

EBA Speech 23rd October 2006
Opening address
Business and Sustainability Summit

A very warm welcome to you all to this (EBA's 4th) Annual Business and Sustainability Summit.

We are here today to argue the case for the biggest public private partnership of all time – a partnership that will allow Australian business to buy into the 21st century carbon constrained world.

We have an action packed summit planned today which I hope you find extremely interesting and leave both inspired and a little angry.

I want you to contribute and work towards a solution.

The big question is not what we need to do - but how to do it. Hence, what is the transition to a carbon constrained world and how do we guide our economy through what will be a massive transition of a scale few can comprehend.

Let me give you some observations from the business world on what I hope will be a revolution in how we produce and consume.

I want you to all leave today's summit charged up. I want you to understand the magnitude of the issue we're dealing with. I want you to join with EBA today to flesh out a strategy to convince the Government that it's in Australia's own economic interests to set up a 'long, loud and legal framework' to establish a carbon price signal.

What is it that suddenly has the climate change debate making the front page, day in day out?

All of a sudden everyone it seems is talking climate change. I get the feeling from watching the news that the PM is asking himself the same question. Where did this come from?

As someone who wanders between the world of business, farming, environment NGOs and scientists, I hear many different perspectives.

Suddenly the debate has rapidly accelerated.....why?

Firstly, the science is getting better and better and the better it gets the more frightening our future looks. But as the climate models get scarier and scarier, the economic models get cheaper and cheaper!

You'll hear later today the costs of inaction when compared to the risks are two fifths of nothing.

We've witnessed a rapid succession of unprecedented natural events, the devastation of Katrina, the massive reduction in sea ice this summer in the arctic, the devastating droughts in Australia and floods in Europe, and the serious bleaching events on many of the world's coral reefs.

As Robert May said last December in his final address as President of the Royal Society in London: "... make no mistake, climate change is undeniably real, caused by human activities, and has serious consequences".

We then had the mainstreaming of the complexity of the science of climate change. In written form, our own Tim Flannery with his book, *The Weather Makers* has been on the best sellers list across North America and Europe.

And then Al Gores blockbuster film *An Inconvenient Truth* hits like a bomb. This is the former Vice President of the most powerful economy in history who has chosen climate change as his great moral crusade.

And if he's not your political cup of tea try this: In a speech last year to Congress, Senator John McCain, a front runner for the 2008 Presidential nomination for the Republican Party, said, in reference to climate change: *"let's say ... that the science that we are relying on is wrong - yet we enact legislation to reduce greenhouse gas emissions. What harm will that action cause? Clean air and a more competitive industrial base.*

On the other hand, let's say the science IS accurate, yet we fail to enact legislation to reduce greenhouse gas emissions. What harm will that inaction cause? Melting of the polar ice caps... sea level rise, extinction of many animal and plant species.... more extreme weather events, and unimaginable mitigation costs."

In Australia we have seen 6 prominent CEOs publicly call on Government to act "to design a framework to establish a carbon price signal, to encourage innovation and investment in breakthrough technologies and build national resilience to the impacts of climate".

David Morgan at Westpac, Mike Hawker at IAG, Harry Debney at Visy, Keith Scott at Swiss Re, and Gerry Hueston of BP who is speaking at today's conference.

This was a brave move, because Australian business culture is not to openly suggest things that might be seen to be controversial to the Government of the day.

But it's also the wrong move NOT to deal yourself into the debate, because we'll be the ones history records as sitting on our hands whilst our civilisation falls apart from under us.

That's why we need today to turn this list of 6 business leaders into 60 and take a public stance.

We need our government to establish a carbon price signal and begin the transition of our economy – so that our economy is positioned for the green revolution we know is coming – not bury its head in the sand and pretend that nothing's changed. How inconvenient indeed!

We need a framework so that Australian business can confidently invest in new products and services that will deliver economic growth within a carbon constrained world, and we need government to use the public capital they control to leverage private investment.

We are a new world economy. We pride ourselves in punching above our weight. We have been a remarkably successful nation – Australia is one of the wealthiest economies in the world all driven by the private sector.

We know how to compete and we know how to innovate to stay ahead of the competition. Give us this chance on carbon.

We all know where the western world is heading. Many countries are setting deep carbon reduction targets and in doing so are providing the platform for their industries to confidently invest in the new energy technologies of the 21st century.

And what is Australia doing? We are throwing away the opportunity for our business enterprises to get into these markets.

Why?

Let give you an insight onto how damaging the actions of sceptics can be. Now, I accept that sceptics play an important role in our democracy. But they're just that, sceptics.

Prominent climate sceptics like Bjorn Lomborg can be very damaging. He was in Australia recently addressing senior business people and stated that whilst he accepts climate is an issue its a 100 years out problem and society

can spend money on more immediate issues that give more immediate returns.

It was a 2 card trick, present a false choice – malnutrition (read world poverty), aids or coral reefs – and gave a “dream team” of international economists \$50 billion to fix it. What a joke – fix world poverty for \$50 billion.

But we’re all busy people, it sounded credible and as a result some of our leading business leaders were no doubt comforted that taking action on climate is not a priority.

If these same people had the opportunity to listen to Robert May instead of Bjorn Lomborg, perhaps we wouldn’t be in the position we’re in now.

Richard Branson, when he announced a couple of weeks back that he would invest billions in kick starting the green energy revolution, confessed that the writings of Bjorn Lomborg had, to quote to Branson “set me back a couple of years on my thinking on climate.”

Climate is not about left or right, big business versus the rest, not greenie versus capitalist: This is a moral debate now - it’s about our kids being entitled to a planet that has been made unliveable by our generation.

We have an impressive group of speakers this morning and for those staying for dinner, we are delighted to have joining us Lord Oxburgh, the former Chairman of Shell International and now a Director of the International Carbon Trust.

Welcome Ron.

This morning we’ll be hearing from:

- Barry Hughes, consultant economist to Credit Suisse, who will look at the macro-economic changes happening in the world;

- Jon Stanford, Managing Director of Insight Economics, who will give an overview of the expected outcomes of the Stern report prepared for the British Government and G8;
- Peter Cosier, a fellow Member of the Wentworth Group of Concerned Scientists, on the economics of climate change

And in the afternoon, it's over to you. The afternoon is your chance to contribute ideas for a strategy of action.

I expect that by the end of today you will have made your contribution to guiding our economy through what will be a massive transition of a scale few can comprehend.

We are one of the wealthiest nations on earth. If we're not prepared to take serious action to secure the future of our world's climate system, what hope do you think there is in convincing people in the 3rd world who are living on one tenth of our incomes that they should.

I'm sorry, this is not an economic debate any more.