

No, the climate wars aren't over

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For over a dozen years, shills in the media and among the subsidy-seekers have been declaring the 'climate wars' to be dead. Yet the disputes over policy involving reducing carbon dioxide emissions, having previously dethroned prime ministers Rudd, Gillard and Turnbull, continue to be central to Australian politics. Anthony Albanese has indicated, notwithstanding Jennie George warning about the ALP losing its worker constituency by getting too cosy with the greens, that he will embrace legislation for "net zero" emissions.

Australia has incurred more costs per capita in suppressing greenhouse gases than other countries. Major programs for this have been through subsidies to renewables, running at \$8 billion a year, and prevention of land clearing, the costs of which [Barnaby Joyce](#) has estimated at \$200 billion (for which landowners received no compensation). Even so, the national penchant for self-flagellation and rancour by green extremists and commercial subsidy-seekers is bringing pressure to go further.

Recent policy proposals by some Nationals are to exclude agriculture from costly greenhouse emission suppression measures, while others are focussed on getting subsidies for sequestering carbon in soils. The model for this is New Zealand, but Jacinta Ardern has indicated that farmer relief across the Tasman is likely to be short-lived.

Some 13 per cent of Australian greenhouse emissions derive from agriculture, mainly burping animals, reduced by 3 per cent due to on-going measures that prevent productive land use. While removing agricultural emission restraints might relieve some impositions on farmers, if the economy-wide “net zero” goal is retained the costs of the exclusion would be felt by other sectors – and by agriculture itself in higher charges for energy and other farm inputs.

The Nationals, in seeking funding for sequestration of carbon in the soil, are reverting to the panhandling approach they once employed to obtain superphosphate bounties – this time with even fewer offsetting benefits.

These pressures for sectoral relief come at the same time as the existing policy has brought a surfeit of subsidised wind and

solar, requiring massive write-downs in the book values of these assets by AGL and Origin. Similar such write-downs may well be necessary for coal generators, forcing closures and further weakening the destabilised electricity supply that government subsidies to renewables have brought about.

The pressures for farm relief also come at a time when economic impairment from woke virtue signalling has not yet run its course. One such new virtue signalling proposals is a more vigorous push for subsidies to electric vehicles. Another comes from the banks – though happy to fund debilitating spending on wind farms, the ANZ is refusing, on principle, to provide finance for the Newcastle coal port.

For his part, the Prime Minister is pinning his hopes on some gee-whizz energy tech breakthrough will deflate the current debate. Today's favoured child is hydrogen from water, though such a breakthrough is no more likely now than it was in 1980 with the much-derided water fuelled car proposals of Queensland premier Joh Bjelke Petersen. But perhaps the Prime Minister thinks that this focus may avoid far more draconian pressures advocated by green activists within and outside the Coalition.

One Nation's Mark Latham and Malcolm Roberts, together with more grounded Coalition politicians, are urging us to restore Australia's comparative advantage as a cheap energy source by abandoning the regulatory favours to wind and solar that have undermined our comparative advantage. But even if this policy is adopted, navigating it through the on-going turbulence of domestic waters will be challenging, and even more so as the dimensions are shifting following the Biden inauguration. The President's costly moves to further

suppress US domestic emissions have been accompanied by more intensive international jawboning and with the EU and US exploring the use of trade sanctions to force nations to fall into line.

Australia's on-going climate and energy debate should come as little surprise given the importance of coal and gas to our exports and the fact that low-cost coal-based electricity was responsible for the emergence of our energy-intensive aluminium and steel as world competitive producers. Jettisoning the natural advantage Australia has in cheap coal has crucial cost implications for mining and agriculture and even more so for value-adding to these products.

Alan Moran's "Climate Change: Treaties and Policies in the Trump Era" was published in 2016. He has authored chapters on Australian energy in five international compendiums as well as the energy chapter in the recently released "Keeping Australia Right".