

ISSUE 1812

“In Support of Progress”

# Newsletter

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## The Syrian Conflict

### A viewpoint

## Corporate responsibility

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### ***Back in the saddle!***

I last put pen to paper one month ago. Back then the election had returned the State's Liberal government with a working majority in the Parliament. The government had made, according to the Premier, some 200 promises that had not been recorded. They still haven't. Presumably they will see the light one day, maybe at budget time. But a lot has happened since that time, and those 200 promises have been somewhat subsumed by other events.

Last weekend, the US, Britain and France launched a missile strike against Syria. “There will be consequences” says Russia, which is supporting the Assad regime. At around the same time, two AFL teams played in Hobart. North Melbourne, 11<sup>th</sup> on the ladder, played Carlton, last on the ladder. I was impressed with the coverage in the local paper the following day - the Sunday paper was full of it - the football of course. The Syrian escapade, supported by Australia, made pp21 and 22. Interesting priorities!

But more about football in a later edition.

I don't normally comment on international matters, but I feel compelled to do in this instance.

### ***Syria***

The missile attack was a reaction to the use of chemical weapons by the Syrian government. It's bad enough for any government to be blasting its own citizens out of existence, but using chemical weaponry to do so is just abhorrent.

External governments reacted to this news by launching a missile strike against the regime, but there was a small problem with doing so – the use of such weapons had not been proven. And still hasn't. Likely, maybe, but proven, no. Yes, we saw pictures of people being washed down and struggling for air, but that does not prove that the cause was chemical weaponry.

We can so easily build up a hysteria around such matters and enter into a conflict based on hearsay - along similar lines to what happened in Iraq, when we went in to erase those non-existent weapons of mass destruction. And created mass destruction in the process. In a world of fake news, finding the truth can be difficult indeed.

I am not a supporter of the regime by any stretch, it is brutal and sadistic. I hope it falls. But I cannot help but think that every time the west intervenes in the Middle East, it leaves a greater trail of destruction.

The politics of the region is so convoluted, so fluid, driven by historic conflicts, secular and sectarian imperatives, and backed up by tribal - as distinct from national - priorities, the west loses itself very quickly. In fact, the region's national borders are really only colonial borders, drawn up at the time of the collapse of the Ottoman Empire after WW1. Britain gets Palestine and Iraq, France gets Syria and Lebanon.

Pictures that came out of Iraq, of American troops trying to bribe tribal leaders with American money, was as absurd as it was pathetic. They take the money, of course, but nothing else changes, except America's moral authority. Western values don't wash in this region, and simply throwing money at a problem in order to impose those values usually only exacerbates the problem. This is a region where "the enemy of my enemy is my friend", and yet the west keeps getting sucked in. A bleak future awaits.

### ***A wake-up call.***

While the Syrian confrontation grew, with Australia in sycophantic response, concern was being expressed at the interest China seemed to be showing in the South Pacific, in particular Vanuatu. (However, not according to Vanuatu). The professed interest by China in the region amplifies the fact that Australia's interest lies much closer to home than the Middle East, and I would hope that the Federal parliament takes this as a wakeup call and immediately reassesses its priorities and involvement in the region. Nothing can be taken for granted, including geographic proximity.

### ***Welfare cheats vs corporate cheats***

While the government keeps on announcing a war on welfare cheats, and hounds people on welfare (easy targets), they have been conned mightily by the corporates. Corporate Australia is very much now in the limelight. Not only do the big international corporates evade (not simply avoid) tax by paying excessive licence, royalty and other fees to head offices in offshore tax havens, they feel right at home breaking local laws in pursuit of profits and status. Corporate greed has taken over from any sense of corporate morality.

The Royal Commission into the finance sector has exposed an evil culture within the corporate world. Lives have been ruined, practices have been corrupted, the law has been broken and heads must roll. Not just management heads but board room heads as well. Whether by a sin of commission – they knew about it but did nothing – or a sin of omission – they did not know about it but they should have (e.g. via their own audit committees) - Board members and Chairs are simply not worthy of holding down such positions of competence and trust. They have been found wanting. Lying and cheating should play no part in their modus operandi. No question, there needs to be a total cleanout of boards and management if public faith in these institutions is to be regained.

It also goes to disprove the need to pay obscene salaries to attract the best. Because it hasn't. It has done the opposite, and probably for that very reason. Greed begets greed. Corporate remuneration requires a significant rethink. Salaries need a significant downward adjustment, and remuneration in kind, such as shares and options, must be escrowed for a period after their period of employment is at an end, so there can be no suggestion that there has been a "manipulation of data or policy" to improve the benefit.

At first the government was sucked in by the sector, saying there was no need for a review. They were the good guys, protected and controlled by a strong regulatory environment, such as ASIC

Well there was a need, and The Royal Commission has just begun its work. Government is now scrambling to protect its own reputation in this matter.

So much for welfare cheats. They pale in comparison!!!

## Energy

Energy Ministers meet today to determine – no, discuss – what arrangements should be put in place going forwards to achieve its National Energy Guarantee (NEG). Every State has its own renewable energy target, and each state has its own policies around energy supply. So the talks will be interesting to say the least. No doubt there will be positive pronouncements at the end of the meeting (the future is looking better etc.) but signifying very little in practical terms.

While everyone gets enthusiastic about renewable energy and setting increasingly higher targets, what is lost is that it has come at a significant cost, in dollars in terms of subsidies, in costs to the consumer with power price rises, and in supply concerning reliability through the networks.

The initial requirement in any policy setting must be to have a reliable source of baseload power. Everything else is secondary. Now I am agnostic when it comes to sources of supply, whether it be gas, coal, nuclear or hydro, but these are the basic sources of baseload. They provide the “grunt in the wire”, so to speak.

The first three have been demonised. We are told we must move away from such sources, it is so old hat, so yesterday’s technology etc. So bad for the environment, we are told. And yet, we have so much of them, and are quite happy exporting them to other places which benefit from their use. Meanwhile we suffer increasing unreliability and increased cost of power. If nothing else, our stance is hypocritical.

As for hydro, the national government parades its commitment to Hydro 2.0, which is nothing more than an expensive pie-in-the sky. No extra energy will be produced, it will simply use existing energy to pump water uphill.

Renewables such as solar and wind are unreliable sources of power, in that the sun does not always shine and the wind does not always blow, and as such they require significant backup to make them effective. Backup is expensive – it is certainly not “free”. I find the argument about batteries to be odd, as batteries are costly and anything but renewable, but that is a discussion for another time.

I have said it before, that Tasmania has a unique advantage in that it can utilise wind power, and have its hydro resource as a backup. There are issues that need to be resolved regarding the stability of the “grunt in the wire”, but at least it is a sound option to pursue.

People going off-grid need to accept that if they stay connected they need to pay for that connection (the poles and wires), even if it is only rarely used as a power source, or even if they are providing surplus power into the grid.

The move - the lurch - towards a consistent policy to get out of coal and into renewables has seen the move by coal-plant operators to reduce their maintenance budgets and run their stations into the ground. Hazelwood in Victoria has closed, and AGL has announced its intention to close Liddell in NSW.

In this matter, AGL has played the government on a break. What government has failed to realise is that private operators do not have the national interest at heart – they are commercial operators, operating to gain the best commercial advantage. AGL is basically a baseload coal power operator. Any move to reduce the amount of baseload power strengthens their hand, and makes the remaining baseload supply provided by them more valuable.

The sight of Government pleading with AGL to keep their station open was nothing short of pathetic, and simply placed AGL in the box seat. They said NO! Of course they would. Well, says the government, would you sell it to a competitor (being Alinta)? Again, they said NO! Why should they? Could someone please explain to me why on earth AGL would want to do that?

Now there are mumbblings that the government might take it over itself. This is also silly. Why would it? They sold it. The station has not been properly maintained and is on its last legs.

This all goes to show that the absence of a sound energy policy going forward has led to a massive underinvestment in infrastructure, other than in subsidised renewables which has exacerbated the problem. A classic case of "capitalise your profits – subsidise your losses".

The faith by government in allowing the private sector to run essential services is totally misplaced, as can be seen with the AGL situation, and the old "competition policy" has been shown up to be fatally flawed. Breaking up the old utilities to encourage "competition" has led to a situation where assets have been allowed to be run down, an expensive regulatory system has failed, and the owners of these assets are laughing all the way to the bank.

Government must step in to clean up the mess. If the government insists on the private sector continuing to operate in this space, at the least it will require a strong and effective regulatory environment and a consistent policy – no subsidies, no handouts - to rectify what can only be described as a national disaster waiting to happen.

However, and maybe I am just being too cynical, but I suspect the government will set up an inquiry. It will certainly save them actually doing anything.

What a strange world we live in.

### **Locally**

Already this newsletter has gone to 4 pages. With more to come, I will leave further commentary to the next edition, except to say:

#### **Of fire and flood.**

Even though we are well into autumn, bushfires still rage around the country. The Tathra fire in southern NSW, which started as an electrical fault, and not lightning as originally reported, was able to take hold because the area surrounding the town was an "environment protection zone", and not managed effectively for fire prevention.

It would appear that the Tasmanian Fire Service has got its act together, and is managing the situation well, across a range of government agencies, and on both public and private property. It has learnt from the Dunalley fires, and is being much more pro-active as a result. This is good news.

Fire can take hold any time, anywhere. It is the nature of the environment we live in which produces high levels of flammable fuel. And if we want to stop conflagrations then we need to realise that the best preventative step is fuel reduction burning. As inconvenient as it might be there is no other choice, and it sure beats the alternative.