

Coalition plays energy policy like a caretaker government

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Unless they were planning to make squillions out of direct government subsidies, no foreign investor would have any reason to go within a hundred of miles of the Australian energy market after the government's display yesterday.

The Turnbull government's energy narrative has completely collapsed in a welter of indecipherable internal contradictions and ridiculous figures plucked from the air in a way that inevitably brings to mind the last days of the Gillard-Rudd years.

It was only five minutes ago that the Prime Minister was lamenting the fact that Australia is the world's biggest coal exporter yet does nothing clever or hi-tech in coal-fired power stations. But now Scott Morrison says that's all a waste of time because these new coal-fired power stations are way too expensive anyway.

Energy Minister Josh Frydenberg, a good man being burned up in a hopeless cause, tells us the market will decide the future of coal, yet then goes on to tell us exactly how much of future energy generation will be provided by coal, gas, wind, etc.

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The contradictions are endless. Why on earth now would anyone consider investing in a new coal-fired power station after the government, allegedly a friend of the coal industry, has just spent the day trashing the very idea of new coal-fired power stations?

Frydenberg can supposedly tell us exactly how much the National Energy Guarantee will save consumers, yet allegedly the composition of the energy sector is up to the market.

It is of course standard free-market practice for a government to step in where there is market failure. The politics of Australia clearly makes it politically impossible for any company to invest in a new coal-fired power plant.

So it is perfectly respectable for a government to make the investment instead.

The government's pathetic hope that an existing station might limp on for a few extra years does absolutely nothing for Australia's long-term energy generation.

All this talk about the market deciding is contradicted by every other action the government takes. Is the market deciding Snowy Hydro 2.0? Is it deciding the renewable energy target?

How can it be that China, Japan and Germany are building so many new high-energy, low-emission coal-fired power plants? Have they not had the benefit of Scott Morrison's analysis?

Matt Canavan tells us that coal doesn't need subsidies. That might be right on pure economics. But the government is behind 53 to 47 in the polls. What company would risk a coal investment when it is vetoed by the other side of politics?

A government that had a long-term vision for energy, and even a modicum of political ruthlessness, would fast-track the development of such a coal-fired power station and sign irrevocable commercial contracts with the private companies involved.

An incoming Labor government would then have the choice of paying billions to unwind the contracts, or going ahead and implementing Coalition policies.

This is the kind of policy ruthlessness Labor shows all the time — NDIS, Gonski and a million other examples.

It's very likely this government will lose at the next election.

The question is: will it fight for anything in the meantime, will it try to change the nature of the national debate on any issue?

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