

WORKING TITLE: Purity, inaction and climate politics in Australia

AUTHOR: Richard Denniss

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For the past decade the 10 per cent of the business community that profits from causing climate change has made 90 per cent of the noise about the dangers of introducing effective climate policy. But now, as the market cap of the mining sector has withered and global temperature records are being set each month, even some previously quiet business leaders are coming off the bench.

Many conservative politicians forget that John Howard went to the 2007 election promising a carbon price. And many conservative business folk forget that Kevin Rudd offered to give big polluters 94.5 per cent of their pollution permits for free. But neither effort to "reach across the aisle" delivered any progress.

Tony Abbott once described himself as "a weather vane" on climate policy, but once he saw how hard the blowhards from the mining and energy sector were blowing he decided that "axing the tax" was a matter of principle. Similarly, despite describing climate change as a "great moral challenge", Rudd subsequently abandoned his Carbon Pollution Reduction Scheme when the fight became harder than he'd anticipated.

Business leaders have been just as bad. BP rebranded itself as Beyond Petroleum before eventually dumping most of its investment in solar and wind while AGL ditched its "green" strategy when it was the first to realise that brown coal fired power stations were a bargain if you didn't think Labor's carbon price would stick.

And then there are the economic modellers who pretended that a small carbon price would wreck the economy and then stayed silent about the costs to local industry of the doubling of domestic gas prices caused by new investments in gas export facilities.

All up, principle has been hard to find in Australian climate debate, but as the world warms, the sea level rises and enormous new coal mines are planned, the Climate Change Authority has had the temerity to drop a pragmatic roadmap on the table.

Established as part of the deal between Gillard and Bob Brown, and rescued from Tony Abbott by Clive Palmer, the CCA was tasked by Greg Hunt to advise the Parliament on Australia's emissions targets after 2020 and the policy mix needed to achieve them.

Policy novelty

In a significant break from the past, last week the CCA recommended the creation of a "toolbox" of climate policies rather than a reliance on the "one true instrument" of emissions trading. The refreshing political and policy novelty of the CCA report is its removal of carbon pricing from centre stage by surrounding it with a broader cast of policy

options. Rather than revisit whether an ETS should be everything or nothing, the CCA simply suggests it could be something.

For the electricity sector the CCA proposes a hybrid of regulation and emissions trading. The average emission intensity (CO2 emissions per megawatt hour of electricity produced) for the entire electricity sector would be capped by regulation, but coal fired power stations whose emission intensity was above the cap would be able to buy credits from gas and renewable generators that were below it.

The CCA, whose members comprise a former head of Australian Chamber of Commerce and Industry, the former head of the National Farmers' Federation and the current Treasurer of the National Party, recommend that the regulated emission intensity of the electricity sector fall to zero "well before 2050". Decoded, that means we will need to start shutting down coal fired power stations pretty soon.

But just as some economists raged against any carbon pricing, others have raged against anything other than an ETS. But while a well designed ETS might deliver least cost abatement under textbook conditions, history shows textbook conditions are unobtainable in the real world. Worse, the rigid attachment to idealised policy measures has helped push climate policy into the cul de sac that it currently resides in; trapped by the Right's ideological intransigence, industry's self-interest, the political middle's apathy and policy elite's ideological obsession with theoretical purity.

The CCA has given both sides of the climate wars a way out of the political quagmire. In doing so it has already been criticised by some of its own members for not urging the government to go even further, even faster and even purer. To be clear, the science says we need to do far more than the CCA or its dissidents have previously recommended including, for example, introducing a moratorium on new coal mines. But the uncomfortable irony is that those who say that climate change is too urgent to allow for any political pragmatism are creating the conditions for the kind of inaction that the science says we can't afford.

Richard Denniss is the Chief Economist for The Australia Institute [@RDNS_TAI](#)