

The  
Climate  
Institute

Annual Review

REVIEW  
2013-  
2014

Resilience & Rebuilding In 2013-14

# RESILIENCE & REBUILDING IN THE FACE OF GREAT CHALLENGE

2013-14 saw the impacts of climate change hit once more in a number of parts of the world just as Australia's historic carbon laws were disbanded and the first backwards steps taken. There were some dark days for Australian action on climate change and these are certainly challenging times we find ourselves in. Yet human resilience and ingenuity continue to highlight our capacity to rebuild and find solutions.

A young boy flies a kite in the Philippines amidst the destruction of Typhoon Haiyan, painting a vivid portrayal of human resilience when faced with adversity.

Cover photograph: Michael Hall

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**Working to create economic, political and societal solutions to the increasingly urgent climate challenge.**

'As the landscape for renewables investment in Australia has become more complex and politically-charged, the need for The Climate Institute's fact-based analysis and research, thought-leadership and pragmatic solutions-seeking approach has become increasingly relevant. If Australia is to realise the economic opportunities that a growing clean energy sector can bring, it is essential the Institute continues with their evidence-based and strategic approach to help counter the misinformation about the renewables sector and remove some of the barriers to a zero-carbon economy.'



Lane Crockett,  
Executive General Manager,  
Pacific Hydro

'As a financial institution with relationships right across the community, Westpac has long recognised that we have an important role to play in supporting the transition to a clean economy. Our partnership with The Climate Institute is a key part of our ongoing work to find practical solutions to the challenges of climate change.'



Emma Herd,  
Executive Director,  
Emissions & Environment,  
Westpac Institutional Bank

'I have worked with the Institute on a number of internationally relevant projects since 2007. They have a strong understanding of the international climate negotiations process and the expertise to understand what Australia's role could (and indeed should) be. Even more importantly, they have the networks and on-the-ground capability to be able to translate that understanding into significant progress. With Australia seemingly at risk of becoming a blocker to international progress, that capability will be essential in the lead up to the UNFCCC COP21 negotiations in Paris in 2015.'



Jennifer Morgan,  
Director of the Climate  
and Energy Program,  
World Resources  
Institute

'The Climate Institute's research and analysis of climate impacts, community attitudes, economic risks and opportunities, and the national and global context have been critical to significant developments in climate change policy and practice in Australia.'

The Climate Institute's findings are well timed and targeted to inform and influence community, business and political leaders who have the power to effect real change.

The Climate Institute has introduced high level analysis and information to the climate change debate. The quality of public discussion would be incomparably poorer without it.'



Professor Ross Garnaut,  
AO

'Since 2005 The Climate Institute has been a leader in efforts to evolve our policy and investment institutions and practices. Now more than ever they need your support to fend off dinosaurs in business and politics that not only threaten this evolution, but also the key successes of recent years'.



Dr. John Hewson,  
Former leader of the  
Liberal Party of Australia



## Foreword

The Climate Institute was founded in 2005 by a group of leaders desperate for new voices and new momentum in public awareness of climate change and the policy solutions. At that time, earlier promising national moves on renewable energy, emissions trading and international responsibility had stagnated or been stifled.

To help find another way forward, a Board of experts from climate science, energy policy, government relations, academia, public health, philanthropy and technological innovation forged a novel experiment. They hoped to fuse all those experiences into a new entity with a sharp focus on achieving change above its own sustainability. With a large bequest from the estate of Tom Kantor, The Climate Institute was formed with an explicit intention to produce results and then meet “institutional death” in five years.

I was privileged to be asked to join in early 2007 at a time of some international progress, emerging business leadership and surging public concern. The Kyoto Protocol had finally come into force albeit without the United States. Faced with a kaleidoscope of state policies and rising public concern, business leaders were calling for long term national carbon policy. Even the coal industry then publicly accepted the science and the need to change.

The Climate Institute built on that momentum. We produced ground-breaking analysis of future bushfire risks and translated international climate science reports. We supported voices from faith, farming and even financial communities, with whom we also pioneered integration of climate risks in their management of our retirement nest eggs. We formed strategic alliances with labour, welfare and environment groups prepared to face up to the immense social and economic task of transforming the high-carbon Australian economy.

Together with the work of others, these outputs prompted remarkable results. There was bipartisan support for the policy solution of pricing and limiting carbon and record levels of public support for domestic and international action. But the hard task of implementing transformative policy lay ahead. Some took the new conditions as a new normal and focused on perfect policy. We knew change was not going to be easy and worked to deliver pragmatic but principled outcomes that Australia’s political economy could sustain at that time.

History shows change was not easy. We came tantalisingly close. Amidst the turmoil of 2010, the Board decided our self-imposed ‘institutional’ death sentence was premature and we continued our work. Our independent research, strategic partnerships and innovative communication once again helped bring results.

As at 30 June 2014, two years’ experience showed the carbon pricing mechanism was working well. Australia’s pollution was declining as the economy grew. Carbon price impacts were as expected. Targeted tax cuts and pension increases meant most households were better off from the reforms. Mainstream financial institutions were more aware than ever of investment portfolio risks from climate impacts but also “unburnable carbon”.

In mid-2014 our public opinion research showed concerns rebounding from the height of the scare campaign just before the carbon laws began in mid-2012. Amidst a toxic scare campaign, large cost increases from “poles and wires” investments had been confused with the supported carbon costs. But in mid-2014 good policy was emerging from the bad politics that had surrounded it.

However history also shows more recent setbacks. As we enter our tenth year we are facing up to the challenges of rebuilding momentum. We’ve demonstrated we can deliver strategic, innovative, evidence-based outputs with impact and help to deliver results. But we will need fresh support to continue do so.

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**John Connor**  
CEO

A handwritten signature in black ink, appearing to read 'John Connor', with a blue circular graphic element to the right of the signature.



## Purpose + Role

A year ago I wrote that it seemed likely that we were about to enter a period of significant policy uncertainty, with Australia about to fall behind the world on climate action. We were poised to return to a circular debate about the need for action.

We are now in that situation—and The Climate Institute is well positioned to again help break the circle.

By moving in July to dismantle the increasingly effective carbon laws, Australia commenced its journey towards global climate pariah status. We saw continued partisan trench warfare in the new Parliament. As we move into the new financial year, we see the assaults grow on policies that worked effectively, reducing pollution in a growing economy.

On the positive side, both public and private actors started crunching the carbon budget numbers.

Australia's independent Climate Change Authority, global financial institutions and the Intergovernmental Panel on Climate Change began to work back from the internationally agreed goal of avoiding 2 degrees warming. Until recently the concept of “unburnable carbon”—that the majority of fossil fuel reserves on asset books would need to be stranded to meet that goal—had been abstract. Now it is central to recommendations on future pollution limits as well as a more material factor in risk assessments by investors.

More and more countries developed new policies to curb carbon pollution and increase clean energy. These moves were driven not just by climate concerns, but also resource security, pollution and economic opportunism. Clean energy investments boomed in Asia, in particular, and global confidence grew that such policies need not come at overall economic expense. The latter helped improve confidence in international negotiations and build strategic alliances, such as the strengthening US/China climate alliance.

Through 2013-14 The Climate Institute continued its independent analysis but also refocused its role in preparation for the fresh challenges we face in Australia across government, business and the broader community.

As this review shows, 2013-14 saw us continue our innovative, risk management and prosperity focused approach to the climate challenge. Working from independent research and evidence, we strived to find new ways to achieve our original objective of “raising public awareness of climate change and related issues and promoting the development and implementation of policies on climate change and related issues”.

We do not expect the next 18 months to be easy—we have challenges on a number of fronts. One of these being the sustainability of our finances to ensure we have the resources to take on the challenges ahead.

We continued to expand our supporter base in 2013-14 but, as you will see in Clare Martin's section on development (page 43), the last Dara Fund grant has now been received - meaning we will need to significantly expand our supporter base during 2014-15. I would urge you to do all you can to find ways to support The Climate Institute—whether through sharing our work, partnering with us or contributing financially.

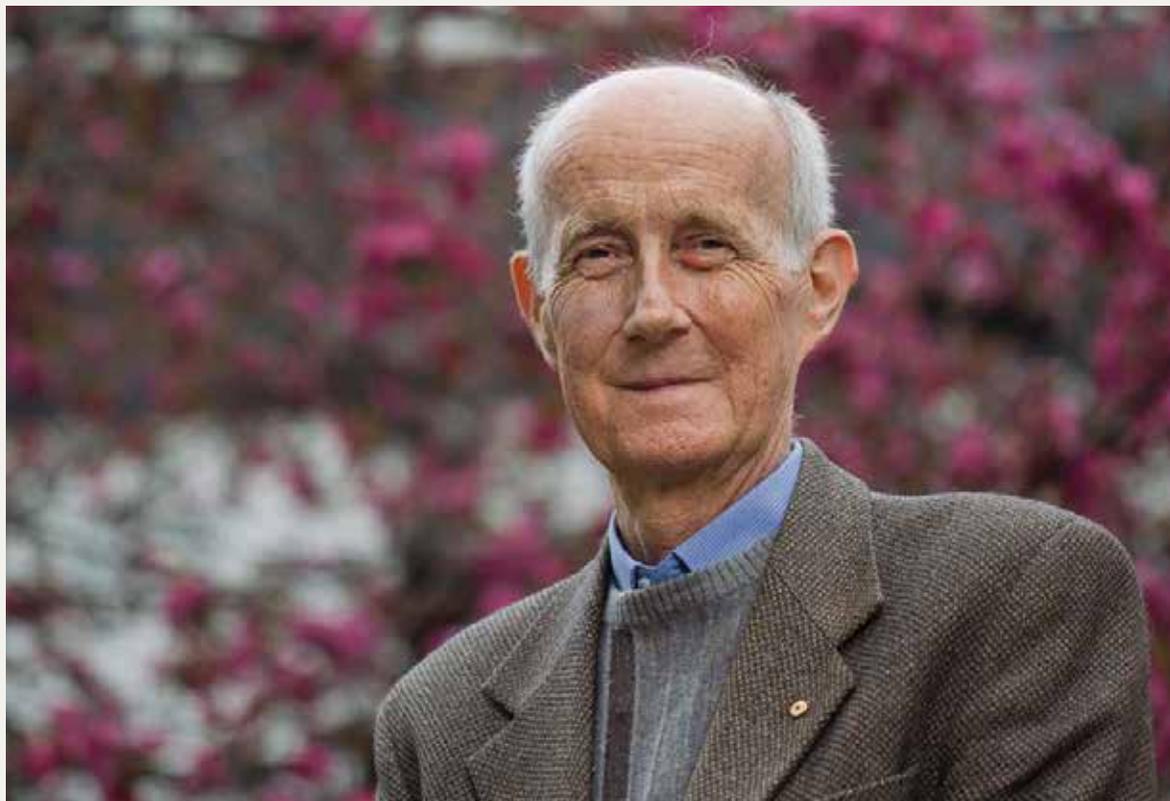
The near future may not look particularly bright in terms of Australia's climate policy, but there are enough signs of progress globally to give us renewed optimism that the recent setbacks will mark the low point in Australia's journey to decarbonised prosperity.

With the support of people like you we can, and will, find ways to make real the promise of a resilient and prosperous Australia doing its bit in a world of climate action.

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Mark Wootton  
Chairman

A handwritten signature of Mark Wootton in black ink, written over a light blue circular background element.



**03.10.42 - 26.09.14**

## Remembering Emeritus Professor Anthony (Tony) John McMichael

As this review was being completed, we received the devastating news of the premature passing of founding Board member Professor Tony McMichael.

Tony's work on public health and climate change was immense, extending from studying the influence of climate change on the emergence and spread of infectious diseases to analysis of the long historical record of climatic trends and fluctuations, and how these have affected human wellbeing, health and survival.

The Climate Institute was one of many that he so ably and generously devoted his time to—he was always passionate about the need for independent organisations in a healthy democracy. Others such as the Doctors for the Environment and The Australia Institute have noted his contribution to their work. His contributions to the Intergovernmental Panel on Climate Change and the World Health Organisation meant his efforts had global impact.

His work on the health impacts on climate change was extraordinary, not just in its intellectual rigour, volume or for how many years he had been looking at this issue. Most importantly, his climate work was based on deep compassion and hope for the human species.

Tony's role at the Institute also mirrored his academic work. He continued to push for the links between climate change, health and the human story. He was keen on using this narrative when advocating policy changes and was very much an advocate for the human face of climate change. This legacy is found in many pieces of our work.

We are honoured that Tony's family asked us to establish a special fund so that we can seek to continue his work - the Tony McMichael Climate Change and Human Impacts Research Fund. We will work with the family to develop research of which he would be proud. We respectfully invite you to support further work on climate and human impacts in his name.



## A profound legacy: placing the human story at the heart of climate change

It is with great sadness that this Annual Review marks the passing of one of our founding Board members Professor Tony McMichael.

**Tony's impact on our work was profound; with perhaps his most telling legacy being how he always pushed to have the human story at the heart of our work. This is now reflected in all that we do and his Human Impacts Research Memorial Fund will help magnify this important legacy. We hope this Review and all our work honours his many public contributions.**

**John Connor**  
CEO

**I would like to express my personal sadness at the recent passing of Tony McMichael. Tony's contributions both to the Institute and the broader world were considerable. He was an inspiring and committed member of our Board, but I was also privileged to count him as a friend. He will be missed by all those who knew him and the Institute is a poorer place without him.**

**Mark Wootton**  
Chair

# SPOTLIGHT

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Projects  
Reports + Briefings



## Election 2013

Policy + Analysis + Interactive tools

During the 2013 Federal election we again conducted independent analysis of prospective policies through our Pollute-o-Meter and other research. With the carbon laws in place we conducted the most detailed assessment available of the Coalition's policies. We rated parties against key policy tests and presented the findings in a new interactive tool that saw wide use by pundits and the public alike.



## Capturing the pulse of the nation

Report + Vox Pop Videos + Infographics

Being a critical year in politics and for the future of Australia's climate policy, 2013-14 was a crucial year for keeping the pulse of the nation. The Climate Institute conducted several public attitudes efforts: the *Climate of the Nation 2013* report (released in June 2013), subsequent Election day exit polling, and *Climate of the Nation 2014* (June 2014). The larger reports benchmarked Australian attitudes to climate change, related policies and solutions, against views in 2012. The 2013 report found that two-thirds of Australians accept that climate change is real; a growing understanding that climate impacts are already occurring; and a softening in opposition to the carbon laws. Almost a year later, *Climate of the Nation 2014* found those views strengthened, as well as a significant resurgence in the view that Australia should be a leader in finding climate solutions. The number of those holding that view continued to grow, now higher than 2010 levels.



## Dangerous Degrees

Report + Video + Infographics + Photo Essay

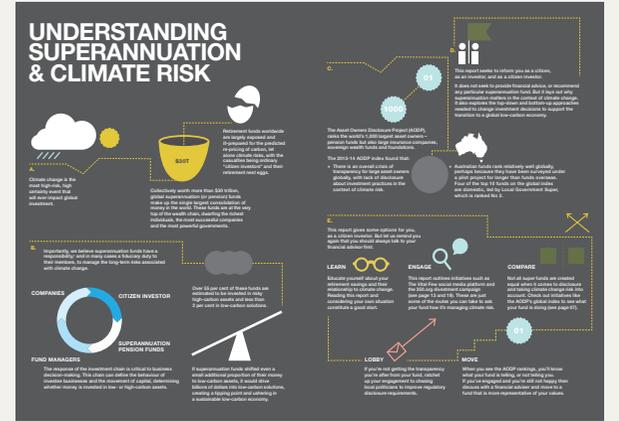
Carbon dioxide emissions from fossil fuels are around 50 per cent higher than they were 20 years ago, and have been rising each year. Acting like a blanket, the build-up of greenhouse gases is the main driver for the nearly 1°C temperature rise we've witnessed in the last century. *Dangerous Degrees* helped explain why a rise of one or more degrees in the average global temperature risks our prosperity, security, and health. It highlighted the importance of reversing the rise in emissions within the decade and reminded us that it is still within our means to do so.



## Translating the science to personal impacts

Research Brief + Vox Pop Videos + Infographics

This year saw the release of the latest IPCC reports on climate science, impacts, and mitigation. The IPCC reaffirmed with high levels of certainty that the planet is warming and that human induced CO2 emissions are the primary cause. The impacts report highlighted the dangers climate change poses to human health, food security, where and how we live, and to future prosperity. The mitigation report provided much needed direction for the level of ambition countries should have with their emissions reduction policies. The Climate Institute translated these complex reports for Australians via summaries, focus papers on the projected impacts for our own backyard, and infographics. We also relied on photo essays by our Creative Fellow, Michael Hall, and produced a popular vox pop video looking at what keeps climate scientists up at night.



## Climate Smart Super

Report + Video + Infographics + Photo Essay

With superannuation (or pension) funds representing the single largest pool of global capital, taking an active role in our investments and how they are managed represents a huge opportunity for securing a more sustainable, low-carbon future. In this "dummies guide" we published data on the leaders and laggards amongst superannuation funds as well as examining the emerging civil economy movement and growing financial activism including The Vital Few campaign.



## COP19: Warsaw Climate Summit

Policy Brief + Videos + Blogs + Opinion Articles

With our policy brief ahead of the 2013 Warsaw climate talks, we explored the pathway towards a new global agreement to be finalised at the 2015 negotiations. Media and senior stakeholders were again briefed on our research and analysis based on our lengthy experience in these negotiations. CEO John Connor attended the talks and provided timely and in-depth insights through media commentary as well as video blogs, tweets and other social media.

# SPOTLIGHT

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**Projects**  
Reports + Briefings



**Moving Below Zero**  
Report + Animation + Infographics + Opinion Article

Decarbonisation of our economies is no longer enough to avoid dangerous levels of climate change, we will also need to do more and be removing carbon pollution from the atmosphere. Through a dual-report approach, we first explored the need for carbon removal technologies and then focused more specifically on the most promising: bio-energy with carbon capture and storage (BECCS). The first report allowed us to engage new audiences in the conversation about carbon removal, while the latter allowed for a more in-depth and technical conversation. The modeling behind *Moving Below Zero: Understanding Bio-energy with Carbon Capture & Storage* was carried out by leading economics firm Jacobs. A full suite of communication materials accompanied the reports, including an animation by the ABC's Hungry Beast creators.

*Supported by the Global Carbon Capture and Storage Institute.*



**Buyer Beware**  
Report + Research Brief + Infographics

We looked at whether climate change impacts on where Australians live, the design and cost of housing, and whether dwellings are insurable or not. We found that extreme weather risk could double the price of home insurance premiums and erode property values by 20 per cent or more in some areas within the term of a mortgage. The Climate Institute, together with CHOICE, commissioned independent risk analysts Climate Risk to take a snapshot of how the home insurance industry is responding to climate risk. The study offered a preliminary analysis of changes in premiums, policies, and insurability, and provided homeowners with important new tools to assist them in assessing current and future risks.



**Stop the Dinosaurs**  
Analysis + Campaign + Social Media + Launch Events

In June life-sized dinosaurs roared in front of Parliament House for the benefit of tourists and media, while The Climate Institute, with former Liberal Party leader John Hewson, launched the Stop the Dinosaurs campaign. This cheeky social media, print and radio advertising campaign attracted significant attention. Its message focused on the backwardness of repealing the carbon laws, laws that are working and reducing emissions in a growing economy.

*With thanks to the Pace Foundation for their support for this work.*



**Major countries acting**  
Research Brief + Analysis + Infographics + Media

This year The Climate Institute documented the efforts of two of the world's largest emitters, China and the United States, to clean up their act. A research brief documented China's ramp up of carbon and air pollution curbing efforts through carbon trading, renewable energy investment and caps on coal use. China is developing at least seven pilot emission trading schemes, most of which were operational by mid-2014.

The US has also made major strides, with the announcement of regulation that will significantly cut carbon pollution from power plants. The Climate Institute highlighted and profiled in Australian media that the new proposed US rules to cut power plant pollution by 25 per cent by 2020 and 30 per cent by 2030. Power plants are responsible for 40 per cent of US carbon dioxide emissions and, as in Australia, around 30 per cent of all greenhouse gases.

# SPOTLIGHT

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**Communication**  
Media, News + Opinion



## Finding new ways to communicate our research in a challenging media landscape

Television + Print + Online

2013-14 had us flat out on the media front, with endless queries to explain and comment on the twists and turns of climate policy during the election and after, as the battle to repeal the carbon laws picked up steam. We worked to contrast the domestic downward spiral with growing international action. Particularly important was China taking centre stage with its air pollution reduction efforts and massive clean energy investment.

The Climate Institute was across all media, from Sky News to the ABC, from The Australian to Fairfax papers, on radio waves and online news outlets. Commentary on developments and key stories driven by our own research featured in all national newspapers.

In addition to major pieces covering our research at the front of papers and on broadcast media, this year stands out in that we had opinion pieces in the print editions of all the major newspapers – in fact several, in some of them. It also stands out for our reach into major international press, with citations including New York Times, Wall Street Journal, The Financial Times, The Economist, BBC, CNN, Bloomberg, and others.

Last year saw us continue our focus on finding new ways to reach key audiences through the media and via innovative digital and online communications. Increasingly, we are supplementing our reports and factsheets with infographics and animations, as well as photo essays.

*Our innovative communications approach was made possible by the generous support of the Dara Fund No. 2, E.M. Horton Family Fund, Nelson Meers Foundation, Michael Kantor and Silvia Frassoni.*

Last year saw us increase our presence on mainstream broadcast media.



Despite a challenging media environment we continued to reach key audiences. This included strong coverage in the emerging online media.



We produced a number of animations through the year to reach new audiences – including the above for our *Moving Below Zero: Understanding Bioenergy with Carbon Capture and Storage* project.

Creating infographics is an increasingly important focus for us as we look to translate complex information for the media.

# A RISING TIDE OF IMPACTS

Domestic politics took up the foreground of the public debate, but the physical trends of climate change provided the backdrop. The Climate Institute continued to explain local and global climate science, find fresh ways to communicate recurring themes and lead conversations on how climate change will shape Australia.

Australia's experiences driest July on record.

Eastern Russia sees worst flooding in 100 years.

Warmest November on record globally.

Typhoon Haiyan strongest tropical cyclone to make landfall in recorded history.

Warmest year on record in Australia.



The IPCC's Fifth Assessment Report on impacts and adaptation reinforced the urgency of the climate challenge.

Australia is the developed country most at risk from the impacts and costs of climate change—something the current government seems reluctant to acknowledge in spite of the science.

## Avoiding the most crucial issue

Government acknowledgement of the risks and costs of climate change was cautious at best in the pre-election period. The former Department of Climate Change started to develop a set of national indicators to assess Australia's adaptation (or lack thereof) and commissioned The Climate Institute to produce a manual for incorporating infrastructure interdependencies into climate risk assessment. The new federal Government's agenda on building climate resilience is at best unclear. Despite continuing some funding to adaptation research it has cut resources for climate science and avoided—even erased—references to the consequences of global warming in some policy documents and legislation.



In 2013, devastating bushfires ripped through Tasmania destroying hundreds of properties and affecting thousands. The intensity and frequency of bushfire conditions is on the rise in south-eastern Australia.

Typhoon Haiyan in the Philippines, which affected some 14 million people, was one of the most powerful tropical cyclones to ever make landfall.

The Sochi Winter Olympics provided a timely opportunity to explore some of the ways sport is likely to be impacted.



By 2020, the Australian Alps could lose around **60%** of their snow cover. The ski slopes could be mostly bare of natural snow by 2050.

That puts our valuable snow tourism and services industry at risk:

<b>\$1.8 billion</b>	<b>▲ 18,000</b>	<b>▲ 800,000</b>
<small>in economic value</small>	<small>people employed</small>	

## The science proves risks we face

Last summer was also bookended by releases from the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC). As IPCC reports are dense, scientifically conservative and yet vulnerable to attack from vested interests, we worked to prepare media in advance of the reports' release, tackle controversies as they flared up, and relate the scientific projections specifically to Australia. AR5 presented further evidence of the need for Australia to reduce emissions in line with the global 2°C goal while managing the risks of a 4+°C world.

## Climate impacts sports we love

Major international sporting events also served as springboards for examination of the future of sport and recreation under changed climate conditions. Our opinion article during the Australian Tennis Open, where heat closed outdoor play and caused players to faint and hallucinate, warned that Melbourne's annual multimillion dollar investment in hosting the event is put at risk by the prospect of higher temperatures. Our media brief on the Winter Olympics noted that only six out of the 19 previous host cities would have a suitable climate for hosting future Winter Olympics in the late 21st century.

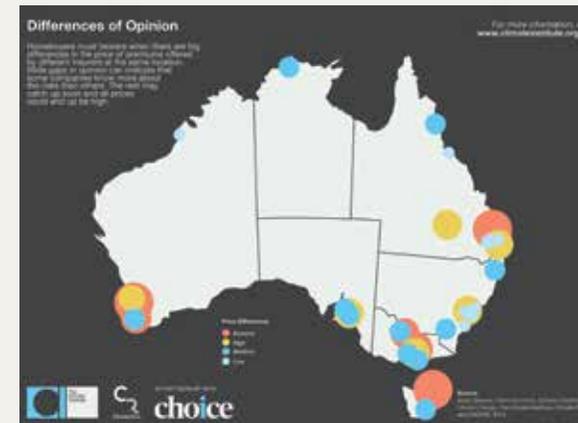
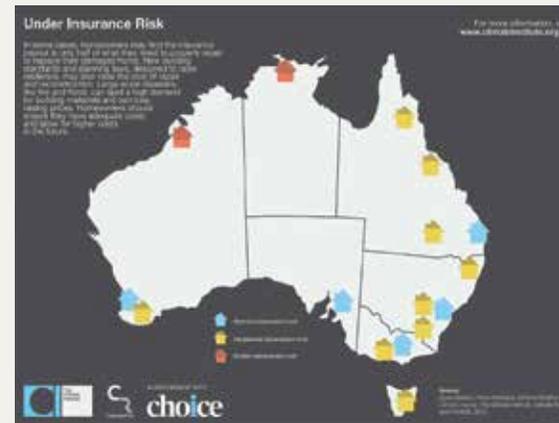
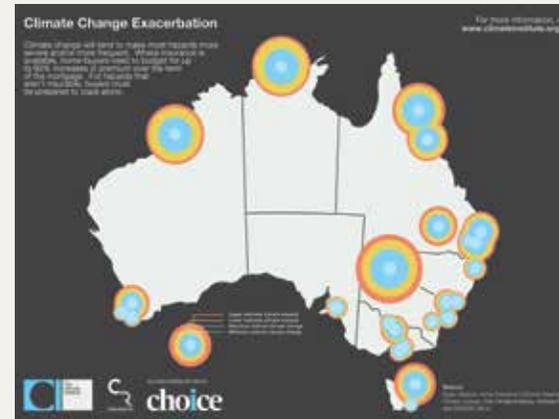
*With thanks to the Fairer Futures Fund for their generous support for this work.*



The realities of climate change were brought home once again with extreme weather, bushfires and floods impacting Australia in 2013–14.

## Climate records tumble

In defiance of the political agenda, 2013 was Australia's hottest year on record. Last summer saw an early start to the fire season, and temperature records were broken (again) across the country. Adelaide suffered 10 days above 42°C (the annual average is one); Melbourne had seven 40°C days (again, the annual average is one). Autumn was characterised by an exceptionally prolonged warm spell. The continent's average temperature is now nearly a full degree higher than it was in 1900. We put these events in context by drawing together and translating analysis from the Bureau of Meteorology, CSIRO and others for media and public use.



Our look at Australia's home insurance industry, highlighted the challenges of trying to manage climate uncertainty.

## A unique look at climate change and Australian home insurance

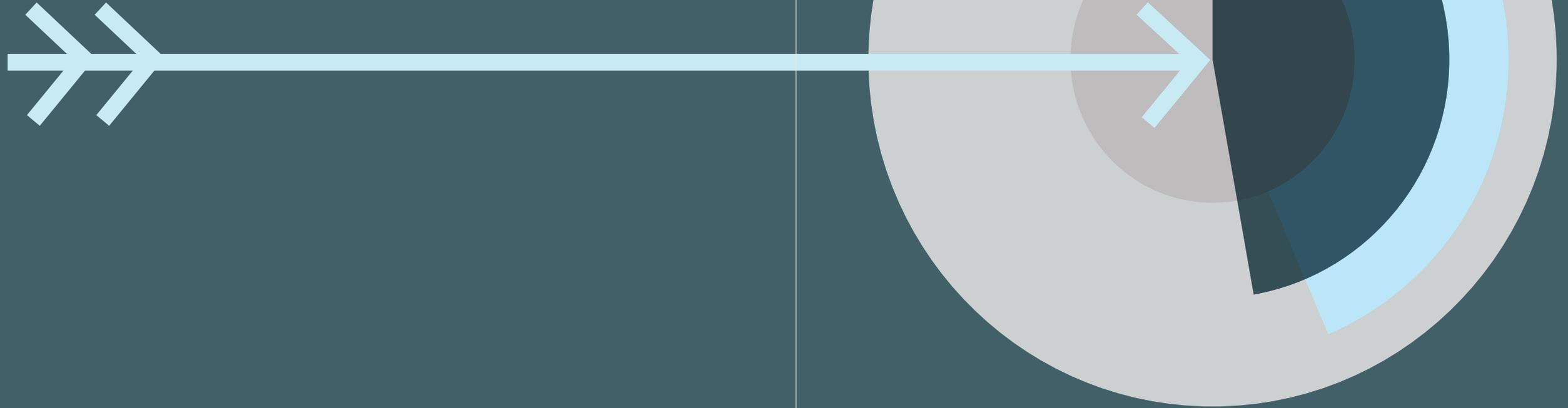
Another area of climate vulnerability that has been under-researched and under-reported, but which is of great interest to the community, is home insurance. To date Australian insurers have been reluctant to publicly acknowledge the risks posed by climate change to their business model, in contrast to the international re-insurers, who have been much more forthcoming. In early 2014 we partnered with Climate Risk and CHOICE to examine how home insurers are pricing climate risk. This report found that climate change consistent with the high end of forecasts could result in home insurance premium increases of up to 92 per cent over the life of a standard, 30-year mortgage, while the impacts of climate change on insurance costs could erode the value of a house by at least 20 per cent over that period.

All the analysis and forecasts we saw in 2013-14 continued to reinforce the ever-growing risks that Australia will face in coming decades—risks that are becoming ever-more difficult to ignore. Despite the need for more urgent action by our political and business leaders, the last 12 months will certainly not be looked back on as Australia's finest with regards to credible climate policy and pragmatic, economically sound climate action.

*Our insurance report was produced in partnership with Climate Risk and CHOICE.*

# FRANK & FEARLESS ANALYSIS IN A TOUGH ELECTION YEAR

This financial year straddled the 2013 election and ended with the second anniversary of the carbon laws, just weeks before their eventual repeal. Election years are always challenging for an independent, non-partisan research organisation. However, we believe it is a core role for The Climate Institute to both advocate best practice policies and to analyse those on offer from significant political parties.





## Pulling apart the 2013 election and its implications

The Pollute-o-Meter, a useful measure of how the major political parties stack up at election time, which we pioneered during 2007 and 2010 elections, returned to measure the pollution reduction potential of Coalition and ALP policies for the 2013 Federal election.

With a variety of backbenchers and Senate newcomers likely to be crucial in securing a credible climate policy, we also analysed the policies of the Greens, the Palmer United Party, the Democrat Labor Party, Katter's Australia Party and Independent Senator Nick Xenophon. Their policies were measured against benchmarks of climate credibility—cutting carbon pollution, accelerating economic investment, and the newly added category of preparing for climate impacts—as laid out in our *Managing the Unavoidable while Avoiding the Unmanageable* policy brief.

The legislated carbon pricing framework that was in place at election time meant that the ALP scored well on the Pollute-o-Meter. The carbon laws offered a flexible and independently advised carbon cap setting process that could achieve up to 25 per cent emissions reduction by 2020 and deeper reductions thereafter.

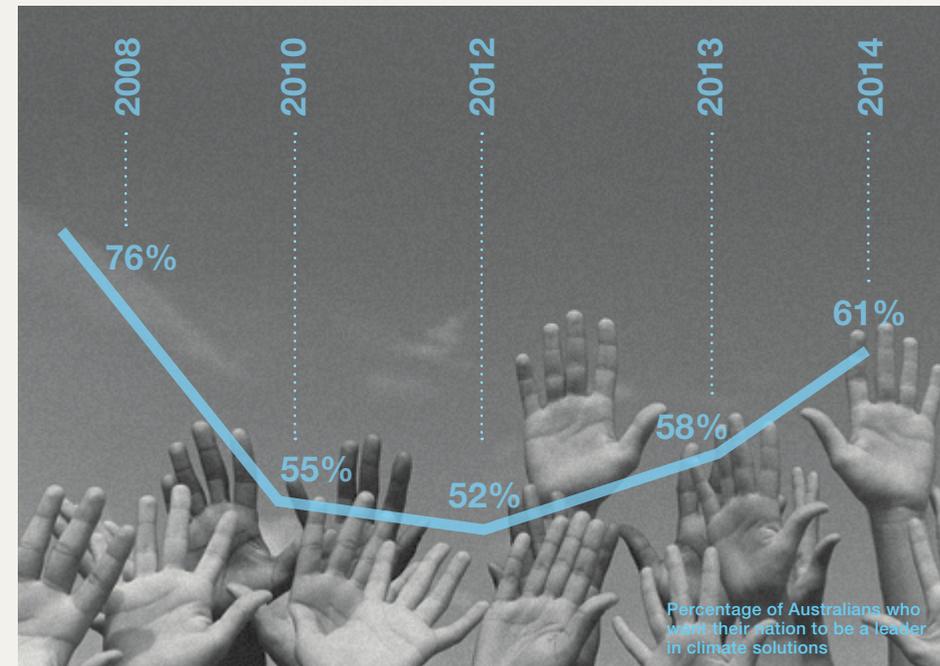
The Coalition's Emissions Reduction Fund and related policies were more difficult to measure, as not all details were publicly available. We checked key assumptions, made conservative ones, and commissioned Sinclair Knight Merz to model their potential. In 2010, Tony Abbott quoted the fact that the Pollute-o-Meter's scores placed the Coalition in a better place. In 2013 the Opposition wasn't as pleased with its rating. It was clear from SKM's research that achieving the up to 25 per cent reductions they are still committed to would demand significant extra expenditure—expenditure the Coalition had promised not to make.



Pollute-o-Meter  
Major & Minor Parties  
Coalition: 1.25/5 stars (25%)  
Labor: 2.75/5 stars (55%)  
Greens: 4.5/5 stars (90%)



Pollute-o-Meter  
Independents  
Andrew Wilkie: 3.5/5 stars (70%)  
Nick Xenophon: 0.5/5 stars (10%)  
Democratic Labor Party: 0/5 stars (0%)  
Katter's Australian Party: 0.25/5 stars (5%)



61% of Australians now want their nation to be a leader in climate solutions.

John Connor highlights the need for greater Australian action on climate change alongside John Hewson at Parliament House.

We asked ordinary Australians what proportion of our energy should get from renewable sources by 2020.



## Continuing to track Australian's attitudes to climate change

The Climate Institute captured the pulse of the nation through its comprehensive public attitudes research. *Climate of the Nation 2014*, during the previous financial year, was followed by exit polling on Election Day, carried out by JWS Research, and tested attitudes against those from 2012. Our research revealed, as did work by the Lowy Institute and others, that overall attitudes to climate action have rebounded from their lows the year prior. Our 2013 analysis found growth in support for leadership on climate change.

It showed diminishing opposition to the carbon price and a slight growth in support. It was clear that Australians were seeking some of the benefits of the carbon laws in action, two years in. Exit polling on Election Day further highlighted that the carbon tax and climate change were not priority issues for voters. Importantly, it found that claims that the election was a 'referendum on the carbon tax' rang hollow, with many more carrying about issues such as the economy and jobs, across the political spectrum.



Climate of the Nation 2014  
We continued to take the pulse of the nation with our annual look at Australian attitudes to Climate change.  
*Produced with the generous support of the Dara Fund No. 2, European Climate Foundation, Australian Communities Foundation and Poola Charitable Foundation (Tom Kantor Fund).*





# THE CLOUDS WERE BUILDING OVER THE CARBON LAWS

## Highlighting the realities

Numerous pieces of research and analysis documented historic successes in reducing emissions and growing renewable energy investment. The carbon laws, helped by policies like the renewable energy target and broader energy efficiency framework, were working well. Even the Coalition Government's first budget showed that the inflationary impact of the carbon laws was, as planned, at a small fraction of one per cent. The impact of this policy on low and medium income households was more than supported by the tax cuts and pension increases enabled by the carbon revenue. It is a matter of record and historical misfortune that this support did not extend to the unrelated cost impacts of massive investment in electricity transmission.

Australia's choice remains in stark relief - remaining a high-risk, high-carbon economy or embracing the low-carbon prosperity that other nations are already moving to create.

*With thanks to the Hamer Family Fund and Digger and Shirley Martin Environment Fund for supporting this work.*

## Steering the nation forward not backwards

The clouds were building, however as the Government, without clarity on its alternative policies, pressed on with repeal of the carbon laws and other policies and institutions, including the renewable energy target, the Climate Change Authority, the Clean Energy Finance Corporation and others. In the lead up to the repeal debate The Climate Institute worked to save as much of the existing architecture as possible.

With the repeal of the carbon laws that became a reality in the new financial year, the future of Australian climate policy became, to put it mildly, uncertain. The Institute will continue to advocate strategically for credible climate policy however, given the uncertainty, we will also redouble our efforts in the investment and business governance as well as the international areas of our work.



## Highlighting the effectiveness of the carbon laws

**“As Australia’s carbon laws turn two the Government’s own data and reports highlight they are working to reduce pollution in a growing economy.”**

John Connor

Just weeks prior to being repealed, the carbon laws had turned two, an anniversary we marked with the release of analysis documenting the effectiveness of the laws.

There was no mandate to repeal the laws, as polling just weeks earlier found. For the first time, in fact, around June this year more Australians supported than opposed the carbon laws.

Polling commissioned by the Institute in June 2014 showed that over a third of Australians (34 per cent) supported the laws, up 6 points from 2012, while at the same time opposition had dropped off by 22 points to 30 per cent.



# THE INVESTMENT SOLUTION STARTS TO EMERGE

Since 2007 The Climate Institute has been working to help accelerate the role investment (particularly superannuation funds) can play in building a zero-carbon economy. 2013-14 saw the first clear signs that the industry is waking up to the need to address climate risk as a number of progressive steps were taken indicating an investment tipping point may be approaching.



## A climate awareness tipping point

For the financial sector, 2013-14 may well be remembered as the tipping point for climate awareness and action. Climate change was emerging from the cul-de-sac of ethical investment options; evaluating and reducing exposure to potential 'stranded assets' in the eventual enforcement of carbon regulation or other meaningful climate action is increasingly recognised as a financial imperative for companies, investors and asset owners.

Numerous consumer-focused campaigns in Australia and overseas further drove home the message to financial decision makers. This rising awareness was particularly well-timed for Australia, strengthening an avenue for action at a time when climate policy began to move backwards. The Climate Institute championed several new projects specifically targeting the financial community, while continuing our long-running efforts to effect change through our work with sister organisation the Asset Owners Disclosure Project (AODP) and The Vital Few campaign.

## AODP goes global

The Asset Owners' Disclosure Project, launched by The Climate Institute in 2008, published its second Annual Global Index in December, with the top ranking going to a UK pension fund. While Australia maintained a strong showing with six funds in the top 20, asset owners from the Netherlands, the US, South Africa and Norway were also included in this group.

The index revealed some divergence within the sector. Of the 458 organisations rated, 27 received a rating of 'A' or higher, up from 22 the previous year. However the proportion of funds receiving a 'D' or an 'X'—the poorest ratings—rose to 79 per cent of the total, from 70 per cent in the 2012 survey.



AODP Global Climate Index  
2013-14

This index started in Australia but now assesses key superannuation and pension funds globally.

*Our investment work is generously supported by the Dara Fund No.2, The Mullum Trust, Hamer Sprouts Fund and EM Horton Family Fund (sub-funds of the Australian Communities Foundation).*

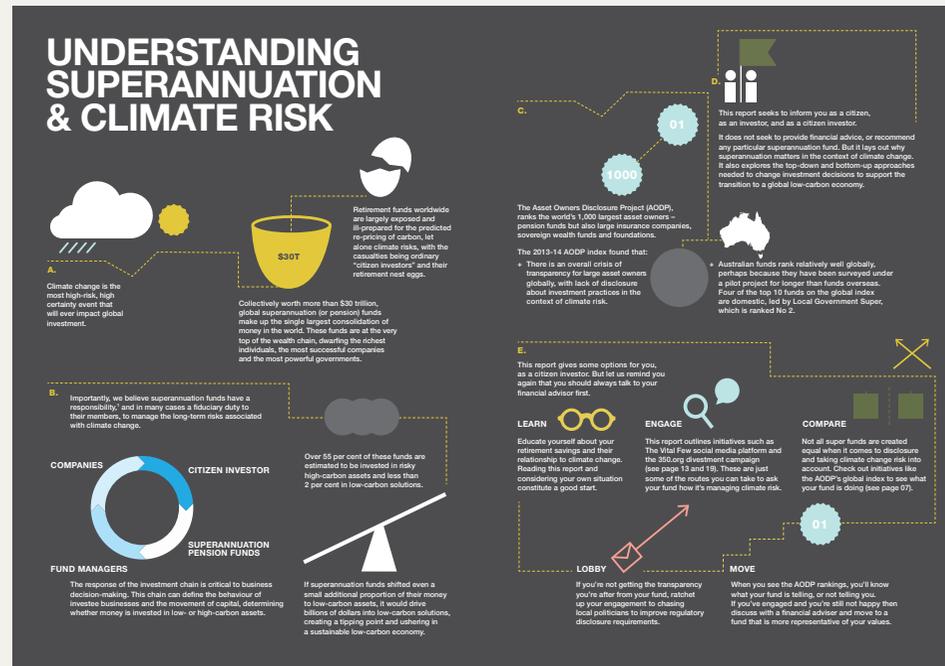


/00/-+RISK-+/00/

Our Climate Smart Super guide was launched at the end of 2013 and looked to provide Australians with a greater understanding of how their super could help solve climate change.

This year saw the AODP go global as what was originally an Australian focused project set its sights squarely on the international reality of investment capital.

1100 lines of conversation have been started by letters sent directly to funds by citizen investors utilising the direct access offered by The Vital Few platform.



The Bob Litterman event we hosted with the AODP and Russell Investments on managing climate risk and investment was well attended by the finance and investment industries.

As another way of accelerating awareness of the investment solution, John Hewson (Chair of the AODP) also led a session at the Festival of Dangerous Ideas in Sydney.



## Climate Smart Super

Through their compulsory superannuation investments, most Australians are “accidental investors” in high-carbon and other climate-exposed assets. Few Australians are aware of how to find the climate risk lurking within their super accounts, and what to do in response. To help educate Australians on their climate super risk, The Climate Institute in December 2013—alongside the launch of the latest AODP survey results - launched its *Climate Smart Super* report. This work included a rich suite of infographics, explaining the connections between superannuation and climate change; a photo essay of everyday Australians’ thoughts on superannuation and climate; an audio explainer; and a guide to the work of The Vital Few.

## The Vital Few

The Vital Few is a social media campaign run by the AODP to help members of superannuation and pension fund easily query their fund about how it works to assess and manage climate risk. In this way, even a small number of enquiries can get the message to the top of the investment chain, because such funds are legally obliged to reply to members. During the 2013-14, campaign users started more than 1,100 lines of conversation with funds, of which 164 led to ongoing dialogue. A total of 32 Australian super funds engaged in Vital Few queries. The communications made via the campaign are fed into the AODP index, along with asset owners’ own survey responses.

## Sparking the conversation

To get the word out to more decision-makers in the investment world, in May 2014 the Institute, together with AODP, sponsored an Australian tour by Bob Litterman, former Quantitative Investment Strategies group chairman at Goldman Sachs Asset Management. Litterman’s visit included invitation-only events, media coverage, and a lunch co-sponsored by the Investor Group on Climate Change and Russell Investments. About 90 attendees, mostly from the financial and corporate sectors, heard Litterman speak about pricing and reducing portfolio exposure to climate risk at the lunch. His speech and other commentary built on messages from the *Unburnable Carbon* report, which we released with Carbon Tracker Initiative in early 2013.

**“The main implication of climate risks is that there is an urgent need to create appropriate global incentives to reduce greenhouse gas emissions. The atmosphere’s ability to safely absorb emissions is a scarce resource that is currently being wasted. Given the virtually unbounded magnitude of worst case climate change outcomes prudent risk management requires that the potential damages created by emissions be reflected in economic activities that create additional greenhouse gases. These implications are true for all investors.”**

Bob Litterman



# TRANSPARENCY

## Looking to find ways to accelerate the investment ‘solution’

Translating these opportunities into action from the financial and corporate sectors is not without challenges. Climate risk is hostage to the same opacity, short-termism and misaligned incentives in the financial sector that gave rise to various crises over the years, including that of 2008.

Yet the mainstreaming of climate change in the investment world is promising. A raft of reports from investment banks and financial analysts including Citigroup, Deutsche Bank, Sanford C. Bernstein, and Goldman Sachs highlighted the growing risk of investment in carbon-intensive assets, particularly thermal coal. This was underscored by confirmation that China’s economic growth rate will continue to slow, and by the prospect of new restrictions on coal-fired power generation in both China and the US. Another important factor was the plummeting prices and technical improvements of renewables, particularly solar. The universe of investment options for those seeking to reduce climate risk is expanding rapidly, with Climate Bonds and Green Bonds expected to triple in 2014, and the emergence of asset-backed securities based on solar lease arrangements.

There was progress on the corporate governance front, too, with Exxon agreeing in March to disclose its carbon pricing assumptions to stave off a shareholder resolution.

The momentum among individual investors demanding answers from funds about their climate risk exposure, meanwhile, has drawn comparisons with the anti-apartheid divestment movement of the 1980s.

These areas all provide rich grounds for new and future projects to build on The Climate Institute’s years of engagement and advocacy on the investment and corporate governance fronts.

Several consumer-focused divestment campaigns also began to take shape towards the end of the 2013-14 year in Australia, spurred on by high profile divestment campaigns and announcements overseas, particularly among US institutions. While the divestment campaigns diverge somewhat from the Institute’s investment sector strategy, our shared goals are well served by rising awareness and engagement on climate issues from large numbers of individual investors, especially superannuation fund members.

And finally, the end of 2013-14 saw us both deliberately increase our focus on this area of our work and also start to look at the interconnections between our policy work, investment efforts and the building momentum that we are starting to see in the international arena.

AODP Global Climate Index 2013-14

Our latest index looked to up the pressure on superannuation and pension funds to properly manage climate risk.



# KNOWN

# UNKNOWN

TABLE 04 / AODP GLOBAL CLIMATE INDEX 2013-14 TOP RATED ASSET OWNERS /

2013-14 RANK	2012 (+/-) COMPARISON	FUND NAME	COUNTRY	FUND TYPE	2013-14 RATING
1	+38	Environment Agency Active Pension Fund	UK	Pension	AAA
2	-1	Local Government Super	Australia	Pension	AAA
3	+12	CalPERS	USA	Pension	AAA
4	NIL	Stichting Pensioenfonds Zorg en Welzijn (PFZW/PGGM)	Netherlands	Pension	AAA
5	+3	VicSuper	Australia	Pension	AAA
6	+4	AustralianSuper	Australia	Pension	AA
7	-5	Government Employees Pension Fund	South Africa	Pension	AA
8	+116	Florida Retirement System Pension Plan	USA	Pension	AA
9	+10	BT Super for Life	Australia	Pension	AA
10	+69	Aviva	UK	Insurance	AA

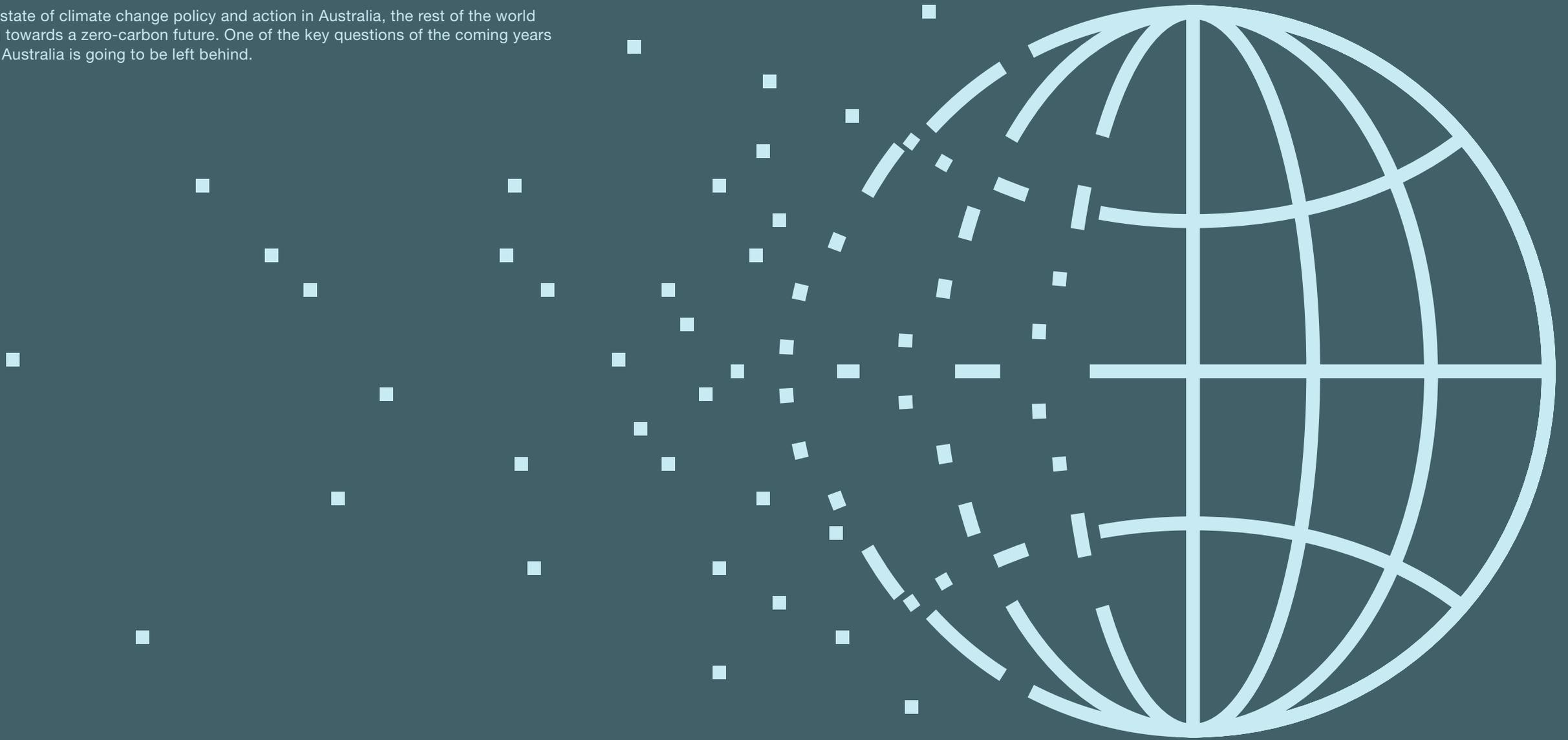
These funds were rated AAA, AA and A by the AODP analyst team based on information on how these funds are managing climate change.



We are particularly grateful for the support we received in 2013-14 for our investment work from The Mullum Trust, E.M Horton Fund, The Hamer Sprout Fund, Dara Fund No 2, Russell Investments and the Investor Group on Climate Change.

# GLOBAL MOMENTUM IS BUILDING

In spite of the state of climate change policy and action in Australia, the rest of the world is accelerating towards a zero-carbon future. One of the key questions of the coming years is just how far Australia is going to be left behind.





## Highlighting the world's momentum as Australia stalls

The day the Government's review of the Renewable Energy Target (RET) was released was another frustrating day for those seeking to position Australia to capitalise on growing international investment in climate change solutions. The review's recommendations, if implemented, would kneecap our renewable energy sector, but as the day drew to a close there was an overwhelming feeling of optimism at the Institute despite the frustrations.

Why? During the day The Climate Institute had met with a senior executive of one of the world's largest development banks and hosted a briefing for business executives on the status of global action on climate change. The message from both these discussions was crystal clear. While international frustration with Australia's backward policy steps is palpable, international momentum on climate change action is gathering steam and is now likely unstoppable.

Through 2013-14, The Climate Institute continued to draw attention to Australia's laggardness, especially as major countries like the US and China pulled together on emissions reduction efforts. As the Prime Minister visited Asia in October and November 2013, we released materials that catalogued the growing list of policies and investment in renewable energy and constraining pollution from the power sector in China, South Korea and Japan. In June we provided commentary and analysis of President Obama's announcement that the US Environment Protection Agency would regulate existing power stations to achieve a 30 per cent reduction in their emissions by 2030.

As we sought to ensure Australia has a strong and growing Renewable Energy Target, we continually pointed to the actions of the EU, the USA, China and other major economies in underpinning large scale clean energy investment and closing coal-fired power generation. If they can do it why can't we?

By itself, bringing the clear evidence of international action into the climate change discussion in Australia will not change domestic policy. However, preparing our country and economy to prosper in the face of these international trends remains a core underpinning of sensible policy development. It is also central to busting the enduring myth that other countries don't see climate change action in their national interest.

China is making huge strides as they look to make the most of the economic and societal opportunities addressing climate change presents.

These images were all taken by our creative fellow, Michael Hall, as he travelled through key regions of China documenting their unfolding clean energy revolution.



## Investment accelerates international understanding of the risks ahead

The role of international action in national policy development and business responses to global trends is likely to grow in prominence thought the next year. The incremental mainstreaming in the investment community towards managing long-term climate risks is in part being driven by report after report highlighting the exposure of our export coal industry to action, by China in particular, to constrain coal use in the face of severe local air pollution impacts.

There is a growing drum beat of countries, companies and investors recognising that, in the absence of technologies to bring emissions from coal-fired generation to near zero emissions, coal needs to be removed from the global energy mix by mid-century. Decarbonisation of our economy is a growing international theme of action. The Climate Institute will continue to engage with investors in Australia to promote the tools and appropriate governance structures to needed by investors to manage these international climate policy risks.

## The challenge of making Australia play its part internationally

A more challenging path forward will be ensuring that Australia plays its fair and constructive part in the development of the new international climate change agreement to be outlined in Paris at the end of 2015. As we have done at previous climate change summits, like the Warsaw climate talks in 2013, the Institute will provide commentary and analysis to ensure Australia is accountable for its actions at these global gatherings.

In Warsaw, countries agreed to advance new carbon emission targets for the period after 2020 early in 2015. Australia's post-2020 target is very important, as it will guide the ambition on domestic policies and, if it a fair effective contribution towards global efforts, can help others commit to more ambition action. The opposite is also true.



**Asia is on the move, and is becoming the global epicentre of clean energy investment and carbon market development, with China in particular stepping up its efforts in climate and clean energy leadership.**

Tangible evidence of China's investment in renewables

Workers in Haiyan County, China making wind turbines as the pace of renewables construction accelerates.

*With thanks to the Miller Foundation Fund, Lord Mayors Charitable Foundation and Dara Fund No. 2 for supporting our international accountability work.*

# 20/ /20 Vision

## Looking beyond 2020

In some respects the discussion around Australia's post-2020 contribution to global efforts will be the most challenging part of the climate change discussion over the next year. The recent backsliding on domestic policies risk institutionalising low levels of ambition as the Government will be reluctant to commit to strong action without the tools to achieve these outcomes.

More fundamentally, in defining its new target the Government will need to define its view of what climate change means for our perceived national interests. The Climate Institute's role here is to help ensure this is not defined solely by the views of short-term sectoral business concerns. We will work to highlight why ambitious collective action is in the broader community and business interest, and that the failure to position our economy now threatens unnecessary economic costs at a later date. We will continue to highlight that other countries are taking a broader view and implementing actions in response.

Critically, the Institute will analyse what really matters in the post-2020 framework and what does not. Old myths around international agreements, such as that they represent a proxy for national action, can be a significant barrier to domestic action. Articulating and analysing the role of the post-2020 framework will be central to avoiding some misrepresenting international action and further delaying action at home.

Finally, I have been watching and analysing international climate change action for over 20 years. Action is certainly not currently sufficient to avoid the worst impacts of climate change, but I am personally heartened by the emerging global conversation. If you had asked me five years ago whether the Chinese would be likely to effectively cap coal consumption, and that the USA would be leading the global diplomatic effort to secure a good outcome in Paris I would have stared at you in disbelief.

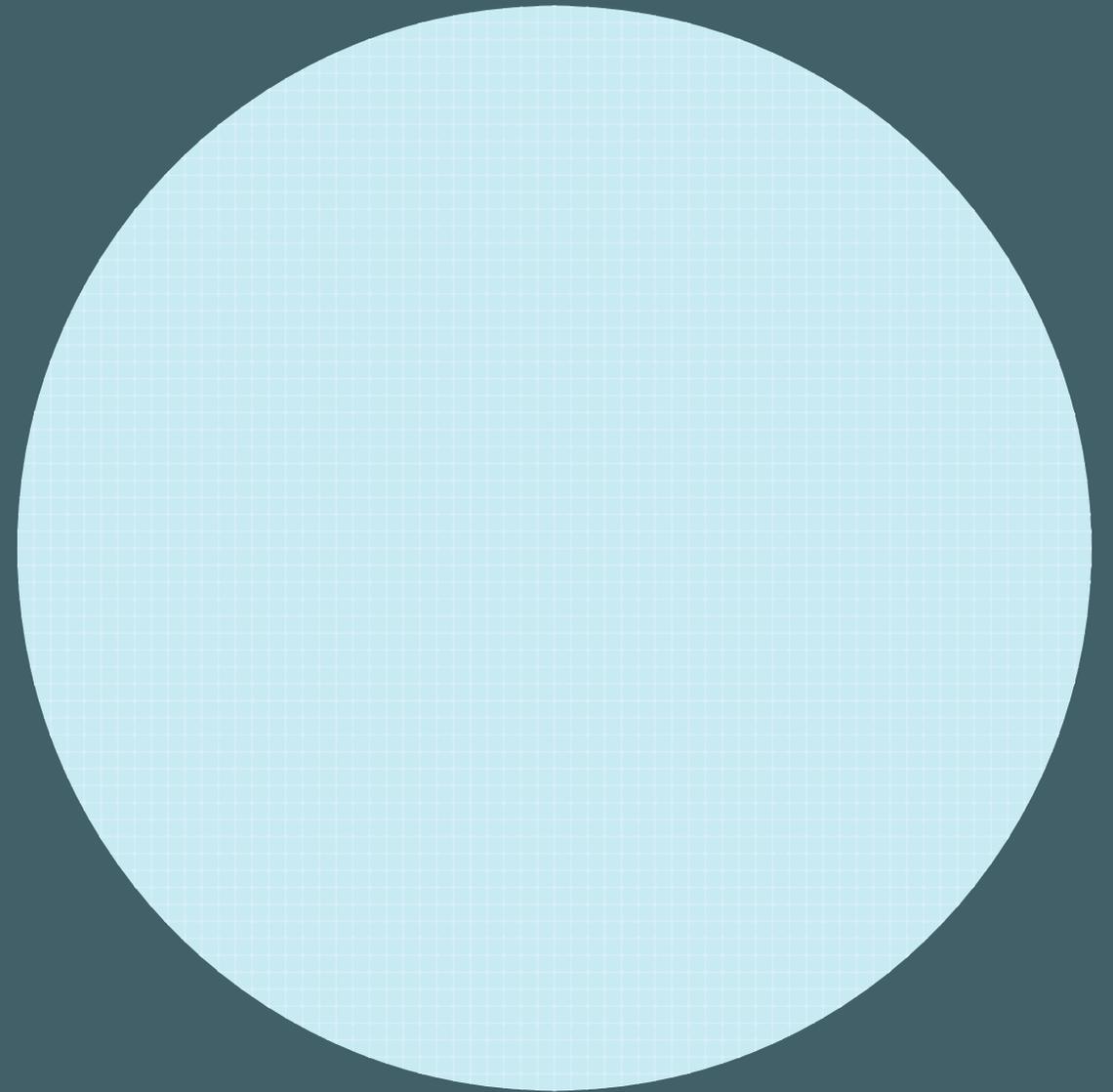
Global momentum to action is now unstoppable. Over the next year, The Climate Institute will work to ensure Australia plays its fair part, is at least not an obstruction to global efforts, and, hopefully, becomes better positioned to start our inevitable transition to the global decarbonised economy.

*Erwin Jackson has been involved in international climate negotiations for over 20 years. He is the Deputy CEO of The Climate Institute.*



# BUILDING SUPPORT AS WE ENTER OUR 10TH YEAR

Political stalemate and backwards steps. A public tired out by the constant barrage of misinformation from the media, business and politicians. Growing evidence of the impacts climate change will bring. These (and other) challenges mean we need to strive to find new partners, supporters and ways to communicate as we look to accelerate the changes needed moving into our 10th year of existence.



Our 10th year provides us with significant challenges - but also opportunities - as we look to find new sources of sustainable funding.



**Clare Martin**  
Board Member of The Climate Institute since 2008  
Development Sub-Committee Member since 2012



## Building sustainable support for the challenges our 10th year will bring

Amidst all the headwinds of 2013-14, The Climate Institute continued to do what it does best: finding and sharing evidence of the risks and opportunities of the climate challenge in Australia and overseas. We also worked hard to make real for Australians the implications of the latest IPCC reports on climate science, impacts and mitigation.

Before, during and after the election campaign, the Institute peered through the rhetoric to reveal the realities of policies—proposed and in place. Once again the research behind the Pollute-o-meter became an important reference point for analysis, most of which continues to be relevant as the new Government develops its policies.

The Institute continued to benchmark attitudes to climate change and its solutions. It developed fresh ways of communicating information in areas as diverse as climate impacts on home insurance to the issues around removing dangerous carbon pollutants from the atmosphere.

Building strategic partnerships with business and community groups has always been important and alliances spanned from consumer groups to businesses seeking a cleaner economy. At Election time we saw the reemergence groups like the SCCC, of which The Climate Institute is a founding member.

And the Institute continued its pioneering work holding to account and energising those managing our retirement savings. This has never been so important with proper public policies so caught in partisan debate.

In spite of the often overly-strident arguments, the Institute has strived to do this methodically, with integrity and, always, through evidence based analysis. Its independence allows it to explore the climate challenge, and how to solve it, without fear or favour.

This independence is one of the many reasons I agreed to join The Climate Institute's Board in 2008. It is why I fervently believe that in times of intense uncertainty like we face now, we need organisations like the Institute to continue to build pathways towards zero-carbon prosperity. And to highlight the fallacies being put forward by vested interests and those who struggle to acknowledge the realities of our challenge.

This task is never easy. It requires dedication and persistence to overcome the inevitable occasional backward steps. It requires courage to stand up to the well-funded organisations and campaigns putting forward new obstacles. And, because we are never able to match the amount of money our opponents have at their disposal, it requires creativity and a willingness to think outside the box to find a way to undertake and then communicate our research to the right people in a way that resonates.

The reality is, though, that The Climate Institute also needs money to do its work.

We have been extremely fortunate to have been strongly and very generously supported through the first nine years of our existence by two core sources of funding: initially from the Poola Charitable Foundation (Tom Kantor Fund) and subsequently from the Dara Fund No 2.

However, with the conclusion of this funding in mid-2015, we find ourselves facing a critical 12 months to secure additional sources of sustainable funding.

We have built a number of new funding structures over the last three years. We have evolved from a short-term impact organisation that was only intended to exist for five years into a longer-term change agent now entering its tenth year. We have welcomed a number of new supporters and partnerships during this time who have generously enabled us to continue our work, however, we need to find more.

The Climate Institute is now nine-years-old—or young depending on your perspective! While we aim to retire once Australia is on a safe and steady path to a zero-carbon economy, the reality is that the need for us is likely to continue for a few years yet.

The near future may appear as uncertain as the last 12 months has been, but, as Mark and John note, the Institute was created for just such uncertain times and, with your support, will continue to find ways through the uncertainty towards a prosperity worthy of handing on to future generations.

I encourage you to do all you can to both support the Institute's existence and invite others to do the same.

*To discuss ways you can support The Climate Institute—including how to join the '50 for 5 for 2050' program—or if you would like further information on the organisation's funding and support structures, please contact Richard Plumpton at [support@climateinstitute.org.au](mailto:support@climateinstitute.org.au).*



## Targeted partnerships with business

A key part of our work is building strategic partnerships to help catalyse and drive the change and innovation needed for a low pollution economy and culture.

When we look ahead at the economic transformation that is required in Australia, it is clear that business is central to making it happen.

This central role of business is one of the primary reasons we launched the Climate Partner program in 2010 with a select group of leading businesses that represent key sectors of the economy and share an understanding of the risks and opportunities for Australia inherent in the climate challenge.

2013-14 saw us continue our deep partnerships with our Climate Partners as we looked to explore ways to unlock the business opportunities of a zero-carbon economy, challenge some of the myths of the impacts on business of the carbon laws and manage some of the business apathy caused by political uncertainty.

We are actively seeking a limited number of additional Climate Partners in key sectors that share our vision of a resilient, zero-carbon Australia.

We also work with suitable business partners for specific projects on a more tactical/ short-term basis.



Moving Below Zero saw us working with the Global Carbon Capture and Storage Institute to promote debate about some long-term options for carbon removal from the atmosphere.



Lead Climate Partner



Major Climate Partners



Climate Partners



## Working with others

We only deliver our objectives through working with others. This can involve business partnerships like our Climate Partner program, community alliances like the Southern Cross Climate Coalition, accessing the networks of other NGOs or consumer focused organisations like CHOICE or just sharing knowledge and discussing solutions with complementary organisations like the Climate Council or ClimateWorks.

We believe we are uniquely innovative in our willingness to explore partnerships with a broad spectrum of organisations both in Australia and internationally. Our networks spread across the political, investment, business and community/NGO worlds as well as into society at large.

2013-14 was no different and saw organisations as diverse as Westpac, Global Carbon Capture and Storage Institute, European Climate Foundation and Sydney's Customs House work with us to deliver some of the projects detailed in this review.



## Working in new ways

As well as our work with others on strategic projects, we also provide briefings to senior business leaders and consult on the risks and opportunities of climate change.

With domestic policy uncertainty increasing against the backdrop of growing global momentum, leading businesses are increasingly looking to us to help them navigate the confusion that lies ahead.

Should your business need an expert and independent view on the challenges climate change could pose to your business, please contact us on [info@climateinstitute.org.au](mailto:info@climateinstitute.org.au)

Events like the Carbon Expo that we were a partner of this year are an important way for us to reach key business and investment audiences.

Given the policy uncertainty, our work with business and investment leaders was particularly important as we looked to find a way past the political battle.



## Using imagery to connect the risks and opportunities of climate change with key audiences

2013-14 saw our support of Michael Hall continue through the second year of our creative fellowship.

The fellowship built strongly on the work undertaken in 2012-13 and saw Michael involved in new projects as diverse as regional Australia and the Philippines and Bangladesh. His imagery has remained an essential feature of The Climate Institute's major research projects and online communications.

The fellowship culminated in September with an exhibition at Customs House in Sydney - The Story of our Planet Unfolds - where visitors were invited on a journey to see the threats, opportunities and human face of climate change. It was a unique opportunity to explore new forms of communication to audiences we normally don't reach.

Although the fellowship concluded in 2013-14, we continue to seek support to continue the creative fellowship with Michael Hall - please contact us if you are interested in helping us continue this project.

Over 85,000 people went through the doors of Customs House during the month-long exhibition, connecting the work with a diverse range of new audiences.

**This exhibition needs to be seen. I hope it will be seen by ordinary Australians who might then be inspired to demand change from our Federal and State politicians, and demand the right for their children to inherit a liveable planet. Without that groundswell of support, no real changes will be made. I congratulate The Climate Institute on harnessing the power of our artists through their Creative Fellowship. And I congratulate Michael Hall on this wonderful series. The images I am sure will remain with everyone who sees them.**

Clover Moore, Lord Mayor, City of Sydney

S U P P O R T E D B Y

Silvia Frassoni & Michael Kantor

NELSON MEERS FOUNDATION



Dara Fund Number 2  
(a sub-fund of the Australian Communities Foundation)

E X H I B I T I O N P R E S E N T E D I N P A R T N E R S H I P B Y



W I T H  
T H A N K S  
T O



# The Team

The Climate Institute Team  
 The achievements detailed in this report would not have been possible without the dedication of all those who have worked at The Climate Institute in the past year. As a highly networked organisation, we had a small full-time team ranging from 8 to 12 people in 2013-14, but we would also like to acknowledge all those who made such valuable contributions to our work.



**John Connor**  
 CEO



**Olivia Kember**  
 Policy + Research  
 Manager



**Luke Menzies**  
 Manager Multimedia &  
 Communications  
 Joining us in 2014-15



**Kristina Stefanova**  
 Communications Director



**Erwin Jackson**  
 Deputy CEO



**Fiona Manning**  
 Investment Analyst  
 From 2009 to 2013



**Jenny Recio**  
 Administrative Officer  
 From 2008 to 2013



**Corey Watts**  
 Regional Projects Manager  
 From 2009 to 2014



**Garrett Stringer**  
 Communications Manager  
 From 2010 to 2014



**Esther Green**  
 Office Manager



**Richard Plumpton**  
 Development Director



**Kate MacKenzie**  
 Manager, Investment +  
 Governance  
 Joining us in 2014-15



**Julian Poulter**  
 Business Director



**Clare Pinder**  
 Research Fellow  
 in 2013-14



**Michael Hall**  
 Creative Fellow  
 From 2012 to 2014



**Mark Wootton**

Mark Wootton (chair) is the Principal and Manager of Jigsaw Farms, a family farm enterprise north of Hamilton, Victoria, covering 16,500 acres. Jigsaw Farms is a beef and sheep farm with large tracts of biodiversity plantings, wetlands and agroforestry. Mark holds a Diploma of Agriculture, a Graduate Diploma of Education and a Geography Degree from Monash University.



**John Connor**

Whilst qualified as a lawyer, John has spent over twenty years working in a variety of policy and advocacy roles with organisations including World Vision, Make Poverty History, the Australian Conservation Foundation and the NSW Nature Conservation Council.

John has worked on numerous government and business advisory panels currently including the NSW Government's Climate Council. He is a graduate of the Australian Institute of Corporate Directors and a Board member of the Environment Defenders Office and the Asset Owners Disclosure Project. He is also a "Governator" with the Australian Youth Climate Coalition.

He joined The Climate Institute as CEO in 2007.



**Andrew Demetriou**

Andrew Demetriou was the CEO of the Australian Football League (AFL) from 2003 until his resignation in June 2014. He is a former teacher in business, law and politics and played in the AFL. Andrew was appointed Managing Director of the Ruthinium Group in 1989, a position he held until his appointment as CEO of the AFL Players Association in 1998. Andrew remains a director of Ruthinium Group which is one of the world's largest manufacturers and distributors of acrylic teeth, exporting to over 70 countries worldwide.



**Adam Kilgour**

Adam Kilgour is Managing Director of Diplomacy Pty Limited. He is a former adviser to Victorian and Commonwealth Government Cabinet Ministers and founder of public affairs firm CPR. He has also been a Managing Director of the ASX-listed Photon Group Ltd and is Chairman of Stirling Henry Global Migration.

## The Board



**Graeme Pearman**

Dr Graeme Pearman was elected to Fellowship of the Australian Academy of Science in 1988, the Royal Society of Victoria, 1997 and the Australian Academy of Technological Sciences and Engineering, 2005. He has been a member and chair of many Australian and international meteorological/global change committees. Graeme was the former head of CSIRO Division of Atmospheric Research. He was also a recipient of a United Nation's Environment Program Global 500 Award in 1989 for his active involvement in a national awareness program on climate change and in 1999 he was awarded the Australian Medal of the Order of Australia for his services to atmospheric science and promotion of the science of climate change to the public.



**Clare Martin**

Clare Martin brings a wealth of experience to The Climate Institute through her work in journalism and public life. Clare was elected to the Northern Territory Legislative Assembly in 1995 and appointed Opposition Leader in 1999. She was elected the Northern Territory's first Labor Chief Minister in 2001 and served in that capacity until 2007, retiring from Parliament in 2008 to become CEO of the Australian Council of Social Service. In August 2010, she took up appointment as a Professorial Fellow at Charles Darwin University's Northern Institute - an Institute focused on issues of Northern Australia and Southeast Asia. Clare now works as a communications and strategy consultant and is a director of a number of not-for-profit organisations.



**Hugh Saddler**

Dr Hugh Saddler is currently a Principal Consultant with Pitt&Sherry and the Managing Director of SustainAbility Advice Team Pty Ltd. He is also an Adjunct Professor at the Australian National University. He has a degree in science from Adelaide University and a PhD from Cambridge University. He is the author of a book on Australian energy policy, Energy in Australia, and over 70 scientific papers, monographs and articles on energy technology and environmental policy, and is recognised as one of Australia's leading experts in this field.



**Jenny Merkley**

Jenny Merkley (treasurer) is an Associate Director at KPMG in the Climate Change and Sustainability group. Jenny is a member of the Institute of Chartered Accountants in Australia (ICAA) and previously worked in the financial services audit division and accounting advisory group at KPMG. Jenny holds a Bachelor of Business (Accounting) from UTS Sydney, and a Masters in Environmental Management (UNSW).

## The Board

Our Board is a critical part of our effectiveness and is deliberately made up of independent individuals with a broad range of skills and expertise. The breadth of experience ranges from climate science experts to business leaders; from community leaders to former politicians. This unique mix aligns closely to our ongoing role working with all parts of society to try and find solutions to the growing threats of climate change.



**Sam Meers**

Samantha Meers (BA LLB M Litt FAICD) is co-executive deputy chairman of property and investment group, the Nelson Meers Group, and co-founder and trustee of the Nelson Meers Foundation. Over the past decade, Ms Meers has also held a diverse portfolio of board appointments across the not-for-profit sector. Ms Meers' current directorships include: deputy chairman of Creative Partnerships Australia; a trustee of the Art Gallery of NSW; a director of the State Library of NSW Foundation and the Sherman Contemporary Art Foundation; and a member of the Advisory Council of the Centre for Social Impact at the University of New South Wales. Previously, Ms Meers practised as a corporate lawyer, subsequently holding senior management positions in the media sector.

## Strategic Council

Our 67 member Strategic Council forms another important part of The Climate Institute. Made up of scientific, business, community and NGO leaders, it provides ongoing strategic input to our research projects as well as playing an important governance and guidance role.



**Susan Jeanes**

Susan Jeanes is the Chief Executive of the Australian Geothermal Energy Association, the national body representing the Australian geothermal energy industry. She is also the Principal at Susan Jeanes and Associates and is Chair of the Advisory Board at the University of Adelaide's South Australian Centre for Geothermal Energy Research. Susan has previously served in a number of advisory roles in the clean energy research sector and has worked in the political arena, serving in the Federal Parliament as the Member for Kingston. Susan has also worked as an Advisor to the former Environment and Heritage Minister Robert Hill on climate change and energy policy and advised a number of shadow ministers in various portfolio areas prior to 1996. She also held the position of Chief Executive of the Renewable Energy Generators of Australia until October 2007.



**Tony McMichael**

As noted earlier in this Annual Review, Tony sadly passed away unexpectedly on 26 September 2014.

*Emeritus Professor Tony McMichael was an environmental epidemiologist at the Australian National University (ANU) in Canberra, with a long record of research and publication. During 2001-2007 he was Director of the National Centre for Epidemiology and Population Health at ANU. He headed that Centre's research program on Climate, Environment and Health during 2002-2012. Over the past several decades he advised the World Health Organization, the UN Environment Program and the World Bank on matters of environmental and climatic risks to health. During 1993-2007 he played a central role in the assessment of health risks due to climate change for the UN's Intergovernmental Panel on Climate Change as an Australian Government-nominated scientist. He was a founding Board member of The Climate Institute.*

*He will be dearly missed by all staff, Board members and supporters of The Climate Institute.*

*The Tony McMichael Climate and Human Impacts Research Fund has been established in his memory to honour the family's wishes. Please contact us if you wish to make a donation to this memorial fund.*

## Partners + Supporters

- Australian Environmental Grantmakers Network (AEGN)
- Clean Energy Council
- Department of Climate Change & Energy Efficiency (DCCEE)
- Energy Efficiency Council
- European Climate Foundation
- Global Carbon Capture and Storage Institute
- NSW Department of Environment & Climate Change
- NSW Department of Premier & Cabinet
- Planet Innovation
- Southern Cross Climate Coalition
- The Climate Institute Board & Strategic Council Members

- The Dara Fund No 2
- Poola Charitable Foundation (Tom Kantor Fund)
- Australian Communities Foundation
- Digger & Shirley Martin Environment Fund/ Peter Martin
- EM Horton Family Fund
- Fairer Futures Fund
- Hamer Family Fund
- Lord Mayors Charitable Foundation
- Miller Foundation Fund
- Nelson Meers Foundation
- Pace Foundation
- Surrowee
- The Hamer Sprout Fund
- The Mullum Trust

### Core Supporters + Funders

### General Supporters/ Funders

As an independent not-for-profit organisation we are heavily dependent on our supporters and partners who make our ground-breaking research and communications possible.

Whilst the list on these pages is not exhaustive, we would like to thank all those included for their support over the last year. We would also like to acknowledge the numerous scientists, economists and academics who have reviewed and/or advised our work, as well as the generous anonymous donors who have provided financial support.

You are all an important part of our world.

- Anne & Milan Kantor
- David Lewis
- Ede Horton
- Eve Kantor & Mark Wootton
- Dr. Graeme & Irene Pearman
- Julie Kantor (Annamila Fund)
- Kate Kantor
- Martin Kantor (Stromovka)
- Matt Koch
- Michael Kantor & Silvia Frassoni
- Sally Perrini
- Sam Meers & Richard Kuo
- Sarah & John Brennan
- Simon & Katrina Holmes à Court
- Steve Rothfield & Jackie Yowell
- Professor Tony McMichael & Judith Healy

### 50 for 5 for 2050 Supporters

### Climate Partners Financial + In-Kind Support

### Other Partners

- Westpac and BT Financial Group
- KPMG
- Ogilvy Earth
- Pacific Hydro
- Mirvac
- Australia Post
- GE

- AECOM
- ANU's Climate Change Institute
- Asset Owners Disclosure Project (AODP)
- Australian Conservation Foundation (ACF)
- Australian Council of Social Service (ACOSS)
- Australian Council of Trade Unions (ACTU)
- Australian Religious Response to Climate Change
- Australian Youth Climate Coalition (AYCC)
- Climate Action Network Australia (CANA)
- Climate and Health Alliance
- Climate Bridge
- ClimateWorks
- CHOICE
- EcoPerspectives
- Ernst & Young
- GetUp!
- Global Climate Network
- Green Building Council of Australia

#### Lead Climate Partner



#### Major Climate Partners



#### Climate Partners



### Other Business Partners Financial + In-Kind Support

- Baker & McKenzie Lawyers
- Circul8
- Gadens Lawyers
- GLIDER
- ideasCorp
- JWS Research
- Oxygen IT Solutions
- Vivid Economics

- Investor Group on Climate Change
- Michael Hall
- NetBalance (recently acquired by Ernst & Young)
- Open Climate Network
- Oxfam
- Property Council of Australia
- SKM-MMA
- World Resources Institute
- World Vision
- World Wildlife Fund (WWF)

# Individual Supporters

Adam Rope  
Alexandria Rantino  
Alison Reeve  
Alister Lee  
Amanda Luxmoore  
Andrew Greenwood  
Andrew Williamson  
Andy Ward  
Anne De Salis  
Brad Farrant  
Caroline Brown  
Clare Brooks  
Clare Martin  
Clement Wong  
Clinton Wood

Connor Moran  
Corinne van Hall  
Craig Curnow  
David Beattie  
David McLean  
Diane Hart  
Edward Boydell  
Elizabeth Dangerfield  
Emily Long  
Eric Davis  
Ewan Briggs  
Felicity Hartigan

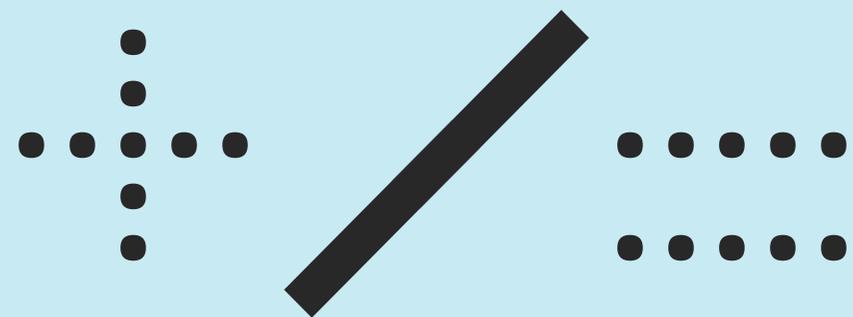
Fiona Fraser  
Frances Ford  
Gabrielle Prest  
Gerard Bendotti  
Graeme Anderson  
Hannah Wootton  
Harley Wright  
Howard Dick  
Hugh Murdoch  
Iain Macgill  
Jamie Pittock  
Jeffrey Sandon  
Jeremy Wray  
Jim Allen  
John Burke  
John Garnett  
Justin Wood  
Karen Large  
Kerry Fairbank

Keryn Hassall  
Kristine Carr  
Lindsay Holt  
Linh Do  
Lynne & Greg Davies  
Marjorie Felton  
Mark Singer  
Megan Jones  
Michael Aaronson  
Michael Adams  
Michael Goonrey  
Michael Mcleary  
Michael O'Brien  
Ngairé McGaw

Neil Glasson  
Nicholas Carrazzo  
Nicole Barry  
Nina Wootton  
Peter Eckersley  
Paul McDonald  
Peter Innes  
Polly Morgan  
Quoc Vu  
Rachel Barley  
Richard Strauch  
Robert Nicholls  
Rob Sheehan  
Roger Lembit

Ruth Walkerden  
Ryan Watson  
Sarah Campbell  
Simon Kelley  
Simon Smith  
Susan Price  
Suzannah Macbeth  
Trevor Acfield  
Vida Lay  
Virginia Douglas  
Vivien Leung  
William Castleden

FINANCIAL  
STATEMENTS  
2013  
2014



## Financial Statements 2013-2014 Director's Report

Climate Institute (Australia) Limited  
A Company Limited By Guarantee  
ACN 116 713 592

Your directors present their report on the company for the financial year ended 30 June 2014.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The names of the directors in office at anytime during or since the end of the year are:

Mark Wootton  
Adam Kilgour  
Andrew Demetriou  
Clare Martin  
Graeme Pearman  
Hugh Saddler  
John Connor  
Samantha Meers  
Susan Jeanes  
Tony McMichael  
Jenny Merkley

The loss of the company for the financial year after providing for income tax amounted to \$220,944.

This loss was in spite of a number of cost-saving measures being introduced throughout the 2013-14 financial year. Fundraising remains challenging currently and our efforts to secure sustainable funding will continue in 2014-15.

The review found the operations to be in line with the projected budget for the year ended 30 June 2014.

No significant changes in the company's state of affairs occurred during the financial year.

The principal activities of the company during the financial year were:

Research into climate issues.

No significant change in the nature of these activities occurred during the financial year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

No dividends have been paid or declared since the start of the financial year.

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The company was not a party to any such proceedings during the year.

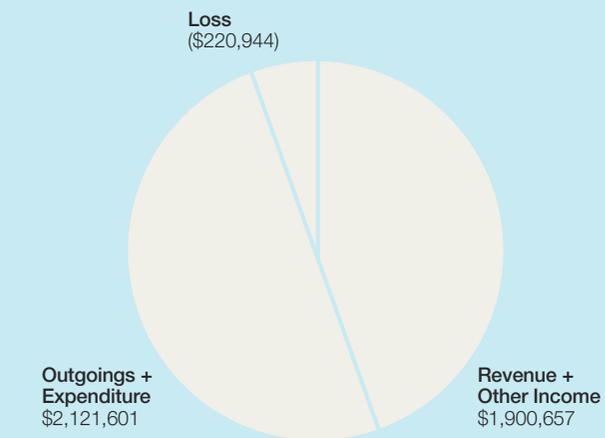
**The long-term vision of The Climate Institute is a resilient Australia prospering in a zero-carbon global economy, participating fully and fairly in international climate change solutions.**

**Our purpose is to catalyse and drive the change and innovation needed for a low pollution economy and culture.**

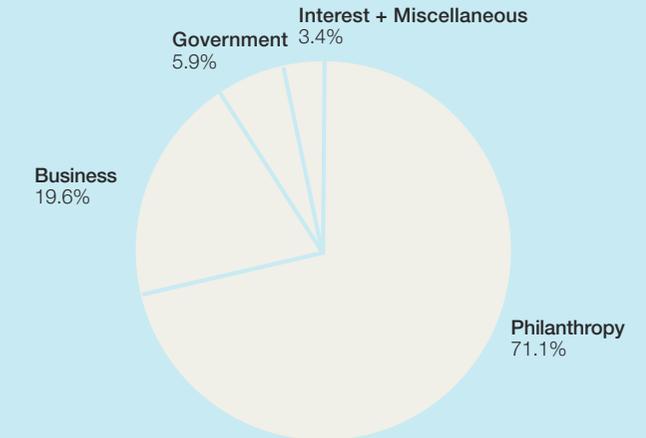
**The Climate Institute was established for the principal objects of raising public awareness of climate change and related issues and providing the development and implementation of policies on climate change and related issues.**

## Financial Statements 2013-2014 Snapshot

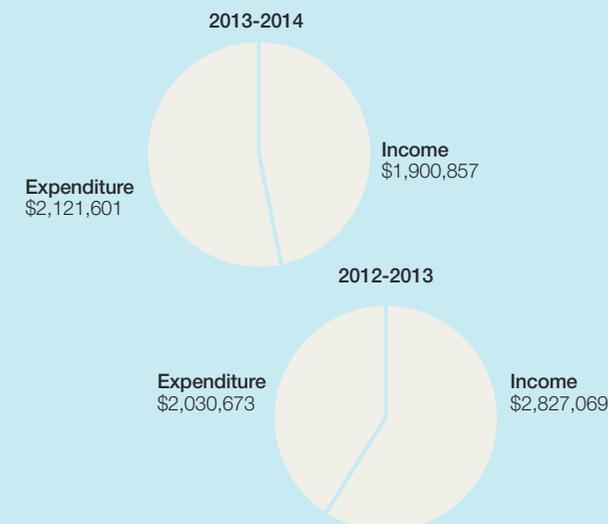
### Ingoings + Outgoings 2013-2014



### Funding Sources 2013-2014



### Comparison 2013-2014 + 2012-2013



In the last Annual Review we forecast that, unless we achieved broader support, we would need to adjust the scope and ambition of our work. This was unfortunately the case as we found replacing our core funding challenging throughout the year and have had to make some necessary reductions in our costs and overheads to retain our ability to deliver impactful research and communications in a busy 12 month period containing an election.

2013-14 saw us receive the last of four grants from the Dara Fund No 2 which, coming after the end of the Poola Charitable Foundation (Tom Kantor Fund) support, leaves us faced with some financial uncertainty.

We have been working hard to find ways to transition to a broader sustainable funding model but, unless we are successful, 2014-15 will see us post a significant loss. 2013-14 saw us end the financial year with a \$220,944 loss.

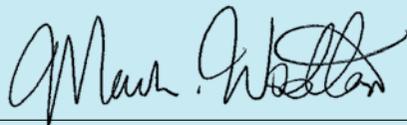
Given the need for effective advocacy has rarely been stronger, we remain committed to finding the necessary funding to tackle on the climate challenges we face. However, we remain realistic about the stark choices we will face should additional funding not be forthcoming.

Financial Statements 2013-2014  
Auditor's Independence Declaration

Climate Institute (Australia) Limited  
A Company Limited By Guarantee  
ACN 116 713 592

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this financial report.

Signed in accordance with a resolution of directors:



Director: Mark Wootton



Director: John Connor

8 September 2014

Date

Financial Statements 2013-2014  
Auditor's Independence Declaration

Climate Institute (Australia) Limited  
A Company Limited By Guarantee  
ACN 116 713 592

To the directors of Climate Institute (Australia) Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



Geoffrey Robert Cuffe

Principal: Wearne & Co Audit Pty Limited  
Chartered Accountant

8 September 2014

Date

## Financial Statements 2013-2014 Notes

The financial statements cover Climate Institute (Australia) Limited as an individual entity. Climate Institute (Australia) Limited is a company limited by guarantee, incorporated and domiciled in Australia.

### 1. Summary of Significant Accounting Policies

#### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

#### (a) Revenue

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office. The main sources of revenue include gifts/general donations, grants, Climate Partner fees and interest income.

##### *Revenue from gifts*

Philanthropic gifts and donations are recognised as revenue when they are received. Gifts may be directed towards specific projects, but there are no ongoing obligations associated with receipt of gifts. Gifts may be received from individuals, Foundations, Private Ancillary Funds (PAFs) and corporations, and a list of significant donors is included within the Annual Review.

##### *Revenue from grants*

Grants revenue is associated with specific projects, and contains an obligation to provide economic value through specific research or services. Grant revenue is recognised in the profit and loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant can be measured reliably. Where milestones are attached to the grant which must be achieved before it is eligible to receive the income, the recognition of the grant as revenue will be deferred until those conditions are satisfied. Grants may be received from government departments, NGOs, Universities, individuals, Foundations, Private Ancillary Funds (PAFs) and corporations. Projects that have received grant funding are disclosed in the Annual Review.

##### *Revenue from Climate Partners*

Climate Partners are those organisations with whom a formal business partnership exists. Climate Partners contribute financially based on their level of agreed commitment. The contributions are associated with their status as a Climate Partner for an individual financial year. Revenue from Climate Partners is recognised as revenue in the year to which the contribution relates. Details of Climate Partners are included in the Annual Review.

##### *Revenue from Workplace giving*

Workplace Giving revenue is income donated from employees where the donations are withheld from an employee's salary or wages and donated directly to the Climate Institute (Australia) Limited. The income is received monthly or weekly or fortnightly depending on individual employees pay agreement.

##### *Interest revenue*

Interest revenue is recognised using the effective interest method, which for the floating rate financial assets is the rate inherent in the instrument.

## Financial Statements 2013-2014 Income Statement

	Note	2014	2013
Revenue	2	\$1,900,657	\$2,824,506
Other income	2	-	\$2,563
Employee benefits expense		(\$1,038,675)	(\$1,010,313)
Depreciation and amortisation expenses		(\$48,260)	(\$43,478)
Other expenses		(\$1,034,666)	(\$976,882)
<b>Profit (loss) Before Income Tax Expense</b>	3	(\$220,944)	\$796,396
Income tax expense		-	-
<b>Profit (loss) for the Year</b>		<b>(\$220,944)</b>	<b>\$796,396</b>

## Financial Statements 2013-2014 Comprehensive Income

	Note	2014	2013
<b>Profit (loss) for the Year</b>		\$220,944	\$796,396
<b>Other Comprehensive Income:</b>		-	-
<b>Other Comprehensive Income for the Year, Net of Tax</b>		-	-
<b>Total Comprehensive Income (expense) for the Year</b>		<b>(\$220,944)</b>	<b>\$796,396</b>

## Financial Statements 2013-2014 Financial Position

	Note	2014	2013
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	\$2,623,366	\$2,923,739
Trade and other receivables	7	\$71,151	\$159,541
<b>Total Current Assets</b>		<b>\$2,694,517</b>	<b>\$3,083,280</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	\$55,753	\$64,063
<b>Total Non-Current Assets</b>		<b>\$55,753</b>	<b>\$64,063</b>
<b>Total Assets</b>		<b>\$2,750,270</b>	<b>\$3,147,343</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	\$27,850	\$110,084
Provisions	10	\$37,371	\$66,702
Other	11	-	\$70,000
<b>Total Current Liabilities</b>		<b>\$65,221</b>	<b>\$246,786</b>
<b>Non-Current Liabilities</b>			
Provisions	10	\$45,290	\$39,854
<b>Total Liabilities</b>		<b>\$110,511</b>	<b>\$286,640</b>
<b>Net Assets</b>		<b>\$2,639,759</b>	<b>\$2,860,703</b>
<b>Equity</b>			
Retained earnings		\$2,639,759	\$2,860,703
<b>Total Equity</b>		<b>\$2,639,759</b>	<b>\$2,860,703</b>

## Financial Statements 2013-2014 Changes in Equity

		Retained Earnings	Total
<b>Balance at 1 July 2011</b>		\$2,064,307	\$2,064,307
Profit (loss) attributable to the member of the company		796,396	796,396
<b>Balance at 30 June 2012</b>		<b>\$2,860,703</b>	<b>\$2,860,703</b>
<b>Balance at 1 July 2012</b>		\$2,860,703	\$2,860,703
Profit (loss) attributable to the member of the company		(220,944)	(220,944)
<b>Balance at 30 June 2013</b>		<b>\$2,639,759</b>	<b>\$2,639,759</b>
<b>Cash Flows from Operating Activities</b>			
Grants received		\$1,823,867	\$2,787,624
Interest received		\$95,180	\$107,625
Payments to suppliers and employees		(\$2,179,470)	(\$1,951,930)
<b>Net Cash provided by Operating Activities</b>	13	<b>\$260,423</b>	<b>\$943,319</b>
<b>Cash Flows from Investing Activities</b>			
Payments for Plant and Equipment		(\$4,854)	(\$1,553)
Payments for Website Development		(\$35,096)	(\$20,196)
<b>Net Cash provided by (used in) Investing Activities</b>		<b>(\$39,950)</b>	<b>(\$21,749)</b>
Net increase (decrease) in cash held		\$300,373	\$921,570
Cash and cash equivalents at beginning of financial year		\$2,923,739	\$2,002,169
Cash and cash equivalents at end of financial year	13	\$2,623,366	\$2,923,739

## Financial Statements 2013-2014 Profit and Loss Statement

	2014	2013
<b>Income</b>		
Interest income	\$86,254	\$105,606
Climate Partner fees	\$140,000	\$365,455
Gift fund	\$1,443,148	\$2,216,642
Grants received	\$206,408	\$136,803
Special project grants TCI	\$5,032	-
Other income	\$18,706	\$2,563
Workplace giving	\$1,109	-
	<b>\$1,900,657</b>	<b>\$2,827,069</b>
<b>Less Expenditure</b>		
Advertising	\$382	-
Auditors' remuneration	\$7,893	\$7,960
Bad debts written off	-	\$16,500
Bank charges	\$1,702	\$2,375
Consultants	\$107,387	\$138,024
Contingency	\$2,000	\$6,204
Courier Fees	\$1,583	\$1,978
Depreciation	\$47,628	\$43,478
Depreciation - furniture and fittings	\$632	-
Directors' expenses	\$26,537	\$28,478
Electricity	\$2,749	\$2,872
Emissions offset	\$1,084	\$1,328
Employees entitlements	(\$23,895)	(\$439)
Food & Beverage	\$21,533	\$16,382
Equipment	\$735	\$2,034
Filing fees	-	\$179
General expenses	\$19,258	\$4,654

## Financial Statements 2013-2014 Profit and Loss Statement

	2014	2013
<b>Less Expenditure cont.</b>		
Insurance	\$10,762	\$10,364
IT Services	\$7,342	\$15,885
Loss on sale of non-current assets	-	\$729
Media Monitoring & Productions	\$18,502	\$18,392
Non-Government Organisations	\$12,665	\$10,500
Printing, design & stationery	\$19,900	\$28,714
Project expenses	\$564,294	\$380,385
Training	\$12,286	\$23,559
Rent	\$83,460	\$99,920
Repairs and maintenance	\$2,719	\$1,336
Research	-	\$6,050
Salaries and wages	\$941,012	\$920,830
Subscriptions	\$30,949	\$33,791
Superannuation contributions	\$89,361	\$78,268
Telephone	\$24,698	\$26,834
Travel	\$82,883	\$92,167
Website and social media expenses	\$3,557	\$10,942
	<b>\$2,121,601</b>	<b>\$2,030,673</b>
<b>Income</b>	\$1,900,657	\$3,379,189
<b>Less Expenditure</b>	\$2,121,601	\$2,030,673
<b>Net Operating Profit (Loss)</b>	(\$220,944)	\$796,396
Retained profits at the beginning of the financial year	\$2,860,703	\$2,064,307
<b>Total Available for Appropriation</b>	\$2,639,759	\$2,860,703
<b>Retained Profits at the End of the Financial Year</b>	<b>\$2,639,759</b>	<b>\$2,860,703</b>

BEGINNING OUR  
TENTH YEAR  
SEEKING  
OPPORTUNITIES  
IN CHALLENGING  
TIMES

## Looking Ahead

With so many challenges ahead there are also plenty opportunities to be positive. Australian and international climate efforts are still well short of what is needed to avoid extreme climate disruption. But there is emerging momentum in our three key areas of strategic focus: International Accountability; Economic Transformation; Societal Leadership.

International climate negotiations continue their solid progress towards their goal of a post 2020 framework agreement. There is growing recognition of climate and related costs as well as the need for global decarbonisation around 2050. Countries representing a majority of global emissions, and GDP, support carbon pricing as a key tool amongst other policies. China and others are implementing these policies with growing confidence.

The task is to harness and boost their implementation through a transparent international agreement that encourages continual improvement. To its credit, the Australian Government has not removed its support for the international goal of avoiding 2 degrees warming or for national reductions of up to 25 per cent below 2000 levels by 2020, dependent on global action. We will continue our efforts to share the extent of international action and investment back here at home. We'll also do our best to ensure Australia plays a fair, as well as full, part in the negotiations.

We will also continue to support scrutiny of international capital investments through institutional investors with long term responsibilities. The global Asset Owners Disclosure Project, piloted first in Australia by The Climate Institute, is now part of a fast growing infrastructure seeking to ensure climate smart investments. We'll deepen that work, enabling citizens to be better informed about the way in which their superannuation funds are being invested, as well as providing greater scrutiny of corporate climate governance.

There have been exciting reductions in the costs of many of the technologies necessary for the economic transformation needed to support not only the complete reduction of harmful carbon pollutants, but also their removal from the atmosphere. As a relatively carbon intensive economy our country plays a risky game if it ignores their economic opportunities and delays the decarbonisation task. With global focus growing on decarbonisation but also on stronger reduction goals through the 2020s delay will only increase the disruption. Our public as well as private policies need to be far better aligned to those challenges.

After the intense political battles of recent years it is important that the risk management aspect of the challenge is better understood and integrated. Australia's exposure to the costs of climate change is all but matched by our economic opportunities in properly responding to it.

Australians' understanding of the economic opportunities in action as well as the costs of further delay is high. There has been a substantial rebound in our support for international leadership and support for renewable energy alternatives is growing in the face of adversity. Raising public awareness of these costs and opportunities is central to our objectives and we will continue to seek innovative ways to do so. We will continue strategic partnerships within the business community and civil society and work with governments where possible.

As The Climate Institute approaches its tenth anniversary in October next year our ability to continue our independent, evidence based and prosperity focused role is dependent on your support. You can do so by supporting our key areas of research such as our investment focus, or particular projects like our sports and climate impacts project which is due for launch in early 2015. You can also become a member of our growing 50 for 5 for 2050 funder network to provide us with essential core funding for the challenges we face. This is a vital 12 months ahead as we lead in to critical international negotiations. Just as importantly our high-carbon business models are increasingly exposed to smarter, cleaner alternatives as our health, infrastructure and natural assets are exposed to growing climate disruption.

On behalf of all at The Climate Institute, thank you for your support this year and we look forward to working with you towards our 2050 vision of a resilient Australia, prospering in a zero-carbon global economy, participating fully and fairly in international climate change solutions.

---

John Connor  
CEO





The Climate Institute works to minimise its own carbon footprint and promote sustainability within its office operations. The main office in Sydney occupies a resource-efficient, 5-Star Green Star space retrofitted by the Green Building Council of Australia.



Climate Friendly offsets all flights, hire car and taxis used by Climate Institute staff, consultants and international guests on a calendar year basis.



All carbon credits purchased through Climate Friendly are sourced from accredited renewable energy projects.



A five hectare site of permanent mixed indigenous planting at Mark Wootton's Jigsaw Farm in Hamilton, Victoria is dedicated to offsetting the non-transport emissions of The Climate Institute.

As an independent organisation we are always looking for additional partners and supporters for the future challenges we face.

If you are interested in learning more about the different ways we work with individuals and organisations, please contact Richard Plumpton at [support@climateinstitute.org.au](mailto:support@climateinstitute.org.au)

The Climate Institute  
Level 15/179 Elizabeth Street  
Sydney NSW 2000, Australia  
+61 2 8239 6299  
[info@climateinstitute.org.au](mailto:info@climateinstitute.org.au)



The images used in this book are courtesy of Michael Hall, our 2013-2014 Creative Fellow.

Our Creative Fellowship is possible thanks to the generous support of Michael Kantor & Silvia Frassoni and the Nelson Meers Foundation.

"Consider again that dot.  
That's here, that's home, that's us.  
On it everyone you love,  
everyone you know,  
everyone you ever heard of,  
every human being who ever was,  
lived out their lives.

The aggregate of our joy and suffering,  
thousands of confident religions,  
ideologies, and economic doctrines...  
on a mote of dust  
suspended in a sunbeam.

Our planet is a lonely speck  
in the great enveloping cosmic dark.  
In our obscurity, in all this vastness,  
there is no hint that help will come  
from elsewhere to save us from ourselves.

There is perhaps no better demonstration  
of the folly of human conceits  
than this distant image.  
To me, it underscores our responsibility  
to deal more kindly with one another,  
and to preserve and  
cherish the pale blue dot,  
the only home we've ever known."

Carl Sagan  
Pale Blue Dot: A Vision of the Human Future in Space

This annual review was created with the generous support of the Dara Fund No 2.

Our reports and the way we present our work are a critical part of our impact but, as a resource constrained not-for-profit, we would never be able to afford to produce documents such as these without their (and others) ongoing support.

