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Greens' Electoral Gains Spur Hopes for Australian Clean Energy Initiatives

By James Paton - Aug 22, 2010

A surge in voter support for the Australian Greens has sparked optimism that the government may increase efforts to stimulate the development of the renewable energy industry and combat climate change.

“Any government would ignore that at their peril,” [Michael Ottaviano](#), managing director of Perth-based [Carnegie Wave Energy Ltd.](#), said by phone yesterday. “This should send a very clear message to both sides of the political spectrum that the Australian people want action on climate change.”

The Greens party won its first lower house seat in a general election, with lawyer [Adam Bandt](#) taking Melbourne from the Labor Party, and will hold the balance of power in the Senate. Prime Minister [Julia Gillard](#) and opposition leader [Tony Abbott](#) are fighting to form the next government after neither of their parties won a majority in the general election over the weekend.

Support for the Greens rose after Gillard’s Labor Party deferred plans to introduce an emissions -trading system. The party gained 11.4 percent of the national vote, the Australian Electoral Commission’s website showed. That compared with 7.8 percent in 2007, the Australian Broadcasting Corp. said.

The vote may prompt the government to accelerate investment in the renewable energy industry, Ottaviano said. Almost none of the A\$5 billion (\$4.4 billion) to A\$6 billion promised by the government over the past five years has reached companies so far, he said.

Even so, it’s unlikely that an emissions-trading system would be put into place in the next three years, he said.

Hazy Outlook

The ruling Labor Party had 70 seats and Abbott’s Liberal- National coalition had 71 in the 150-member House of Representatives, according to the [Australian Electoral Commission’s](#) website at 4:15 p.m. Canberra time yesterday. Six seats were undecided, with two independents elected.

“If Labor, with a majority government and the mandate they had at the last election, couldn’t prosecute the case for a carbon price, I can’t see how a minority government is going to be able to do that successfully,” [Ottaviano](#) said.

Gillard has said Labor would delay emissions trading until after 2012 and set up a citizens’ group of 150 “ordinary Australians” to help decide on a policy to curb emissions. Abbott has opposed a carbon price, saying it would hurt the economy, and proposed a A\$2.5 billion program to pay businesses to cut pollution and fund clean-energy development. Both parties target a 5 percent cut in emissions by 2020.

The Greens have said they want a carbon price of A\$23 a ton in Australia, where 80 percent of power generated comes from coal-fired plants, and a 40 percent cut in emissions by 2020.

Green Compromise

Uncertainty about what course of action the government will take and whether it will impose a carbon price may hurt Australian shares, said Andreas Stephens, an investment analyst at Sydney-based [Celeste Funds Management](#), which oversees A\$300 million in assets.

“The coalition has been very definitive, and it’s difficult to see how they would negotiate a carbon price with the Greens and maintain their credibility,” Stephens said. “Likewise, with the Labor Party, the extent to which they would be willing to compromise remains to be seen.”

Shares of Australian clean energy companies slumped 31 percent in the year that ended July 30 as investors avoided the industry, unsure of government policy on carbon emissions, according to the ACT Australian Cleantech Index of 78 stocks. The benchmark S&P/ASX 200 rose 6 percent over the year.

“It’s a potential positive because the Greens have a strong commitment to introducing a carbon price and driving the development and deployment of renewable technologies,” [Matthew Warren](#), chief executive officer of Australia’s [Clean Energy Council](#), said in a phone interview yesterday. “But it’s qualified by the fact there are independents elected with different interests. So it’s really uncertain.”

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