

Grattan on Friday: Labor's energy policy is savvy – now is it scare-proof?

Written by Michelle Grattan, Professorial Fellow, University of Canberra

Hours before Bill Shorten delivered his energy policy on Thursday, Scott Morrison's office had circulated an attack.

Labor's plan was for a "carbon tax"; the proposed subsidy for "pink batteries" would leave households "\$8000 out of pocket".

It was a wild broadside that said much about how the government hopes a massive scare campaign can be an effective front line weapon in next year's election.

In 2016 Malcolm Turnbull declined to run a heavily negative campaign, especially against Shorten personally. When things went pear-shaped he was strongly criticised for his approach.

Tony Nutt, Liberal federal director at the time, speaking soon after the election, defended the approach by saying research had confirmed voters were sick of political aggression and wanted to see a positive vision and plan. But others in the party were not convinced.

Labor, for its part, did very well with its "Mediscare".

In more desperate circumstances and with a new leader, the Liberals at the next election will go all out stoking fears. Morrison is a much better negative campaigner than Turnbull ever could be: he delivers lines sharply and is not troubled by inconvenient nuance.

The government, assisted by the cooling of the housing market, has been stepping up its warnings about the effects on house prices of ALP's negative gearing plan. Labor's proposed crackdown on cash refunds from dividend imputation is also a ripe target, especially for agitating retirees (although pensioners are exempt).

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Read more: [*Pensioners would retain cash refunds on franked dividends under Labor backdown*](#)

And now that Shorten has released the energy policy this week, the Coalition is reaching back into the past for lines and spectres.

Labor's promise to subsidise home batteries (\$2000 for households with incomes under \$180,000) is dubbed "pink batts to pink batteries" to trigger memories of Kevin Rudd's ill-prepared policy that cost several lives.

Energy Minister Angus Taylor went for the ultimate try-on, when he posed outside the Tomago Aluminium Smelter in Newcastle and claimed that "if all of Bill's batteries were installed, it would keep this smelter, this business, going for less than 15 minutes". "Bill's batteries" are not, of course, aimed at powering Tomago.

The old line about the ALP putting a "wrecking ball" through the economy with its policy is getting a fresh workout.

Read more: [*Households to get \\$2000 subsidy for batteries under Shorten energy policy*](#)

In crafting its energy policy, Labor is drawing on different, more recent history – the widespread support from the business community and other stakeholders for the National Energy Guarantee that the Coalition abandoned amid its leadership meltdown.

Shorten says a Labor government would try to get bipartisan agreement for a NEG, but not rely

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on doing so.

In an interventionist approach, Labor proposes an additional \$10 billion for the Clean Energy Finance Corporation; its investments would support large scale generation and storage projects.

Labor's investment would be in renewables, pushing towards its target of 50% of Australia's energy coming from renewables by 2050. In contrast, the government is planning early next year to have a "short list" of dispatchable power projects, focusing on coal, gas and hydro, that it will look at underwriting.

An ALP government would also provide \$5 billion for "future-proofing" the energy network – the transmission and distribution systems.

Labor's energy policy is in the context of its commitment to a much more ambitious emissions reduction target than the government has – a 45% economy-wide reduction by 2030 on 2005 levels, compared with the Coalition's 26%-28%.

This week's announcement is about the energy sector only – the opposition will release soon its climate change policies to lower emissions in other sectors including transport. The government, homing in on the 45% target, is conjuring up scares about the nation's cattle herd and the like.

Labor claims its energy policy would drive power prices down; the government says it would drive them up. In fact no one can be sure what will happen in the next few years in a situation where we are undergoing a major transition to a different energy mix.

Nor is it clear which side will win the coming debilitating round of the energy-climate wars.

The ALP would be unwise to underestimate the power of the scare. On the other hand, the government's own policy looks like a shredded garment now it has torn up the NEG. Its "big stick", including the threat of divestitures, and its promised "short list" of new dispatchable power

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projects don't really cut it.

Labor would be heartened by the early responses its policy is receiving from business groups, despite their reservations.

In a crack at the government's threat, the Business Council of Australia welcomed "Labor's commitment not to support heavy-handed, intrusive changes into the energy sector such as forced divestiture".

Most notable in the reaction of these groups, however, was their hankering for the NEG.

The Ai Group said a revised NEG was "still achievable" and "would be greatly preferable" to a government directly underwriting new generation, versions of which were being proposed by both major parties. The BCA was pleased Labor was taking the NEG to the election, reiterating that it was "a credible, workable, market-based solution to the trilemma of affordability, reliability and reducing our emissions". The Australian Chamber of Commerce and Industry was likewise encouraged by the reference to the NEG.

This indicates that Labor's decision to include the NEG in its plan is not just sound on policy grounds but is politically savvy. By keeping alive the NEG option, Labor has reached out to business.

Surely many Liberals are now starting to think that far from giving themselves a break against Labor by rejecting the NEG, they may have put themselves at a serious disadvantage which could be hard to overcome even with a fierce scare campaign.

This also raises an interesting question for after the election, if Labor wins. Given the widespread support for a NEG, would a Coalition opposition persist in rejecting it? Much would depend on the factional make up of the Liberal party of the day.

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