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CLIMATE CHANGE: FORGING A NEW CONSENSUS

Thanks very much, Peter, and welcome one and all to Canberra, the capital of the world, for our international guests. It's good to be here in the nation's capital on a wonderful, wonderful morning and we welcome you in particular to this National Summit on Climate Change.

Climate change is the great moral challenge of our generation.

Climate change is not just an environmental challenge.

Climate change is an economic challenge, a social challenge, and actually represents a deep challenge on the overall question of national security.

It's for those sorts of reasons that people like Schwarzenegger in California are now describing climate change as the first great 'post-partisan political issue'. And so it should be.

Because the dimensions of this challenge are so great and they reach so far and the extend over such a wide period of time and cross so many of the traditional portfolio delineations within government and between governments that we should be at a stage now in this country where climate change is beyond politics. And that is why we are here today at this National Climate Change Summit because I have one objective and one objective alone to this gathering. And that is how do we use an occasion such as this to begin to forge a national political and policy consensus on climate change. And that's why you're all here; representatives of science, representatives of industry, representatives of our trade unions, representatives of the community sector, and critically, representatives of our State and Territory governments. I thank them in particular for making the pilgrimage to Canberra today.

Because between us, we represent an enormous pool of national assets. You see, when you look at Australia we have this great repository of science. We have entrepreneurial flair and spirit. Industry is good in this country. We also have, of course, our bountiful natural resources. We are rich in coal, gas, wind, sun. We also have our active tradition of middle power diplomacy. We've been

at the business of shaping international solutions for the better part of half a century or more. We're good at that and we can be better at that when it comes to this great challenge as well.

And also because the circumstances of the last quarter century or more we are placed uniquely as being a country in this region which has an excellent relationship with China and an excellent relationship with the United States. And if there are two countries which are critical to delivering the long-term outcome on climate change for the globe – it's the United States and China, and then, of course, India.

None of us individually have the answers, all the answers, on climate change. But together we can identify the best answers possible on climate change, and that's why we're here.

Let me go to the reasons why we have to act on climate change. I won't labour these, but for me there are five core reasons why we must act and act now.

One is the science. The science is in. Global warming is occurring and it is occurring as a consequence of human activity. That is now a matter beyond any reasonable scientific dispute.

If you go to the most recent IPCC report, global temperatures will rise between 1.1 and 6.4 degrees by the end of the century. Sea levels will rise by 18 to 59 centimetres by the end of the century. And extreme weather event such as cyclones and droughts are likely to come more frequent and intense,

What does that mean for Australia? Go to the 2005 Australian Greenhouse Office *Climate Change Risks and Vulnerability Report*:

- An increase in annual national average temperatures of between 0.4 and 2.0 degrees by 2030 and between 1 and 6 degrees by 2070,
- More heat waves and fewer frosts,
- Possibly more frequent El Nino Southern Oscillation events, resulting in a more pronounced cycle of prolonged drought and heavy rains,
- As much as a further 20 per cent reduction in rainfall in Southwest Australia and up to a 20 per cent reduction in run-off in the Murray Darling Basin by 2030,
- More severe wind speeds in cyclones, associated with storm surges amplified by rising sea levels, and
- An increase in severe weather events – including storms and high bushfire propensity days.

Such is the conclusion of the Intergovernmental Panel on Climate Change, such is the conclusion of the Australian National Report on Climate Change Risks and Vulnerability.

The science is in. That's the first reason we need to act.

The second reason we need to act is the economy and jobs.

There has been much debate about Sir Nicholas Stern's recent visit to Australia and prior to that about the Stern Report itself. Sir Nicholas has concluded that if left unaddressed, climate change could cost the global economy more than both world wars and the Great Depression combined.

There's a great debate about methodology and there is rational and reasonable room for that in the case of any report on any matter of such sensitivity and importance as this. But everyone of reason has concluded that if we fail to act on climate change there will be a price to pay, a significant price to pay, for the economy and for jobs.

And the great truth is this, the inconvenient truth for some is that sensible, practical, national, international action now on climate change will remove or reduce the need for any job destroying action from climate change much later. There is a strong argument, therefore, on the economy and jobs.

The third reason for acting now is this, and it's demonstrably and self-evidently true. This is a global phenomenon. Some argue that why should Australia act now. Why should you act unilaterally? Why should you act when not all the other players are acting? Well, let's explore that argument a little further. If everyone adopted that posture there would be no action at all; everyone waited for some first move from somebody else. I do not believe that is a responsible course of action. I don't believe we can trade on the goodwill of others.

And fourthly, the fourth reason why we need to act is this. Australia can be a leader, and not just a follower, when it comes to necessary regional and global action on climate change.

By our nature, we are problem solvers. By our nature, we wish to be part of solutions, not simply parts of problems. And given our great tradition of effective middle power diplomacy, creative middle power diplomacy in the past, we can do it again, both in terms of what happens in countries like China, also what happens when it comes to the post 2012 regime when it comes to our international governance arrangements on emissions.

And there is a fifth reason. It's simply called intergenerational justice. How can you sustain a proposition which says that when the evidence is in and the scientific evidence is in, the economic data is accumulating that when that is presented to us in the year 2007 and we fail to act, how can we look towards the interests of the generation which comes after us and say, "I'm sorry, it was too difficult to act". For me, that is a compelling argument as well.

The question, therefore, for us is not whether Australia should act on climate change, the question for this Summit is how should we act on climate change.

And we have before us a great panel, and several panels of experts today and our job, those of us who come from politics, is this: to listen. We haven't assembled some of the best and brightest minds in the country from science and from business on these questions to talk to you and to lecture you. We are here to listen. We want to have our thinking informed because we will be facing core

and difficult policy and political decisions to make on these great questions in the months and years ahead.

For this Summit, therefore, let me run through what I would regard, very quickly, as six or seven questions which we should be focussing on.

One: what type of emissions trading scheme do we need for this country? We note that the States and Territories, for example, between them have agreed on a form of emissions trading regime. It's limited in scope but it exists. There is also a debate in this country, and we as a matter of policy, say there should be a national emissions trading scheme. The Government is yet to reach that position.

We also know that there's a debate between cap and trade models and what is broadly described as the McKibbin model. We're keen to hear from those who are here to speak in today's panel on emissions trading as to which of those is most appropriate for Australia's circumstances. We're in the ideas business.

Now, let me say more broadly, I do not expect participants here today to be singing from the one hymn sheet. I welcome a diversity of views, that's why we're here. I'm a bit of a student of Chinese politics – let a hundred flowers bloom. Let's hear what people have to say because we're in the ideas business unapologetically so.

The second question I'd like to hear addressed today is this: what is the future of clean coal technology? I'm enormously excited by what it can do. I visited the ZeroGen Project at Stanwell in Queensland and I've seen what that can potentially produce. And the plans there, as I'm advised, is to produce clean coal, generate electricity into the grid by 2012. A good initiative promoted by the Government of Queensland and one where we would hope to participate ourselves in time.

But what I'd like to hear from experts here is what are the technology thresholds which are yet to be crossed, within the sub-technologies available within clean coal technology, when do we get to the point of commerciality or near commerciality. That is a critical question for Australia. It is a critical question for the world. As various people have said in the debate on these questions in recent days, unless we are dealing with the future of coal, given the intensity of coal-based electricity reliance in China and India, we are not dealing effectively with the long-term challenge of climate change. The second question.

The third is, what framework should we use to evaluate what is an appropriate increase in the Mandatory Renewable Energy Target for Australia, what is the future of renewables? And within that, what are the futures of the various key components of renewables as well, including solar, but not just limited to solar?

Fourthly, what should we be doing by way of adopting a future national energy efficiency target? This is often described in literature as the best low-hanging fruit available when it comes to dealing with the challenge of reducing global greenhouse emissions now.

I know our State and Territory governments are doing quite a lot in this area. I was speaking this morning with a number of Premiers on this subject over breakfast. There's some good things happening out there. But what is the best framework for government nationally on this?

Fifth, the fifth question is, what are the best policy settings for what might be described as personal responsibility, corporate responsibility, community responsibility agenda? How do we individually act as citizens, engage with the great challenge of climate change to do our bit to reduce our own carbon footprints? This, again, is an area where I'd like to hear contributions from our speakers today.

The sixth question is this: what should be the content of Australia's bilateral, regional, and multilateral diplomacy when it comes to climate change for the period ahead, we are reaching a critical junction, what will be the architecture of the post 2012 regime? What will be its defining principals? Therefore what posture should we be adopting in our own international engagement on this question? And specifically what should we be doing with China?

I want to see this country take a lead with China. I want to see Australia/China greenhouse initiative, a climate change initiative. We have an excellent personal relationship with Beijing, it goes back to the days when Whitlam recognised China in 1972. But when it comes to the great change and challenge of the next period ahead of us, it is an area where we must act and act soon.

I'm optimistic that we in this country can do that and that may well be our significant contribution to the planet, particularly if we get clean coal technology right.

The seventh question is this: what are the adequacies of our current national institutional arrangements? Do we have the best bureaucratic arrangements? Do we have the best bureaucratic mechanisms here in Canberra for dealing with these questions? I don't know the answer to that. One think I'd ask you to consider is whether it's worthwhile in terms of the somewhat chequered history of the Australian Greenhouse Office to in fact establish instead an Office of Climate Change in the Prime Minister's portfolio, should there be a change of Government.

Does that provide us with the best platform possible for dealing with the complexity of the inter-agencies, inter-jurisdictional, interstate, international policy considerations given the overarching nature of the challenge? It also may assist us in dealing with the interlocking questions of security which arise from the current and prospective impact of climate change – border security, water security, those things which affect acutely the living standards and quality of life and basic physical security of the Australian people. There our six or seven questions and they are alive in the full panel discussions that we've assembled today.

I conclude just by saying this: what are our expectations out of today, what do we want to achieve? I'm not expecting to produce some grand Canberra Declaration on climate change, if I was I would have told you about it beforehand, that's not

the case. Nor am I expecting any bold set of breathtaking policy initiatives to be whacked out in a press release at 3.30 this afternoon – that's not the intention either.

My intention is this: to harness the best brains and talent available in the country to get our response and the nation's response to climate change as right as possible. And to do that we have to begin by fashioning, shaping, encouraging a national political and policy consensus on climate change. And speaking for the politicians here present, as I said, our job is to listen, but subsequent to that, our job is then to act.

Climate change does represent significant market failure, that's where Governments have to enter the field, that's where Governments then have to act, but we ought to make sure that our actions are as best informed as possible, given the expertise available.

So, let us approach the day with some hope and with some optimism and with some enthusiasm. Let us hope that this day, in March 2007, represents one significant stepping stone in the direction of achieving a national consensus on climate change. The nation expects it of us.

Thank you.