



Government
of South Australia

CEDA Address: Leadership in a Carbon- Constrained Economy

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Premier of South Australia

Minister for Economic Development

Minister for Social Inclusion

Minister for the Arts

Minister for Sustainability and Climate Change

(Check against delivery)

I acknowledge that we meet on the traditional land of the Kurna people, and that we recognise their deep spiritual relationship with their country.

Good afternoon.

I am pleased to be with you today, and to bring you up to date on how South Australia is providing leadership on finding the crucial balance between economic growth and environmental sustainability.

We all know that carbon must be constrained, but few of us can honestly say we know how to achieve that outcome sensibly and economically.

Of the many theories bandied about, few of them have been subjected to practical trials.

The approach we've taken here in South Australia is to back our words with action.

To ensure that government works alongside business and the community to help achieve results that benefit our State, as well as our planet.

As I will outline today, our determined efforts to constrain carbon are also working to our economic advantage.

Indeed, the International Climate Group's most recent Greenhouse Indicator Annual Report confirms that South Australia is a national leader in carbon emission reductions.

Of the States examined in the report, we were the only one to last year record emissions levels below those of 2000.

Not only did our emissions drop by 3.2 per cent in 2009 compared to nine years earlier, our economy also grew by 24 per cent over that period.

So it can be done.

A key element in achieving environmentally sustainable economic growth has been our willingness to tackle the issue of carbon emissions.

I am proud to say I'm the first Minister for Climate Change appointed in Australia.

I'm also co-chair of the UK-based Climate Group's international States and Regions Alliance.

This is an important global initiative, given that the UN estimates that up to 80 per cent of government actions on climate change will have to be initiated by sub-national governments.

In 2007, South Australia became the first jurisdiction in Australia, and just the third in the world, to introduce dedicated climate change legislation.

That legislation enshrines a number of key targets, including a reduction in greenhouse gas emissions in our State by at least 60 per cent of 1990 levels by the end of 2050.

We also moved early to gain an advantage in the development of renewable energy sources.

Changing our land use planning system to make it more straightforward has helped us attract more than \$2 billion in investment in wind farms, and achieve almost half of the nation's total wind power generation.

To put that figure into a global context, in recent years if South Australia was a nation State we would have boasted the second-highest wind capacity per capita of any country in the world, behind only Denmark.

Similarly, we were the first State to put in place a regulatory framework that was specifically tailored to the needs of the rapidly-developing geothermal industry.

Geothermal, or "hot rocks" energy, offers huge potential to deliver truly emissions-free, base-load electricity without the variability issues that affect wind and solar.

As a result of moving early, we have attracted around 94 per cent of the total \$455 million national investment in geothermal projects to the end of 2009.

The same applies to the growth in the use of domestic solar panels.

We were the first State to introduce a feed-in scheme, to encourage the more rapid take-up of solar power.

I will speak more about this scheme shortly, but I was bemused to read a recent report that interest in the scheme had 'stalled' among consumers.

In fact, I'm told that it's going from strength to strength, and that we are currently seeing around 250 new installations coming on-line every week.

Our leadership in renewable energy is not solely attributable to the fact that South Australia offers better wind profiles, hotter rocks, or more sunlight than other States.

It reflects our preparedness to work with business and to change our regulatory processes where necessary to provide greater consistency, transparency and investment certainty.

But we refuse to rest on our laurels.

We are determined to enhance our credentials as a national, even global leader, and an investment jurisdiction of choice.

Recently, we became the first and only jurisdiction to introduce payroll tax rebates for the construction of large-scale renewable energy projects.

Through our \$20 million Renewable Energy Fund, we also helped commission a national Green Grid study undertaken by a consortium led by Macquarie Capital.

That independent report, released recently, shows there is a viable business case to support 2,000 megawatts of wind energy generation on the Eyre Peninsula, as well as the transmission facilities needed to feed it into the national grid.

That's around 45 per cent of South Australia's current annual electricity generation.

This project has the potential to make South Australia the national engine room for wind power.

The report estimates the first stage of this project could have a direct investment impact in South Australia of at least \$1.8 billion.

It would involve 1,400 jobs in construction and a further 1,600 jobs indirectly, and would add \$158 million per annum to our Gross State Product.

It's a compelling example of making carbon constraint work to our economic advantage.

Of course, renewable energy cannot yet meet our entire energy needs.

That's why we welcome other energy sources and innovations that will assist in our transition to a lower-carbon economy.

For example, we have an abundance of natural gas which already provides 50 per cent of power generation output in South Australia.

Natural gas offers a means of further reducing our greenhouse emissions as a partner to renewable energy generation.

There are also a number of other ways that we're working to achieve better economic and environmental outcomes.

We've introduced voluntary sector agreements as a highly-effective tool in reducing emissions and increasing the uptake of renewable energy and energy efficiency measures.

We have reached agreements with 13 industries including our university sector, our wine and grape growing industry, the Local Government Association, and companies such as Adelaide Brighton Cement.

A further seven agreements are close to completion.

The State Government has also shown its willingness to lead by example. and to put its money where its mouth is.

We were the first government in the nation to commit to sourcing 20 per cent of our electricity requirements - for schools, hospitals and government departments - from accredited GreenPower sources.

Those purchases will increase to 50 per cent in 2014, making it the highest by any State Government to date.

But our leadership in sustainability extends well beyond renewable energy.

One area that presents significant challenges is improved energy efficiency, particularly the spikes caused by cooling demands at the height of summer.

That's why we've broken ranks with national process and are unilaterally applying Australia's toughest energy efficiency standards for new air-conditioners.

I'm pleased that these challenges are also being taken up by the private sector.

For example, local manufacturer Seeley International has developed a new air conditioning unit that not only reduces energy consumption by up to 35 per cent, it also helps cut down on greenhouse gas emissions.

We are also committed to grass-roots action.

Earlier this year, the State Government and Conservation SA announced the details of 28 community groups that will receive funding to help develop a response to climate change.

These projects include the retro-fitting of buildings to achieve better environmental performance, the creation of community gardens, and even a program to recycle bicycles.

Of course, Adelaide has the highest percentage of cyclists travelling to work of any Australian capital, and since 2002 the State Government has invested more than \$105 million in cycling infrastructure and increased the length of our bike lanes and paths network by 60 per cent.

While local initiatives are important, there remains great responsibility on national governments to forge global agreements that respond to the challenges of climate change.

Here in Australia, we have certainly not yet reached the point where we can say that we are meeting our responsibilities as a nation.

To its credit, the Federal Government saw through the passage of the enabling legislation for the Renewable Energy Target of 20 per cent of the nation's electricity from renewable sources by 2020.

And while this represents a 400 per cent increase in the target established under the former Howard Government, it requires further review.

In South Australia, we have set ourselves an even more ambitious target of 33 per cent of our State's electricity from renewable sources by 2020, the same as California.

The other issue that needs to be addressed is the future of an emissions trading scheme.

Australia needs to play its role in helping the UN find an effective, lasting treaty for combating climate change.

There are three approaches currently under public discussion: direct action, a carbon tax, and an emissions trading system.

Only an emissions trading system allows the country to commit to a specific emissions performance, and to be assured of achieving it.

It also gives Australia its best chance of influencing international action.

The purpose of an ETS is to contain carbon emissions to a specific level.

This is achieved through the issue of permits, with the number of permits fixed to the overall level of emissions that is set for each year.

In the meantime, the States will continue to provide the driving force for practical, meaningful action.

That's why I'm pleased to announce today that the South Australian Government will increase the benefit paid as a feed-in bonus to owners of solar panels.

Legislation will be introduced into Parliament to lift the bonus from 44 cents to 54 cents for each kilowatt hour of electricity remitted to the grid.

The legislation will also oblige retailers to pay for the power they receive from owners of solar panels.

This specific payment will be determined by the Essential Services Commission.

That means, over the life of the scheme, South Australia's feed-in program will provide solar panel owners with a significant incentive and shorten the pay-back period.

It will provide an overall benefit to consumers in South Australia that is at least as generous as that paid in other States.

And as a spur to the industry, this boost to solar take-up will be in place until the total installed solar capacity reaches 60 megawatts.

This is expected to be reached around the end of next year.

To further maximise our advantages, we are looking to the power of innovation by accelerating the development of our bio-mass and bio-diesel industries.

For example, a grant of \$300,000 will be provided to Adelaide-based Syngas for their investigation into the use of crop stubble for either energy production on the Yorke Peninsula or for the export of pellets to fuel energy production overseas.

This is an attractive project because it offers a clean energy source and a potential new stream of revenue for Yorke Peninsula farmers without them having to sacrifice food production for fuel.

In partnership with the Federal Government, we have also funded a \$5 million National Photo-bioreactor facility.

This project, based at Torrens Island, is examining the production of bio-fuels from the clean and renewable resource of native micro-algae.

It has already attracted significant interest from global aviation industry giants including Boeing, Qantas and Lockheed Martin.

Once again, the benefit of this innovation is that it does not require the use of arable land.

We will also be looking to make it easier for wind and solar farm developers to access Crown Land subject to pastoral lease.

In the area of energy efficiency, we are looking at an overall strategy for peak demand management which focuses on innovation as well as regulation.

For example, we are supporting the development of a prototype solar thermal air-conditioning unit for the residential sector.

Another possible initiative we are examining is a more enlightened policy for roofing materials, or “cool roofs” as they are better known.

It’s been estimated that the use of lighter-coloured roofing material could reduce peak energy demand by as much as five per cent.

It may also be possible to achieve the same result by using highly-reflective, dark coloured paints.

There may also be an argument for setting a performance standard for roofs just as we have initiated industry standards for other building components, such as plumbed rainwater tanks.

The use of green walls is another innovation that has the potential to provide a distinctively South Australian response to improving the energy efficiency of existing building stock.

The Government is funding one green wall project, at the former telephone exchange in Franklin Street, in conjunction with the Aspen Group, and through our Building Innovation Fund.

It is early days yet, but if we can get the vegetation and its maintenance right, we may create a technique that reduces energy demand in large buildings at much lower cost than other alternative methods.

The Building Innovation Fund, provides funding for a number of highly-innovative projects to reduce energy use and cut greenhouse gas emissions from commercial office buildings.

They include what is believed to be South Australia's first solar facade, consisting of solar panels and "solar" glass, as well as Australia's first installation of air engines for energy generation in an office building.

But again, we want to go even further.

I believe South Australia has the potential to become one of the world's foremost test beds for responding to the challenges posed by climate change.

We have pioneered initiatives such as the Million Trees program, which has already achieved outstanding results with more than two million seedlings planted to date.

Its aim is to establish three million local native plants that will reconstruct around 2,000 hectares of native vegetation throughout our city's open spaces and will offset around 600,000 tonnes of CO2 equivalents over the life of the plantings.

So far, more than 30,000 people and over 160 schools have been actively involved in growing and planting seedlings through the program.

And at last year's Climate Group leaders' summit that I chaired in Copenhagen, we reached agreement for member states and regions around the world to plant one billion trees by 2015.

The State Government has also paid \$32.5 million for the 60-hectare former Mitsubishi manufacturing site at Tonsley Park that will become a dedicated hub for green-tech, clean-tech industries that will drive innovation and create local jobs.

Ladies and gentlemen.

There's no doubt that South Australia has the intellectual capabilities, as well as the climatic conditions to develop alternative energy sources and energy-saving initiatives.

Above all, we have the will to trial not just new technologies, but also innovative policies.

We are establishing a growing reputation worldwide as a hub for sustainable industries and technology.

This, in turn, is delivering significant economic advantages with the potential for many more.

By reconciling the forces of the environment and our economy, we can utilise the challenges of the 21st Century to provide opportunities for generations of South Australians.

Thank you

(ends)