

Keynote Address by the Hon Mike Rann AC CNZM to the Second World Sustainable Development Forum, Durango, Mexico 5 - 7 March 2020

First of all I want to pay my respects to the memory of our founder Dr Pachauri whose friendship I valued enormously and whose contribution to the sustainability of life on earth will one day be truly acknowledged. Whenever he was criticised or even personally vilified for his climate advocacy, or struck low by serious illness, he just kept going, kept fighting; a profile in courage.

I am proud to be a Patron of WSDF and I congratulate Ash Pachauri and his team for putting this conference together under the most difficult circumstances.

Why am I here? When I was first elected in 2002 as Premier of South Australia, the driest state on the driest continent, we had close to zero renewable energy. We relied on gas and the dirtiest coal for our electricity generation. That didn't make sense to me because while we didn't have any hydro power South Australia had abundant sunshine and a potentially strong wind resource.

So I want today to give you some examples about what governments and businesses have done and can do to lead, rather than follow, on climate action.

Rather than throwing hundreds of millions of taxpayers' dollars into renewables my government changed our planning regulations to make it much easier than elsewhere in Australia to invest in wind farms and introduced a solar feed-in tariff that kick-started a huge increase in the take up of solar panels on the roofs of homes. Importantly we set measurable targets in legislation and even more importantly we smashed those targets.

Billions of dollars of private sector money was invested in the rollout of renewables in South Australia, massively reducing emissions and boosting our economy at the same time. We also used the clout of government procurement, office building leasing contracts, power purchase agreements and planning regulations to drive the pace of change.

Let me give you just one example. I insisted that our new \$1.8 billion desalination plant, capable of supplying 50% of our capital city Adelaide's domestic water

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requirements, use only electricity from renewable energy sources. That action alone underpinned the building of a wind farm. So while the construction of the desalination plant, a big user of electricity, was a response to the prolonged and crippling “Millennium Drought”, and its frightening glimpse of the future, we also used it as the impetus for further investment in our transition to renewable energy.

Our agenda wasn’t just about renewables. South Australia has also led Australia in recycling through our Zero Waste strategy. We banned non reusable plastic bags, mandated rain water tanks for new homes and planted three million trees in Adelaide to cool our city. We doubled the amount for our Container Deposit Scheme which now pays 10 cents for every bottle or container returned for recycling. This scheme not only reduced litter on our streets and roadways but created a resource recovery industry that now employs more than 5000 people.

In the absence of national leadership we also challenged other Australian states to match us, or at least follow our lead. This is happening with recycling and renewables. Recently five of Australia’s six states representing 87% of the country’s population and 80% of GDP, reported their climate action, goals and progress as part of the latest Global States and Regions Annual Disclosure report from The Climate Group and CDP. I’m told that four out of five of these States have formally committed to net zero emission targets by 2050 or earlier, with Queensland, Victoria and the Australian Capital Territory also setting intermediate targets to keep them on track.

I urge delegates here to be sceptical of any Prime Minister, Governor or business leader who announces ambitious targets now for 2050 without including the interim targets, together with the strategy to achieve those targets. Without the pathways towards those targets being established, to which today’s leaders can be held accountable, their pronouncements are likely to be greenwash. Those making them are hoping for applause now while others are left to do the heavy lifting after they have gone.

Why are stepped government targets so important? They set a policy direction and a signal to the market. They provide a degree of policy certainty which we know is critical for business investment. So on that score where is South Australia right now? Today 52% of South Australia’s electricity comes from renewables and almost one in three households embrace solar power. There has been a 33% reduction in emissions. My Labor Party successors continued our commitment to renewable energy, invested in the world’s biggest battery to assist grid stability and embraced the concept of the hydrogen economy. The current conservative government in South Australia has also committed to a 50% emission reduction target by 2030 from 2005 levels, double the target of the Federal government and will later this year unveil their electric vehicle action plan.

So, after years of political bickering, and bitter attacks by some sections of the media, there is now a bipartisan commitment to renewables and reducing emissions in my home state.

In fact, the South Australian story keeps getting better. The Australian Energy Market regulator predicts that 90% of South Australia's power consumption will come from renewables by 2025, with 100% of the power actually generated in South Australia coming from renewables, with the small, remaining fossil fuel component coming in from elsewhere through the national grid.

Unfortunately, this commitment is not the case nationally in Australia. I think the world was shocked by the recent images of bushfires ravaging Australia, with brave and exhausted firefighters risking everything to save the lives and homes of neighbours. It is hard to comprehend the extent of this devastation but more than 20 million acres, well exceeding the total area of Scotland, has been scorched this summer, far more than the amount of land burned in last year's terrible Amazon fires while the catastrophic 2018 wildfires in California burned less than 2 million acres. Australians died and so did one billion animals, some now in danger of extinction, because of damage to their unique habitats.

There has, rightly, been a strong international focus on the potentially existential impact of global warming on small island states. With its hot climate and record breaking temperatures now being endured even in our major cities, the world's biggest island continent, Australia, is also a "canary in the mine" of climate change. I am very proud to be Australian but I was deeply ashamed of the role of the Australian government at last December's COP in Madrid. While the US walked away from the Paris Climate Agreement, I'm afraid that at times it looks like this Australian government stayed in to subvert progress, acting like a glove puppet for the coal industry. Unfortunately, our Prime Minister, Scott Morrison, who went on holiday to Hawaii during the bushfire crisis, is perhaps most famous for taunting climate critics by waving a piece of coal in Parliament. That was his version of mature leadership.

Australia is one of the richest, most advanced economies in the world but has since 2013 vandalised attempts at home and abroad to make progress on climate action.

In the latest Climate Change Performance Index, Australia ranks near the bottom. Russia and Kazakhstan were rated as doing better but Australia can hardly be proud of coming in ahead of Saudi Arabia and the United States! With emissions rising each year it makes no sense that Australia, so rich in sun and wind, still relies on coal burning for around 60% of its electricity generation while Britain, the birthplace of the industrial revolution, has reduced its once huge dependence on coal to 3%.

So far 73 countries, including major industrialised economies such as Britain, Germany, France and Canada, have come out in support of a net zero emissions target by 2050. Yet, despite the support for such a target by all Australian States and Territories; by the Business Council of Australia; by Qantas, our national airline; by our largest bank; our largest mining company and our largest telecommunications company, the Australian government is refusing to make any such commitment.

If anyone wants proof of the difference leadership can make, please take a look at Australia's neighbour, New Zealand. Under the leadership of its Prime Minister Jacinda Ardern, the NZ Parliament recently passed its historic Zero Carbon Act which legislates the country's emission targets under the 2015 Paris Agreement and enshrines its new 2050 emission reduction target into law and requires that future governments have plans to meet that target. It also creates an independent Climate Change Commission which will advise the government on how to achieve its targets and will ensure that future governments plan and budget for adaptation and mitigation. This legislation was passed with the support of the main Opposition party. In her speech to Parliament Prime Minister Ardern said she was determined that New Zealand would be on the "right side of history" and "not be a slow follower".

The Ardern government has also committed to plant 1 billion trees over ten years. This is important because sustainable forestry, rather than ripping up rain forests like the Amazon, is the way forward. We now have the technology to transform wood, the most versatile natural material we have, into next generation engineered timber products that will provide for long term storage of carbon, be much stronger and be the best, least environmentally damaging alternative to traditional construction materials which are carbon intensive. I'm pleased to have joined the board of New Zealand Future Forest Products which, instead of destroying native forests, will focus on making sustainable, value added timber production one of the core pillars of New Zealand's low carbon economy.

Yet, despite setbacks in Australia and with the national governments of the United States and Brazil, I am optimistic. I am no longer in politics. I now work in London and I am a member of the UK, US and Global boards of The Climate Group, a not for profit advocate for climate action with the strong involvement of subnational governments and business.

I signed up my state as a member of The Climate Group about 12 years ago. Through its states and regions alliance, which I co-chaired, the leaders of sub national governments met once a year to learn from each other, swap ideas and together work on targets and strategies. Back then I enjoyed working with leaders like Quebec Premier Jean Charest, Manitoba's Gary Doer and Californian Governor Arnold

Schwarzenegger, along with the First Ministers of Scotland and Wales, German and Indian states, Kwa Zulu Natal, Spanish and French regions.

I'm pleased that Terry Tamminen is here with us. He was Secretary of the California Environmental Protection Agency and later Cabinet Secretary in the Schwarzenegger administration. He was a prime mover in so many initiatives such as the Global Warming Solutions Act that were world leading and inspirational to other states and regions around the world, including mine. Terry is now leading the Leonardo DiCaprio Foundation and I salute him. I'm also pleased that California has continued its leadership, under Governors Jerry Brown and Gavin Newsom.

Today, The Climate Group has grown in numbers and influence operating in 43 countries across six continents. 220 sub national governments are now involved through our Under 2 Coalition.

I am really pleased to inform this conference that 19 Mexican states are now members of our Under 2 Coalition. The state of Jalisco, a former Chair of the Under 2 Coalition, launched the Mexican Governors Alliance for Climate Change last year. This alliance seeks to establish state level policies in line with Mexico's commitments under the Paris Agreement and to strengthen the national agenda on climate change.

I am aware that the state of Queretaro is showing real leadership and is one of our most enthusiastic partners. Our Under 2's Future Fund program has funded three projects in Mexican States; exploring state carbon tax policies in Tabasco and Sonora; and helping Colima to improve the State's GHG inventory.

This coalition includes the membership of 40 regional governments across Latin America, and I know we are working with 10 regions through our Climate Footprint and Climate Pathways initiatives to build their capacity to plan for long term decarbonisation of their economies and to better monitor and report on their emissions.

What remains clear is that so many countries around the world cannot afford to wait for national governments to seriously put climate change on the agenda. The need for investment in climate change solutions and mitigation is universal and thankfully there is a great deal of effective action that subnational governments and cities can take, while at the same time as acting as a goad to action nationally and internationally.

The other area for optimism is business. There is now a gold rush of investment in renewable energy and reducing carbon emissions. It's bankable. There's money in doing the right thing. Perhaps the insurance industry was the first to understand the economic risk of global warming but banks, high technology companies,

manufacturers and mining companies are now increasingly coming on board. Big investors such as the giant pension funds are increasingly turning away from fossil fuels to invest in renewables, in sustainable products and processes.

Again I turn to The Climate Group for examples. Through our RE 100 initiative we have 226 member corporations with a collective electricity demand bigger than South Africa's and almost as big as Australia's. Through RE 100 each company commits to be 100% renewable. I'm pleased that three out of four of our business members are targeting 100% by 2030 at the latest, with more than 30 corporations already reaching that target. In The Climate Group we are delighted that one of our members is Mexico's Grupo Bimbo, the world's largest bakery.

I also want today to take the opportunity to commend Britain's Prince Charles on his Sustainable Markets Initiative. Sustainable markets are inclusive, equitable, green and profitable and offer an alternative to our current market system. They generate long term value through the balance of natural, social, human and financial capital. In an extraordinary speech to the World Economic Forum in Davos in January, the Prince of Wales challenged leaders from around the world by saying; "Do we want to go down in history as the people who did nothing to bring the world back from the brink in time to restore the balance when we could have done? I don't want to. And just think for a moment-what good is all the extra wealth in the world, gained from "business as usual", if you can do nothing with it except watch it burn in catastrophic conditions." He called on delegates at Davos for their help, their ingenuity, their practical skills to ensure that the private sector "leads the world out of the approaching catastrophe into which we have engineered ourselves".

Prince Charles explained that despite great efforts over the past 35 years he and others could never convince financial and capital markets of the overwhelming need to invest in ways that truly benefit people and planet. Yet, he said he was encouraged that in the last two or three years there had been a dramatic increase in sustainable investing. Investment managers are increasingly telling him that demand for these investments far outstrips supply and at the same time returns on sustainable investments are increasingly out performing traditional portfolios. He also pointed out that many central banks and financial institutions have committed to integrating climate risk into stress-testing, supervision and disclosure.

I believe WSDF and the governments represented here at this conference should join growing calls from consumers, investors, regulators, shareholders, board directors alike to make disclosure mandatory. It would be a terrific outcome from this Second World Sustainable Development Forum if we actively supported the Sustainable Markets Initiative and its campaign to form an unprecedented global alliance of investors able to mobilise the trillions of dollars needed to put the world economy on

a sustainable path. If that happens, as the Prince told Davos, “this would be the most dramatic act of responsible leadership ever seen by the global private sector and would at once provide a catalytic incentive for the public sector to follow.

Delegates, we can all in our different ways make a difference. Whether we are in government or business or in any other activity we can choose to be leaders or followers, champions of climate action like Jacinda Ardern or cowards like the current Australian government. In every way the challenge before us boils down to two words: ‘responsibility’ and ‘leadership’. The question we must ask ourselves is do we take on the responsibility for the future that is clearly ours now and do we have the courage to lead?

Thank you.