

ISSUE 1826

“In Support of Progress”

Newsletter

A Spring Clean
Energy
Health
Macquarie Point

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GOING GOING GONE

It's spring time. Spring cleaning time. And the Libs have embraced it with gusto.

Malcolm has now left the building. Over the last 2 weeks we have witnessed yet another transfer of internal power mid-term. The transition was not smooth, in fact it was ugly, even inept, and there may well still be recriminations to come.

The government has been mauled by its internal ructions, and it will be difficult to recover the lost ground.

Much has been written about it, and I don't intend repeating what has already been said. But it is not a rarity to see this clash of titans. For example:

Fraser and Peacock, Peacock and Howard, Hayden and Hawke, Hawke and Keating, Howard (facing off Costello), Beazley and Rudd, Rudd and Gillard, Nelson and Turnbull, Turnbull and Abbott.

Those who live by the sword tend to die by the sword. Why does it happen? Whether it is driven by personalities, or by principles, politics is ALL about power, getting it, maintaining it, expressing it. And the pursuit of power is not a kindergarten game. It is serious stuff. Egos, ideologies, purpose, whatever.

If a chink appears in a leader's armour, there will be someone close and closing in to take over the reins. The secret of leadership success, then, is to ensure there is no chink, or rather that there is no opportunity for such chinks to be exploited. Failure to unite the team is in the end a failure of leadership.

With Rudd and Turnbull, their personalities were such that they believed they did not need a team. The parties were simply a conduit to personal power and aggrandisement. They chanted their party mantras, sure, but with little credibility. Who really believed it? And what did they really believe in?

Unfortunately for them, they actually did need a team to govern, and teams need managing. And managing disparate views and personalities within a group is quite a skill. The absence of such management leads to the type of insurrection that we have witnessed over the past months.

I have often thought that a successful political team involves three people – a front of house (the communicator and leader), a solid backer/protector – the Deputy, and one to “manage the money”.

Without such a triumvirate, parties and governments become unstable. Being a deputy is not a passive role – it is one that involves providing active and loyal support to the leader, and the competence to handle unrest from behind. In this regard, it is difficult for Ministers for Foreign Affairs to make good deputies because they are simply not around enough to protect the leader.

Treasurers shouldn't be deputies. Frydenberg will have a tough time of it trying to protect his leader from the slings and arrows of the disgruntled. And because he is now Treasurer, he won't have the time to spend in doing so. The Nationals leader (the Deputy PM) might hold his own troops together, but the Nationals are not the Liberal Party.

Political parties are destined, if not doomed, to be factionalised. Whether it is Labor, with its formalised left and right-wing factions (themselves factionalised half the time), or the Liberals, with its progressive (liberal) and conservative (paternalistic) wings, tensions will always be present and tensions need to be managed and massaged. Even the Greens displayed a similar dysfunction.

Part of the explanation might lie in the fact that political parties have ceased to be mass movements. Their base is more from an "agitated" wing, their views are more hardline and ideological, and their drive is to capture the more extreme position, rather than the middle ground. Labor moves to the left to capture Green votes; the Liberals move to the right to capture One Nation votes.

During preselection for political office, parties offer up candidates who have the support of party members. But the party membership represents less and less a mainstream view, and so thus do the candidates. Which explains in part the increasing level of voting outside of the two major parties, and the rise of populist and single-issue candidates, who can appeal to the disillusioned voter. In the 2016 Federal election, for example, minor candidates captured 25% (for House of Reps) and 33% (for the Senate) of the votes cast.

The essential point is this: For the major parties to survive, win elections and offer stable government, they must appeal to and represent the middle ground. Otherwise they will wither. And populism will triumph.

Energy

Yet another energy policy has "bit the dust". The NEG was all about tying in reliability, price and emissions reduction. It didn't work, and it has been jettisoned. Now we have a new Minister and no Federal energy policy. So far, it seems that any new policy will be directed purely to price and reliability. And quite frankly, that makes sense. Because emissions is a far bigger story than just electricity generation.

One of the major problems with the energy sector, and the reasons for the hike in price, is that the market rules are "broke". I mentioned the bid stack in #1822, and how renewables can bid in at zero, with or without having to generate power. If they do, it gets dispatched, and if they don't, the next in line is called on to dispatch, without penalty. What that has led to is a more unreliable market for the baseload generators, who are seeking a continuing if not constant demand and who bid in at a realistic price.

The more unreliable the market, the higher they have to bid (to cover the risk of non-dispatch) until it gets to a stage where they shut down altogether. What this has led to is an overall increase in electricity prices. The Victorian and NSW price was once around \$30/MW, now it is around \$80/MW. With no relief in sight.

But, the mainland problem can be to Tasmania's benefit. I sometimes look at the movement of power across the Bass Strait Cable (some tell me I need to "get a life"), and I've noticed that over the last 2 months, there has been a constant dispatch of around 475 MW, the highest load that the cable will take. Obviously, a wet winter has filled the dams and thus we have a surplus, that would otherwise spill down the spillways.

The Victorian price has been constantly some \$60/MW higher than the Tasmanian price, and that means a killing for Hydro Tasmania. The sum is simple:

$$475\text{MW} \times \$60/\text{MWh} \times 24\text{hrs}/\text{day} \times 30\text{ days} = \$20\text{m}/\text{month}$$

And that must put a big smile on the Treasurer's face. Dividends, dividends.

Which leads us to the concept of Tasmania becoming the "Battery of the Nation". It is a concept that gets a lot of coverage in Tasmania, as well as a most excited Energy Minister, but it is not considered a particularly relevant matter anywhere else. We really need a reality check here, because we are a very small producer in the national context.

For example the Victorian demand (baseload) is over 4000 MW, rising to 6000MW at peak demand (see #1823). And the comparable figures for NSW are 6000MW and 10,000 MW. BassLink provides 475 MW. A second cable might provide upwards of 800MW. Small beer.

It's not that the elements of "Battery of the Nation" (i.e. pumped hydro and a second cable) are a bad idea, every little bit helps. In fact I believe it is a great idea, and will allow further development here, but let's not kid ourselves that it is going to play any significant part in resolving the nation's energy requirements.

The battery story is complex, but...the Tasmanian situation is unique, in that hydro can act as the "battery" for the windfarms present and under development, as it is instantly available if and when needed.

Neither will the big battery banks. The Tesla battery in South Australia, for example, which was built to be a backup for the wind generators there, is a 100MW backup battery. If the system goes down, or the wind doesn't blow, and without further feed-in, the battery will be able to supply 100MW of power into the grid for one hour. And one hour only. So it is no panacea.

Put simply, its value is to protect against any rapid frequency variation in the very short term, and allow for an orderly shutdown if the system fails.

Health

The Minister is concerned that the Opposition is playing politics with the health system. Goodness! How dare they! A rather strange comment from the Minister, considering that he has been the Minister for the last 4 and a half years, and the current issues are occurring on his watch. If they are playing politics, it is because they can – it is his mess, and the Minister seems incapable of fixing it.

He seems genuinely surprised when health professionals complain publicly about the situation in the hospital system, with overcrowding, lack of beds etc. In fact, he should be aware. Which suggests that he is not talking to the right people.

Furthermore, the local Federal Member has now exposed what has been rumoured for some time, that the redevelopment of the RHH, and K block in particular, has become a total shambles (see e.g. #1824).

Sparks will soon fly, so let's put it on the record that the present government, when in Opposition, lobbied heavily against – in fact campaigned against - a green field site, insisting that the redevelopment on the present site was a better option. Well, it wasn't.

Macquarie Point

More Breaking News.

Tenders have now been called for the refurbishment of a tin shed and the extension of a cycle way. The bar has been raised - things ARE on the move! It is now beyond time for the government to step in and make some decisions regarding the future of this site. This pantomime must stop!