"I want Queensland to be right at the front of the pack in the national efforts to overcome the climate change. But I recognise that government does not have all the answers and so summits like this are very much a part of our efforts to shape our policies in ways that are practical and to carve a way forward.

Business has such a huge role to play in the challenge ahead and, frankly, we cannot do it without the partnership of business. These are difficult and complex issues. I agree with Ross Garnaut when he calls this a diabolical public policy question, but that means that it really needs some frank and open exchange.

Queensland is the Australian state that is most vulnerable to climate change, which also means that we have the most to gain from international action. Yet we are a state that has much to lose. For a state that has so much to lose, we are also one of the big climate sinners. Queensland is one of the world’s highest per capita polluters. We contribute 30 per cent to the national emissions total while we represent 25 per cent of the population. If we want to protect the things that we love about this state—our environment, our lifestyle, our natural assets—then there are a number of things we simply have to do differently.

Many suggest that addressing the impacts of climate change will have an increasingly adverse impact on our businesses and on our way of life. I have to say that I approach this with a much stronger sense of optimism. Climate change is, without doubt, the biggest issue impacting us as a global community, but there has to be room for optimism. We need to have confidence in the resourcefulness of our people and we need to shift the focus from what we cannot do to what we can do and there is so much that can be done."

- Hon Anna Bligh MP, Premier of Queensland and Minister for the Arts

REPORT BACK

WE BELIEVE YOU CAN PLAY AN IMPORTANT ROLE IN POSITIONING QUEENSLAND AS A GLOBAL CLIMATE LEADER.

"There is no doubt that things will be different in Queensland because of climate change. Not only will the physical impacts of climate change affect our businesses and our communities, but also global, national and state policies will force us to think differently about the way we do things.

Queenslanders, with their stewardship of the Great Barrier Reef and susceptibility to cyclones, have been aware of this for some time. Many have also recognised that taking steps to address climate change sooner, rather than later, will be in Queensland’s best interests.

The Climate Group is firmly of the belief that the most effective way to address climate change is for business and government to work together. That is why we were so pleased to work with the Queensland Government to convene the Queensland Climate Summit. With active participation by Premier Bligh and almost a third of her Cabinet as well as leading businesses, the Summit provided a real opportunity for the two groups to sit down together and start to flesh out some of the key issues that will ensure not only that Queensland adapts to the low carbon economy that is coming but also takes advantage of the opportunities that it will present.

In this report we highlight what came out of the Summit and I believe it presents some great opportunities for Queensland.

The Climate Group looks forward to working with the Queensland Government and business so that the ideas from this Summit are acted upon."

- Rupert Posner, Australian Director, The Climate Group
STATE GOVERNMENT LEADERSHIP IN AN INTERNATIONAL CONTEXT

What constitutes global and regional leadership by government and business? / What can we expect from Copenhagen and how will Queensland be positioned to respond?

Chair
Hon John Thwaites,
Australian Chair of The Climate Group and former Minister for Climate Change and Deputy Premier of Victoria

Panelists
Hon Anna Bligh MP,
Premier of Queensland and Minister for the Arts
Hon Kate Jones MP,
Premier of Queensland and Minister for the Arts
Steve Howard,
CEO, The Climate Group
Prof Tim Flannery,
Co-founder and Chair, Copenhagen Climate Council and Australian Deputy Chair of The Climate Group

While we may have to wait a little longer for a ratifiable international treaty to address climate change we are much closer to a political agreement that sets two degrees as an upper limit of warming; national targets for developed countries and national commitments for developing countries with significant economies. But even when the international deal is done, many of the outcomes will need to be delivered at a state level. What is clear is that Queensland is not just aware of the impacts that climate change will have on the state but also that there are significant opportunities for Queensland and Queensland businesses in carbon mitigation. Strong leadership and partnership between government and business will ensure tackling climate change delivers a win-win outcome rather than be a burden. One example is the amount of carbon that can be sequestered in soil and in trees in Queensland. Biosequestration presents great opportunities for Queensland farmers. However the international rules will need to shift from only allowing forestry as an offset for Queensland to reap all the potential benefits. The US legislation being debated now allows offsets from a series of agricultural innovations including rangeland management, reduction in methane emissions through changing feed and animal grazing patterns, reducing nitrous oxide emissions by using nitrification inhibitors in soils, and biochar. Coal also presents itself as a challenge for Queensland and successful research and development into carbon capture and storage (CCS) is a priority for the government and the coal industry. While the success of CCS is still uncertain, it is important to investigate it fully over the next five to 10 years especially as there is so much coal power generation in China and the region. States have an important role in leading action on climate change. States can be laboratories for action and come up with good ideas that meet local needs. Queensland has significant opportunities to pioneer new businesses in clean energy, particularly solar, and biosequestration.

Hon John Thwaites, Australian Chair of The Climate Group and former Minister for Climate Change and Deputy Premier of Victoria

As to the role of state governments, the UNDP estimates that between 50 per cent and 80 per cent of the actions needed to cut emissions need to happen at a state level. Why is that? It is pretty straightforward when you look constitutionally at what the states of Australia have responsibility for. It is the states that, by and large, regulate the generation, supply and distribution of electricity. It is the states that regulate the built environment and, therefore, have a role to play in energy efficiency, in waste management and in water use. It is also the states that manage transport, the rollout of transport corridors, the development of public transport and issues such as congestion. It is also the states that govern land use and planning, including approvals for new industries, for new mines and for new industrial activity and it is the states that regulate environmental standards. State governments, like all governments to regulate the built environment, and, by and large, regulate the generation, supply and distribution of electricity. It is the states that have big vehicle fleets. This means that we have an obligation to aggressively pursue and to aggressively prove it or otherwise. That is what we are in the business of doing.

Prof Tim Flannery,
Co-founder and Chair, Copenhagen Climate Council and Australian Deputy Chair of The Climate Group

“We need to start thinking about our businesses now as a means of improving our overall welfare and lives; it is not just about making a profit and looking after our employees. That is the great challenge.”

Steve Howard,
CEO, The Climate Group

“I do not think we would have seen the level of action today of national governments and internationally if we had not seen states acting as a precursor for that.”

Hon Anna Bligh MP,
Premier of Queensland and Minister for the Arts

“If we can actually achieve the potential of geosequestration I think we have an obligation to aggressively pursue and to aggressively prove it or otherwise. That is what we are in the business of doing.”

Hon Kate Jones MP,
Premier of Queensland and Minister for the Arts
It is important to focus on the opportunities for business growth and economic growth which might arise from a move to a low carbon economy and increasingly, there is a wide range of sectors in the economy demonstrating that business can lead and innovate to create opportunities for economic growth.

So much of the debate about a low carbon economy has been centred on the risks and costs to business. These are critical and there are obviously major transitional issues to be managed. However, in key sectors there are real opportunities for growth. The real challenge is to get the policy and regulatory settings right to drive that innovation.

Business leadership is fundamental to economic transformation. Business can be and should be an agent for change. Through their wide ranging contact with customers and the products and services they sell, business can directly educate and engage the wider community with practical steps to reduce carbon, such as energy efficiency and effective offsetting. Entities like the Australian Carbon Trust will also play an important role in fast tracking innovation and energy efficiency, particularly in the small to medium enterprise sector.

All sectors of the economy must be ready, for example the Queensland Government’s Carbon Outlook Project which assessed the potential value at risk from the CPRS on small and medium enterprises. The report showed that while the impacts are significant, particularly in the supply chain, given the right tools this sector can be ready and can be part of the creation of new opportunities and business growth.

We need principle based regulatory arrangements where the fundamental intent – abatement and reduction of greenhouse gas emissions – is the driving force.

For me the real take home message of the Summit is the role State government can play in a leadership and integration. The comprehensiveness of the Queensland Government’s policy and program responsiveness is impressive.

Jennifer Westacott, Partner, Government, KPMG
Making investment in the low carbon economy attractive

ACTION

➔ The Queensland Government will commence a formal dialogue with the Commonwealth and other state and territories on how to respond to key issues raised during the Making Investment in the Low Carbon Economy Attractive panel discussion.

ACTION

➔ The Queensland Government will further examine low-carbon funding models which may be applicable in Queensland such as the UK Carbon Trust, Australian Carbon Trust, and other ways to ensure that regulatory compliance under the CPRS and RET results in localised benefits and investments.

Chair
Andrew Petersen,
Legal Leader, Sustainability & Climate Change,
PricewaterhouseCoopers (PwC).

Panelists
Hon Andrew Fraser MP,
Treasurer & Minister for Employment and Economic Development
Oliver Yates,
Executive Director, Utilities & Climate Change,
Macquarie Capital Advisers
Doug McTaggart,
CEO, QIC
Sean Lucy,
Director, Head of Environmental Finance Solutions,
NAB Capital
Steve Howard,
CEO, The Climate Group

The immediate investment challenge for low carbon solutions is exacerbated by the global financial crisis, but money is beginning to flow through. For investment to be made by superannuation funds (as has been the case in some states of the US) and/or private investors in Australia there needs to be a long-term view and the ability to reduce risk as far as possible because these funds have a fiduciary responsibility to individuals.

With more pressure to embrace a low carbon future, the government may have to step in and play a more active role to accelerate the process, for example by under-writing some of the risk perceived in new technology deployment. There is a pressing need for engagement between the highest levels of government and leading financial institutions to identify ways to mobilize investment into this market. New financial models are not required – what is needed is clear price signals for Renewable Energy Certificates, carbon and energy supply.

The message from finance sector leaders is clear: the private sector will continue to invest in new technologies where it makes good commercial sense to do so. In order to create the environment to encourage private sector investment in clean energy technologies, public sector under-writing of perceived risk may be necessary. The sector is united in their view of the need for action.

Businesses and investment fund managers are prepared to act, however the uncertainty in regulation is giving them cause to pause before allocating limited funds. There is a clear and immediate need for a well defined, policy framework endorsed by all sides of politics. Andrew Petersen, Legal Leader, Sustainability & Climate Change, PricewaterhouseCoopers (PwC).

Doug McTaggart,
CEO, QIC

“It comes down to improving the risk-reward trade-off and that, to me, means that society and government are going to have to find a way to take some of the risk out of these projects in order to get the demonstration effect up and running so that they do work.”

Hon Andrew Fraser MP,
Treasurer & Minister for Employment and Economic Development

“For a very long time all of us as individuals, as governments, as industry and as economies have had a bludge—a bludge on the balance sheet of the globe, a bludge on the globe’s environmental balance sheet. None of us have ever properly priced in the true cost of what we are doing. Because of that, we have had a broad social cost... the time for bludging on the globe’s environmental balance sheet is well and truly coming to a close.”

Sean Lucy,
Director, Head of Environmental Finance Solutions, NAB Capital

“The opportunity around climate change is massively undersold. The work that we have done would put it in Australia as an investment opportunity annually for the next 40 years of $8billion. Making sure that we focus on developing policy frameworks and decision-making frameworks that are focused on articulating that opportunity and really going after it can be a powerful enabler.”

Oliver Yates,
Executive Director, Utilities & Climate Change,
Macquarie Capital Advisers

“The big issue is how you ‘de-risk’ investment in this space.”
PLANNING FOR LOW CARBON CITIES OF THE FUTURE

How do we make the momentous shift from low density development to major urban retrofit? What bold future do we have for low-emissions and public transport in our cities? How do we maximise green jobs growth to generate future prosperity?

Our cities are wasteful systems, having evolved over time by adopting carbon intensive infrastructure fixes; carbon emissions in Australian cities are increasing unabated. The main challenge therefore is to identify city-wide retrofit strategies for transitioning our cities to places of low carbon economic opportunity. Technology plays a major part in delivering low carbon outcomes in cities. The new architecture of low carbon cities will be delivered through IT acting as a utility to provide real time information to monitor behaviour and consumption and change it accordingly. Low emission technology such as electric vehicles which could over time assist in emissions reduction of our vehicle fleet will also rely on IT to enable the existing energy distribution network to be more efficient.

Our consumption rate in cities is causing problems for our energy supply and distribution network, particularly peak demand in Queensland. Whilst not ignoring energy conservation we could divert future spending of billions of dollars on additional transmission infrastructure, to local distribution entities at a smaller precinct level. At a building and precinct level we already have the technology to deliver climatically appropriate carbon zero to carbon positive outcomes. Delivery of local energy distribution within city-wide retrofit requires industry and Government leadership translated into policy and regulation. Standards and rating schemes will play their part as will incentive schemes such as Queensland’s Green Door Policy.

Success in delivering low carbon cities will occur when our great ideas and technological advances diffuse into full system changes in an integrated way; we have good benchmarks in all our climatic regions; regulation keeps space and assists with industry change; when urban renewal and retrofit has a climate positive impact and is livable and the community embraces a new way of thinking. A key indicator being that we start to turn the emission trajectories around.

Cathy Crawley, Principal, National Leader Sustainability, ARUP

We need to start to operate as a community — so we embrace the concept of having slightly smaller land sizes but maybe we have community gardens, we have irrigation systems that can feed the community, we have grey water systems that are treated, we even have power generated within the community so it is not a burden completely on the grid.

Brian Moore, National Sustainability Leader, Grocon

Chair
Cathy Crawley, Principal, National Leader Sustainability, ARUP

Panellists
Hon Stirling Hinchliffe MP, Minister for Infrastructure and Planning
Michael Gill, Director Internet Business Solutions Group, Cisco Systems
Ben Keneally, Head of External Affairs, Better Place Australia
Jeremy Mansfield, Director Sustainability Queensland, Lend Lease
Brian Moore, National Sustainability Leader, Grocon

The solution to that, we believe, is very strongly aligned with ICT—information, communication and technology... What we are really talking about is a new narrative about what cities are, how they behave and where they are going to go.

We need to consider the internet, and broadband in particular, as the fourth utility.

Ben Keneally, Head of External Affairs, Better Place Australia

ACTION

The Queensland Government will continue trialing energy efficient street lighting and consider ways to link to and leverage results from similar trials internationally.

The Queensland Government will investigate policy challenges and opportunities associated with the widespread uptake of emerging low carbon transport technologies, particularly electric vehicles. In doing so, the government will actively work with other jurisdictions and industry groups nationally and internationally to identify and share examples of effective electric vehicle policies.

Jeremy Mansfield, Director Sustainability Queensland, Lend Lease

"Initially, we need to identify that our focus must be on existing buildings."

Brian Moore, National Sustainability Leader, Grocon

"We need to start to operate as a community — so we embrace the concept of having slightly smaller land sizes but maybe we have community gardens, we have irrigation systems that can feed the community, we have grey water systems that are treated, we even have power generated within the community so it is not a burden completely on the grid."
Rural Queensland faces the dual challenges of adaptation and mitigation as we consider the role of agriculture and land management in how we tackle climate change. Central to this dilemma is the issue of food production and how it will be impacted by a changing climate, but also how it might be impacted by our mitigation actions.

There is no doubt that biosequestration via soils, biochar and native vegetation can make enormous contributions to reducing CO2 levels in the atmosphere. Inevitably these activities lead on to the concept of “integrated land management” and the role which carbon finance could play in improving how we manage our soil, our properties, our catchment areas and our regions—a paradigm shift from production “maximization” to production “optimisation”.

The role of State Governments in the implementation of the CPRS, particularly around land-based activities, must be a focus over the coming months. It is clear that certain issues to do with land use, water use and biodiversity are best left with the States to control, and it is critical that the CPRS Regulations provide for that mechanism.

Since the Summit, the Australian Government has confirmed that agriculture will not be a covered sector under the CPRS, and that land managers will be able to generate CPRS credits for a wide variety of biosequestration activities. This is in line with the recommendations which were made by the Panel, and it creates an urgent need for the Queensland Government to step forward and be proactive in ensuring that the process to develop the detailed rules and regulations for CPRS biosequestration credits are inclusive, informed, and well resourced.

Perhaps the creation of a well-funded Global Biosequestration Institute, similar to the Global CCS Institute, is the best way forward.

The potential in Queensland is around 140 megatonnes a year. If we capture just 20 per cent of that potential, you are looking at a $600 million investment each year in repairing degraded landscapes… That is a phenomenal economic opportunity, and that can go on for the next 40 years.

Through leadership of state government, I think we can see a radical transformation of rural Australia in the next 20 years.”

**Peter Kenny,**
QLD cattle farmer and former Director of the Cattle Council of Australia

“There has to be a whole paradigm shift. In the past in my industry, and I know in all industries of agriculture, we looked at the end product. From now on we have to look lower than that. We have to look at the soil and get our people to understand that it is the soil condition that is No. 1, No. 2 and No. 3. We have to look at how Queensland can invest in those through a process of engaging the stakeholders and at how Queensland can invest in those through a process of engaging the stakeholders and at...”

**Rick Humphries,**
Director of Carbon, Greening Australia

“With the Premier’s, Ministers’ and Cabinet’s engagement in Queensland around this issue, it is an opportunity for Queensland to stake out a leadership role and to discuss what the right process is that can involve communities—look at the potential perverse outcomes, look at the fabulous opportunities and look at how Queensland can invest in those through a process of engaging the stakeholders and investing in key elements such as taxation, stamp duty, land access and bundling ecosystem services.”
“We need international agreement and we need national leadership and national certainty, particularly for business, but there is also a huge role for us at a regional level to deliver the changes that need to happen on the ground.”

We are well and truly putting our hand in the too-hard basket and saying, ‘We need to tackle these issues’. The only way we are going to do that is through partnerships and collaboration.

How do we mobilise public capital and private capital at the scale and pace that we need? How can we work with consumers and engage consumers so they do have that hunger for change and the means to change as well? How can we engage SMEs not just through government programs but through the supply chains of the businesses in this room, reaching out through their supply chains and volume chains to engage SMEs? Let us think of the smart city concept—the scalable concept of the cities that bring together buildings that are designed for Brisbane in Brisbane, not for Melbourne in Brisbane, with integrated transport systems and with integrated energy.

A transformation of rural Australia that benefits farmers, that benefits food production and that benefits climate change as an opportunity is quite inspiring.

I thank the Premier and all the ministers who have been here today and the Queensland government for having the courage and sense of purpose to actually dip their hands into the too-hard basket and embrace this challenge and seek to unlock opportunities.”

Hon Kate Jones
MP, Minister for Climate Change and Sustainability