound public policy.

There is no doubt from recent developments both here and internationally that valuing and trading carbon will become a feature of the modern world.

Sir Nicholas Stern's view that early action will minimise the economic, political and social impacts appears to be both rational and compelling.

In NSW, global warming has been used in the past few months to justify rises in electricity bills and the cost of the desalination plant.

There has been no public outcry. Barely a reaction was registered.

But the legislation which will force consumers to pay an average \$15 a year extra for their electricity will provide exemptions for business.

I wonder what kind of example – what leadership – is demonstrated by that decision.

Public opinion has moved and politicians – and business - have to catch up.

Industry policy should reward leadership and action. Not level the playing field – but put the goalposts in a new place.

The Energy Efficiency Opportunities Act which took effect last year had the potential to increase use of energy from renewable sources by Australian business.

Instead it has created a new compliance and reporting nightmare.

As the Act stands, a large company that installs its own renewable energy generating capacity, or uses renewable energy, must complete extraordinarily detailed reports to achieve compliance.

In our case alone, this entails compliance costs of \$200,000 in the first year.

But our concern is not so much about the cost of compliance - we are committed to spending on efficiency - it's about tying up our valuable staff that could be devoting their resources to cutting our emissions instead of just reporting on them.

Surely that's what we should be focused on.

Of course, in addition to the requirements of the EEO Act, we have already reported on Greenhouse Challenge for some divisions...

...to the NSW Government on energy and water use...

...and we expect other States will soon also require reporting.

Greenhouse emission reporting and carbon trading are expected soon, and we have our own internal News Corp reporting.

The Australian Environment Business Network has reported that compliance with the EEO Act equates to a new administrative burden at a cost of 25% of the cost of a business's overall financial reporting.

It seems crazy.

Where is the incentive in that for business to change? There's a penalty for opting in and no incentive to use or install renewable energy generating capacity. There isn't even a reward for being more efficient.

This is just one area where government and business working together could show leadership, and I look forward to working with government to solve this problem.

Governments at all levels – federal, state and even local - have an opportunity to rise to the challenge – but appear to be seldom doing so.

And we shouldn't be surprised at any community backlash which results from consumers being asked to pay more while big polluting businesses are able to continue with business-as-usual.

By acting in this way, government risks playing into the hands of the climate change sceptics.

And risks tainting the issue of climate change with the same brush of mistrust applied to government, business and – of course – the media.

[Call to action]

But the news isn't all bad.

We can address climate change by making small, individual changes to the way we play out our lives.

Collectively, the quantum of those changes will become a revolution. And a revolution is what is needed.

We are moving from a world where carbon has been a plentiful and rarely-considered output, to a world where our production of carbon is constrained.

The international security of the traditional fossil fuel energy sources on which we depend has never been under greater threat.

The major world powers and big oil companies might be too slow to embrace alternative fuels but the technology is there. What's needed is vision and incentives that will encourage demand and drive investment.

Consumers vote at the check-out, the service station and the ballot box and I am confident that the changes being forced on business and government are irreversible.

But great social revolutions – those which alter the way people live – almost always are led by ordinary people doing extraordinary things and by so called average Australians getting behind them.

That is why I am confident that we can tackle climate change and turn this story around.

The community is incredibly motivated to address climate change.

Government is beginning to respond to this groundswell of opinion.

Business will respond – partly no doubt as risk management, but also partly for the business opportunities climate change presents. Many are responding because it is the right thing to do.

It will be the collective actions of many which will make a difference to global warming.

But we – as business - should do more.

The time for negotiating exemptions...

...for defending inaction...

...is over.

We are in a unique position to set an example, and to influence our employees, our customers, our suppliers...

We have the capacity to solve the problem of climate change.

The only issue is whether we - as individuals, in government and in business - have the capacity to act together to do what must to be done.

Thank you.