



**British High Commissioner  
Rt Hon Helen Liddell**

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I'm here to talk about the most important challenge we face in the 21<sup>st</sup> Century.

The science of climate change has never been clearer. Just a few weeks ago, the Intergovernmental Panel on Climate Change reported that we can expect a rise in temperature of one-and-a-half degrees by the end of the century, and that is if we limit emissions to the maximum. But with HIGH emissions, the same report predicts a rise of 4 degrees.

The debate moves out of the abstract when we realise that the window of opportunity to avert catastrophic change is only 10 to 15 years, as revealed in the Stern Report.

Think what inaction would mean for our economic growth, as well as the safety of our people and the supply of our energy.

This morning, I want to leave you with a clear picture of how climate change and energy security are two sides of the same coin, and how Britain is playing a leading role in bringing them together in the search for solutions.

First, we need a reminder of what is at stake. The British Government estimates that, without further action, global carbon emissions in the year 2050 will be 137 per cent higher than they are now.

I cannot stand here and give you scientific proof of what the world will look like in 50 years. That's because, strictly speaking, climate change caused by greenhouse gases is a theory – just like the theory that smoking causes lung cancer.

But we don't wait until our lungs are removed before we stop smoking! In the same way, we must not wait half a century to find out what difference a 137 per cent increase in carbon emissions will make.

We need to confront climate change and we need to do it now.

Australia and Britain face a shared dilemma. We enjoy and celebrate the benefits of economic growth, not just for our own sake. There is a growing world population that has unfulfilled needs and rising expectations, our economic growth, sensibly managed, can help them achieve what we take for granted.

If we deny that opportunity through our own selfishness then conflict and insecurity will be the result.

World economic growth needs energy, and much of that energy will come from fossil fuels. This country has more than 400 years availability of coal, why on earth should Australia worry about security of energy supplies?

But as the world comes to grips with the enormity of the dangers of climate change, then the very economics of using fossil fuels to create energy will change.

Around the world many countries are recognising that it makes sense to move towards a low carbon economy, not just for climate reasons, but also because of energy security in a changed world environment.

China, whose economic growth depends so heavily on fossil fuels from Australia has really ambitious targets for energy efficiency and renewables. India and China together have the potential to join with like minded countries like the UK to force the pace on the creation of a global low carbon economy. And a side effect of initiatives like this is that countries will become less dependent on external supplies. For strategic as well as economic reasons, it makes sense.

The future will lie not with the timid, or with those for whom short term self interest drives their position, the future lies with the bold. Climate change used to be seen as the obsession of the fringe, now it is at the heart of responsible Government. That energy security is now at the top of the agenda of the world's major powers, shows that in the 21<sup>st</sup> century we need to be innovative and brave.

During Britain's Presidency of the G8, Tony Blair chose as his driving priorities both Climate change and poverty in Africa. At first the world saw these policy priorities as unrelated. Now, the logic of the linkage is inescapable. You only have to look at the situation in Darfur where dwindling supplies of food and water, caused by changes in the climate, have made tribal conflicts worse.

Britain continues to lead by example on climate change.

As you know, the British government commissioned Sir Nicholas Stern to conduct a Review into the economics of climate change. Only someone living in the depths of the rain forest could be oblivious to the impact the Review has had, not least here in Australia. The British Government has played a significant part in putting climate change at the heart of public debate around the world.

So why has the Stern Review proved so important?

For the first time, we can see the economic case for tackling global warming. Stern points out that if we don't act, the costs of climate change will be equivalent to losing at least 5% of global GDP each year, now and forever. If a wider range of risks and impacts is taken into account, the estimates of damage could rise to 20% of GDP or more.

Stern believes the benefits of strong and early action far outweigh the economic costs of not acting. The costs of action can be limited to around 1% of global GDP each year.

With this Review, climate change is no longer simply an environmental argument. The message is being heard by even the most ardent champions of free enterprise. In his State of the Union address last month, President Bush referred to what he called "the serious challenge of global climate change."

The British Government strongly endorses the analysis contained in the Stern Review. We are in no doubt about the seriousness of the threat to our economies. Rapid climate change would have very serious impacts on world output.

The Government recognises the damaging effects for both developed and developing countries, but developing countries will be hit soonest and hardest. The vulnerable will suffer earliest and most, even though they have contributed least to the causes.

We agree with Sir Nicholas that investing now in measures to reduce global warming will pay dividends in the long-term. The Government agrees that carbon pricing has a central role to play by making sure the costs of climate change are factored into economic decisions.

Equally important, we support the need for low-carbon technologies in the developing world. At the Gleneagles G8 summit last year the UK was instrumental in establishing the Energy Investment Framework, led by the World Bank and the Regional Development Banks. The Framework brought about increased investment in energy efficiency and alternative energy sources.

Alongside the Stern Review, Britain welcomes the recent findings by the Intergovernmental Panel on Climate Change.

Let's remind ourselves of the main conclusions:

- The evidence that human activities have warmed the climate since 1750 is indisputable
- The Earth warmed by three-quarters of a degree over the past century, and more than half of that has occurred since the 1970s
- Temperatures will rise further still, the precise amount largely depending on whether we can slow down our carbon emissions
- Sea levels are projected to rise by as much as half a metre by the end of the century
- Rainfall and tropical cyclones will intensify, and hot extremes will become even more frequent

Whether you approach climate change from a scientific perspective – as the IPCC has done – or from the economic perspective – as Stern has done – the conclusions are the same. They confirm that climate change is worse, and more urgent, than previously understood. Global warming is not just a threat to our environment; it is a threat to international peace, prosperity, security and development.

I said earlier that Britain was leading by example, and I don't just mean organising summits and commissioning reports.

Britain is working hard at containing its own carbon emissions, and we will do more.

Britain is on course to exceed its Kyoto Protocol target of cutting emissions by 12 per cent on 1990 levels over the next few years. We cannot be complacent. If the economy continues to grow, we must work even harder to reach our goal of cutting emissions by 60 per cent over the next 50 years.

At the same time, there are question marks over the security of our energy supplies. Climate change and energy security are two sides of the same coin, and that's why the British Government has brought out its response to these two challenges in the form of its Energy Review published last year.

I want to spend the next few minutes explaining the importance of the Energy Review.

Britain has a problem, two problems in fact. The first is that 20 per cent of our electricity comes from nuclear power and many of our nuclear power stations are coming to the end of their working lives.

The second problem is that Britain is increasingly looking elsewhere for its oil and gas. We are now net importers of gas. And most of the oil and gas is in Russia, central Asia, the Middle East and Africa. To a former Energy Minister like myself, all of these regions come with their own problems.

So the challenge for the Energy Review is two-fold. How do we make sure there is enough energy to go round? And how do we minimise the impact of that energy on the environment?

Saving energy is a good place to start. New homes use around a quarter of the heat and light compared with existing homes. Giving consumers real-time information about how much energy they're using will bring bills down further.

On-site electricity generation from solar panels and mini wind turbines will increasingly replace power from the national grid.

Transport was a key part of the Review. At the moment, transport accounts for a quarter of the UK's carbon emissions. Sooner or later, those emissions will impact on economic growth because they will contribute to climate change. So, Government should adopt sophisticated policies to meet both its economic and environmental goals.

That's precisely the point made by the former chief executive of British Airways, Rod Eddington, in his transport study commissioned by Chancellor Gordon Brown just before Christmas. The report recommended that the transport sector – including aviation – meets its full environmental cost. Gordon Brown has welcomed the study and will take forward Rod Eddington's proposals in a White Paper due in the next few months.

What else is happening?

We will invest in low-carbon power. At the moment, electricity is generated many miles from the end user. Smaller, local generators will emit less greenhouse gas.

We, like Australia, want to see the urgent development of clean coal technology because coal will be a major source of power in this country and many others for years to come.

We want one-fifth of our electricity generation to come from renewable sources by 2020. This includes onshore wind and landfill gas. To encourage business to invest in renewables, Britain is increasingly channelling money from electricity consumers into renewable power in the form of the Renewables Obligation.

Nuclear power is another key part of our thinking. From a climate change perspective, nuclear power stations make sense. And from an economic perspective, they make sense.

Carbon Capture and Storage is an emerging technology that can reduce emissions of coal or gas power stations by up to 90 per cent.

The European Emissions Trading Scheme is another important tool. By putting a price on carbon throughout the European Union, there is a strong financial incentive to save energy. We believe there is potential for a global carbon market.

If we take all these measures together, we can cut Britain's carbon emissions by around 15 per cent by the year 2020.

Quite apart from the environmental challenge, these measures contribute to the healthy diversity of energy sources necessary for meeting the challenge of energy security.

To secure our energy supplies, we also need to promote open and competitive markets – both at home and overseas. We need a positive framework for business to invest in, for example by speeding up the planning process for new power plants.

Diversity is the key here. More sources, more suppliers and more supply routes.

The alternative is sobering. Britain could end up importing as much as 80 per cent of its gas within ten years, compared with 10 per cent now. Given the political tensions in many of the places where this gas is buried, we cannot take reliable and affordable supplies for granted.

Climate and energy intersect with issues of security I haven't mentioned yet.

Let's start with our safety. If we as reasonable people recognise how important energy is to developed sophisticated societies, we are not alone. Those who use terror to try to challenge our values and our way of life know it too. We must not present terrorists with more opportunities to threaten our way of life by exposing our energy supplies.

As the consequences of climate change impact on communities, we have to recognise that there will be environmental refugees. The CSIRO has predicted millions of people on low-lying islands in this region would be forced out by rising sea levels in the next 40 years. What would that mean for Australia?

In the same week as the CSIRO report, a round-table of aid and environmental groups predicted climate change would bring extreme natural disasters to the Asia Pacific region, for which Australia can expect to pick up a hefty slice of the cost.

So you can see we're moving from energy security to food security, health security, border security, water security, budget security – even national security.

I talked at length about Britain's response to the double-challenge of climate change and energy security. But the UK is only 2 per cent of the problem, so we need to be part of an international solution.

What do I mean by an international solution? Let me tell you what I don't mean. I don't mean each nation waiting for the unanimous consent of the whole world before the government does anything.

I hear the debate here about Australia not signing up to the Kyoto Protocol. Kyoto is just one mechanism for reducing greenhouse gases. It is not the only mechanism. We must be wary of creating a red herring that allows the real issues of practical action on carbon mitigation to go unheard. We should judge each country by its efforts as a whole, not simply in relation to whether it signed up to this or that agreement.

What I mean by an international solution is each country taking responsibility for its carbon emissions, and each country harnessing the best technology – and the best energy-saving principles – to limit global warming.

As any military officer will tell you, it's easier to lead when you lead from the front. The 'after you' theory doesn't work on the battlefield, and it won't save our planet from dangerous climate change.

Perhaps politicians worry too much about the electoral cost of implementing effective environmental policies. The Lowy Institute reported that 87 per cent of Australians wanted the global environment to be among Australia's top foreign policy goals. That compares with 74 per cent who nominated counter-terrorism.

If these figures are accurate, it seems public opinion is one step ahead of the political process. Not just here but in the US and elsewhere.

Let me address another frequently-heard criticism of an international approach to climate change and energy security: that developing countries will take no notice.

Developing countries will take notice when they realise what is at stake. Let me give you an example.

Two-fifths of the world's population find it hard to get water. At the same time, they rely on affordable energy partly to get access to that water. If we provide affordable energy by burning fossil fuels, we accelerate climate change. And a warmer climate means even less water than before. Less water equals less food.

So the best way to give developing countries access to their own scarce resources is to share the latest technology to make sure resources can be extracted and used in a way that minimises the impact on the planet.

We already have much of the technology we need to move to a low carbon economy. What we have to do is roll it out much more quickly – and especially to those developing countries that need it most.

Isn't that a far more sensible approach than simply telling developing countries: "We know the rich countries were responsible for engineering climate change in the first place, but, for all our sakes, we think you should hold off on building factories."

Tackling climate change does not mean restricting the economic growth of developing countries, far from it. We are pro-growth because our prosperity goes hand-in-hand with global prosperity.

But it does mean showing developing countries how their future is just as vulnerable to climate change, if not more so.

All of us want to be comfortable in life. It's human nature. Trying to stop others from enjoying what we have enjoyed for years is both pointless and spiteful.

We can either invest now in sensible carbon-reducing measures, or we can wait a while longer and face a crippling bill for damages that will probably be beyond our means to pay, and plunge developing countries back into the abyss of grinding poverty and potential unrest.

We in Britain have chosen our path. We recognise that energy security cannot be at the expense of protecting the environment, or vice versa. Climate and energy are two sides of the same coin.

We need to see the challenges posed by climate change and energy security not as a burden, but as an opportunity:

- an opportunity to protect our own prosperity and support the prosperity of others;
- an opportunity to work together on a global scale recognising the global nature of the challenge;
- an opportunity, as successful, prosperous countries, to lead by example.

Here you have one of the most beautiful and diverse continents on the planet, where nature has great bounty but can be cruel as well. With every drought afflicted year, people are coming to value their homeland even more. The challenge we all face is to make it even better, safer and more secure, for generations in the future.