



“Challenges of a climate change future”

**Speech by the Minister for Climate Change, Energy Efficiency
and Water, Senator Penny Wong**

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Introduction

Thank you for the invitation to speak to you today.

I note that CEDA is celebrating its 50th anniversary in 2010. Over that time, CEDA events have grown to play an important role in our public policy and political debate.

I’m sure this week’s “State of the Nation” conference will be no exception.

A discussion of the state of our nation is much more than a snapshot. It is a discussion of where we have been and where we are going.

It is about the future challenges we face and our capacity to meet them.

Many of the topics at this conference are future focused.

Climate change is amongst them.

Because a serious discussion of the state of the nation is not complete without an understanding of how we deal with climate change.

And any political leader who is seeking to lead this nation, must demonstrate such an understanding.

The imperative to act on climate change

The Rudd Government understands that climate change is real and presents serious challenges and opportunities for Australia's future.

There is an imperative to act to avoid the most dangerous impacts of climate change.

There is also an imperative to act to take advantage of the economic opportunities from the move to a low pollution economy.

Nevertheless, there has been an active effort to spread misinformation, in Australia and internationally.

Let's get some facts on the table.

The overwhelming weight of scientific research confirms the reality of climate change.

Australia's CSIRO and Bureau of Meteorology say there is more than 90 per cent certainty that increases in greenhouse gas emissions have caused most global warming since the mid-20th Century.

The BOM has also told us that 2009 was our second hottest year on record and it finished off the hottest decade in Australian history.

They are not alone. They are in company with the national science academies of all major developed and developing countries.

Climate change is not a matter of belief.

It is a matter of evidence.

It is not responsible for leaders to simply say I don't believe climate change is caused by human activity.

And as one of the hottest and driest continents which will be hit earliest and hardest by climate change, all of us need to listen to the evidence.

The evidence points to impacts for our coasts – where around 85% of Australians live and significant business infrastructure is located.

The evidence points to the threat climate change will pose to Australian icons like the Great Barrier Reef, which provide critical dollars for our tourism sector.

Even for those who remain unconvinced by these arguments, there's a compelling imperative to act from a risk management perspective.

To paraphrase an analogy from Tim Flannery, if nine of ten doctors diagnosed you with a serious illness, would you listen to the one doctor who told you to ignore the symptoms and claimed the other nine had a conspiracy to exaggerate.

We regularly take action, at work and at home, based on much less certain odds than we face with climate change.

But it's not just about challenges and risks.

The Pew Foundation and New Energy Finance recently reported that, even through the global financial crisis, the global clean energy economy has experienced remarkable growth. Global clean energy investments reached \$162 billion in 2009 and, especially with public stimulus money, it is likely to top \$200 billion in 2010.

This is the world in which Australia now competes.

The Rudd Government's progress on climate change

This Government was elected with an ambitious agenda on climate change.

There is no doubt there have been setbacks – in Australia and internationally.

But amidst the heat and light of the climate change debate, it's easy to overlook the important progress we have already made and the work underway.

After more than a decade of inaction and neglect under the previous government, the Rudd Government moved quickly.

Our first act was to ratify the Kyoto Protocol, which told the world that following years of being part of the problem on climate change, Australia was now part of the solution.

Under this Government, Australia has already started moving towards a low pollution economy – with guaranteed increases in renewable energy, research into new technologies, and tools for families and communities to tackle climate change and reduce energy consumption.

The Rudd Government has delivered on its promise to increase the Renewable Energy Target, so that at least 20 per cent of Australia's electricity comes from renewable sources by 2020.

The Rudd Government has made unprecedented investments in clean energy jobs and technology.

We have delivered measures to help business adjust to a low pollution economy, for example Clean Business Australia and the Australian Carbon Trust.

For families and communities, we have already put more than 100,000 solar panels on Australian rooftops. This is almost ten times what was achieved in the previous decade.

We've helped more than 135,000 families install new solar hot water systems.

We have delivered seven Solar Cities, providing local renewables and energy efficiency packages for homes and businesses.

We have launched Australia's first commercial-scale smart grid demonstration project centred in Newcastle, to help local residents and businesses save energy and connect renewable energy to the grid.

We are the first national government to make a significant contribution to public transport in our congested cities – investing some \$4.5 billion to urban passenger rail projects.

And as part of the Jobs Fund, the Rudd Government set up the \$40 million National Bike Paths Project, which is delivering over 160 new and upgraded bike paths around the country.

These new bike paths are creating nearly 1,900 jobs and will deliver safer, cleaner, more sustainable ways for residents in every state and territory to commute and exercise.

We are also helping prepare business and communities for the climate change that is already locked in because of many decades of pollution.

The importance of a carbon market

These are all important steps on the path to a low pollution economy and in helping Australia confront climate change.

Another critical step along this path must be having a cap on pollution and an effective mechanism to meet that cap.

This Government delivered on its commitment to develop and bring forward a comprehensive emissions trading scheme to cap Australia's pollution, make companies pay for their pollution and compensate families.

For anyone who has forgotten, the Labor Party, Coalition and Greens as well as Family First went to the last election committing to an emissions trading scheme.

Despite this, the Rudd Government's Carbon Pollution Reduction Scheme was rejected by the Senate twice. Including after an agreement had been reached with the Coalition and endorsed by the Coalition Shadow Cabinet.

While we need to move forward and build a new consensus to tackle climate change, let's not rewrite history in the process.

The Coalition and the Greens together must shoulder responsibility for voting to sink the only credible plan that would have put a cap on our pollution.

As you would be aware, the Government recently announced it would not introduce the CPRS until after the end of the current Kyoto commitment period in 2012 and only when there is greater clarity on the actions of major economies, including the US, China and India.

This decision reflected the domestic reality of a Parliament that had already rejected the CPRS legislation twice and does not seem disposed to change its mind, as well as the fact that there has been slower than expected global action.

These circumstances do not deter the Government from its commitment to tackle the challenge of climate change.

And we know the rest of the world will not stand still.

Since the Copenhagen meeting, around 80 countries – including the US, China and India – have pledged to reduce or limit the growth of their emissions by 2020.

As the Kyoto period comes to an end, as we gain more clarity on action being taken in other major economies, and as the climate change warnings from scientists keep getting stronger, it is inevitable that the world will have to move faster.

Those opposing action will then have nowhere left to hide.

Both parties of government have committed to meeting the emissions reduction targets of 5 to 15 or 25 per cent below 2000 levels by 2020 – which Australia has pledged internationally in the Copenhagen Accord.

The obvious question is: can we achieve the bipartisan target range without a price on carbon? The answer is simple - no, we cannot.

Any suggestion to the contrary simply reveals a lack of understanding of Australia's emission profile.

The CPRS is the only credible mechanism that can deliver the full range of targets and in a low-cost way, calibrated to international progress.

Opposition policy

The Opposition cannot be taken seriously on the issue of climate change.

In May, the Opposition released a document which stated:

Climate change is a special challenge. There is some debate as to:

- *Whether the planet is warming;*
- *If it is warming, whether human activity is contributing to that process;*
- *If the first two points are true, whether there are negative consequences.*

It came on the same day as the Coalition cuts hundreds of millions of dollars of spending on climate change – including funding for renewable energy and energy efficiency programs.

Against this backdrop, the Opposition claims to support the emissions reduction targets but has proposed a “Direct Action” policy which would see emissions rise by 13 per cent.

Even this relatively weak effort would still see a Coalition Government investing an annual average of \$1.2 billion to purchase emission reductions.

The Opposition’s policy puts no explicit price on carbon. It carries with it no upper bound of the cost to industry of compliance.

There is little detail on most crucial elements. It offers business no investment certainty.

Carbon Tax

Meanwhile, the prospect of a carbon tax, as an alternative to the CPRS, has been put forward recently – including by the Greens.

We remain open to discussing climate change with all comers.

Unfortunately, a carbon tax is not the silver bullet some people think.

It’s true both the CPRS and a carbon tax would require polluters to pay.

But there’s a common misconception that a carbon tax is somehow a simpler alternative to the CPRS.

The policy challenges that had to be worked through in the CPRS, including industry assistance and support for households, apply to a carbon tax.

Don't just take it from me. Take it from the party who is now proposing the tax.

Senator Milne wrote last year in an opinion piece:

The moment a carbon tax is chosen, you can bet that the big polluters will be knocking on doors to make sure it is as weak and full of loopholes as possible. There is every chance that the inherent simplicity of a tax would be muddied beyond recognition by convoluted and intricate arrangements for compensation, offsets and rebates, muting the price signal and undermining the purpose of the exercise....

There are also key differences between the CPRS and a tax.

- The CPRS caps Australia's pollution. A carbon tax does not.
- Through linking to international markets, the CPRS encourages private sector investment in pollution reduction in other countries. A carbon tax does not.

And despite claims to the contrary, there is no evidence that the Parliament – which has twice rejected the opportunity to act to reduce Australia’s pollution – has the appetite to act on a carbon tax.

The opportunity to vote for action on climate change was in December last year when the Greens could have delivered the vital five votes that would have seen Australia’s carbon pollution reduced for the first time ever.

Regrettably they chose to side with an Opposition Leader whose views on climate change are well known.

The path to a low pollution economy

While changing circumstances mean the CPRS will need to be delayed, that doesn’t mean we do nothing until then.

In the short term, the Government is boosting investment in clean and renewable energy.

RET

A key part of this is the Renewable Energy Target which will help drive nearly \$19 billion of investment in clean renewable energy.

Yesterday we announced amendments to the RET legislation, which were the product of ongoing consultation between the Government,

renewable energy industry stakeholders and the community and which address many of the issues raised by the Opposition, the Greens and Senator Nick Xenophon.

It is imperative for the ongoing growth of the renewables sector that the legislation passes the Parliament this week

REFF

The most recent Budget included a new \$652.5 million Renewable Energy Future Fund as part of an expanded \$5.1 billion Clean Energy Initiative.

The Clean Energy Initiative more broadly is supporting a range of innovative low emissions technologies, including the \$1.5 billion Solar Flagships program.

The Australian Solar Institute (ASI) is supporting the Australian solar community, helping to retain Australian solar expertise and develop the next generation of Australian solar researchers.

Energy Efficiency

The Government is also acting to reduce waste, cut energy consumption and help families save on energy costs.

As part of this, the Prime Minister's Energy Efficiency Task Group, working with industry and non-government experts, is investigating the most economically and environmentally effective mechanisms to deliver major improvements in Australia's energy efficiency.

Next steps

Saving energy is part of the economic imperative for action on climate change – along with assuring Australia's place in the global race to a clean energy future.

These opportunities, along with the need to preserve the interests of future generations, are why the Rudd Government remains committed to action on climate change.

And so over the next couple of years we need to work on rebuilding the consensus on climate action, and, indeed, making it stronger than ever.

There are some early signs of collaboration– the Climate Partners program bringing together the Climate Institute and key private sector organisations including Westpac, KPMG, A Better Place, GE and AGL is one example.

This follows the lead of organisations overseas – such as the US Climate Action Partnership.

But this will not be enough.

All of us – business, scientists, government, community – all of us who want action on climate change will have to redouble our efforts, and work in concert, to confront the risks climate change poses, and to capitalise on the opportunities it presents.