

## What to make of Palmer's gambit - A message from Ben Oquist

Last week was another big week for The Australia Institute. You might have seen that we launched another major research report, [Mining the Age of Entitlement](#), this time on the \$17.6 billion worth of taxpayer support that State governments have given the mining industry.

You might have seen Ben Oquist's name mentioned in relation to Clive Palmer's decision to support the retention of the Renewable Energy Target (RET), the Clean Energy Finance Corporation (CEFC) and the Climate Change Authority. Ben has recently joined the TAI team, after a stint on the Board, as our new Strategy Director. He will be playing a crucial role in ensuring our research gets to where it's most valuable. Last week, that was to help keep the Renewable Energy Target (RET).



Ben Oquist, centre, with Gore and Palmer

### A message from Ben:

It is important to engage with all sections of the community. Even those we may have fundamental differences of opinions with. For example the recent powerful alliance between some farmers and environmentalist has come about through just such an approach.

Change is only achieved by engagement with people who do NOT share your view.

### The Australia Institute (TAI) and renewable energy

Bringing our research to bear on policy makers is one of the key things we do here at The Australia Institute.

This week we were in action again.

TAI has been conducting research into the costs of climate change and the benefits of renewable energy [for nearly 20 years](#). It might not seem radical now, but back in 2002 when we published our [Long-Term Greenhouse Gas Scenarios](#) report we showed how Australia could, and should, cut emissions by 60 per cent by 2050. People said it was impossible.

Our research at the Institute has long shown that Australia's Renewable Energy Target has been the key mechanism driving investment in clean energy production. It was having more impact than the carbon price, and was doing it at zero cost to the Government. Billions of dollars in investment was being put at risk by the Abbott Government's determination to unwind the scheme. Our work has demonstrated this. We have become increasingly concerned that renewable energy policy is being driven by ideology rather than data, and decided it was time for some new work in this area. We have focussed on the RET's action of decreasing electricity prices, and its creation of investment and jobs in rural Australia. Watch out for the new report on the RET by our talented Senior Economist Matt Grudnoff.

## **What's this got to do with Clive Palmer?**

Here at TAI, we're all about 'research that matters'. We focus on topics that we think will be, or should be, important to our parliamentarians and policy makers and, having conducted our research, we work hard to make sure that the public, media and politicians know about it.

Along with Richard and other researchers, I have been talking to Non-Government Organisations, journalists and parliamentarians about the benefits of the RET, and why it would be bad for the economy and the environment if it were to be removed. When I first started talking to Clive Palmer and his office I realised how open he was to hearing more.

Along with the RET, we also talked about the role of the carbon price, the fact that the Clean Energy Finance Corporation (CEFC) made a profit, and the important role that the Climate Change Authority (CCA) played in informing Parliament. We talked a lot about what promises Tony Abbott had made, the promises that Clive and his Senators had made, and the wide range of options that the Palmer United Party (PUP) had.

There were many people talking to Mr Palmer. When Don Henry suggested that Al Gore might be able to meet with him, both the stakes and the opportunities grew. Could the PUP move far enough towards the centre of the climate debate to get an endorsement from Al Gore? Would Al Gore realise that the RET and the CEFC were so important to Australia's energy transformation that he would be willing to look past Palmer's willingness to vote down the carbon price?

It was an interesting couple of weeks, and the process provides an interesting opportunity to explain how think tanks such as TAI really can make a difference. TAI's economic expertise is widely respected, and our ability to communicate complex ideas simply is widely valued. Our team of highly skilled researchers made sure that the PUP was fully aware of the wide range of options in front of them and had access to reliable information about the pros and cons of those options, for the economy and for the environment.

### **The PUP's decision**

We're disappointed that the carbon price is likely to be repealed. Striking down a law requires 39 votes in the Senate, and the Palmer United Party and Ricky Muir are now likely to provide four of those votes. The Coalition has 33 votes in the Senate which means Tony Abbott still needs two more. It's likely he will get them.

It would have been preferable for the PUP to have delayed a vote on the carbon price repeal by sending it to a committee. It would have been preferable for them to amend the existing carbon price to move straight to the floating price (due to start next July). The fact is that the PUP Senators and Clive Palmer think that their voters expect them to vote it down, and that's what they intend to do.

That said, six months ago it seemed certain that the Abbott government would succeed in its plan to scrap the RET, the CEFC and the CCA. The Government appointed a renowned climate sceptic, former Chairman of Caltex Australia Dick Warburton, to 'review' the RET. They had already introduced legislation to repeal the \$10 billion CEFC. Policies that were working well, policies that had taken years to introduce, were to be scrapped within weeks of the new Senators being sworn in.

### **Where to from here...**

Some key pieces of climate change policy are likely to be retained as a result of the PUP's shift to the political centre.

Clearly, Clive Palmer's announcement with the former Vice-President wasn't perfect. Of course Australia needs a carbon price and the current scheme should be improved not abolished. That would be the economically sensible thing to do.

But TAI's research has long shown that the RET has been the key mechanism driving investment in clean energy production – see our report [Power Down](#). It has had more impact than the carbon price at zero cost to the Government. Billions of dollars in investment was being put at risk by the Abbott Government's determination to unwind the scheme.

The day after the PUP announcement the share price of Infigen, a company with major renewable energy investments, rose 16 per cent. The share market confirms what our research has been saying all along.

The Palmer-Gore announcement has re-set climate policy and politics. Keeping the CCA, the RET and the CEFC is much more than most expected from the PUP. We have avoided a big step backwards.

Wednesday night's announcement has also reframed the debate about carbon pricing - it's hard to suggest carbon pricing is some form of left-wing, economy-wrecking conspiracy when a billionaire mining magnate supports it.

The PUP's support for renewable energy and the principle of carbon pricing means that Tony Abbott is further isolated on the issue of climate change. He is now the only leader in the parliament who does not believe that polluters should pay. It will take continued effort to protect the RET, and to expand it.

### **Thank you!**

Thank you for your support in helping make these things happen. We don't get to decide on national policies, that's what parliament is for, but we do have the privilege of influencing the thinking of those that do, either directly in meetings or indirectly through the media. We didn't get everything we wanted this week, we rarely do, but just like our work on superannuation, mining, banking and welfare reform, we think we did a pretty good job of shifting things in the right direction. It will take continued effort to protect the RET and expand it.

The Institute relies on our supporters not only for financial support but also to spread the Institute's research so it can have maximum impact on the public, policy makers and politicians. It's great to be working with you!

Looking forward to lots more.

Yours sincerely,



Ben Oquist

PS for Richard's take on Palmer's announcement [here's a link to his piece in the AFR](#)