

## **New climate change battleground pits Abbott against the anti-coal brigade**

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WITH his statement that coal is “essential for the prosperity of Australia” and “essential for the prosperity of the world”, Tony Abbott has declared political war on the green activist campaign to shut down Australia’s cheap energy sectors and undermine our competitiveness.

Speaking at Moranbah in Queensland at the opening of the Caval Ridge Mine, the Prime Minister sharpened the ideological contest for the next election, signalled his alarm at the sophistication and finances of the green movement, and sent an unmistakable message to industry — it must fight for its social licence.

When Abbott issues a rallying cry it is unmistakable. And he issued such a cry this week. His aggressive strategy rests on two propositions: that coal is economical and that it is ethical. This position will reverberate across Australia’s society and economy, with consequences for coal, gas, industry, jobs, living standards and environmental politics.

Abbott’s message is that if you want jobs, cheap energy and economic prosperity then you must oppose the ideological campaign to close down fossil fuels as soon as possible in the cause of renewables. But this is part of a bigger story. It was displayed this week in Abbott’s new industry policy with its overarching “competitiveness” agenda — that means “making the most of our strengths in the months and years and decades ahead”.

His political strategy is obvious. Abbott intends to separate Australia’s greenhouse gas emissions reduction target of 5 per cent below 2000 levels by 2020 from the ideological campaign against the fossil fuel sector.

He sees this campaign as little short of madness. Abbott tells Inquirer: “We are very confident we can achieve the 5 per cent reduction target by 2020 but that does not require a massive attack on the use of fossil fuels.”

Abbott says Australia can have both and, indeed, that it must have both. He takes the intensified green activist campaign against Australia’s most successful industries as a mortal threat to the nation’s future. But Abbott believes this threat is the latest chapter in the central contemporary conflict that plagues the Labor Party and progressive politics.

He thinks Labor will be caught at the next election between supporting jobs on one hand and making concessions to the pro-green compulsion to punish fossil fuels and accentuate their decline on the other.

Recent polls show the Greens polling well under Abbott — a danger to him but a bigger danger to Labor. Abbott stands by the views he gave the author in January this year: “Labor tries to say that green policies will create jobs. It’s rubbish. They will never provide the long-term employment that Labor’s working-class base knows is necessary.”

The resources sector believes the threat from the green movement is real. “I think this movement is a risk,” Minerals Council of Australia chief executive Brendan Pearson tells Inquirer.

“There is a co-ordinated, well-funded network of groups committed to the demise of the fossil fuel sector. This is regardless of the fact that it would cause economic harm to Australia.”

Because Australia is a critical global supplier of coal and gas this battle of ideas is probably more important to this country than any other Western nation. The outcome will directly affect our living standards.

The core ethical issue was recently put by Bill Gates, who said poor countries “desperately need cheap sources of energy now to fuel economic growth that lifts families out of poverty. They can’t afford today’s expensive clean energy solutions and we can’t expect them to wait for the technology to get cheaper.”

Gates’s rational assessment of the positives as well as the negatives of fossil fuels enrages the activist movement. The ethical case for fossil fuels is powerful even when offset against the clean energy negative.

Yet the anti-fossil fuel ideological campaign is on a roll. In its comment this week on the Australian National University’s decision to divest of shares in seven resources companies for ethical reasons, Greenpeace nailed the real issue: the sums involved were “pocket money” but “the divestment movement’s real power lies in its ability to stigmatise the fossil fuel industry”.

It is a method of de-legitimation. The ANU’s decision is an open invitation to stigmatise Australian coal and gas companies.

Pearson agrees with Greenpeace, saying the problem “is the reputational damage and this is why it must not go unanswered”.

Much of the commentary this week has been naive. Given the conflict, it is idle to think Abbott would not attack the decision.

Yet public opinion is likely to be equivocal. There is still much incomprehension in the community that recent high levels of health, education and welfare have been financed directly by the high terms of trade enjoyed by the resources sector or that a nexus exists between such prices and high living standards — witness the ongoing public denial in Australia that softer prices dictate inevitable cuts in the growth of living standards.

The rising power of the global activist movement is palpable. The Rockefeller family fund (its fortune built on oil) announced recently it will largely divest its fossil fuel investments for renewables. Such action, as ever, is justified by morals — the need for a healthy planet. The key to de-legitimation of Australia’s industry lies in the moral campaign — yet this is also its weakness, since having rich people telling poor people they must stay poor to save the planet creates a moral problem all its own.

The anti-fossil fuel movement in Australia can mobilise a loose yet growing coalition typically seen as including the Greens; a collection of non-governmental organisations, veterans such as Greenpeace, the Graeme Wood Foundation (with Wood having made the largest campaign donation in our political history to the Greens) and the Australia Institute; climate change activists in unions, universities and social media; foundations, wealthy individuals, philanthropists with deep pockets; and the margins of the Christian churches. This network is gaining in sophistication, money and tactics.

Divestment strategies aim to bypass governments reluctant to commit to ambitious reduction targets.

In a November 2011 document titled *Stopping the Australian Coal Export Boom*, prepared by a network of green activists, point five in a six-point strategy to “disrupt and delay” key projects says the objective is to “withdraw the social licence of the coal industry”.

The tactic is to “change the story of coal being the backbone of our economy to being a destructive industry that destroys the landscape and communities, corrupts our democracy and threatens the global climate”.

The cultural stresses will become more acute in Australia with its rich-world idealism to promote clean energy in tension with its comparative advantage in the coal and gas industries.

The Abbott government, significantly, believes technological change, not carbon pricing, will become the most important answer to global warming.

Surveys by the International Energy Agency show only 8 per cent of global emissions are covered by carbon pricing schemes. This suggests that despite ambitious voluntary targets, the world, in policy terms, has not recovered from 2009 Copenhagen failure to agree on binding global targets.

Environment Minister Greg Hunt tells Inquirer that new coal-fired plants are making rapid progress in reducing carbon footprints. “There is no doubt that emissions from coal are going to fall dramatically over the coming decade,” Hunt says. “This is the inevitable iron law and march of ecological and technological history.”

Referring to the emerging technologies to achieve cleaner coal, Hunt says “nothing will reduce global emissions faster and in a more significant way”.

Saying renewables are the future is a statement of the obvious. It is also meaningless without a view of the cost, rate and timescale.

The IEA predicts that by 2035 fossil fuels will meet 76 per cent of world energy demand and renewables will meet 18 per cent. It says China’s demand for coal continues to rise despite its commitment to renewables.

Last year China added three times more new coal-based electricity than wind and solar combined. China is not getting out of coal; but it is getting into cleaner coal. Meanwhile, Australia’s coal exports to Japan are hitting a new high this year.

More than 1.3 billion people across the world have no access to energy, and fossil fuels will be pivotal in filling that gap, as Gates recognises. It is the sheer scale of the fossil fuel impact that means the transition will be protracted.

The AMC’s Pearson says: “In global terms the growth of coal in the last decade is seven times the combined growth of wind and solar.”

For Australia, as the Gillard government accepted in its carbon pricing policy, the transition from coal will be made over decades and gas will play a core role in hitting our long-run emissions reduction targets. Yet gas is also a target of the green activist push.

Abbott’s declaration reveals he wants to sharpen the differences with his political opponents on his own terms.

With Labor pledged to resurrect carbon pricing and the Greens running hard against fossil fuels, Abbott takes his stand on a competitive economy and cheap energy. But the politics won’t be easy. Much will depend on Abbott having a credible emissions reduction policy and that penetrates to Hunt’s ability to persuade Abbott to build carbon credits into “direct action”. Meanwhile the G20 Brisbane meeting will reveal Abbott’s deftness in being fossil fuel champion while honouring global action on climate change — not a comfortable fit.

The longer this debate rages with genuine threat to the fossil fuel sector, the more Australia looks like a country that simply doesn't understand itself or the sources of its success. There are many lessons from the Rudd-Gillard failures over climate change.

The most important, for both sides, is the need for rationality, and trying to put the fossil fuel sector on the swiftest road to extinction is plain irrational.