

The Economy
Fire

Date: 20 September 2019

A NOTE

I have been out of action for the last 5 days, or rather, my computer has – it had a “glitch”. “Frustrating” is far too nice a word to describe how I was feeling, and matters that did deserve some commentary were passing under the radar. For example:

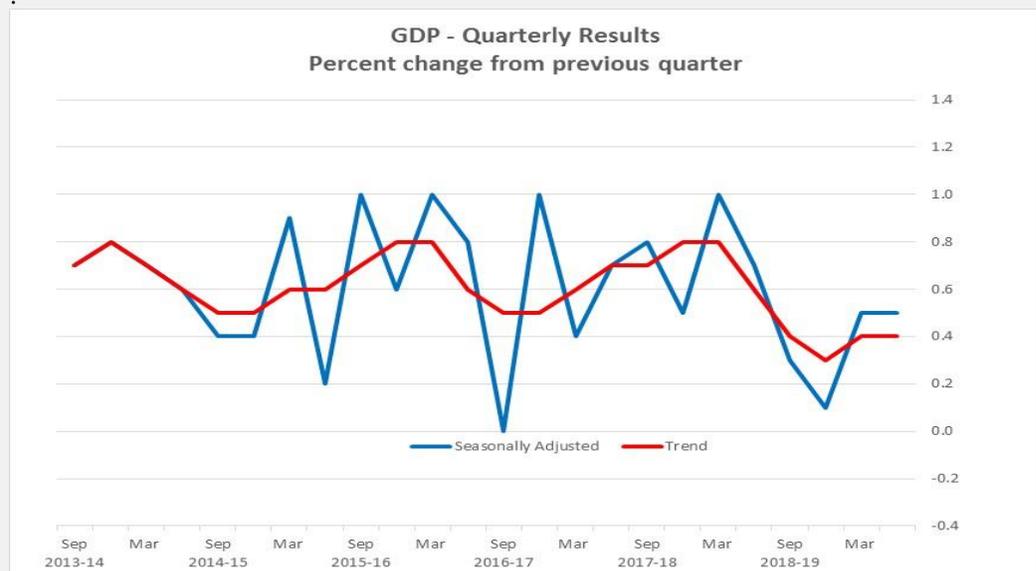
The Australian Economy

When the GDP figures were announced last week, the Treasurer spoke glowingly, saying that these were a positive reflection on the economy. *“The economy, while suffering headwinds is still growing, unlike e.g. the UK, Germany and Singapore”*. The Opposition however, were far more circumspect, stating that the figures were of serious concern because they showed a slowing in the economy.

So, who is right? Well, actually they both are. The figures were on the positive side of the ledger, but they did show a declining trend.

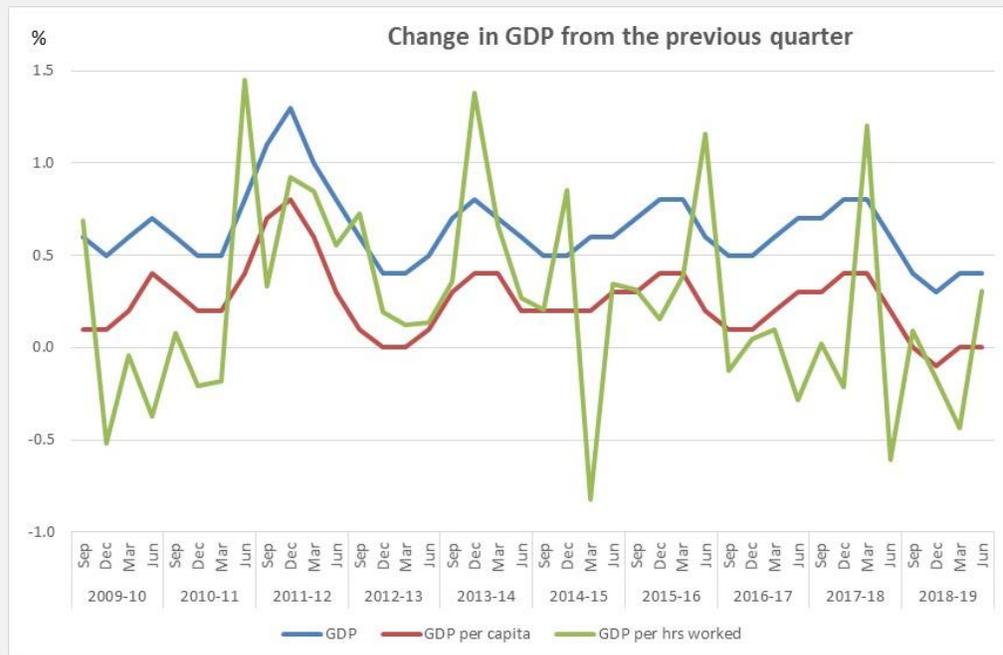
Quarter ending	GDP (\$'m)	Change from,
June 2019	465494	
April 2019	463596	0.4%
June 2018	458720	1.5%

A rise of 1.5% over the year, with 0.4% being in the last quarter. However, the trend is downwards, and has been for some time. The graph below shows the quarterly change in GDP over the last 6 years.



Is there any one factor driving this slowdown?

The graph below shows the quarterly change in GDP against the number of hours worked – ie productivity, and to population. (NB All data comes from the ABS)



The green line is a measure of productivity, and shows that from 2011 onwards productivity has shown no growth. In fact it is going backwards. And that is a worry. Productivity is a measure of skill in the workplace, and those in the education sector need to take heed of this fact.

The red line shows the change in GDP per capita, and this is also drifting downwards. This could reflect the number of people not being productive, such as kids, pensioners and even migrants.

Governments cannot rely on the Reserve Bank – or high commodity prices - to do their heavy lifting. The continual lowering of interest rates is – as one commentator has said – like using a sledgehammer to crack a nut. It might have an effect on assets, such as house prices, but driving the economy forward will take a lot more than that.

Governments - and Oppositions - need to consider very carefully what these figures are telling them. It is a most serious matter.

Fire

The recent fires in Queensland and northern NSW are a timely warning that the fire season is almost on us. Qld and northern NSW experience a different weather pattern to Tasmania, in that they have dry warm winters and wet summers, so this is their fire time.

The fires in Queensland is bush that is ablaze, it is not factories and houses in the suburbs. Many of us live near the bush, or in it. And the Australian bush is fire-prone. It needs to be managed, or else conflagrations like this will continue to occur.

Tasmania has cool and wet winters, And dry summers, so our fire season is much later. However, this year the winter rains have been far less than normal, and the East coast in particular is suffering drought conditions. The bush there is tinder dry, and the Fire Service is issuing warnings already that the season could come early and be deadly.

Which is good to know, because the Fire Service and the responsible Minister have been very quiet these last few months. The Review into the summer fires was released some months ago, but to all intents and purposes would appear to now simply be gathering dust.

This is not good enough. There were serious shortcomings in the way in which the bush fires were managed last summer, and there needs to be an overhaul of procedures and structures to ensure the Fire Service – in fact the various fire services (Parks, STT, local bodies) - can cope into the future.

In a recent article the Lord Mayor of Hobart advised of action that has been taken at the local level, but without any input for the state authority. Many of Hobart's suburbs abut bushland, including the Mt Wellington National Park, which the council has management responsibility for.

Bushfire control is a different beast to urban fire fighting. The key to bushfire control is fuel reduction. Time and time again it has been recognised that fuel reduction is the all-important factor. Once a fire starts it becomes an expensive and in many instances a futile exercise to contain it. And yet the Fire Service has done NO fuel reduction burns over the last few months. NONE. They state that there has been an administrative impairment that has caused their ground crews to be grounded. Safety issues, they say. Unbelievable!

We can send fire crews to Qld to assist – as we should – but we cannot manage our own back yard. What has been done regarding training of crews in remote firefighting techniques? What overhaul has there been of central control systems? And if something has been done, why is the Fire Service and government so secretive about it?

The Fire Service says it is "working towards" resolving issues, and believes it will have its ducks in a row by December. December??? Extraordinary. Property and lives are on the line when it comes to fire management, and yet bureaucratic processes would appear to be taking priority.

Something is seriously awry. It cannot continue to be so. The administrative arrangements have failed, and the government would appear to be paralysed. "The team is doing a good job. Nothing to see hear." Everything is OK in the china shop. Well, it isn't. There is a bull in it, and the bull is starting to roar.

Maintaining the status quo is no longer an option. The business community through the TCCI is now calling for a summit next month to demand action from the government regarding the management of this important government service. I suspect the business community will not be alone. I suspect farmers and local government will also want to add their weight to the call for action.

It could not come soon enough.