

# The Sydney Morning Herald

NATIONAL CLIMATE POLICY

OPINION

## *Sunny side up: Australia can seize a climate of opportunity*



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November 2, 2019 – 12.00am

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The most important thing to happen in Australian politics this week, and probably in any week since the election, is that Anthony Albanese transformed Labor's framing of climate and energy. And, as we know from the last dozen years of hard-won experience, you can't win an election without winning the politics of climate and energy.

Ever since both John Howard and Kevin Rudd went to the 2007 election promising emissions trading schemes, Australian politics in this field might have been titled after a Dostoyevsky novel *Crime and Punishment*. It's been about carbon crimes and how to punish them. The emphasis has been on who emits how much and how we can tax, bribe or shame them into stopping. It's been, at core, a morality tale.





Illustration: John Shakespeare

Tony Abbott broke the bipartisan commitment to putting a direct tax on big carbon emitters. And he junked the Gillard-Greens coalition's \$24-a-tonne carbon tax. He wanted to ease the burden of implied judgment on people who liked to switch up the aircon and take extra-long showers.

But his alternative continued to put a price on carbon regardless. Abbott's emissions reduction fund, still the centrepiece of Australia's official effort, pays companies bribes to stop emitting instead. So now the taxpayer pays instead of the emitters.

The current price? Australia's implied or "hidden" carbon price last month averaged \$16 a tonne, according to Reputex Energy. The implied judgment remains. But this isn't enough to prevent climate catastrophe. So while Australia burns, its water supplies shrivel and the insurance industry tells us that it's going to get much worse, we get growing guilt, frustration and anger. Cue "Stop Adani". Meet Extinction Rebellion.

Labor promised to try harder than the Morrison government, but lost the election. "Our response will be to demand that the government acts, while hoping that it doesn't," wrote British climate activist George Monbiot more than a decade ago. "We will wish our governments pretend to act. We get the moral satisfaction of saying what we know to be right, without the discomfort of doing it." How prophetic.

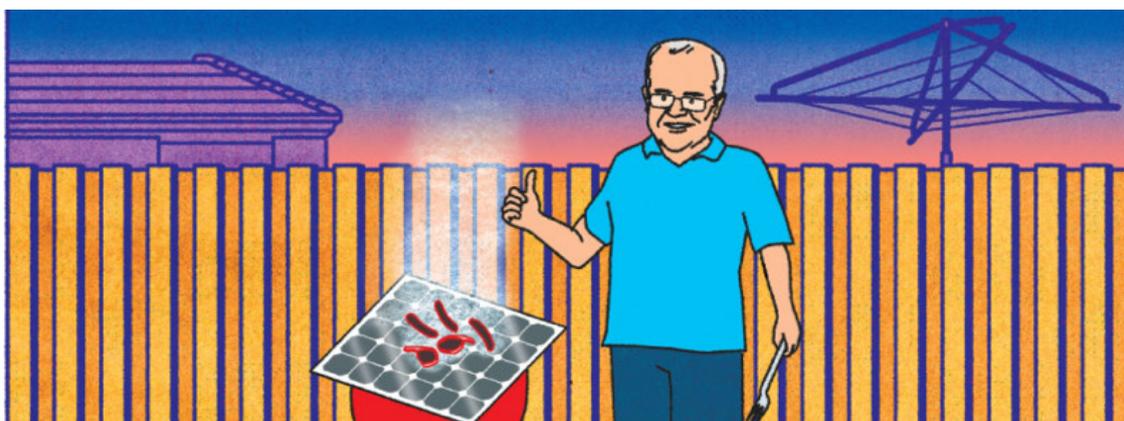




Illustration: Jim Pavlidis

So the Morrison government, by insisting it will meet Australia's Paris commitment and promising minimal change, wins. Because the change to a post-carbon world looks disruptive and frightening. Especially if you happen to live in a community that makes a lot of money from coal. We call that "Australia".

What's Albanese's answer? He threw the old morality play out the window. He told a new story. Don't think about carbon emissions as a crime to be punished; look to the post-carbon future as an exciting opportunity to be embraced.

Yes, it was an obvious political opportunity. But it was one that sat forlornly overlooked while the argument over carbon prices raged. Until now.

Critically, the Labor leader told us that we can keep the old Australia even as we build the new. "The world is decarbonising. With the right planning and vision, Australia can not only continue to be an energy-exporting superpower, we can also enjoy a new manufacturing boom."

Because the sun shines on Australia more intensely than on any other continent, "Australia can be the land of cheap and endless energy – energy that could power generations of metal manufacturing and other energy-intensive manufacturing industries," he said in the first of a planned series of four "vision" speeches.

These would include key renewables ingredients where Australia commands some of the world's greatest reserves – lithium and rare earths as well as copper and silver. "Just as coal and iron ore fuelled the industrial economies of the 20th century, it is these minerals that will fuel the clean-energy economies of the 21st."

Yes, his vision even includes a place for coal. "Our traditional industries are also poised to benefit from a low-carbon future. For example, it takes more than 200 tonnes of metallurgical coal to produce one wind turbine." Australia could be exporting 15.5 million tonnes of coking coal a year in a dozen years' time to build the world's turbines, he said, while he delicately sidestepped the future of the bigger piece of the coal sector, thermal coal used for generating electricity.

Albanese put jobs at the forefront of his "vision". And the political psychology was in plain view. Australians were more anxious than ever about technology and job security: "The pace of change is confronting. I get it."

His answer is to forget carbon guilt and become a nation of post-carbon entrepreneurs joined in a national project that can encompass Queensland copper miners as well as Victorian vegans.

Is he talking complete hogwash? Is this "vision statement" just political delusion? It's actually realistically shrewd, yet also evasive.

One reason it's shrewd is that it merely offers to put a new policy framework on existing endeavours. Solar and wind and battery investment is booming; lithium and rare earth exploration and development are well afoot; companies across the country are bringing revolutionary new technologies to the market.

Australia's chief scientist, Alan Finkel, is leading the development of a national hydrogen strategy. As he says: "Imagine a zero-emissions fuel that exists on Earth in abundance, can be easily extracted using basic chemistry and offers jobs and investment in Australia for decades to come. That substance exists: it's called hydrogen."

And firms are working on new ways of exporting mass volumes of renewable energy. One, Sun Cable, backed by Atlassian's Mike Cannon-Brookes, is investigating a \$20 billion plan to sell solar power from the Northern Territory to Singapore through an undersea cable, for instance.

Another reason Albanese's vision could be more than just a mirage is that, as it turns out, the country's pre-eminent climate economist has been thinking along similar lines. Professor Ross Garnaut's thoughts culminate in a forthcoming book. Its title: *Superpower: Australia's Low-Carbon Opportunity*.

Garnaut's book could almost be the hard-headed foundation for the Albanese vision, except, perhaps, that he goes further in exploring the prospects. Garnaut, like Albanese, sees the opportunity as transformative. Garnaut has unmatched standing. Apart from his academic reputation, he wrote the Hawke government's blueprint for Asian economic engagement and the Garnaut climate reviews for the Rudd government.

The economic opportunity that Garnaut saw for Australia in his climate reports in 2008 and 2011 is now vastly greater, he says. Australia's greatest days and greatest wealth are ahead if it can seize the opportunity, he says. He calculates that Australia not only has the ability to become the future renewables superpower of the world. He, like Albanese, also sees that, based on the lowest energy prices on the planet, Australia could become the smelting superpower of the world.

Australian politicians and industrialists have long bemoaned the fact that we dig up the ores and send them abroad for processing, so all the high value-adding is done in other countries. We are the pit, China the factory.

But the cheapest zero-carbon energy in the world would mean that the iron and aluminium smelting now done in China could be done more profitably in Australia. And some food processing, now done overseas, would be done most efficiently here.

But Garnaut's work shows an entirely new vista for the low-carbon future, one that could bring a boon to the farms and the regions of Australia, including some of its Indigenous landowners. It would not make rain out of clear blue skies but it could overcome the farm drought nonetheless.

We have "immense opportunity for capturing and sequestering, at relatively low cost, atmospheric carbon in soils, pastures, woodlands, forests and plantations. Rewarding people and organisations that own and manage land with incentives equal to the true cost of carbon emissions would lead to sequestration in landscapes becoming a major rural industry." In earlier years he'd compared its potential size to that of the wool industry. He now says that was actually a "radical underestimate" of the potential.

Did Albanese have the benefit of Garnaut's new work to draw on? The Labor leader says he hadn't spoken to the professor or seen his work in preparing his speech. Albanese has his own history in the area. He wrote Labor's "climate change blueprint" in 2006. But Garnaut's new book, coincidentally, gives weight and credibility to what would otherwise be just another political speech.

Albanese's speech is also evasive. He didn't specify any new policy mechanisms for achieving his vision. Two-and-a-half years from the next election, with Labor's 2019 campaign postmortem due next week, he says it's way too early for the mechanics. And he carefully avoided the gloomy alternative – all sunny uplands, he didn't contemplate the consequences of a global failure to embrace the low-carbon future.

Ross Garnaut is not so squeamish. Without concerted global action, the world is now on track for 4C of global warming, with Australia the most vulnerable of developed countries, he writes. Australia's food bowl, the Murray-Darling Basin, would become a dust bowl, going the way of the civilisation-cradling Tigris and Euphrates rivers thousands of years ago, evaporating into today's Iraqi deserts. "I fear that the challenge would be beyond contemporary Australian society. I fear that things would fall apart."

Australian politics is a problem, but also our national problem-solving mechanism. A cheerful optimism is not a solution, but it's a better starting point than surrender to despair.



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