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## The net cost of the Coalition

[Alan Moran](#)



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Friends and foes alike are urging the Liberals and the Nationals to continue as a Coalition, but the cost of this may be unacceptable.

The Nationals had four essential conditions for retaining their Coalition membership. Three of those are relatively low threshold issues: permitting nuclear power, ensuring better telecommunication connectivity in the bush (as though this is not already available with Starlink), and some sort of development fund for the bush. In addition, there was a ridiculous suggestion about breaking up the major grocery chains – which would lead to a marked increase the price of groceries for everybody.

The Liberals were castigated for not attempting to agree to those conditions.

But the bigger issue is on what terms would a coalition be reconstituted?

Other than immigration and perhaps housing (on neither of which do Liberals and Nationals have essential disagreement) the key political issue is supposed human-induced climate change, resulting from burning coal, gas and oil to create energy.

The two wings of the debate, for politicians representing the 45 per cent of voters in the recent election preferencing the Coalition, comprise those for and against replacing coal (and gas and oil). Those favouring eradicating coal do so on the mistaken belief either that negligible or even lower costs would be involved or, absurdly, because unless Australia continues with such policies the world will confront crippling costs from adverse climate outcomes.

Net Zero emission policies mean continuing to subsidise wind and solar so that they displace coal. The alternative of adopting nuclear to replace coal (even if Australia were to implement a French or Korean regulatory regime) would mean doubling of electricity's wholesale costs. And nuclear, like coal, cannot work as a companion to firm-up intermittent wind and solar.

In fact, Australia, cannot follow Net Zero and remain a prosperous economy. The costs of the UK pursuing Net Zero have recently been estimated by economist [Kathryn Porter](#) at \$34 billion a year. Had Britain continued with its gas-based power system in the period since 2006, consumers would have been almost \$420 billion better off in 2025 money (\$6,000 per head). For Australia's resource-based economy, in which processing primary products using coal-generated electricity has

dominated manufacturing, the per capita costs would have been far greater.

But the Liberal/National rift on this issue is not as popularly characterised. It is not between, on the one hand, skittish teal-like Liberal MPs, worried about the global climate or about the funding or other support that might be lost if they oppose Net Zero. And on the other hand, hardnosed Nationals either representing their constituents' particular interests or seeing through the global warming fantasy.

Among the Nationals the Teal-like MPs include Darren Chester, Kevin Hogan, Michael McCormack, Littleproud himself, and the dozen other MPs said to have voted against Matt Canavan's leadership challenge.

Most of the Liberals may have a similar view. But, astonishingly in light of the issue's significance, there are many who are unsure or reticent in revealing their position.

Prominent Liberals opposed to subsidies to renewables include Alex Antic, Garth Hamilton, and Jacinta Price.

So, the split on policy positions is within each party and not one of Liberals vs Nationals.

The issue of climate change and the response to it is dominating politics across the developed world. Trump was elected on this and his opposition to illegal immigration. In the UK, Nigel Farage is leading in the polls with similar policies, as is the AfD in Germany.

The Coalition cannot be reassembled on the basis of papering over the cracks on this issue. If it is so reconstituted, not only will it have to face a difficult future decision but the prosecution of the case for a rational energy

policy – dominated by coal-generated electricity, perhaps with nuclear in South and Western Australia – will be severely constrained.

Unless those best characterised as Teal-like in the Liberals and Nationals can be persuaded to support a departure from Net Zero and the associated Paris Agreement, it would be better for the parties to be split with the energy rationalists in the Liberals and Nationals being joined by One Nation, Family First, and other similarly minded groups.