

Grattan on Friday: Malcolm Turnbull is gone but son Alex keeps the climate faith

Written by Michelle Grattan, Professorial Fellow, University of Canberra

In a Thursday video for the Wentworth byelection, Malcolm Turnbull's son Alex has denounced "extremists on the hard right" who, he says, have taken over the Liberal Party.

The younger Turnbull called on voters in his dad's old seat to register a protest about the party's direction, and deliver a message on climate change. "If you want to pull the Liberal party back from the brink, there is one clear signal you can send," he said, urging people not to vote Liberal.

Apart from the leadership coup Turnbull, a Singapore-based investment manager, highlighted energy policy to make his point about the hard right's "crazy agenda".

"As an investor in energy, I've seen that in particular there's no way coal can compete anymore. Renewables have gotten too cheap, firming costs are reasonable, and really there's no trade off any more between lowering your power bills and reducing emissions. And yet still some would like to prosecute a culture war over this issue".

Kerry Schott, head of the Energy Security Board, is coming from a rather different place but at the Australian Financial Review's energy summit this week she delivered an equally blunt [message](#) about the politics of energy, describing "the general state of affairs right now as anarchy".

Schott spearheaded the development of the National Energy Guarantee, a plan that had widespread backing, only to be slain by the Liberal party's right in the exercise that felled Turnbull. Schott likened her feelings to "going through the stages of grief", saying "I haven't left anger yet".

Anyone with an eye for decent policy, for getting some order into an area that's long been the plaything of chaotic hyper-partisanship, would be there with Schott. As for investors in the sector, they're in despair.

Scott Morrison stepped into the prime ministership amid the smouldering ruins of the NEG - which he quickly declared dead - and the Liberal right wingers' scepticism about emissions reduction targets and hostility to the Paris climate agreement.

His approach has been to load all the emphasis onto price, with Angus Taylor "the minister for getting electricity prices down". As for emissions, the 26%-28% on 2005 levels by 2030 reduction target has stayed, but it is played down, with Morrison's line being that it will be reached "in a canter".

Morrison has, however, fended off the right's persistent calls for Australia to get out of Paris. Tackled this week by shock jock Alan Jones, the Prime Minister gave his usual two reasons for declining to exit.

Read more: [**View from The Hill: The uncivil Mr Jones**](#)

Australia should stick with agreements it had made, he said, pointing out that the Abbott government (not a Labor one) had signed up. And climate change was an "enormously important issue" to the Pacific countries, which in turn were important to Australia strategically.

More broadly though, Morrison avoids dwelling on the significance of climate change.

To deal with energy in all its aspects – policy and politics - a government requires a linked, multi-pronged approach that manages, at the most efficient price, the inevitable transition to cleaner energy.

For business, the policy needs to set an investment framework providing predictability; for consumers it has to constrain prices; for the general citizenry, it should pay regard to their concerns about global warming.

The Morrison government isn't doing much on the first or the third requirement, and is likely, when the election comes around, to have fallen short of significant progress on the second.

After the collapse of the NEG there is no certainty for investors. According to one independent source close to the industry, business has given up on this government. Another source says business is trying to work out its own way ahead.

Business is more tuned into, and willing to talk about, the emissions challenge and climate change than the government is. For the government, going there takes it down the alley of internal ideological conflict.

When the Intergovernmental Panel on Climate Change's [report](#) came this week, the Coalition was unimpressed by its call for the international community to phase out coal by mid-century in order to contain the temperature rise. After all, the government is still under internal pressure to underpin investment in new coal-fired power, if investors can be found.

In contrast, Alex Turnbull said in his video the IPCC report "frankly was terrifying ... and it's seemingly insane to me that we could not be doing something about this and soon".

Read more: [IPCC 1.5°C report: here's what the climate science says](#)

Obviously the government is correct when it judges voters are focused on power prices. But it errs in its apparent belief that the public don't care much about emissions, and it under-estimates people's commitment to renewables.

In this year's [Lowy poll](#), 59% agreed with the proposition: "Global warming is a serious and pressing problem. We should begin taking steps now even if this involves significant costs".

The survey found 84% agreed with the statement: “The government should focus on renewables even if this means we may need to invest more in infrastructure to make the system more reliable”.

Only 14% agreed: “The government should focus on traditional energy sources such as coal and gas, even if this means the environment may suffer to some extent”.

And yet the government refers to dispatchable power as “fair dinkum” power. It doesn’t just go to the problems that have to be addressed with renewables, but often in its rhetoric gives them something of a second-class status.

The government’s near-total focus on prices translates into what it characterises as a “big stick” approach towards companies – a degree of intervention it would roundly condemn if it were being pursued by a Labor government.

The biggest stick can only do so much, and prices will still be high when people vote.

Taylor told the AFR summit, “If the industry focuses on consumers, customers and their interests, government can return to the light touch regulations that we would always prefer”.

But while measures at the consumer end have an essential place, the core of the issue is further back in the chain – getting the proper settings to encourage investment.

That is what the government can’t achieve, because of its own divisions.

As on other fronts, the Coalition has handed an advantage to Labor on energy and climate policy.

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The ALP has a controversially ambitious target for emissions reductions (45 per cent reduction on 2005 levels by 2030), but the government's ability to run a scare campaign about the implications for price and reliability is diminished by its own gaping policy hole.

Labor is looking to pick up the discarded NEG. It is currently grappling with the question of how, if it brought in a NEG, it could maximise certainly for investors in a political situation where a Coalition opposition could play "the politics of repeal" - as Tony Abbott did when the then ALP government introduced its carbon policy.

After the government's shambles, Labor has a reasonable story to tell investors. But the story those investors really wanted to hear was a bipartisan one, and that won't be delivered.

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.

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