

Shorten must rule out nationalising the electricity grid

JOSH FRYDENBERG THE AUSTRALIAN 12:00AM February 5, 2018

Last Friday, standing alongside Bill Shorten, the ACTU president and now Labor candidate for Batman, Ged Kearney, said that nationalising the electricity grid was “worthy of consideration”. Put to Shorten that this would destroy Australia’s proud reputation as a global investment destination, the best he could say was that it was unlikely to happen, not that it was a bad idea.

It was the latest example of Shorten’s reluctance to stray from the populist playbook of Jeremy Corbyn and Bernie Sanders. By no coincidence, last year’s British Labor manifesto said the party will “regain control of energy supply networks” and in the US presidential candidate Bernie Sanders has in the past called for “the public takeover of all privately owned electricity companies”. These are discredited and unsuccessful socialist policies that one had only become accustomed to expect from Chavez’s Venezuela and Castro’s Cuba, not modern-day democracies with developed economies.

It’s one thing in Australia for the wacky Greens to be proposing nationalising the grid — this can be dismissed alongside the other policies they found at the bottom of the garden like abandoning ANZUS and bringing back death duties — but it’s another when it comes from the mouth of a powerful union figure running on Labor’s ticket in a critical by-election.

Not only has the Productivity Commission found that privately owned electricity assets “are better at efficiently meeting the long-term interests of their customers” but to spend the amount required to nationalise the grid would be illogical, irresponsible madness. Based on Australian Energy Regulator figures, it would cost up to \$50 billion to nationalise the networks and interconnectors alone, and a multiple of that if you were serious about trying to centrally control the energy supply chain including generators and retailers.

Nationalising electricity assets not only would put the taxpayer on the hook for the acquisition costs but also for future capital expenditure. For the Australian electricity sector, this number exceeds \$200bn, based on scenario planning by Energy Networks and the CSIRO as to the level of investment required in the grid by 2050. Are Shorten and Kearney serious? Are they really prepared to ask every Australian household to stump up almost \$30,000 extra, inevitably through higher taxes, to achieve an ineffective socialist ideal?

The real reason Shorten has not ruled out nationalising the grid and has said “I won’t be silenced in criticising privatisation in the electricity industry” is because of his desperate need to appease his green-left flank and keep them at bay. It is why one day Shorten is telling the workers in the La Trobe Valley that “coal has a future in Australia” and the next he is supporting Senate motions that “coal has no long-term future in Australia”.

The same kind of transparently inconsistent approach can be seen from his statements on Adani, company tax cuts, free trade and education spending. At least he is consistent with his famous signature statement: “If you don’t know where you’re going, any road will get you there.”

In contrast, the Coalition knows where it is going on energy policy and has a clear, logical and businesslike plan to get there. We have listened to the experts and endorsed the National Energy Guarantee that ends the subsidy mentality and takes a truly technology-neutral approach that will see households \$400 better off each year and large consumers even more so.

After network prices skyrocketed under Labor, we have passed legislation to abolish the limited merits review and rein in network costs that will save consumers billions. We have secured gas for Australians before it is shipped overseas, after Labor ignored the warnings when it was in office as to the implications for prices and supply from burgeoning exports.

We have reached agreement from retailers to win a better deal for millions of households and are investing in Snowy 2.0 and other storage projects around the country to remove price volatility, stabilise the system and ensure South Australia’s disastrous “big experiment” is not replicated nationally.

During the Rudd-Gillard years energy prices doubled. Today Labor’s energy spokesman, Mark Butler, acknowledges the “missteps” and “mistakes” his party made during that period. Were Shorten and Kearney to actually go down the

path of nationalisation, the damage would be enormous. Increases in power prices, taxes, government spending and bureaucracy would be entrenched for decades to come. Next time Shorten is asked in front of one of his candidates about such lunacy, he should unequivocally rule it out and mean it.

Josh Frydenberg is the Minister for the Environment and Energy



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