

CLIMATE CHANGE POLICY POSITION

The world is confronted with the dual challenge of providing reliable and affordable energy while also reducing environmental impacts and responding to the risks and challenges presented by climate change. Government policy responses must therefore consider these challenges collectively in a manner that is both integrated and harmonised and seeks to promote innovation and development of cost-effective technology to reduce greenhouse gas emissions.

AIP and member companies support Government efforts to reduce Australia's emissions, including through commitments to the Paris Agreement and to net zero by 2050.

The downstream petroleum industry plays a critical role in the Australian economy as a manufacturer and supplier of liquid fuels (petrol, diesel and jet fuel), chemical feedstocks and other products (such as bitumen) supporting almost every sector in the economy, generating economic growth and improving the quality of life for all Australians.

AIP CLIMATE CHANGE POSITION

Climate policy should respond to Australia's International Commitments under the Paris Agreement, and at the same time support economic growth, development objectives and energy security.

AIP and member companies support policy outcomes that effectively address climate change risks while maintaining business viability in order to deliver sustainable environmental, business and economic outcomes for Australia.

AIP and member companies are committed to meeting society's energy needs while helping to develop and deliver solutions that contribute to reducing emissions, both in their own operations and in other sectors. This includes the production of fuels that enable the introduction of more efficient engine technologies that improve energy efficiency and thereby reduce carbon emissions in the transport sector.

REVIEW OF AIP POLICY POSITION AND PRINCIPLES

AIP will review its Climate Change Policy Position and Policy Principles annually to take account of changes in international (UNFCCC) and domestic government policy responses, science (IPCC), markets, technology and other relevant developments.

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AIP CLIMATE CHANGE POLICY PRINCIPLES

The Australian Institute of Petroleum (AIP):

- **recognises that climate change presents risks to industries, economies, societies and the environment.** Member companies support effective actions to address these risks.
- **encourages international collaborative action by governments, industry and consumers** that recognise the global nature of climate change and provides for a long-term abatement trajectory. Members support the goals of the 2015 Paris Agreement as a global framework to coordinate government policies that includes recognising differentiated responsibilities and capabilities.
- **supports a national approach to climate change policy in Australia** to ensure that the most efficient and effective frameworks are put in place to incentivize emission reductions, support the energy transition and provide long term investment certainty.
- **advocates an economy-wide, broad-based approach that delivers greenhouse gas emissions abatement at lowest cost to society, including through natural climate solutions and domestic and international offsets.** There are numerous pathways to reduce greenhouse gas emissions over the short, medium and longer term, including through improved energy efficiency, development and deployment of new and innovative technologies, and supportive policy frameworks.
- **believes market-based measures are most effective and efficient to drive changes in consumer behaviour and to incentivise technology and innovation (including emissions abatement technologies).** AIP acknowledges that this could be achieved through a variety of measures including, through a price on carbon or an emissions trading scheme.
- **strongly advocates that the competitive position of Australian refineries is maintained where international competitors are not exposed to similar costs.** In Australia, petroleum products are priced on an import parity basis with no barriers to entry for imported petroleum products. Therefore, appropriate, relevant and targeted Emissions Intensive Trade Exposed (EITE) assistance remains critical as the Australian refining industry would be required to absorb any additional costs that are not imposed on overseas competitors.
- **supports issuing disclosures on greenhouse gas emissions and climate related risk that provide meaningful, relevant and transparent information.**
- **recognises the critical importance of policy responses that address adaptation to climate change.**
- **supports policy decisions by governments to be based on sound scientific and economic analyses** that recognise the risks, costs and benefits to the downstream petroleum industry as well as to society.
- **will continue to constructively engage with governments and other stakeholders in the development of climate-related policies to reduce emissions.**