

# Executive Summary

The introduction of the Australian emissions trading scheme will be one of the most significant performance challenges for the business sector since World War II. The flow-on effects of an ETS will see Australian companies change the way they do business as they take action to reduce their carbon footprints. Last month, the Australian Institute of Management (VT) surveyed top level business people - CEOs, Board members, business owners and senior managers - to get their views on the Australian Government's draft ETS legislation. We also wanted to discover what impact the business sector felt the scheme would have on their operations. Our research followed an earlier ETS survey we did in June last year, which revealed the business sector had a low level of preparedness for the scheme's introduction.

The Australian Government's decision this week to defer the introduction of the ETS by a year means the new start date of July 2011 gives much needed time for the Government to consult with industry about the scheme.

The findings of our survey reveal a business sector that is deeply concerned about the scheme. A total of 88 per cent of respondents said the Government's initial draft legislation lacked 'clarity' about what impact the scheme would have on their businesses. Just 28 per cent of survey participants said the scheme should have been introduced in 2010. This factor helps validate the Government's decision to delay the scheme's introduction.

Concerns that the ETS will 'reduce profitability' of companies have doubled since our last survey - up from 16 to 32 per cent of respondents. Similarly, there was heightened concern by respondents that the scheme would 'increase costs' for their companies - up from 39 to 63 per cent. Only 19 per cent of participants felt the scheme will provide a market advantage for their organisations (up from 12 per cent in last year's survey).

A pointer to the enormous challenges ahead for the business sector is the survey finding that only 30 per cent of respondents said their companies had started planning for the impact of ETS.



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