

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)**

**Australia and New Zealand Banking Group Limited**

**ANZ12QON:** 65, 66

**Global emissions targets**

Mr BANDT: You have set a limit on the pollution intensity of any new coal-fired power plant that you might lend to and you have set that limit at 0.8 tonnes. I would say that is too high, but nonetheless you have arrived at that. Surely you must have taken into account these questions that I have just raised about how much coal there is left to be burnt and the speed of the transition in arriving at that limit, so how did you get that limit as opposed to a lower limit?

Mr Elliott: You are right: I cannot comment on the details of exactly why we got to 0.8 and not 0.9 or 0.7. We can certainly discuss that, but clearly we go through a pretty robust process. I also want to make it clear that, when we have a threshold like 0.8 tonnes, it does not mean that anything that passes we automatically do and anything that does not we do not. The economy is going through a transition. We have a role to play in helping finance that transition, and there are two things we can do there. Firstly, we can ensure that renewables and other things have access to credit to give them the opportunity to grow—and we do that. Secondly, we can ensure that traditional coal-fired plants reach the highest standards that are reasonable while ensuring that the economy is able to transition its energy needs. We have elected to have a 0.8-tonne limit. I am not the right person to have an argument with about whether that is the right number. Our point is about raising standards.

Mr BANDT: Could you provide further information to the committee about how you arrived at that, because some would argue that is inconsistent with the two-degree limit?

Mr Elliott: Sure. I fear we will get into a technical climate argument, but we can certainly share with you—I have no issue sharing it.

**Answer:** We undertook benchmarking to set the emissions threshold in our Energy Policy. This looked at global best practice of advanced, commercially proven technologies. This benchmarking was completed with the support of an external technical expert, who identified the best performing plants worldwide. Our threshold was set consistent with best practice.