

WORKING TITLE: This is an ex-Canary: The End of Coal

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While Norway's decision to divest its \$900 billion sovereign wealth fund from coal shares sent shock waves around the financial world, it was the way the Norwegian parliament made the decision that is truly radical. Norway has a conservative minority government, but the idea to sell out of coal started with an NGO, was taken up by a minor party, and ultimately passed the parliament with unanimous support. No wonder the mining companies in Australia are going after the NGOs.

While the financial case for selling out of a sector that is in structural decline is strong, it was domestic politics that drove the centre right Norwegian government to support coal divestment. The overwhelming majority ([two in three](#)) of Norwegians supported the idea, so with no financial reason to oppose it why wouldn't an elected government go with the flow? Indeed the vote in the Norwegian parliament was unanimous, across eight parties. Imagine that Australia.

Conservative leaders around the world are working hard to position themselves on the right side of the Climate debate. Angela Merkel has taken a strong stance on the need to rapidly reduce Germany's emissions and just last week the G7 agreed to decarbonise their economies. In the UK the newly elected Cameron Government moved instantly to position itself, and the issue of climate change, in the political centre.

London's Tory Mayor, Boris Johnson, support for bikes, [public transport](#) and electric cars places him closer to Clover Moore than to Tony Abbott on the climate policy spectrum.

But as the world's powers prepare for this year's climate talks in Paris, and as China's investment in renewable energy continues to grow rapidly, Tony Abbott chose last week to remind us that that he thinks wind turbines are an ugly blight in the landscape. Perhaps he was looking for something he could agree with Joe hockey about.

The problem for Australian conservatives is that they are swimming against both the economic tide and the political wind. Conservative politicians usually define themselves by their trust in markets over politicians, but when it comes to coal the Australian Government seems wilfully blind to what the market is telling them. [Since 2011](#) the market capitalisation of Peabody Energy, the world's largest listed coal company, has fallen by 95 per cent. US coal company Walter Energy is down 99 per cent from its 2011 peak and last week it 'deferred' interest repayments on its debts. Does anybody really believe that

when Tony Abbott says that 'coal is good for humanity' that he knows more than the world's biggest investors?

Sometimes politicians pursue bad policy because it is good politics, but in Australia, like Norway, Germany, and the UK the vast majority of the public support investment in renewable energy. [82 per cent](#) of Australians say that they support the Renewable Energy Target and only 13 per cent want it cut. But while conservative leaders overseas can sniff the political wind, Tony Abbott has decided to double down on his culture war against clean energy.

Of course not all Liberal leaders see renewable energy through the prism of Tony Abbott's culture war. Mike Baird and Will Hodgman are both keen to be seen as strongly supporting renewable energy. They can read the polls as well as investors can read coal price data.

The conservative Norwegian government didn't think that the issue of divestment was important enough to have a big fight about. Selling all of their shares in coal wasn't a priority for them, but the decision was profitable and popular, so why not make it?

Tony Abbott has adopted the opposite strategy. Despite its popularity in the electorate and the fact even Dick Warburton's review of the RET showed it pushes electricity prices down not up, the Prime Minister has decided to make a political mountain out of the renewable energy molehill.

Politics is all about picking your battles. Our Prime Minister thinks the markets are wrong about the prospects for coal and that the electorate are wrong about their support for renewables. Conservative leaders around the world are racing in the opposite direction. The Coalition is betting that it's not their leader.

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