

THE CHALLENGE FOR AUSTRALIA ON GLOBAL CLIMATE CHANGE

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OPENING ADDRESS BY THE MINISTER FOR THE ENVIRONMENT

Senator Robert Hill

I am pleased to join you again today at this second Academies Forum to address the important challenges global warming presents to Australia and the rest of the world.

Australia accepts these challenges and remains firmly committed to doing its part in the global effort required to address the threat.

The Intergovernmental Panel on Climate Change provides us with a clear message on the need for action. This action must encompass response to the potential impacts of global warming, reducing emissions of greenhouse gases, and advancing climate change science.

Notwithstanding scientific uncertainty about the specifics of future climate change impacts, we have a responsibility as a nation to commit ourselves to precautionary action.

The Howard Government is demonstrating such a commitment both through domestic actions and through participation on the international stage for a better global outcome.

Internationally, Australia is playing an active and constructive role in negotiations for an agreement to be adopted at the major Climate Change Conference this December in Kyoto. We want an outcome which is fair and achievable. In Rio, targets were set that weren't achievable without disproportionate economic cost. The targets weren't met and the lesson should be learnt.

Fair is when the costs are equitably shared. A uniform international emissions target approach may be superficially attractive for its simplicity, but it will not deliver a durable approach nor will it deliver the best environmental result.

Even the EU would allow individual EU countries to take on targets ranging from a 30 per cent reduction to a 40 per cent increase in emissions!

In other words, the EU recognises that differentiated emissions targets are necessary to reflect equitable sharing to the background of differently structured economies, but they would deny this possibility to other countries. In fact the EU accepts differentiation for 28 of the Annex 1 countries, but would deny it to countries such as Australia, New Zealand, Japan, Canada and the US.

Uniform targets will significantly and disproportionately harm the Australian economy compared to our competitors. The latest ABARE assessments, released yesterday, indicate that if Australia is forced to reduce carbon dioxide emissions to 10 per cent below 1990 levels by 2020, it would impose costs on Australia of \$9,000 per person in net present value terms.

According to Dr Fisher, 'this cost is around 22 times higher than the loss estimated by the average European and about 6 times by an American'.

We would be expected to sacrifice Australian jobs even though Australia contributes just over 1 per cent of global emissions—compared to 19 per cent for the USA and 14 per cent for the EU; and when our greenhouse gas reduction effort well matches that of many other OECD countries—unofficial forecasts show Australia performing better than the United States, Canada and France.

Although the EU has claimed the high moral ground with its call for an ambitious target of 15 per cent reduction, they do so with the benefit of the European bubble allowed under the Convention and improvements achieved without economic sacrifice.

For example with the closing of inefficient coal mines and the coming-on stream of North Sea gas, the UK's emissions are expected to be 2 per cent below 1990 levels. In other words, the UK's improved performance did not require a sacrifice of economic growth and jobs to achieve a better outcome.

Likewise, Germany's emissions are expected to be 10 per cent below 1990 levels thanks to industrial restructuring associated with reunification—the closure of uneconomic East German facilities has resulted in substantial reductions in emissions.

Australia doesn't have these avenues open to it—we would be sacrificing highly efficient coal mining, mineral processing and agricultural production.

There is no denying Australia's relatively high per capita emissions. We are resolved to reduce emissions, but we face particular difficulties.

We have a higher population growth rate than most other OECD countries.

Furthermore, the commodities exported by Australia tend to have a high emissions intensity associated with their production:

- food and fibre—the production of which results in methane emissions from cattle and sheep; (the second highest per capita methane emissions in the world) and
- energy based commodities such as liquid natural gas and processed minerals like aluminium are obvious examples.

Even though the emissions intensity of these industries is high, we are generally a more efficient producer of these commodities than elsewhere.

Uniform emission targets would unfairly penalise such domestic industries, and may have the effect of encouraging production to move off-shore resulting in an overall increase in global pollution (greenhouse gases and other emissions).

For instance, Australia's liquid natural gas exports will be used by our regional neighbours to replace more polluting energy sources. But because the liquid natural gas production process results in greenhouse gas emissions in Australia, we face a penalty at the national level, while the countries which import our product obtain a greenhouse benefit. Australia's global contribution in these circumstances is not recognised under the rules of the Convention.

Not surprisingly, the Howard Government is committed to achieving protection of the environment in ways that safeguard our economic future and the jobs of Australians.

It is for these reasons that Australia has invested in developing and promoting internationally an approach based on differentiation of emissions commitments.

Australia has a significant task to convince other Parties of the practicality of this approach in the hectic schedule leading to Kyoto.

This was apparent when I was in New York earlier this month at the Commission for Sustainable Development—five years on from the Rio Conference. It will be followed in June by a special environment session of the United Nations where climate change will again take centre stage.

But because our approach is the only path for a fair and achievable outcome we will continue to press the differentiation agenda. To maximise the environmental effectiveness of the outcome, the agreement *must* be fair and equitable.

Just as important as the global effort, is our domestic greenhouse response effort to reduce emissions.

Last November at the first Academy Forum, I referred to the steps being taken by all Australian Governments to develop a new National Greenhouse Strategy.

In February we had the release of a Discussion Paper for public consultation.

I am pleased to learn that in response more than 150 submissions have been received from a cross-section of the Australian community, including major companies, research organisations, industry associations, conservation groups, academia, and a range of individuals. These submissions will contribute to a more effective revised National Strategy.

Some submissions suggest that government activity in response to climate change is not enough, and that we need to move beyond 'no-regrets' actions.

Yet, it is clear that significant opportunity for further voluntary actions still exists in Australia. In the area of energy efficiency there is little doubt that we could save 20 per cent or more of current energy use, thus saving costs and reducing greenhouse emissions.

We are working with the industrial, commercial and residential sectors to realise these opportunities in a cooperative way. For example, in recent months Commonwealth assistance has been provided in promoting cogeneration, and energy efficiency in residential buildings.

In November I also touched on the growing success of the Greenhouse Challenge Program as an example of what Government and industry working cooperatively can achieve. The Greenhouse Challenge is building a constructive relationship with Australian industry. Industry is providing enthusiastic partners in our national response.

Twenty of Australia's largest companies, electricity generators and distributors, and six industry associations have now signed agreements.

The carbon dioxide emission savings that they will generate by 2000 are:

- 15 million tonnes by individual companies; and
- 2.4 million tonnes in the electricity sector.

In a few days, I will be in Brisbane for the signing of agreements with chief executives of eleven further companies and six more industry associations covering sectors such as cement, alumina and brewing.

In part, the agreements are also helping to encourage an important cultural change in the way energy is viewed—no longer to be seen as an inexhaustible supply, but rather as a precious resource with environmental constraints.

In the past Australia's energy production has been based on an abundance of fossil fuels, particularly coal.

Now, Australia has opportunities for greater use of gas and renewable energies, and to achieve improved energy efficiency in many areas.

Through the recent emergence of electricity distributors offering energy from renewable sources we can see a sign that the Government's focus on energy market reform is starting to deliver benefits beyond just cost.

The Cooperative Research Centre for Renewable Energy in Perth is working on longer term solutions to sustainable energy supply, in particular in rural and remote areas. The research is focussing on a number energy sources including: photovoltaics, solar-thermal, electric windows and wind.

Australian industry is also investing heavily in energy efficiency research. For instance, Ford Australia is investing in a pilot magnesium processing plant in Queensland. They are exploring the option of using magnesium in car components. Again, Australia has a natural endowment in magnesium which has a lighter metal than aluminium per unit of strength. The bad news is that we may produce more greenhouse gases in the process; the good news is however, that globally, the lightweighting of vehicles is likely to save four times the emissions — for which we will get no credit.

The Government's current agenda to develop a sustainable energy policy with a 25 year horizon will produce a range of environmental benefits including greenhouse.

Additionally, it is only recently that we have realised the important connection between the way we manage our forests and lands and greenhouse gas emissions. Investment under the Government's Natural Heritage Trust will produce substantial greenhouse benefits by reversing the decline in the quality and extent of Australia's native vegetation cover.

In passing, it is important to note that Australia is one of the few Annex 1 countries that provides a comprehensive report on emissions from land use change and forestry in their greenhouse gas inventory—Canada and the USA didn't provide any estimates for land use change in their first reports under the Climate Change Convention.

Those who choose to rate us against others and demand from us a greater penalty than others, should perhaps consider these factors.

In conclusion, Australia continues to be a strong advocate for a comprehensive approach on greenhouse response covering all the gases and their sources.

We have commenced an agenda of reducing emissions of greenhouse gases. We can point to early successes. But this is the beginning of a long and challenging agenda—one in which all Australians must contribute in a national partnership.

This second Academies Climate Change Forum is a timely contribution to the policy debate. I'm sure you will have a productive session and I look forward to hearing the outcomes of the Forum.