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Environment and Water**

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Association**

Towards a Clean Energy Revolution

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INTRODUCTION: THE CLIMATE CHALLENGE – BIG HISTORY

Climate change is one of the fundamental issues of our time.

It presents us with two great challenges – both are major but achievable challenges:

- first, to allow the poor of the world to develop and achieve the benefits of a modern economy and to encourage the continued improvement of health, freedom and prosperity in the already developed societies
- second, to progressively shift from a high emissions to a low emissions economy.

Managing climate change will be one of the great challenges of the 21st century: it represents an important economic shift, and will require a portfolio of responses.

In Australia's case, we are moving toward the progressive pricing in of the cost of carbon into the way our economy operates. This is 'big history' in the making - perhaps the most significant economic decision in a generation.

With such a profound change in the pipeline, we need to make sure we get our policy responses right. At present, we are concerned about a number of serious flaws in the Rudd Government's Emissions Trading Scheme:

- the absence of the kind of innovations included in the Coalition's *Green Carbon Initiative* such as increased energy efficiency in buildings, revegetation and soil carbon
- the lack of a level playing field that will inevitably lead to carbon leakage and jobs lost to overseas, and
- the timing of the introduction of Mr Rudd's Emissions Trading Scheme.

Today I want to talk to you about the Coalition's commitment to protecting the planet and protecting Australia. As a part of that, I will outline our **Four Pillars** approach to the challenges and opportunities presented by climate change. The Coalition will protect the planet, protect Australia and produce a more ambitious target for emissions reduction at a much lower cost to the economy. The Coalition's approach to tackling climate change will encompass:

1. A Green Carbon Initiative

Australia has the capacity to abate 150 million tonnes of CO₂ each year by utilising soil carbon, biochar, the revegetation of marginal agricultural land and other forms of land remediation.

- This could include an opt-in mechanism for farmers to receive carbon credits for soil carbon and other forms of green carbon, rather than a delayed but compulsory inclusion in the scheme

2. A Clean Energy Revolution and Vision for a Solar Continent

Australia needs a clean energy revolution based on clean coal, geothermal and new sources of grid energy such as solar and tidal. This would include:

- Support for two clean coal industrial scale power plants by 2020
- Support for measures leading to 50million tonnes per annum of CO₂ savings by 2020 from energy efficiency, and
- A Solar Continent Vision to assist the solar industry and solar consumers move towards solar base-load energy as well as the development of other baseload clean energy power such as wind, geothermal and tidal.

3. A balanced and careful approach to pricing carbon

A good ETS, as opposed to a flawed one, is just one tool in the climate change toolbox.

Importantly, it should:

- Create a level playing field for exporters and import exposed businesses
- Not be rushed but should start up in 2011 or 2012
- Take account of action by major emitters such China, India and the USA
- Protect clean energy sources such as LNG and LPG

4. International pressure

In order to tackle climate change in any meaningful way, it is crucial that the world's major emitters such as China, India and the USA make real commitments to reducing their emissions. The Coalition's response will include:

- Pressure on the major emitters to commit to real co2 reductions
- A commitment to lead the world in a Global Rainforest Recovery Program

In that context, I want to lay the foundations for our vision of **developing Australia as a Solar Continent**.

I also want to argue that despite its symbolic action, the reality is that **the Rudd Government is climate lazy**, repeatedly re-announcing existing projects such as the Mildura solar concentrator without acknowledging that they were identified and funded by the Liberal/National Government.

Above all else, I am of the view that we need to approach the issue from a perspective of hope not fear. Mr Rudd's approach has been to dis-empower and confuse people through actions such as imposing a means test on solar panels, then removing the means test and finally imposing a complex rebate system that hurts everybody wishing to install solar power. This is bad policy that engenders a sense of helplessness and hopelessness – in essence Mr Rudd is making ordinary Australians hostages to the government rather than authors of their own destiny and actions.

The Challenge

The Intergovernmental Panel on Climate Change (IPCC) report reaffirmed the link between human activity and increasing levels of carbon dioxide in the atmosphere.

Global atmospheric concentrations of carbon dioxide for the last 650,000 years have had a natural range of between 180 and 300 parts per million. This has now increased to 379 parts per million in 2005, and rising.

By 2100 the average global temperature could increase between 1.8°C and 4°C from 1980-1999 levels. By 2100 average global sea levels may rise between 18 and 59 centimetres.

The IPCC found that the world has, on average, warmed 0.7°C over the past century. This underscores clearly that we need to act to adapt to the impacts of global warming in coming years to reduce our exposure to the risks.

We recognise that Australia is vulnerable to climate change. Irrespective of any climate effects, we occupy what is naturally the driest inhabited continent with a highly variable climate and great susceptibility to drought.

Shifting rainfall patterns have profound environmental impacts and will, over time, change patterns of economic activity.

Both the IPCC report and the Howard Government-commissioned Shergold Report found that climate change may result directly or indirectly in decreased water security in southern Australia, negative impacts on biodiversity -especially in the Alpine region and the Great Barrier Reef - and more frequent extreme weather events such as cyclones.

However, contrary to what the Prime Minister would have you believe, the actions we take in Australia will not of themselves result in a sudden end to drought conditions over the Murray Darling. Nor will it prevent the bleaching of the Barrier Reef's magnificent coral species.

A global response is therefore fundamental to tackling the problems caused by climate change. And Australia should be part of that response.

At the same time, we need to recognise that Australia's natural resource and fossil fuel-energy endowments, and access to cheap energy, have helped underpin our economic growth and prosperity.

We need to take domestic action to reduce our greenhouse gas emissions to complement a global response, while not betraying the prosperity of current or future generations.

So we need to act now and make a concerted and intensive commitment both domestically and internationally. The task is to encourage transition to a low emissions future while pursuing continued modernisation in both the developed and developing worlds.

The starting point for any response is to recognise that out of the total annual global emissions of 40 billion tonnes of CO₂, Australia contributes 576 million tonnes of CO₂ or 1.4 per cent.

In short, we have an important role in Australia, but the solution must be global.

PROTECTING THE PLANET: PROTECTING AUSTRALIA – THE COALITION’S FOUR PILLARS

1. A GREEN CARBON INITIATIVE

The Coalition’s *Green Carbon Initiative* will greatly broaden the number of tools at Australia’s disposal for tackling climate change, taking the nation far beyond the confines of Mr Rudd’s narrow and overly-complex ETS.

The initiative will create jobs and stimulate new business while preventing the exportation of our industries and emissions to overseas countries.

Other benefits of the *Green Carbon Initiative* include substantial gains in terms of agricultural productivity, energy security and environmental quality.

Focussing on three key areas, the plan will achieve additional annual reductions of at least 150 million tonnes of carbon dioxide equivalent a year by 2020.

The three key elements of the *Green Carbon Initiative* are:

- Capturing and storing large quantities of carbon in soil and vegetation – biosequestration
- Improving the energy efficiency of buildings, which account for 23 per cent of all greenhouse gas emissions
- Increasing investment in new technologies that directly tackle climate change, including technologies such as clean coal

Huge reductions in carbon emissions can be achieved through better management of our agricultural land and by revegetating the landscape.

Large quantities of carbon can also be safely stored in our soil through soil carbon and biochar (the conversion of biomass into charcoal), which has the added benefit of improving soil quality.

The Garnaut Review found that 70 per cent of Australia was arid or semi-arid land degraded by marginal grazing. He estimates that about 50 per cent of Australia's 2006 CO₂ emissions could be absorbed each year for the next 20-50 years by improved farming practices and revegetation.

By comparison, we have been conservative in identifying 150 Mt of savings from soil carbon, biochar, revegetation and reforestation.

It is inexplicable that the Rudd Government has excluded this source of emissions savings and increased farm productivity.

Measures to improve the energy efficiency of buildings have also been inexplicably ignored by the Rudd Government. Many energy efficiencies can be made at either no cost or minimal cost while measures that do cost will pay for themselves within a relatively short timeframe.

The Australian Sustainable Built Environment Council estimates that 27-31 per cent of existing emissions from buildings can be abated at zero net cost. It estimates that by 2030, an abatement of 60 Mt per year is achievable, which equates to about 11 per cent of Australia's 2006 emissions.

2. A CLEAN ENERGY REVOLUTION

Importance of Renewables

I have often spoken in the past about clean coal and gas and the urgent need for the Rudd Government to support the development of commercially-viable clean coal and gas in Australia through adoption of a Clean Energy Target. The present policy approach will simply guarantee that we do not clean up our power stations.

It is therefore deeply irresponsible of the Rudd Government to neglect the development of Australian clean coal and gas technology by excluding any adoption mechanism.

We will therefore continue to urge the Government to change its position and support an adoption mechanism to bring forward the clean up of our coal and gas power stations. This is the single most important and practical way that we can significantly reduce our greenhouse gas emissions.

However clean coal and gas is not enough. We must, as a nation, make a greater commitment to renewable energy.

Solar, wind, wave, tidal and geothermal energy have enormous potential to contribute to a low-emissions economy in Australia, if we can both protect our existing energy supplies by cleaning them up and add to new energy through renewable options.

We are a hot, dry, sun-drenched country, surrounded by oceans. We could not be better placed to lead the world in the development and uptake of renewable energy.

It is important to note here that we are already one of the world's leading renewable energy producers. The MRET introduced under the Coalition Government built on existing hydro schemes to bring forward additional renewable energy projects with over 1000 megawatts of additional capacity and much more to come.

Vision for a Solar Continent

There is no country in the world better placed than Australia to benefit from the further development of solar power. Our geography, our people, our technology and our resources all make us a natural leader in solar technology and the Coalition believes we should aim for nothing less than to create in Australia the world's first solar continent.

To achieve this vision of a solar continent, we need to advance on two major fronts.

First, we must help meet our peak load energy needs through the decentralisation of small scale energy production. In short, when homes, schools and towns are able to produce peak load energy through photovoltaic panels in times of high sunlight, we have a peak energy production

mechanism that is both distributed and at its most effective in times of peak energy need. That is why we will be building on our policies for Solar Homes, Solar Schools and Solar Cities.

Second, and on a more long-term time frame, we need to build on our initiatives to date and set an objective of leading the world in developing large-scale solar power stations. That is why, for example, the previous Coalition Government invested \$79.5 million to develop a solar concentrator in Mildura.

Against this background we will be developing our Solar Continent Policy focussed on four themes:

- Solar Homes
- Solar Schools
- Solar Cities and, in the longer term
- Solar Baseload

Solar Homes

Thanks to the Coalition Government, all Australians were provided with the incentive to install solar power in their homes with the provision of a rebate of up to \$8,000.

This incentive was removed when Peter Garrett imposed a means test on the rebate as part of his Government's first Budget, dealing a death blow to the budding solar power industry.

As report after report began rolling in about solar companies struggling with cancelled orders, dwindling business and subsequent staff lay-offs, Mr Garrett did nothing.

The means test was eventually removed – but only after a new, extremely complicated rebate system centred on phantom renewable energy credits had been put in place.

The net result of this new system is that the majority of Australians wishing to install solar power will now be \$4000-\$4500 worse off than under the previous rebate scheme.

We need to help our solar industry to grow, not penalise it. Photovoltaic panels offer an excellent means to provide zero-emissions energy during periods of peak power use. Solar panels have the

dual benefit of both reducing emissions and reducing the need for new, high-emissions power stations to cope with increasing demand.

We want to set Australia on a path to being a country where everyone willing to invest is within reach of running a solar home.

The Australian solar industry doesn't need a Minister who imposes a means test, then removes it, and then scraps it entirely in favour of a system based on phantom renewable energy credits.

Solar Feed-in tariffs

Another way in which we can help to support our solar industry is through consideration of solar feed-in tariffs.

This is a scheme in which incentives are provided for people to feed solar energy back into the electricity grid.

Providing a guaranteed rate of pay for solar electricity fed back into the grid will encourage the emergence of thousands of mini power generators around Australia, taking the pressure off the higher-emitting coal fired power stations.

In his recent article "German sun powers a revolution", Andrew McCathie reports that Germany has already used a renewable energy tariff to increase solar power uptake, and today is the world leader in solar energy generation – even though the country is covered by heavy clouds for two thirds of the year.

Germany has over 40,000 people employed in photovoltaic cell production and installation and is the number one producer of PV cells in the world.

To date, South Australia and Queensland have approved solar energy feed-in tariffs, which guarantee 44 cents per kWh of solar energy. The Victorian Government recently announced the introduction of a solar feed-in tariff and the ACT has passed legislation to introduce a solar feed-in tariff next year.

However we should be aiming for more than a piecemeal approach. A national solar feed-in tariff could provide an immediate boost to domestic solar power uptake.

Solar Schools

The Coalition also believes that every Australian school should use solar power wherever possible. This is not just to reduce emissions, but to teach our future generations about the value of responsible energy use, so as to better equip them for life in a carbon-constrained world.

That's why, when in Government, the Coalition announced the Green Vouchers for Schools program, part of a \$336 million program in which all Australian primary and secondary schools would receive funding of up to \$50,000 to help install rainwater tanks and solar hot water systems.

The new Government has effectively re-badged our program. Disappointingly, schools which were able to seek grants of up to \$50,000 for water-saving projects under our program, can now only seek a maximum of \$30,000. That's a cut of \$20,000 for schools wanting to install major new water-saving systems. Talk about a bad lesson in environmental policy for our students.

Sadly, we have recently been told that only 20 – or 0.2 per cent - of 10,000 schools have had solar panels installed under this program. In other words, 99.8 per cent of schools have not been able to have solar panels installed.

Over the next year we will in fact be developing further ways of working with schools to advance their solar energy production.

Perhaps more importantly, we aim to engage and help inspire the next generation of solar scientists and entrepreneurs.

Solar Cities

While in Government, the Coalition established Australia's first Solar Cities.

Across Adelaide, Townsville, Blacktown, Alice Springs and Central Victoria, the Solar Cities program was designed to fully integrate energy efficiency into our communities, and included:

- 3,464 solar PV panels to be installed on private and public housing, and on commercial and iconic buildings
- 4,100 solar hot water systems to be installed in private and public housing
- 15,100 smart meters to give residential customers real-time information on energy use
- 8,450 energy efficiency consultations to be conducted in households and businesses, and
- 71,500 energy efficiency packs to be available for households and commercial customers to support their energy efficient choice.

This has been a very positive program. But once again, I am now hearing reports that the solar panel means test is also impacting badly on the roll out of the Solar Cities plan.

Solar Baseload

If we are truly to create in Australia the world's first solar continent, we will need to ensure that we develop solar baseload power. Much needs to be done on this front in relation to cost, reliability and storage of energy.

I am, however, convinced that solar baseload can be developed to contribute to average daily base energy needs and, over time, energy storage technology can be developed to allow full baseload operation derived from solar energy.

The real challenge will be the time frame and the cost for bringing forward major solar baseload power stations. It is for this reason that the Coalition supported the Mildura Solar Concentrator.

The 154MW solar concentrator will be the largest, most efficient solar concentrator in the world. It will generate 270,000 MWh each year, enough to power 45,000 homes, with zero emissions. It is estimated that the power plant will reduce greenhouse gas emissions at fossil fuel power stations by well over 400,000 tonnes per year.

But more is needed. We will be building on our vision and support for the world's biggest solar concentrator by developing a clear set of initiatives both for the development and the adoption of baseload solar technology.

3. AN EMISSIONS TRADING SCHEME

As a third pillar we propose a balanced and careful national carbon emissions trading scheme that supports direct action rather than replaces it.

There can be either a good or a bad system depending on the competency and sensitivity of the implementing government.

A bad system can perversely damage the clean energy sector while also punishing mums and dads with a petrol tax and a groceries tax. Sadly, both of those flaws are precisely what Mr Rudd is proposing, making his a bad system in terms of delivering pain without gain.

A decision to introduce an ETS should therefore not be taken lightly and requires proper consultation and consideration by all Australians. We must work to preserve our environment – but we must guard against those who would act in such haste that they would export both Australian emissions and jobs overseas, particularly to countries with lower environmental standards.

The Rudd Government is intent on rushing into an emissions trading scheme that has the potential to seriously damage Australia's economy and drive up global emissions by sending them to China.

As a result of Mr Rudd's unseemly haste, we're already seeing the Government's scheme unravelling. The Australian Industry Group, the Australian Chamber of Commerce and Industry, the National Farmers Federation, the Australian Farm Institute and green groups have all said there's a problem here. Jobs will go straight to Shanghai. Emissions will go up globally.

We will have more to say on the subject of an ETS in the near future, once the results of the Pearce Review are known.

4. INTERNATIONAL PRESSURE

Foundations of an International Response

Perhaps the most important pillar of all - our foundation stone - must be an effective international approach to climate change, particularly in terms of mitigation.

Australia has long aimed to limit greenhouse gas emissions to 108 per cent of 1990 levels by 2008-12. We are tracking to meet this target - with emissions in 2005 being only 2.2 per cent above 1990 levels. Indeed, in 1990, emissions of CO₂ or equivalent gases were 550 million tonnes while in both 2004 and 2005 they were 560 million tonnes and now 576 million tonnes.

The fact is we are doing better than almost all developed countries in meeting our international targets and unlike many countries, we are meeting our goals on the basis of national actions alone.

In light of this achievement, the Labor Party should explain why it has been silent about countries such as New Zealand, Canada, Japan, Spain and others who are failing to meet their targets, while until recently, attacking Australia which is one of very few developed countries to be meeting its targets.

It is clear that the global response to climate change must involve all major emitters of greenhouse gases, avoid distortions of economic activity and emissions with no environmental benefits, and recognise different national circumstances.

In Bali we endorsed the Bali Roadmap for a post-Kyoto Agreement well before the new Government. We did so however based on the demand that there should be inclusion of incentives against developing world deforestation and incentives for developing world reforestation.

Against that background, the need for a more inclusive post-2012 agreement is demonstrated by the addition of 800 new coal-fired power stations in China and India over the coming five years. The combined emissions from these plants will be five times the total reductions in CO₂ mandated by the current international system.

Equally damaging, the current international system has established a perverse incentive to literally slash and burn rainforests – which hold on average 900 tonnes of CO₂ per hectare – and replace them with palm oil plantations, which hold less than 300 tonnes of CO₂ per hectare.

Our approach as an alternative Government to international efforts to address climate change will therefore be based on five key areas:

- working with key countries
- the Asia-Pacific Partnership on Clean Development and Climate (APP)
- APEC
- global action, and
- forests

Forests

One key focus of our policy is deforestation. Globally, more than 4.4 million trees are lost to deforestation each day.

Deforestation in developing countries is responsible for around 20 per cent of global greenhouse gas emissions, or up to eight billion tonnes of CO₂-equivalent gases per year. Halving deforestation could reduce annual emissions by up to four billion tonnes which is up to seven times Australia's total annual emissions.

That is why in March 2007 we launched the *Global Initiative on Forests and Climate* to support practical and immediate action to reduce global deforestation and promote reforestation.

As part of the Initiative, the Coalition Government committed \$200 million in new funding. \$30 million of this was allocated to the \$100 million Kalimantan Forests and Climate Partnership with Indonesia and private sector partners including BHP Billiton. The Partnership aims to:

- preserve 70,000 hectares of peat land forests in Indonesia's Kalimantan region
- re-flood 200,000 hectares of dried peat land
- plant up to 100 million new trees on rehabilitated peat land for conservation purposes and
- cut emissions by 700 million tonnes over 30 years

Another \$11.7 million of the *Global Initiative on Forests and Climate* funding was allocated to the World Bank's new Forest Carbon Partnership Facility, with another \$10 million to support efforts to reduce greenhouse gas emissions from deforestation and promote sustainable forest management in Indonesia.

This funding has the potential to remove up to 40 million tonnes of CO₂ from the atmosphere. This agreement is the largest greenhouse abatement project to flow so far from the *Global Initiative on Forests and Climate*.

Significantly, Labor has been deathly silent about the failure of the current international system to guard against perverse incentives for the wholesale slaughter of rainforests, the release of billions of tonnes of CO₂, and their replacement with palm oil plantations. It is an odd and curious silence. Indeed, Labor's silence on the destruction of rainforests makes it compliant.

It is time to end the destruction of our great global forests and to reduce the tragic incentives for deforestation about which Mr Rudd has been silent.

In particular, I urge the Labor Party to support our proposal for a Global Rainforest Recovery Plan.

As an alternative Government, we believe that Australia must work for a post-2-12 agreement that ends the perverse incentives for deforestation and includes all major emitters, be they developed or developing countries.

CONCLUSION

In conclusion, I want to make some final comments about climate change.

Climate change is a long-term strategic issue for Australia, our region and the world and we need to work on both cleaning up our energy and adapting to any effects.

Climate change has to be tackled on a variety of fronts and the challenges it presents us with are diverse. Business and government must work together to ensure we create an effective, viable emissions trading system. All Australians will have to make individual changes to adapt to the challenges of climate change.

We need effective international action to reduce greenhouse gas emissions and that action has to include all major players just as it must genuinely recognise differences in national circumstances.

And we need domestic policies that support our overall goal. I believe that the only way forward is by an historic partnership between government, business and the community.

This is 'big history' in the making, and we will be judged by future generations on how the Government tackles this giant of an issue.

As part of that big history, we have the potential to make Australia a Solar Continent with both peak and baseload energy capacity. Governments, business and the community must do whatever is necessary to ensure that this potential becomes a reality.

Ultimately, unlike Mr Rudd, we approach the challenge with hope rather than fear, commitment to protecting Australians against a bad system, a commitment to a clean energy revolution, a *Green Carbon Initiative* and a vision for Australia as a Solar Continent.

(Ends.)