

# Feeling the Heat - Australia Under Climate Pressure

Marion Wilkinson, Allan Behm & Richard Denniss

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Ebony Bennett [00:00:00] Hi everyone, thanks for joining us today. My name is Ebony Bennett. I'm the deputy director at the Australia Institute and welcome to our webinar series. I live and work on Ngannawal and Ngambri Country. And I'd like to begin by acknowledging the traditional owners of the land on which I live and work. Sovereignty was never stated, and I pay my respects to elders past and present the Australia Institute. I study these webinars at least weekly, but they sometimes do vary. So please make sure you head on over to Australia Institute dot org a year to catch up on all the latest upcoming webinars and register. In the next couple of weeks, we'll be speaking to activists Chanel Contos about understanding consent and the big campaign. She's running around that. And just a few tips before we begin to help things run smoothly today. If you hover over the bottom of your zoom screen, should be able to see a Q and A function where you can type in questions for our panel and also comment on other people's questions and upvote them if you think they're really good. A reminder to please keep things civil and on topic in the chat or we'll put you out. And finally, a reminder that this discussion is live and it is being recorded. Thanks so much for joining us today. As is often the case, climate impacts are all around us. The northern hemisphere at the moment seems to be experiencing a catastrophic summer like the one Australia had in the summer of twenty twenty with the black summer bushfires, hailstorms and smoke in Canberra, floods in Queensland at the moment, the catastrophic floods in China and Germany, wildfires in Oregon, in the USA that are generating their own weather, including fire, tornadoes, temperatures in the Arctic Circle reached forty eight degrees Celsius thanks to a persistent heat wave in Siberia. So this week's webinar is very timely. The 12th issue of Australian foreign affairs available at all good bookshops, examines the growing pressure on Australia as global and regional powers adopt tough measures to combat climate change. Feeling the heat looks at the consequences of Australia splitting from the international consensus and how a climate pivot by Canberra could unlock new diplomatic and economic opportunities. And I've got three guests who've written essays for this episode. Do Too Much Watch too much television for this edition on this issue of Feeling the Heat. Marian Wilkinson is a multi award winning journalist and author of the excellent book The Carbon Club. Richard Denniss is chief economist at the Australia Institute, and Alan Baime is director of our International and Security Affairs Programme. Welcome, Marian, Ellen and Richard. Thanks for joining us today. Mariam, I'll start with you. I think anyone who's been observing climate policy at all in Australia will be familiar, shall we say, with the failings of the Morrison government and the coalition government on climate change in more recent years. But much of your essay deals with how international politics, business, finance have really actually just completely overtaken the Morrison government's position. Can you just outline for us some of those key international shifts that have really changed the momentum on climate policy recently?

Marion Wilkinson [00:03:22] Yeah, well, thanks for that, Ebonie. I tried to explain in the essay that the big turning point in essence was in September last year when Jinping actually got up and made the commitment about trying to get to net zero by 2060. That was a big, big deal, which many people in Australia tried to ignore. But the reality was that even though China might shift quite slowly, it sent an enormous signal. And we suddenly saw this rapid change where Japan came out with its net zero commitment. South Korea came out with its net zero commitment. That was two of our biggest trading partners. And the momentum then took off. And we saw it at

Boris Johnson's virtual summit, ended by the summit in April this year. And I think we actually saw it last week when everyone had been sceptical, particularly about things like the Japanese commitment that the Japanese government rolled out a plan this last week that looked at cutting its LNG use, cutting its coal use. So it's when you see this sort of shift that is really profound going on, you can see Australia and particularly the Morrison government's strategy unravelling quite quickly. And what I'm really interested in and I think Alan and Richard are really kind of going to explore this for us today is can the Morrison government pivot on this? And I think that question is still very much up in the air.

Ebony Bennett [00:05:17] Richard, I'll come to you next. Marion's just kind of outlaid the overall global momentum. We have seen things like the EU investing heavily in a green recovery from the pandemic, transitioning away from fossil fuels. What is Australia's approach mean?

Richard Denniss [00:05:37] Well, that's an interesting Segway because I agree with very which is that if we're going to go at zero, it looks like Australia is putting its head in the sand. It looks like we're not responding. It looks like we're not engaging. But of course, foreign policy is about what you do, not what you say. And what Australia's foreign policy has been for decades is to delay countries like China making that announcement to Dilli countries like Japan and making that announcement. So in the essay that Alan and I wrote, what we do is we map out how for 30 years, Australia's governments, successive governments have seen protecting our fossil fuel exports as a key goal of our foreign policy. And we have used the entire power of the machinery of state as the 13th largest economy in the world, spending billions of dollars a year on diplomacy. We're not babes in the wood. We're not naive. We're not pretending this isn't happening. It's far worse than that. What we spell out on our side is how successive Australian governments, the machinery of our state, has been deployed to actively slow down other countries ambitions to reduce emissions. For the simple reason that we in Australia are still building new coal mines, we are still opening new gas fields. The Australia Institute are giving evidence to the Senate today trying to stop the enormous Bitola bison being opened up. Why are we opening new coal mines? Why are we opening new gas wells? Because we're still building on our ability to slow the world's movement away from fossil fuels.

Ebony Bennett [00:07:25] Alan, coming to you, can you just expand on that for people who aren't really familiar with what happens in diplomacy? So people might not actually have an idea of what diplomats do when they're trying to slow down China from making such announcements and types of things? What interventions? How has Australia used? Diplomatic efforts to really frustrate climate ambition, what types of things have we done?

Allan Behm [00:07:53] Look, diplomats always do what the government of the day asks them to do, and they're very good at it. We've got a long tradition of very effective diplomacy in Australia. I think, though, it's what we haven't done, which is the hallmark of our diplomacy over the last three decades or so, that we haven't advocated at all any policies which have been about reaching targets and reducing carbon burdens across the whole of the global atmosphere. We've got a few good diplomats who've been at the various cops and have done wonderful work in the sort of detailed negotiation of how we can weasel words ourselves out of agreements. And I've done that very successfully with great skill. The sad thing is, is as Richard and I have tried to point out, that we haven't released those skills to a much more constructive approach to the way in which we should be playing in this most critical of all global issues. And I would just reflect for a moment on a story which is in today's Guardian, Ebonie, a lovely story written by Daniel Hurst with a lovely photograph of all of our diplomatic friends in Canberra. They all look as though they're attending a

family wake, actually, because they're all discussing amongst each other under the leadership of the British high commissioner how Australia could be saved from itself. What sorts of things are they able to say to us which will get us to act in a way which is not just convenient to their diplomacy, but really important for our own long term economic and social survival? And so I think that it's been in our inability to use our diplomacy to good effect that we've shown in some respects the failure of our climate policy.

Ebony Bennett [00:10:00] Marijan, coming back to your essay, and I think as I alluded to earlier, the overwhelming sense that I got from reading it is the whole world's global capital business industry. Everyone is moving ahead. And Australia seems really bogged down in the past, prosecuting old political arguments and things like that. But you talk about a bunch of economies using the pandemic to essentially leapfrog their economies ahead to get out of fossil fuels, to transition much more quickly than they were anticipating prior to the pandemic. And Australia, of course, is going ahead with it, chose the gas fired recovery option. We just seem to be headed in completely the opposite direction. How much is at stake here? And does Australia have to lose if the whole world is shifting in one direction and, you know, we're headed in the other?

Marion Wilkinson [00:10:56] A good question, and I think there's no doubt there's quite a few people in Canberra, but on both sides of politics who are making a bet that this transition will happen a whole lot more slowly than what our strategic allies, whether it's Britain, in Britain, in the EU or in the US, want to happen. When I was doing the essay, I interviewed the UK High Commissioner here, Vicki Treadle and the EU ambassador, Michael Push. And both of them were stressing what you've been talking about, the importance of rebuilding after the pandemic to push ahead with the energy transition and in the US as well. We're seeing this now in very strategic terms. People like the US secretary of state and Biden himself are talking about whoever wins the energy transition will actually be in the box seat. And rightly or wrongly, the US is now looking at this in relation to China and China is looking at it in relationship to the US that they cannot be left behind in the energy revolution. And why I say in the essay that I think Australia is being overrun and all this is that we do have, as Richard said, people in government. Not only lauding the virtues of opening up the Beaufort basin in the Northern Territory, but actually funding those developments with taxpayer dollars, encouraging them, encouraging this this expansion of the LNG industry and the gas industry. And I think that's why some of our allies are kind of looking on in despair, because the conference at the end of the year in Glasgow is really bloody important. And if Australia ends up in that conference, essentially sitting on the fence and opening the way for countries like Saudi Arabia and Russia to continue with these progress, pro fossil fuel policies, it'll be really damaging for the whole world as well as for Australia.

Ebony Bennett [00:13:20] Richard, coming back to you, just paint a picture for us of just how much Australia is investing in exporting fossil fuels at the moment, and if you can touch on the pushback that we're seeing against that from, for example, the Pacific with its request for a moratorium on new coal mines. But I think your essay kind of talks about the fact that we didn't used to have an LNG export industry until very recently, and that certainly dramatically changed.

Richard Denniss [00:13:50] Yeah, that's right. So let's cast our minds back to Paris in in twenty fifteen or twenty fifth in the lead up to Paris. Australia at the time is like, oh yes. Going to tackle climate change. Tony Abbott's here, but we're doing a bit since Paris, Australia has has opened up what is now the largest LNG liquefied natural gas export industry in the world. We spent 60 billion dollars, sixty thousand million dollars investing in export facilities so that we can suck enormous amounts of fracked gas and ship it overseas. We made these investments. We opened up this industry after

Paris. I was at the Paris Climate Talks. Australia Institute was talking about the Adani coal mine internationally back then, saying to people, hey, you know, Australia wants to build the world's largest coal mine and people couldn't really get their heads around it. Well, six years later, guess what? Australia, now New South Wales alone wants to one point twenty three new coal mines. This is happening right now. We're still exploring for oil, so. It's important to understand that Australia got away with this kind of double game by doing the oldest trick in the political book, so sort of agree with something in principle while ignoring it in practise. So for decades, Australia has agreed in principle that the world should reduce emissions. But think about what we just said. Someone else should do something. So we've always agreed that the world should reduce emissions, but we don't think the world should burn less coal and we don't think the world should burn less oil and we don't think the whole world should burn less gas. But we do agree that the world should legs. So what's happened in the last six years is that the Pacific island nations, for example, have really got behind the Australia Institute call for a moratorium on building new coal mines. And all of a sudden Australia has been put on the back foot because when the Pacific used to say, we want Australia to be more ambitious, Australia would say, oh, we promise to be more ambitious. What in all the abstract idea that someone else should reduce emissions. But now we've got the first Pacific island nations now European countries saying to us, why are you building new coal mines? And now that the debate has become specific about Australia's plans to produce more fossil fuels rather than abstract promises to reduce emissions. Australia's got nowhere to hide. And that's why the pressure is getting so, so big.

Ebony Bennett [00:16:49] Alan, one of the big pushes obviously around the world is governments committing to net zero by 2050. Australia is kind of hinted that we're heading in that direction. But Scott Morrison, the prime minister, kind of refuses to say it. How much bigger? Because the wrong word, the pressure that the Morrison government is going to be under to make that kind of commitment ahead of cop in Glasgow will be immense. But what are some of the other pressures that the prime minister is facing there?

Allan Behm [00:17:23] I think some of the pressures are very profound ones, actually. Even earlier on, Marion referred to the the pivot that's undertaking right at the moment on the nature of the strategic contest in the Pacific. And we in Australia have been talking under the Morrison government about a Pacific step up when in fact, as Richard has just pointed out, it's been a Pacific step out. And we've been walking away from the Pacific, actually. And and in his essay in this current issue, Wesley Morgan looks at the Pacific very closely and he makes a really significant point, which is that the Pacific countries see as the fundamental strategic issue, rising sea levels. And China has taken a step under President Xi that it will do something about its own emissions. But what Australia has been talking about is a ramping up, mostly actually an expected one, not a real one of China's military significance in the Pacific, when, in fact, what China has actually done is stolen a march in getting in behind the wishes of the Pacific nations to do something about climate. And so Australia is actually fighting the wrong fight. We wanting to head about China in the Pacific, but not on the issue that matters to the people in the Pacific, which is climate, but on the issue that matters to strategic thinkers in Washington and Canberra, which is the military strength of China. It totally misses the point. And I think I think Wes makes that point extremely well in his essay, and it's worth having a look at him.

Ebony Bennett [00:19:09] Thanks, Alan. That's a really good point in terms of missing the point. Marian, coming back to you. I was really struck by a quote that you took from Twiggy Forrest. I think with the boy election where he talked about the fact he all of our strategic partners, the people who import our oil and gas and iron ore and all the rest of it are moving ahead with 20, 50

and greater 20, 30 targets. That, for example, I think it was our gas industry would be looking at what he described as a knife fight in the telephone box. So there are kind of big opportunities here that we're missing. But it seems to me there's kind of like a handful of people in the Liberal and National Party that are standing in the way here. And it's really domestic politics that is the issue. We're coming up to a federal election. How is Morrison going to be balancing these competing pressures, do you think?

Marion Wilkinson [00:20:08] Yeah, an interesting question, and I think one of the great advantages Morrison has here is that the Labour Party will not take this issue on full frontal. And one of the reasons is obviously the A.W., you and the CFMEU do not want this issue up front. Neither do a lot of people in the right of the party who are worried about losing marginal seats like Joel Fitzgibbon seat in New South Wales, and that they know very well that's how the game is played at election time, that there are huge resources thrown into these seats in regional Australia, where the politics of climate can work against Labour. So I think that from talking to people within the government, there's a feeling that they've actually are straddling this. OK, now, I think they might find themselves in a lot more difficulty in city seats on this from the independents, but. This profound difficulty within the coalition party room, I think goes a lot more deeply than people realise, I was very surprised when I was doing the essay talking to moderate liberals who said to me, there is no way in the wide world they will open up the 20 30 target for Australia. Now, that's a really crucial point, because when I interviewed the foreign ambassadors on this, that was what they kept saying, you know, you can't get to net zero unless you have a credible 20, 30 target. But even the moderates in the Liberal Party feel that there's too much of a danger of blowing up the coalition and Morrison's leadership. If they go to reopen the 20 30 target, the best they're hoping for is that Morrison can get enough consensus, throw enough dollars at the national party that they can get by the time of the October meeting of the G20, the ability of the prime minister of Australia to get up and say we will commit to net zero. But, hey, I'm not going to give you a credible 20, 30 path to get there. So I think that shows you how deeply the divisions are being affected or affecting the politics of this. On the other side, as the other panellists have quite rightly said, there are huge pressures both from our international allies and also for international business, from international business, from all the people in the finance markets who are getting increasingly worried about this. But Morrison thinks he can keep juggling this, using Angus Taylor's strategy to get him through an election, whether it's in March of next year, because he feels that Labour will not fight the ground on this.

Ebony Bennett [00:23:14] Richard, you've done a fair bit of work looking at the politics around fossil fuels. The fire obviously focuses a lot on how our diplomatic efforts have been used to really protect our fossil fuel export industry. But looking at the domestic politics of that, you cited MacNiven a couple of times in there. I know you've looked recently at some of the comments he's made around the National Party, really not being the party of farmers anymore, but of looking after miners. How much how much influence does that kind of thinking have internally within the coalition? And then subsequently, I guess, on our diplomatic efforts things.

Richard Denniss [00:23:59] But I'll make a shameless plug, check out the latest episode of The Spin Room, where we we breakdown an interview on our YouTube channel. We breakdown an interview between the two great minds of the centre right, Matt Canavan and Alan Jones, talking about climate policy in Australia. And at one beautiful point in the interview, Alan Jones says, why don't we just protect the farmers and just exempt them from all of this climate nonsense? And this is wonderful, awkward pause where Matt Canavan kind of lost words and then he says, well, no, Alan, I don't think we should exempt the farmers from climate policy because that would mean

with the coal industry would have to put in more effort. It's just it's as blunt as that. And it's revealed accidentally in this interview that we played with in the spin room. So but I think so no doubt there's domestic political advantage in a handful of seats and a handful of seats by going to pandering to this kind of notion that good old fashioned coal keeps Australia strong. That's how you win a handful of seats in Australia. But the point that we make in the essay is that this is a 30 year foreign policy. OK, and both are true, but let's be crystal clear, this 30 years of Australian diplomatic effort to make sure that other countries want to keep buying our coal and our gas and oil, and that's not being driven by Matt Canavan and Barnaby Joyce. This is the nation state locking in its perception of its interests to cause climate change by boosting fossil fuel exports. And we provide plenty of evidence in the case. I hope people have a right. But, you know, really, it's important to understand that in publicly available documents through it. So we know that when Prime Minister Morrison has gone to Bangladesh, has gone to Vietnam and other ministers have gone to Southeast Asia in this speaking in their notes that they read on the plane the importance of flogging our coal to these countries. This is in recent years. This is the speaking notes for our prime ministerial and ministerial visits. It's written there. Make sure you talk about coal. We see Bangladesh as a growing coal market for us. So so, again, even understand that Australia saying Morrison's refusal to sign it zero isn't just pandering to the net. That is absolutely part of it, but it's part of our foreign policy because we don't want Bangladesh to commit to net zero. We don't want Vietnam to meet the net zero. We don't want Sri Lanka to commit to net zero. We want to sell them coal and oil and gas. So part of our foreign policy is to actually take the diplomatic pain that's being meted out at the moment so that it's us that's copping pressure from Europe. It's us that's copping pressure from the US, leaving those South-East Asian countries relatively unscathed. We're taking the load for them. It's not so. Yep. Barnaby Joyce is going to roll with you bit, but boy, it's worse than that.

Ebony Bennett [00:27:23] Alan, we might go to questions from the audience. Surely you've touched on Wesa's essay in this issue and again, available in all good bookshops

Richard Denniss [00:27:34] have to go

Ebony Bennett [00:27:37] there. Any other of the essays that you want to touch on the people before we go to take questions from the audience?

Allan Behm [00:27:45] Well, I'm not just a little bit of the early part of what Richard just said, where he was touching on the remarkable dialogue between Canavan and Jones. Canavan was stumped because he fundamentally couldn't approach the security issue that is bang in front of our farming community in Australia. And in her essay in this volume, Amanda McKenzie touches on the human security aspects of Australia's national climate policy. And she does it from two points of view, but particularly from the domestic point of view, where she she reflects on the fact that our major water supplies and dams are still clogged up with ash and debris, not just from the fires of last January, but from the fires of 10 years ago, where climate change has a long term impact on something as basic as the availability of drinking water in Australia. And as we get to the western side of the Great Dividing Range, the change in the temperature profiles is really going to mean that many of our farmers will move out of crops like wheat and barley and have to start thinking about growing pulses because they grow in much drier climates in the Pacific. The human security issue is whether or not entire nations will be washed away so that as we sort of continue to talk up global security threats from countries like China, which in my own opinion are not real at this point, we've got to think about what the real security threats are. And they are around the ability of peoples to feed themselves, to have a sense of an economic future. And again, Amanda

picks that up in looking at Ghana's projections on what clean energy could actually do for industry and manufacturing in Australia so that at the same time as we are trying to flog a dead horse, if that is an appropriate reference to coal, we are refusing to materialise fabulous opportunities in front of us, which will do two things more than meet targets and at the same time grow the economy. And I'd have to say, like the rest of your panel, I'm totally gobsmacked that we've had a procession of governments who refuse to see that and refuse to address it.

Ebony Bennett [00:30:28] Well, we've got nearly eight hundred and fifty people on the line with us today. Thanks so much for joining us. I hope you're enjoying the discussion so far. We're discussing issue 12 of Australian Foreign Affairs, all about Australia's climate policy and how much we're feeling the heat, because it's pretty shabby, to be frank, as everyone will know. So we'll go now to questions from the audience. Don't forget, you can type them in. You can upvote other people's questions and comments on them as well. The first one might be for you, Alan. It's from Rod Hull's group. He says Professor Peter Drahos from ANU has written that the Chinese Communist Party is one of the world's best hopes for avoiding dangerous climate change. What does the panel think?

Allan Behm [00:31:16] Allen West wrote? What a fabulous question. It's sort of a counterintuitive question, given that we have at the moment a group of people who are out there chest thumping and saying how we should take China on militarily. But it is the truth. I mean, the Communist Party of China and more particularly the government of China are very much focussed on the long term well-being of the Chinese people. And for anybody who's been around in Beijing at any time of the year, but particularly in the summer, they would know that air quality driven by filthy emissions from factories has caused enormous increases in asthma and things like that across the Chinese population. And in a population where children are so highly valued, the Chinese government, quite properly, is focussing on their long term welfare. And their long term welfare is really material to ours, too, because China is a heavier polluter than Australia. Of course, with a population of one point four billion, they might expect it to be. But I think your question is a beauty, and the answer to it is let's all just have a little bit of a cold shower and think seriously about the sort of country that China really is, not the kind of country that we fear China to be. And if we were to do that, I think we might have a set of quite different prescriptions for the conduct of our foreign policy with respect to China.

Richard Denniss [00:32:57] Sorry, can I just add. I agree with what Alan said. And let's just imagine the communist Chinese government is trying to make decisions that are good for communist China alone and doesn't care about the rest of the world. Does it want to buy lots of coal for Australia forever? No. Does it want to buy lots of oil and gas for the rest of the world from another? Is renewable energy and electrification the way to help itself be more economically independent? Yes, this climate change have the capacity to fundamentally disrupt and jeopardise the stability of the world's most populous nation. Yet does this China want hundreds of millions of internal Chinese refugees and the breakdown on the political consequences of that? Or if you're in complete control of it at the moment, which want to be conservative and keep it the way it is. So sure, China doesn't want to tie its shoelaces together and make it harder for it to catch up to the rest of the world. But it doesn't want to cause climate change for for any reason. And arguably, even if it just wants to be insular and self obsessed, tackling climate change and getting all fossil fuels is a great strategy, even leaving aside the air pollution and other problems.

Ebony Bennett [00:34:16] Yeah, Marian, I just wanted to come to you because as you said earlier, your President Xi Jinping speech committing to net zero by twenty sixty was really kind of that

instigating incident for the shift globally because we were kind of coming out of the other end of that Trump period. Do you want to add anything to what Richardson and Palin have said, that?

Marion Wilkinson [00:34:40] Well, only I think that everyone knows that unless China is part of this, and most particularly Chinese innovation and technology is part of this, it's not going to happen. We cannot do this without China being on board. And I think you'll see and have seen with John Kerry, who's Biden's special envoy on climate, he has been one of the few administration officials that has been able to talk to China in a less confrontational way. About the climate change issue, and he because he knows his counterpart there who's who's running the negotiations, and he is also very much committed to the idea that China has to be on board on this issue. The other thing I think it's worth pointing out, and I do mention it in the essay, is that we forget that China at the moment actually has more patents on renewable energy than the US, especially in things like solar energy and wind energy and other technologies that are going to be absolutely vital. Some of the biggest electric vehicle manufacturers are actually in China. So I think anyone who thinks that China is going to let itself be left behind in this energy transition is really kidding themselves. One other small point is that I think both Biden and the EU and Britain have been really hard on this position where they want China to stop subsidising coal plants around the country, even though, as Richard said, partly we're enthusiastic about this without saying it because we want them to buy our coal. But a thing that's often overlooked, which looked which came out in a very good research paper recently from Boston University, is that while China is the biggest public funder of coal plants in places like Asia and Africa, one of the biggest private builders and funders of coal plants is Japan. And in fact, they outstrip what China is doing internationally on coal plants. So with the pivot by Japan, this will also have an impact on Australia.

Ebony Bennett [00:37:18] Thank you. The next question is from Elizabeth Bolton. She says Allen and Richard Yarraville, exclusive information about the extent of diplomatic efforts to help the fossil fuel sector. How hard was it to find that information and how much do you think we as yet don't know, i.e. about transparency generally? Alan, can you take that one?

Allan Behm [00:37:39] Well, one of the things about the way in which we conduct our foreign policy is that a lot of it is actually played. The cards are played face up. It's not hard to get a good insight into both the content and the style of the conduct of our diplomacy in Australia. So I don't think Richard and I found that difficult at all. I think the difficult bit is in having a talented department like Foreign Affairs, which understands perfectly well that it is totally underutilised in an issue as dramatic as climate change to assist them, to sort of maintain their morale, to maintain their enthusiasm for for the exercise of good diplomacy. That is actually quite an interesting part of the discussions that I had in putting the little bit of the essay together that I wrote. But I think that it's not difficult in Australia to find out what's going on. I think the most difficult thing in Australia is to get a government who'll actually listen to the sound advice that comes not only from its its public service advisers, but from the raft of people in business and in the civil society groups who are saying to it, there is a way forward here which is economically sound and not dependent on hydrocarbons. And that I think that's shared widely across the public service, not just in foreign affairs.

Ebony Bennett [00:39:06] That brings me to my next question, which is from David Jones. And I think this one's for you, Richard. Why are mainstream economists still sitting on the fence about the transformational economic benefits of transitioning to Will energy economy? And I did just want to use my prerogative as host to insert something on a base which we've mentioned.



Marian's mentioned how much China is investing in electric vehicles. We used to have a car manufacturing sector. We've got huge lithium resources here. What are some of those opportunities and why aren't mainstream economists onto these ritchin?

Richard Denniss [00:39:44] Oh, let me just defend my integrity. What's not mainstream about me? I have in economics from the same universities as the mainstream economists. So I taught economics at Australia's Australian National University unis around the country. I think by mainstream we mean people whose profession requires them to sit in the middle and requires them not to ask hard questions and requires them to nod politely when when people talk bullshit. So, yeah, my I'm an economist, I don't know what mainstream means. Why do so many economists in Australia pretend that taxing a pollutant is bad for the economy? I have no idea. There's nothing mainstream about it. Like in first year economics, we teach what externalities are we teach? What a government taxes. That's a tax on a negative externality, a pollutant. It is literally neoclassical economics 101 that the most efficient way to collect tax revenue is by collecting it on something you're trying to discourage. So why do so many economists in Australia pretend it's harder than that? I don't know. But their position is radical. Their position is unrelated to the teachings of Orthodox economics. But Australia is a tough place to have public debate. If you don't sit on the fence, you won't get mad again. Check out this binbin. Matt Canavan talks about how he doesn't get invited to the good dinner parties. Will I assure you I didn't get invited to the the Cool Economists Club, but I'm the one that's fighting the first year economics textbooks. They're the ones pretending it doesn't exist.

Ebony Bennett [00:41:34] The next question is from test meat. And she says, before the G20 in October comes the meeting of the Labor leaders of the Pacific Islands Forum. How is Morrison going to engage meaningfully with Pacific partners, including around the 20 50 strategy for the Blue Pacific? Do you want to take that on?

Marion Wilkinson [00:41:56] I will take the first bit of that and then maybe hand over to Alan, because I think, again, it's really worth reading with his essay in the in the edition on this. I think one of the things that's clear now is that Australia is really offside with the Pacific nations. They that split began really in Paris, even though we belatedly joined their effort with a with a tweet from a then foreign minister, Julie Bishop, that we really did support the Pacific nations and their quest for high ambition coming out of Paris. We've done nothing essentially about it except alienate them. And one of the things I think that is so profound to me when I talk to people in Canberra from both political parties, is that at the end of the day, so many of them don't really accept that the overriding thing that came out of the IPCC in twenty eighteen and that the Pacific nations are wrong about that. We need to keep the temperature rise from going above one point five. We need to keep that rise to as close to one point five as possible. That is fundamentally still not accepted within both major parties in Canberra or or within the bureaucracy. And certainly I don't think in the Department of Foreign Affairs or the Department of Energy. And I think this is a huge and growing problem for Australia, because unless we come to grips with that and I've had politicians say to me, well, you might say that, but there are these other countries, their their ambitions in emissions reductions are far too high. They're never going to make it. It's all going to break down. And then we can keep selling basically coal and gas for a lot longer than you think. But to me, that is the big problem. We won't engage with the Pacific on this scientific reality.

Ebony Bennett [00:44:18] Allan, anything you want to add to that?

Allan Behm [00:44:20] I completely agree with what Marion has just said. Australia's reputation in the Pacific, I'm afraid, is virtually non-existent. Most Pacific leaders and waste points this out really well. They think we're phoney. They think that we talk out of both sides of our mouths at the same time. And I think it's an interesting thing that the prime minister is on a hiding to nothing because it's not just in the Pacific community that people are beginning to think that they're beginning to think that also about policies relating to the management of the coronavirus in Australia. So it is ultimately, for the prime minister, a question of authenticity. And it would be my submission anyway that until our leadership in Australia on all issues. But in this case, the one we're talking about this morning, climate change can take policies forward that are authentic policies and not thimble and pea policies where we have neither the thimble nor the P, then I think we are effectively trashing our own prospects diplomatically and strategically in the Pacific and pressing our own prospects economically and socially in Australia, too.

Richard Denniss [00:45:31] And just just on that ever. I agree with all of that in the lead up to the Paris the Pacific Island Forum nations welcome, except when the strategy first say we need a global moratorium on building new coal mines. That was crazy talk. But once President Tony from Kiribati wrote to all world leaders saying, how about we stop building new coal mines? People took it a bit seriously. The Pacific Island Forum agreed to that in the lead up to Paris, which no doubt put pressure on Australia, but more importantly, isolated Australia from those Pacific nations. And the reason I bring that up today is in the in the Fairfax papers today, Gina Rinehart shocked to learn that she's had a coal mine knocked over in Canada. Well, guess what? Canada has effectively got a moratorium on building new coal mines, certainly on building thermal coal mines. So, again, when we used to have this abstract conversation about emissions, Australia could get away with the accounting tricks, with the pay and simple, as Alan said. But now that the debate is moving from the abstract notion of emissions into concrete things like are you building new coal, you're building new gas, it's so much harder to hide a coal mine under an accounting trick than it is to hide the fact that let's be crystal clear, Australia's greenhouse gas emissions from energy, transport and industry are rising. They're not falling. We're not transitioning to zero emissions in Australia since Paris, since this government came to office. Australia's emissions have gone up from industrial sources. And again, the world's starting to coal us out on this nonsense.

Ebony Bennett [00:47:16] And I might just follow up on that one link to that observation, Richard, if the question from Jeremy Evans, he says, is our investment in fossil fuels about to become stranded assets? I notice that BHP is looking to kind of divest on some of those things that's trying to get out of thermal coal, but it's having trouble selling its pemble coal assets. How big of a problem is stranded assets going to be for Australia?

Richard Denniss [00:47:43] Oh, it's a tough question. People don't hear me, so I'll say it again. New South Wales government is currently considering 23 new applications. The new Coal Mines Australia is not transitioning out of coal. We are transitioning into coal. We talk about mining regions being affected from the transition out of coal. The Galilee Basin in far north Queensland is never mind a single tonne of coal in the history of ever. We're opening new coal mines in far north Queensland. We are transitioning new parts of Australia into fossil fuels. We're opening new gas basins in New South Wales and the Northern Territory. So stranded assets, well, we're still pouring assets in. We're still making communities more vulnerable to these. And it does my head in when people say, oh, how is Australia's transition away from fossil fuels going to hurt workers? I think the question is, how is it that we talked about, oh, now you're on your own, Muite.

Ebony Bennett [00:48:57] I have been doing this for the last year, I don't know what happened there, cut out of work, cut out for everyone and apologise for it.

Richard Denniss [00:49:05] I heard a Marion in your absence.

Marion Wilkinson [00:49:08] Very well. I agree with Richard that we are. And you only have to look at the the Downs decision in Queensland just recently. But I think we'll we'll keep going. So I think you're right that people are governments in particular, and some of the companies are still pressing ahead with expansion. But I think some of the players are moving out. And what really concerns me at the moment, we're seeing it in the gas industry and we are seeing it in the coal industry. Is it there's a move by some of the bigger players to get out, to sell down to people who are more minor players and leave behind all the legacy costs. Now, that particularly is the case with the gas industry at the moment. There's an enormous bunfight going on about that, about who is going to clean up all the sites of North Western Australia and in the Timor Sea and other areas. So I think we are seeing a move. But I think there's a natural instinct by a whole lot of investors in Australia who are saying, like we might only have this decade, so let's run as fast as we can, get as much money out of this as quickly as we can, and get as much government support for this as we can, basically, while the party's still going. And I think there is an instinct of that really coming in at the moment.

Ebony Bennett [00:50:55] And it was really interesting to say on the one hand, we've got in the budget, I think the government is looking at imposing a levy on oil or refinery kind of companies because one went bust and now the government's having to clean that up. And they're looking at imposing a levy on all of them, which the industry is not happy with. And then on the other side of things, Richard, we've got massive subsidies to oil refineries for the gas recovery, all kinds of things. So there's still a bit of push and pull there, but not really.

Richard Denniss [00:51:31] And absolutely. I mean, again, let's let's let's just kind of take the blinkers often. Look what's actually happening in Australia apart from the new coal mines. But for the new oil, we've just put billions into propping up oil refinery in Australia. We wouldn't want to subsidise electric cars. That would be bad. But we should we should we should subsidise oil refineries in Australia. We should subsidise oil exploration in Australia. We are still paying taxpayers money to help people look for more oil. We're still subsidising oil gas exploration. So at the beginning of the supply chain, the taxpayer is giving money to fossil fuel companies saying get out there and look for more. And then at the end of it, as Marion said, whether it's the former Woodside floating oil well, now owned by Noga, looks like a billion dollar clean up liability will fall to the taxpayer and the oil industry saying you can't ask us to pay for the clean up. It's like, OK, well, the only option, apart from asking you to pay for it through a levy would be if the fossil fuel industry would put up much bigger bones, much bigger deposits at the beginning of the process. Or you couldn't ask us to do that either. So if I rent a house, I put up a bond in case I trash it when I leave. But we literally let mining companies build enormous oil wells and coal mines with not nearly enough money put aside to clean them up. So we subsidise exploration, we subsidise infrastructure, we subsidise refining, and we let them off the hook with the clean up at the end. It's as if there's a coherent, decades long strategy to help the fossil fuel industry. Almost God, we wouldn't want to subsidise electric cars that distort the market and distort the market.

Ebony Bennett [00:53:33] Yeah, it's a good point. And the last question that I've got here is one that I'll put to all the panellists, apologise for our problems. We're having problems with the Internet, apparently across the whole office. So the last question is from Mark Hudson. He says, So

it's clear that we've been failing at climate change for 30 odd years. We know that the state is captured and without a fundamental change, it will continue to go down the same path. So what do campaigners, citizens' advocates of change need to do differently to have any chance of changing our trajectory? Marion, I might start with you.

Marion Wilkinson [00:54:10] Well, as I've got a simple answer to that, I think that if you do think that this is the fundamental crisis facing not only this country but the world, I think you just cannot vote for people who don't have a credible climate policy, because until that shift comes in, the both both major parties where they start taking serious steps on a 20, 30 policy on an energy transition. It really doesn't mean anything you can say net zero as long as you like, unless you've got a pathway to net zero, that's credible and that includes a credible 20 30 target. You're really not even in the game.

Ebony Bennett [00:55:00] Thank you, Ellen.

Allan Behm [00:55:04] It's a wonderful question, and it seems to me that what we need to do is to recognise that this is a looming catastrophe that impacts on every human being on the planet. But whatever we have as a fundamental economic management paradigm, the point that Richard was just making, actually, that we privatise profit and socialise risk, we will not be able to address it properly because the economic incentives are simply not there. So apart from not voting for the troglodytes who are keeping us in this position, we should also be looking to see that we can change some of our fundamental planning geometry so that it focuses on broad human security, not just on the economic well-being of a few huge capital intensive companies.

Ebony Bennett [00:56:01] And you might think that a global pandemic, a thing or two about

Richard Denniss [00:56:05] the long term and you might think

Ebony Bennett [00:56:09] I'm rich. Finally to you,

Richard Denniss [00:56:12] Mark, I hope you made it out a lot then. Look, what a great question. I think the main thing we always have to do is not look away from the truth, no matter how confronting it is. We need to call out things as they are. But we also need to find new allies, new arguments for doing that. And I think the Pacific has become a very powerful critique of Australia and they're being listened to internationally. That's a big change. And it's the domestic front. Like never forget, Tony Abbott was swept from one of the safest seats in the Liberal Party at the last election. Josh Frydenberg had an eight per cent swing against him, taking the liberal blue ribbon seat of Kooyong below 50 percent, the lowest of the primary votes of the liberals in Kooyong. So this kind of the foreign policy is bad. But the domestic politics of letting Barnaby Joyce sit the Victorian Liberal Party's climate policy is devastating for moderates. And while those electorates might not swing to Labour or they could swing to the Greens, as they have in plenty of other states, the threat of independents has got a lot of moderate liberals scared. So Campinas just should always keep telling the truth, keep paying attention to what's really happening, but look around for new audiences to talk to about excellent advice.

Ebony Bennett [00:57:32] And in terms of confronting the truth and finding the truth, you should check out Marion's book, *The Carbon Cloud*. You should check out this issue of Australian foreign affairs. *Feeling the heat*. It's issue 12 available in all good bookshops. And check out the Australia Institute Ogunniyi. We've got lots of recent reports on how Australia is the third biggest exporter

of fossil fuels behind Russia and Saudi Arabia. We've got reports on 20 30 targets. We've got the report that showed Australian government spending more than 10 billion dollars a year subsidising fossil fuels in Australia. So there's plenty of truth to be had out there for activists, if you're interested. Thank you so much to our panellists, Marian Wilkinson and Alan Allenby. Thanks for taking over while my Internet cut out shortly. And thank you to everyone who joined us today for all your wonderful questions. We really appreciate you participating in these discussions. We think they're really important for Australian democracy. Thanks, everyone. We'll see you again soon. Hopefully we'll fix our Internet before next week and then stay safe out there. And we'll see you soon.

Marion Wilkinson [00:58:46] Bye bye. Bye. Thanks so much.