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**AUCTION RESULTS**  
P94

**INSIDE**

## Your Money



# Kid gloves

How to handle your baby budget  
Page 72

■ SENATOR WARMS TO CLIMATE CHANGE REPORT

# Nod for Garnaut

**Olga Galacho**

IN THE strongest hint yet that carbon guru Ross Garnaut may be on the money when he calls for strong measures to reduce emissions, Climate Change Minister Penny Wong yesterday appeared to soften her assessment of his advice.

Following the release of his Climate Change Review on Friday, Senator Wong yesterday said he had made an "extraordinarily important contribution" to government thinking.

After months of labelling his report on the economic consequences of global warming as just "one input" into the Federal Government's design of an emissions trading scheme, Senator Wong quoted from Prof Garnaut's report to support her answers in an interview.

"We have now a very good focal point for the discussion in Prof Garnaut's report," Senator Wong told Ten Network's *Meet the Press* program yesterday.

She said the report had elicited a good debate in the community about climate change and the government would add its own "focal point" when it issued a green paper on emissions trading next week.

"What the (Garnaut) report confirms is that a failure to tackle climate change is simply not an option," said Senator Wong, who has regularly been described as distancing herself from his review.

She said the government would make its decision about how the nation tackled emissions based on a range of factors including Prof Garnaut's advice, talks with stakeholders and Federal Treasury modelling of the impact of a carbon trading scheme.

Prof Garnaut's 600-page report



**Innovation:** New markets needed for effective climate change, says Prof Garnaut.

outlined the benefits of a gentle start to carbon trading in 2010 by setting a low, fixed carbon price for the first two years.

His proposed emissions reduction targets, which will influence the price of a carbon tonne in the marketplace, will be outlined in a separate report later this year.

Yesterday, Prof Garnaut told businesses to "get a handle on their carbon footprint" in order to help tackle climate change.

Speaking on ABC's *Inside Business* program, he said many companies had already figured out how to cost effectively reduce emissions, but many more had not.

"In the financial sector for this system to work effectively we're going to need new markets for new products — a lot of financial innovation," he said.

"A lot of firms are already involved in that."

He added "the arithmetic" of solving the global climate change problem would not work unless China played a big role from an early date.

"Eighty per cent of the emissions growth over the next couple of decades is going to be in the developing countries, especially China, India and Indonesia," he said.

In his report, Prof Garnaut recom-

mended a cap-and-trade design for emissions trading such as is used by the European Union.

Companies are set an emissions cap and must hold sufficient permits to meet that limit.

If they exceed the target, they buy permits from businesses that have undershot their respective caps.

Meanwhile, Prime Minister Kevin Rudd told the ABC's *The Insiders* program yesterday he would be "very mindful of what business says to us in terms of implementation arrangements ... but we don't believe there is a case for delay."

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# Origin 'feels safe'

**Olga Galacho**

ORIGIN investors have told the reluctant target they believe the energy company is one of the market's safer bets, chief executive Grant King said yesterday.

The nation's second largest power retailer last week rejected suitor BG Group's \$13.7 billion tilt at its coal seam gas dowry, citing increases in valuations for the sector.

The UK gas giant's proposal would secure its vast gas resources in eastern Australia to feed a planned LNG plant at Gladstone on the Queensland coast it wants to develop with Queensland Gas Company (QGC).

But Mr King, speaking on Sky News *Sunday Business* program said Origin shareholders would look at the offer in the context of what other alternatives were available to them.

"The evidence we have today and the feedback we get from shareholders is that Origin is more predictable and perhaps one of the safer bets than they might otherwise make," Mr King said.

"I have no doubt what our shareholders want to hear from us is what we think Origin is worth and how the bid compares to what Origin can deliver to its shareholders."

Origin also sought to clarify what the company labelled "misleading" criticisms by BG Group of its coal seam gas reserve position, reversionary rights and relevant valuation benchmarks.

Origin shares eased 13¢ to finish at \$16.15 on Friday, giving it a market value of \$14.22 billion.

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DHS 7-JUL-2008 PAGE 25 FIRST