

Queensland Nationals Barry O'Sullivan challenges Morrison over coal

Written by Michelle Grattan, Professorial Fellow, University of Canberra

Queensland Nationals senator Barry O'Sullivan has struck back at Scott Morrison in the war over a coal-fired power station, daring the Prime Minister to stand up to the state government.

O'Sullivan rejected Morrison's Monday argument that it would be impractical for the federal government to underwrite a coal-fired project in Queensland because the Palaszczuk government would veto it.

"Is that where we're at? Where the Prime Minister says, I don't think those buggers in Queensland will let us do it.

"I say to the Prime Minister, put them to the test and let them veto it. If the Labor government were to veto a federal proposal I'd be happy, because hundreds of thousands of voters would send a message," O'Sullivan told *The Conversation* on Tuesday.

His intervention fuels the damaging fallout from leadership tensions in the federal Nationals and Barnaby Joyce's Monday media blitz spruiking coal, when he declared the Nationals should not subjugate their policies and constituents to the interests of Liberals in Melbourne and Sydney.

A group of Queensland Nationals has been pressing for the government to underwrite a coal-fired power station in central Queensland. O'Sullivan – who leaves parliament at the election after losing his party endorsement - said they would not give up.

He called on the government to immediately make public the list of projects that had applied under its "Underwriting New Generation Investments" program to give support to firm generation power on a technology-neutral basis.

The program has received 66 submissions, including gas, pumped hydro and 10 projects that identified coal as a source of generation.

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Releasing the list would show how the coal proposals stacked up against others in terms of competitiveness, O'Sullivan said.

He also lashed out at moderate Liberals who this week pushed back against the Nationals' drive to get support for a Queensland power station.

In particular he singled out the member for Brisbane, Trevor Evans, who was quoted as characterising it "as a very small and lonely minority whistling Dixie".

O'Sullivan said Evans was a member of the Queensland Liberal National Party and this was LNP policy.

Evans should "join the Greens" if he was not happy with the policy. He should "go through the public bars in mining towns and tell them his views – he wouldn't have the courage to do that. He can whistle Dixie," O'Sullivan said.

Another Queensland National, George Christensen, who holds the marginal seat of Dawson, wrote on his Facebook page: "Trendy inner-city Liberals who want to oppose coal and the jobs it creates should consider joining the Greens."

Morrison on Tuesday went out of his way to affirm his closeness to embattled Nationals leader Michael McCormack.

Delivering the 2019 Sir Robert Menzies Lecture, Morrison likened the partnership between himself and McCormack – who was present – to that between Menzies and Country Party leader John McEwen.

"In the same way that Ming and Black Jack worked so well together over all of those years, I can tell you that ScoMo and Big Mac over here - we're doing exactly the same thing today. It's a strong bond and it's a partnership that is important for our nation and for the things that we hold

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dear as Liberals,” Morrison said.

Political realities and logistics – any challenge would have to come in budget week - mean McCormack is safe until the election although he is expected to be replaced afterwards. Joyce has been open this week about positioning himself for whenever an opportunity comes up to make a bid for his former job.

Read more: [**View from The Hill: Coal turns lumpy for Scott Morrison and the Nationals**](#)

The Nationals deputy leader, Bridget McKenzie, said the party backed McCormack “to the hilt” and slapped down Joyce. “I think Australia is frustrated ... that there’s a politician out there that’s not focused on their needs and issues”.

Angry NSW Nationals sent a blunt message to Joyce and other outspoken federal Nationals to “shut up” and stop damaging the campaign for the March 23 state election.

Deputy Premier and state Nationals leader John Barilaro condemned “navel-gazing” in the federal party, when in NSW “we’re fighting for survival ... in some of our seats it’s 50-50”.

Barilaro also pricked the pro-coal balloon of Joyce and Queensland Nationals.

“The truth is, the market will not support another coal-fired power station. We know that there is no real interest,” he told Sky.

He did not believe the federal government would underwrite a coal-fired power station.

Barilaro reaffirmed support for a National Energy Guarantee, dumped as policy by the federal Coalition but now ALP policy, making it clear the NSW government, if re-elected, would be willing to deal with a federal Labor government on a NEG.

“We’ll work with anybody in relation to a NEG - a framework that gives certainty for investment,” he said.

Reserve Bank warns of climate change’s ‘first-order economic effects’

In a major [address](#) titled “Climate Change and the Economy”, Reserve Bank deputy governor Guy Debelle on Tuesday stressed climate change’s impact on the macro economy and financial stability.

Debelle said it was necessary to “think about how the economy is currently adapting and how it will adapt both to the trend change in climate and the transition required to contain climate change.”

Timeframes were very pertinent. “The transition path to a less carbon-intensive world is clearly quite different depending on whether it is managed as a gradual process or is abrupt,” he said.

“Both the physical impact of climate change and the transition are likely to have first-order economic effects”.

Debelle said a question for monetary policy was “how quickly and easily the economy adjusts to climate-related shocks, particularly if the shocks are more extreme.

“Both the impact of the shocks together with the adjustment to those shocks affect the macroeconomic trajectory.”

While the transition path brought challenges, it also gave opportunities, Debelle said.

“Particular industries and particular communities that are especially exposed to the costs of changes in the climate will face lower costs if there is an early and orderly transition.

"Others will bear greater costs from the transition to a lower carbon economy.

"While others still, such as the renewables sector, may benefit from that transition”.

Debelle pointed to the challenges for financial stability from climate change and the transition involved.

“Insurers may face large, unanticipated payouts because of climate change-related property damage and business losses. In some cases businesses and households could lose access to insurance.

"Companies that generate significant pollution might face reputational damage or legal liability from their activities, and changes to regulation could cause previously valuable assets to become uneconomic.

"All of these consequences could precipitate sharp adjustments in asset prices, which would have consequences for financial stability”, he said.

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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