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AFR Weekend, Australia

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SMOOTH FLOW OF POWER TO THE PEOPLE

Energy Minister Josh Frydenberg is in the hot seat as the country confronts the risks and challenges of a lower-carbon future, writes **Mark Ludlow**.



Federal Energy Minister Josh Frydenberg bounds out of his office to greet the *AFR Weekend* and we walk up to the Members' Dining Room at Parliament House.

With the last parliamentary sitting week for the year and with energy and climate policy in the national spotlight, the rising political star Frydenberg has good reason to have a spring in his step.

The past year has been a big one for the ambitious 45-year-old Victorian MP. He has continued his rapid rise through the ministerial ranks – with Prime Minister Malcolm Turnbull promoting him into cabinet to take on the newly merged energy and environment portfolios despite Frydenberg backing former prime minister Tony Abbott in the leadership showdown late last year.

He is now responsible for overhauling the National Electricity Market as it deals with the seismic transformation from an economy dominated by coal and gas to new technologies such as wind and solar.

Many of his contemporaries have been amazed at the meteoric rise of the former political staffer. The affable Frydenberg brushes aside such commentary, believing he bided his time before Abbott promoted him to become parliamentary secretary to the prime minister in 2013.

"John Howard gave me advice many years ago," starts Frydenberg as we look over our menus. "He said, 'Josh, when you get a call from a prime minister, you take all of 1.5 seconds to say 'Thank you prime min-

ister.' It doesn't matter whether it's up, down or sideways. You take it."

AFR Weekend has been confined to Parliament House for lunch because Frydenberg, like other Coalition MPs, can't duck down for a quick bite to eat at the nearby Manuka or Kingston due to the precarious numbers in the House.

We have managed to slip in a quick lunch before question time so Frydenberg passes on a glass of wine. I follow suit. He still has to do last-minute prep. (He is later bowled a question by Greens MP Adam Bandt which he took great pleasure in answering, using it as a chance to send up the Greens and inner-city elites "in their Birkenstocks" who want to close down all coal-fired power stations immediately.)

Frydenberg is now at the epicentre of the national debate about the transition to a lower-emissions economy and the challenges that arise from moving away from the reliable synchronous generation of coal and gas to intermittent renewable technology such as wind and solar. A day after our lunch, 200,000 South Australians lost power again – reinforcing the precarious nature of the grid as it moves into uncharted territory.

As he self-deprecatingly describes it at the lunch, "It's like driving down the road in our Tesla and there's more than potholes, but craters all around us."

Proponents of clean energy are suspicious of him because of his previous support for coal, while the fossil fuel industry is wary about his messages about the inevitability of

moving to a lower-emissions economy.

"I'm confident," he says as we place our orders, "we can find engineering solutions to a lot of the challenges posed by increased intermittent generation.

"You can't please everybody and I'm very conscious that if you try and please everybody you'll please nobody. What I'm trying to do is smooth this inevitable transition that's occurring."

He makes it clear what his priority is: "Energy security has to be number one because no one will forgive me if the lights go out in South Australia again and the federal government could have done something to prevent it," he says.

After SA's blackout this week, Frydenberg says it was a further reminder of the real challenges facing the NEM and how each state needs to be able to provide their own power. "The public is expecting that Australian governments – Liberal and Labor – stand up for blue-collar jobs in the energy intensive industries."

Frydenberg says reports of coal's demise are premature, citing the International Energy Agency's predictions that it will still provide 30 per cent of global energy by 2040. Coal currently provides 60 per cent of Australia's energy generation, increasing to 75 per cent for the NEM (which excludes Western Australia and the Northern Territory).

He agrees the debate over the future of the nation's energy mix is driven by ideology and self-interest.

"[South Australian Premier] Jay Weatherill was refreshingly honest when he said



South Australia [which has 40 per cent renewables] was conducting a big experiment because it was a big experiment. But that experiment has failed. It's our job to learn the lessons of that and to ensure that it doesn't happen again."

The member for Kooyong opts for the gnocchi for entree, while I decide to try the stuffed zucchini flowers.

The Members' Dining Room is sparsely littered with politicians and their lunch guests. Former Abbott minister and hard-line conservative senator Eric Abetz walks past, engrossed with his mobile phone, while a few tables away, independent MP Cathy McGowan holds court.

The final weeks of parliament are usually quite celebratory. But with so much key legislation hanging in the balance – the Australian Building and Construction Commission Bill (passed on Wednesday night) and the backpacker tax (sealed with a last-minute deal with the Greens on Thursday afternoon) has added an air of tension.

I first encountered Frydenberg while working in the Press Gallery at Parliament House in the late 1990s. Although he sported a more luxuriant head of black hair and was a few kilograms lighter, Frydenberg still possesses the same boyish enthusiasm.

He would never waste an opportunity at the favoured Canberra drinking hole, Filthy McFaddens in Kingston, to tell you (strictly "off the record") what a great boss his minister was or to sell the Howard government's policy on any particular matter.

Fast-forward 15 years and the media-savvy Frydenberg – now a married father – remains an enthusiastic spruiker for the Coalition, rattling off the list of the achievements of the Turnbull government.

I ask him whether Abbott's periodic re-emergence to deliver thinly veiled criticisms of the Turnbull government was a distraction the Coalition didn't need. The talented tennis player – who took a year off after school to play on the satellite tour in Australia and Europe – shows he's still nimble.

"There are issues he's passionate about and if elected to this place by your constituents you're entitled to speak out about," says Frydenberg defensively.

But is Abbott going to make a comeback? "He says he thinks he doesn't think he's coming back to the prime ministership," he replies. "You've been around long enough, there's always a lot of noise."

Regardless, Frydenberg is grateful Turnbull took a punt on him in such a challenging portfolio. So did his predecessor in environment, Greg Hunt, good friend and architect of the Coalition's Direct Action climate policy, offer any advice?

"I went into his office and I said, 'Greg, you've got a big grin on your face,'" Frydenberg recalls. "And he goes, 'I feel as if a huge weight has been lifted off my shoulders and put onto yours.'"

Our mains arrive, with Frydenberg having the salmon, while I opted for the sirloin with chips which are eyed off hungrily by the minister who soon starts to pilfer.

Frydenberg was raised in the affluent Melbourne suburb of Kew before studying arts and law at Monash University. His first foray into politics was working for former attorney-general Daryl Williams in 1999, followed by Downer (1999-2003) and then Howard (2002-03).

In the mid-2000s, he worked for Deutsche Bank which some saw as Frydenberg broadening out his CV before the inevitable tilt at parliament. But he failed in his first attempt, losing the preselection for the federal seat of Kooyong to MP and Liberal Party moderate Petro Georgiou. He was shattered.

He soon realised high-end connections don't mean anything if you don't have the support of branch members. He was better placed when Georgiou decided to retire at the 2010 election.

"One of the adages I live by is 'smooth seas never make for skilled sailors', meaning you have to have a bit of adversity to become good at what you do," says the avid reader of political histories, including of his idols Abraham Lincoln and Margaret Thatcher.

After the SA blackout in late September, Frydenberg commissioned chief scientist Alan Finkel to conduct a review into energy security. A preliminary report will be presented to the Council of Australian Governments' meeting on Friday.

It comes ahead of next year's review of Australia's climate policies. Critics of Direct Action say the Turnbull government has to finally tighten the policies to force big polluters to change their behaviour.

Frydenberg reveals the terms of reference for the review will be released before the end of the year but deflects a question about whether the Turnbull government would set a new Renewable Energy Target to replace the existing 23.5 per cent by 2020.

"We've got a review and we'll see where that ends up. I'm not in the guessing game," he says.

He bristles at the idea the Commonwealth should follow the more ambitious, aspirational targets set by the Labor state governments in Queensland (50 per cent by 2030), Victoria (40 per cent by 2025) and SA (50 per cent by 2025).

"I'm concerned those targets are unrealistic – they skew the market outcomes and lead to an inefficient allocation of resources.

They don't have any major environmental impact and also states are not upfront about the true costs to consumers," he says.

As Frydenberg – now like a crazed seagull – steals yet another chip, he ruminates on the disillusionment with major parties after Brexit and the election of Donald Trump.

"There are winners and losers from globalisation and we have to accept that and be very conscious of the losers," he says.

Frydenberg, who recently finished an eight-week stint off coffee, orders a herbal tea before a raised eyebrow from *AFR Weekend* forces him to change his order to an espresso. I join the caffeine fix.

He quickly shows me a picture of his two-year-old daughter, Jemma. He and his commercial lawyer wife Amie are expecting their second child in January. Frydenberg's hectic 12 months is about to get even busier.

And with a quick glance at his watch, he's off. Back to prep for question time. **X**

It's like driving down the road in our Tesla and there's ... craters all around us.

MEMBERS' DINING ROOM
Parliament House,
Canberra

- 1 gnocchi, \$19.50
- 1 zucchini flowers, \$19.50
- 1 salmon, \$34
- 1 beef sirloin, \$35
- 1 espresso, \$4
- 1 piccolo, \$4
- Total: \$116





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Josh Frydenberg: "It's our job to learn the lessons [of SA] and ensure it doesn't happen again." PHOTOS: ANDREW MEARES