

“In Support of Progress” Newsletter

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Date: 28 March 2013

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Electricity Reform Arrangements

Forest Issues

A short follow-up on the energy issue. I note Martin Wallace has resigned as Treasury head, but will stay on as Chairman of the Electricity Reform Oversight Committee. Doesn't bode well for the Budget. He should probably stand down from that as well.

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The beat goes on. As predicted, the Government has got itself into a right royal muddle and has had to withdraw the legislation for a rewrite. The Legislative Council has – properly – challenged this legislation and found it wanting, in so many ways. Earlier this week, it was discovered that many of the areas set aside for specialty timbers did not in fact contain specialty timbers.

With amendments flying thick and fast, including ones moved by the government as it desperately tried to shore up support, the only sensible thing to do was to withdraw the Bill. It is intended to bring back to the parliament a redrafted Bill in late April, hoping that the Legislative Council will consider it in a more positive light. They won't.

And interesting timing. MLC Ruth Forrest, who has previously expressed support for the Bill will be absent for a period of 6 weeks, and the common practice of seeking a pair may be difficult in the absence of knowing the content of any new Bill. And two other MLC's opposed to the Bill, Jim Wilkinson and Vanessa Goodwin will be fighting elections on 4 May.

The Bill will not be going anywhere anytime soon. And that is going to have ramifications elsewhere. The urgency expressed at the end of last year by both governments, that it is critical that the Bill be passed forthwith, has been exposed as a nonsense. The threats of removal of financial support by Federal government ministers Burke and Crean can now be seen in a new light, considering the game of musical chairs being played in Canberra.

The Bill is fundamentally flawed. It is based on bad policy (to place over 500,000 hectares of productive forest into reserves) for the purposes of gaining peace in the forest debate. However, as many ENGOs advised the Legislative Council Inquiry, they were not part of the Agreement and will not be bound by it. A bandaid on a festering sore does not heal the wound.

Readers interested in promoting the policy of “peace in our time” may derive some solace and comfort from the following YouTube piece. It won't happen.

<http://www.youtube.com/watch?v=pmwmuPTa0To>

A lesson for us all, including the government, is that they have been elected to govern, and should not and cannot abrogate that responsibility to unelected groups to determine policy. This point is elaborated upon in the attached article which appeared in a recent edition of Aus Marine, having been reprinted from Quadrant, and is presently “doing the rounds”.

Leaders' debate

I was fortunate to attend the debate last week between Lara and Will, which was promoted by the Property Council. Much has been said about this debate, but I was struck by two things. First the debate was between two leaders, and not three. I see that as a healthy development.

Second, I thought Lara came through as the stronger debater of the two. She may not have had the stronger hand, but she played her hand well. However, when asked the question on whether she would entertain minority government again, her strongly affirmative answer drew audible groans from the audience, who she immediately lost for the remainder of the debate.

Both leaders highlighted the need for further economic activity. His essential theme was economic growth, but I felt his argument soon descended into platitudes. Her essential theme was to continue to promote an agriculture-led recovery, with dairy, wine and aquaculture being centrepieces.

As stated in the August 2011 report, which is available on the website, there are three things to keep in mind when considering economic support programs; to ensure there is a market, and to support it; to remove the structural and regulatory impediments; and to provide support for entrepreneurial endeavour.

The Asian Century

The recent announcement by the government to establish a permanent presence in Shanghai is to be applauded. We have to be serious about our offshore markets, and this an important step in the right direction. All plaudits to the government for making this sensible move.

Much needs to be done to ensure this move can be supported. We have a way to go, socially, economically and culturally, and this decision is recognition of this fact. We need to develop strong relationships, and we need to ensure that our goods and services align with the market environment.

Freight

A serious matter to consider in this regard is the freight arrangements in and out of Tasmania. As well as port infrastructure, there needs to be a review of the Tasmanian Freight Equalisation Scheme, which as it presently stands, distorts our market endeavours, to our detriment. An example to prove the point.

A raw material (eg wool, milk, wine-juice) sent offshore is ineligible for assistance. A raw material transported to the mainland with the intention to sell offshore is also ineligible for assistance. However, if it sent to the mainland and is subject to some manufacture before sending offshore then it will be eligible for assistance. Such an arrangement obviously works against local manufacture and needs to be addressed. More later.

May you enjoy a safe and reflective Easter break.

This newsletter is supported by Tasman Management Services.

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