

FLAT WHITE

The Business Council of Australia's green schizophrenia

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The Business Council of Australia is a pale imitation of the body that pioneered economic reform and deregulation 30-40 years ago. Nowadays it is dominated by firms in service industries who support green policies which for many of them are important sources of revenue in trading and advisory functions.

Most of the rump of BCA members involved in mining production, gas and electricity and manufacturing are acutely aware of their dependence on government. In addition to commercial support this includes protection

from the NGO activities that impaired business in recent decades but also against the increasing numbers of green left regulatory and judicial appointments.

The benefit of a supportive government was evident in the eventual success of the Adani coal mine in getting approval following a decade long regulatory struggle. Whitehaven similarly benefitted in Environment Minister Sussan Ley's rejection of [Judge Bromberg's](#) economy-crippling requirement that allowed their proposed mine to proceed, on the proviso that it must not breach a "duty of care" to future generations if coal is mined.

So, when the government tells the BCA to get behind its nascent policy thrust for next month's Glasgow conference of "net zero emissions by 2050" it readily obliges.

Ten years ago, with the ALP in power, the BCA favoured some form of carbon tax and, "A group of almost 300 Australian businesses" declared "a price on carbon will drive innovation and keep the country internationally competitive". Times change and just four years ago the BCA thought moving half way to "net zero" would be a disaster.

In supporting the government agenda, the BCA dreamily maintains green steel and green aluminium are passing through the industrial birth canal, powered by green hydrogen which will flow through existing gas pipelines and with the few remaining hydrocarbon energy supplies capturing and storing their CO₂ emissions. None of this will happen

The BCA's policy prescription even has a ludicrous projection that coal and gas, which presently supplies 75 per cent of electricity, will see its share fall to 15 per cent eight years from now – and coal exports, now undergoing an

unprecedented boom, will fall from 400 million tonnes today to 300 million tonnes next year and 80 million tonnes by 2050. They argue that farmers and the community in general would be better off if growers were paid to use their land to sequester CO₂ and to cease producing food and fibre.

But the replacement of coal and gas is at the heart of the BCA policies and in support of this the usual schizophrenic green assertions are offered. These include citing CSIRO's contrived data that argues wind and solar are now the cheapest forms of electricity- but then going on to advocate taxes and subsidies to ensure they are taken up!

At present, in order to compete with hydrocarbons, wind and solar receive annual subsidies of \$7 billion directly and a further \$3 billion for transmission lines and other support without which blackouts would be intolerably frequent. The Glasgow conference is about increasing this support. Even the deep green Paris based International Energy Agency estimates the tax required for net zero is \$190 per MWh, while a more realistic tax of \$650 per MWh was estimated in a report by the [NZ government](#) (p.74). Even that price assumed a great deal of innovation in energy sources and the discovery of a means of inoculating animals to prevent methane emissions.

Just to place such taxes in perspective, the 2012 Gillard carbon tax (repealed by the Abbott government) was supposed to reach \$24 per tonne in 2020. A tax of \$650 per tonne in Australia would mean a tenfold increase in the wholesale price of electricity. By assuming that capital and labour are infinitely flexible, results are conjured up which still show a steady, if diminished, rate of growth. The reality of Australia penalising the very industries in which it enjoys natural advantages will be declining living standards.

While business firms' support of the government is largely promoting their self-interest as they see it, the same applies to politicians. Traditionally, politicians' self-interest involved overriding the market and redistributing incomes from the few to the many – in the words of Jean-Baptiste Colbert, 'plucking the goose so as to obtain the most feathers with the least hissing' — although political leaders like Paul Keating and Tony Abbott with policies that seek to wind-back government interventions these are in a minority.

Environmental objectives have become more important during the past fifty years. The focus of Australian politics has further shifted due to a post-Trump US green left repositioning and a heightened national defence urgency. This overlays the parochial interests of politicians, who mainly seek to find what people want and to package it for them. Most politicians see merit in at least paying lip service to emission reduction policies which they and their constituents mainly regard as carrying few costs. Some in regional seats take a contrary position. But governmental pressure of the business groups recognises that awareness of the costs of climate measures can bring about crises like those that twice led to Malcolm Turnbull's ousting.