

Is the ALP ‘powering the future’?

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7 December 2021

With the collapse of the Soviet bloc came a disenchantment with socialist planning as an alternative to market capitalism. Environmentalism, seeking to reverse specious damage allegedly caused by market capitalism, became the alternative paradigm.

In the context of confected global warming alarmism, the enemies of free markets now focus on interventions to prevent greenhouse gas emissions. Central to such interventions is a forced replacement of hydrocarbons – coal, gas, and oil – by wind and solar. In addition, we have unattainable technologies like hydrogen being crowbarred into prominence by faddists and subsidy seekers.

Even though we have just emerged from the 26th world climate meeting since 1995 – each proclaiming we have just a few years to save the world from catastrophic losses – the cost of warming without any mitigation measures is quite modest. A study by [Kompas et al](#) puts the approximate global potential loss at roughly 3 per cent (only about 1 per cent for Australia) by 2100 for global temperatures 2°C warmer than today (natural ice age cycles show temperature variability of about 12°C). This is little more than the cost of one year’s economic growth and is trivial in the context of the world economy more than doubling in size by 2050.

There is a lot of talk about other costs, including calamities like species loss, more hurricanes, different rainfall patterns, and the demise of the Great Barrier Reef. But, although

adverse climatic events take place – as they always have done – there is no evidence of systemic change.

In spite of such slim pickings, the success of environmental scare campaigns has conditioned and dominated political messaging across the world. Environmentalism is the core belief among the ‘intelligentsia’ – the chattering classes comprising public servants, teachers, academics, and those supported by foundations established by the rich. Their influence, married to fallacious contentions that decarbonisation is costless (and, according to some, will improve real GDP), leads to support from political representatives which entails resurrecting socialist planning as the means of effecting decarbonisation.

Australia, like most Western world countries, finds its politics captivated by these forces. With well-funded campaigns in many Australian electorates, Green candidates can win sufficient support to unseat Labor and even Liberal MPs. The threats to the Labor base are greatest, but both parties also face threats from coal mining interests and those unconvinced about the nugatory costs claimed of energy policy interventions. All this sets the stage for the policy initiatives of the Coalition and Labor, supposedly validated by their chosen economic modellers.

Labor’s *Powering Australia* climate policy entails a 43 per cent reduction in emissions by 2030. By comparison, the government has a 28 per cent target and 35 per cent expectation. Labor says its policies will lift the share of renewables in the National Electricity Market to 82 per cent by 2030 (currently the share, including hydroelectricity, is about 28 per cent).

Previously stung by the unpopularity of explicit carbon taxes, like the government, Labor’s focus is on imposing increased hidden taxes and subsidies. *Powering Australia* augments the Morrison government policies with measures including more spending on electricity transmission, renewables, batteries, and electric cars.

In addition, it is to amplify and weaponise the massive reporting obligations of the ‘safeguard mechanism’. Originally introduced by the greenest coalition minister, Greg Hunt, and progressively enhanced, this forces the largest companies to give detailed plans on their future carbon emissions.

According to [Minister Angus Taylor](#), ‘The safeguard mechanism was never meant to be a tool to force businesses to reduce their emissions – which is a carbon tax by stealth.’

Its intent, [so we are told](#), is merely to ‘encourage businesses to adopt smarter practices to cut their greenhouse gas emissions’. Labor is being a little quicker than the Coalition in shifting this tool into an explicit, draconian regulatory instrument to force emission reductions on the top 215 industrial facilities (responsible for 28 per cent of national emissions).

The ludicrous modelling of the government’s own ‘winner-picking’ policies is said to leave us all \$1350 better off. Building on this, the ALP’s ‘independent’ modelling claims green policy creates 604,000 new jobs by 2030 and that electricity prices will fall \$275 per household by 2025.

Clearly, the modelling that ostensibly persuades political parties to adopt positions on this matter simply legitimises and sugar-coats their predisposed policies that canalise business decisions in their preferred directions. The result, contrary to all historical experience, is that

the nation is said to be better off when government overrides the decisions of commercial entities.

Political parties pay handsomely for advice that provides the answers they want, but the ALP – not presently having the access to the nation's entire tax base – would have economised on the \$6 million that the government paid McKinseys for the fantasies it provided.

Labor's chosen modeller, Reputex, reliably tells its clients that forcing energy suppliers to switch from coal and gas to more expensive renewables means cheaper electricity. It did so [last year](#) saying, 'Australia has the potential to source 90 per cent of its electricity needs from renewable [energy](#) by 2040, without having to increase wholesale prices.' Reputex also [claimed](#) 'transitioning NSW to 100 per cent clean energy by 2030 would deliver consistently lower wholesale power prices than business-as-usual'.

The market economy, if unencumbered by government prodding, has a proven ability to select the best and cheapest means of supplying energy and all other goods and services. It is a sad commentary on democratic processes that they are often unable to deliver the common sense judgements on such matters that many political leaders ascribe to it.