

GreenWatch

THE ENVIRONMENT & YOU

BY GILES PARKINSON

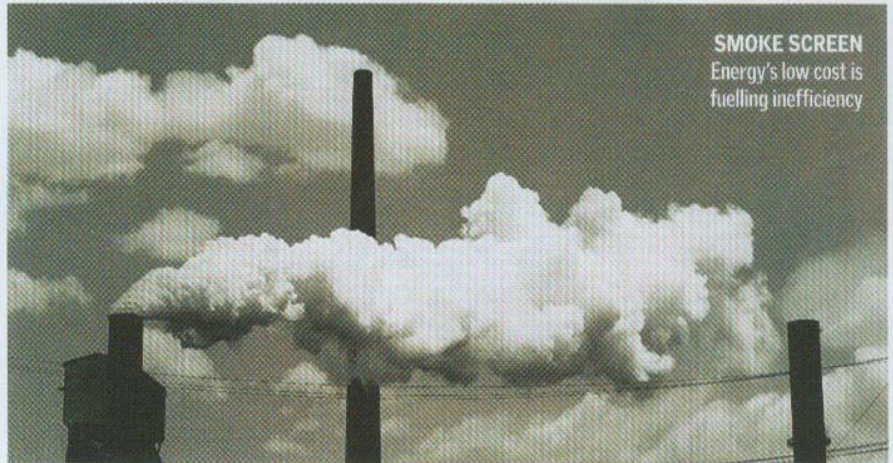
Wasted profits

Australian corporations could easily reduce their greenhouse emissions – and save billions in the process.

ABOUT 40% OF Australia's greenhouse emissions are produced by the country's biggest corporate energy users. Yet experts say, and the government agrees, that one-third of those emissions could be reduced simply by becoming more efficient.

The federal government launched a program last year called Energy Efficiency Opportunities, which made it mandatory for the estimated 250 corporations that use more than 0.5 petajoules of energy per year (the equivalent of about 10,000 households) to identify opportunities to improve their energy use. Those reports are due at the end of this month but, as of March 1, only 22 had been filed.

The EEO program notes that Australia has lagged the world in achieving energy efficiency from industry. It improved by only 3% in the three decades to 2001, and



SMOKE SCREEN
Energy's low cost is fuelling inefficiency

while in the manufacturing sector alone it improved by 18%, this was less than half the rate of other countries such as Britain, Sweden, France and Japan, according to the International Energy Agency.

EEO blames this poor performance on the relatively low cost of energy in Australia (which it says has discouraged investment in more efficient technology), a lack of information about energy-efficiency opportunities and "cultural barriers" within business organisations. Yet it says these corporations could make annual savings of \$15bn from their energy bills just by being more efficient – much of it by changing existing practices, and some from investing in new equipment.

Rory Deavin, an associate partner in consultancy firm Partners in Performance, which specialises in the area, says energy efficiency is not a high priority for many corporations.

"It doesn't get the focus that some other things in business do, yet there are huge opportunities for energy efficiency. The question is, why aren't corporates taking advantage of it? It's like leaving money lying on the ground."

Deavin says half of those efficiencies could be delivered through improved practices – PiP had achieved 75% reductions with some of its clients. The remaining efficiencies would require investment. The viability of that investment is likely to be influenced by the cost of carbon. The higher the cost, the more compelling the investment.

An EEO analysis found large areas where commercial energy efficiency opportunities were not being taken up. The analysis found if opportunities that could provide a four-year payback were taken up, this would produce an increase in GDP of nearly \$1bn a year. And this didn't include the transport sector. ●