



Australian Adam Smith Club (Melbourne)

President: Timothy Warner, Editor: Mannie Gross, P.O. Box 950, Hawthorn, 3122

There is no form of market failure, however egregious,
which is not eventually made worse by the political interventions intended to fix it.
Source Unknown

Dr Alan Moran

on

CLIMATE CHANGE POLICY

**The Adam Smith Club will host a meeting on Tuesday the 18th of April, 2017
at Bohème Restaurant Bar, 368 Bridge Road, Richmond.**

Alan Moran has been a prominent writer on regulatory matters for thirty years. He was the inaugural head of the Australian government's regulatory review office and researched the issues in "think tanks". Working outside and within the Victorian Government, he was a major participant in the disaggregation of that state's monopoly electricity business into a dozen independent parts and in the creation of what later became the National Electricity Market. Dr Moran has written many books and articles on the interface between climate change, energy and economic well-being. These include editing and contributing to the 2015 best seller, *Climate Change: The Facts*.

His latest book is *Climate Change: Treaties and Policies in the Trump Era*. Dr Moran will address the Club on both his book and more specifically the causes and consequences of the closure of the Hazelwood power station. (BYO candles in case of post-Hazelwood blackout.)

Attendance is open to both members and non-members. Those desiring to attend should complete the attached slip and return it to the Club no later than the 14th of April, 2017. Tickets will not be sent. Those attending should arrive at 6:30pm for dinner at 7:00pm. The cost is \$45.00 per head for members and \$50.00 per head for non-members (see next page for explanation of arrangements and for electronic booking details).

**Enquiries to Hon. Secretary, mob. 0403 933 786
or email: asmith@adamsmithclub.org**



— detach and return —

The Secretary,
Australian Adam Smith Club (Melbourne),
PO Box 950, Hawthorn, Victoria 3122.

Please reserve place(s) at \$45.00 dollars per member andplace(s) at \$50.00 per non-member for the April 18th meeting of the Australian Adam Smith Club. I enclose the amount of \$..... in payment for the same.

NAME (please print):

ADDRESS:

SIGNATURE: TEL:

LAISSEZ FAIRE ON THE WEB

This newsletter has an address on the web: <http://www.adamsmithclub.org/laissez.htm>. The Club's web site can be found at <http://www.adamsmithclub.org/>.

ELECTRONIC PAYMENTS

By popular demand, the AASC now offers electronic booking and payment to dinner meetings. Bookings can be made by emailing the number of members and non-members attending to twarner@adamsmithclub.org; a reply email from the club will then be sent with a link to PayPal where the payment can be made by Mastercard, Visa, AMEX, Diners or PayPal Account. Bookings made after Friday 14th of April will not be accepted online. FEES - a \$2 card fee will apply for the transaction.

TEACHERS MALIGNED

Politics, like life, was not meant to be easy and developing good policy is like a game of chess. One must think many moves ahead. Taking a piece, no matter how valuable, will be a short-lived victory if one is checkmated in the next few moves.

Consider education. Both state and federal governments have been generously increasing funding to all levels of education over the years. Class sizes have been reduced, curriculum re-adjusted, but Australia's standing on the international score tables has slipped, rather than improved.

Fingers have been pointing. One of the more recent targets is the ATAR (Australian Tertiary Admissions Rank) for teaching degrees with some universities accepting students with ATARs as low as 30. So clearly this low score is indicative of under-performing students who in turn become under-performing teachers who in turn produce under-performing students and so on.

Let's increase the ATAR for teaching and presto, the problem will be solved, and at no additional expense to the State. Not so simple!

The ATAR, as the experts take pains to tell us, is not an indication of the standard a student reaches, but their place on the spectrum compared to all other students. Their subject scores, similarly, are a ranking of their position amongst all students taking that subject. To get a subject score is to pass the subject; that is, one must have reached the minimum standard set for the subject. A low ATAR just means that there are other students who have passed the subject at a higher standard.

More importantly, where do our teachers learn to teach? At the universities. Where are the standards set? At the universities. It is the universities' responsibility to design the courses to deliver the education programs and to assess the students to meet the acceptable professional standard. If the universities are funded on student numbers and ranked on graduate numbers, then maybe they should introduce remedial classes to assist student to reach the required standard. But, if a student does not meet that standard, they should not be given a degree.

Adding further complexity, the universities set the ATAR required for entry to their courses primarily in line with the demand for them. (Some may set prerequisites while some have moved away from the ATAR preferring to set alternative entry tests and/or interviews as in medicine and dentistry with the UMAT (Undergraduate Medicine and Health Science Admission Test) and interviews.) If the ATAR set for the teaching courses is low, it is because there is poor demand for these courses and there is a need to get bums on seats (which equals funding). So why is there such poor demand for teaching courses. Could it be that teaching is not viewed by school leavers as a viable or stable career? This can't be remedied with a simple fix, but fix this and it might attract our best and brightest.

Finally, we should not forget, that being bright alone will not make one a good teacher. A teacher does not have to be the top in their field. Their skill is to prime their students to learn, to inspire, enthuse and support, to teach correct methodologies.

We all agree that we need good teachers. But let's not – using a medical analogy - apply a band aid when complex surgery, requiring a team of specialists, support personnel and state-of-the-art equipment, is required. RB

VENUE ARRANGEMENTS

For the April 18th dinner at Bohème Restaurant Bar, there will be a two-course dinner (main and dessert, followed by tea or coffee). The restaurant is fully licensed (no BYO). A separate (upstairs) room has been reserved for the dinner meeting. We hope these arrangements do not cause inconvenience and we welcome your feedback. Please note that because the Club must provide final numbers of attendees to the restaurant on the 16th of April, **we are unable to admit anyone to the dinner who has not notified the Club of their attendance by Saturday 15th of April.**

Laissez Faire

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EXPOSE THE CLIMATE CHANGE SCAM

I don't need to remind readers that the 'climate change' scam has been scientifically refuted. When predictions based on scientific theory fail to materialize it is usually the end of the theory. But zombie like, the idea of imminent (but always far enough into the future not to be immediately apparent) climate change catastrophe has a life of its own and no number of facts or reality checks seem able to put a stake through it heart.

There is a psychology involved here. It takes enormous integrity of character to disagree with the underlying beliefs of all your peer groups. Most people 'won't go there'. I have often heard people avoid confronting the failure of the catastrophic climate change theory, by claiming that eliminating fossil fuels and using renewable (i.e. unreliable) energy is somehow a good thing anyway. Depending on their sophistication, they will waffle on about saving the planet from carbon pollution (without distinguishing carbon dioxide from real pollution) or peak oil or reliance on OPEC. Of course, nuclear power, which produces no greenhouse gasses, will never be contemplated as a replacement to fossil fuel generated energy. But that's another story.

I have my own theory of how to get through this psychological barrier in Australia. It's a four-point plan.

It's not sufficient to tell people that the cost of electricity has gone up (more than doubled in five years) because of 'unreliables'. We need to explain in all its gory detail how and why it has increased. We need to publish a detailed, but easily understood, explanation of how and why the retail price of electricity has risen. This will show how the RET (Renewable Energy Target) has effectively taxed coal fired power out of business in South Australia and Victoria. It is apparently illegal for petrol companies to show what percentage of the price of petrol at the bowser is tax (over forty percent). Perhaps government fears that if people knew this they may become dissatisfied and start asking questions about what they get for their taxes. At any rate, government always prefers taxes to be hidden because that way they can extract more from their unsuspecting citizens. We need to detail, state by state, region by region what percentage of the current retail price of electricity is due to the RET and what proportion of the increase in prices over the past five years is due to the RET.

Some years ago claims were made that the privatized electricity suppliers had let our infrastructure degrade and were passing on the costs of upgrading the infrastructure in increased electricity bills. We need an analysis of the cost of upgrading or modifying the electricity infrastructure to support a more decentralized grid where intermittent power from commercial and private sources are generated. Again, we need to understand what percentage of the price of electricity is due to supporting 'unreliables' as opposed to normal maintenance of the grid.

Thirdly, we need to analyze who benefits and who pays as a result of the RET. This will expose the carpet-bagger, rent seeking renewable energy generators who benefit at the indirect cost of the tax payer, through a guaranteed price set by government. In the process the coal fired power generators are forced to buy electricity from the renewable energy generators at a price much higher than they produce it themselves, thereby causing the more marginal coal fired power generators to become economically unviable.

The fourth part of the report should expose the myth of job generation by migrating to 'unreliables'. We need to show how many more Australian jobs are destroyed compared to how many are created for every percentage point increase in 'unreliables' on our grid.

When Australians realize how much 'unreliables' are costing them, who is pocketing their money and how their livelihoods are being destroyed in the process, they will have a greater incentive to reassess their assumptions about catastrophic climate change. *MG*

WA: IT WASN'T 'TIME,' IT WAS PROFLIGATE SPENDING

Perth has doubled its population to 2 million in the last 30 years, but it hasn't changed much. The same old families still rule the roost and anyone from across the Nullarbor Plain is known as an 'Eastern Stater' or 'someone from over there.'

The propagandists for the recently defunct Liberal government will say it was a matter of 'time,' as in Gough Whitlam's 'It's Time' campaign of 1972. This is not true. It was a matter of the monumental stupidity of the government.

I worked in mineral exploration during the last mining boom in WA in the late 1960s and early 1970s. Then it was mainly nickel the explorers sought. This time it was mainly, though not entirely, iron ore. This time, the resource was already there, thanks to the foresight of Sir Charles Court, former Liberal Premier of WA. They just had to dig up the rocks and put the iron ore on a ship to China. For years, the iron ore mines were marginal propositions supplying mainly the Japanese market. When the China boom began, the miners, mainly BHP and Rio, and later Fortescue, were ready.

Now, I wish to make this clear. The iron ore boom was the most stupendous boom in a century. WA had seen nothing like it since the gold rush at the turn of the 20th century. With the assurance of riches never seen before, Colin Barnett's government began a massive spending spree: new hospitals (plural), a new football stadium, which neither the Dockers nor the Eagles has as yet called 'home' and Elizabeth Quay. Elizabeth Quay scaled new heights of idiocy. Contractors dug a huge hole in the Esplanade, on the Swan River, and eventually, after years of effort, filled it with water. The net result? More passengers take the ferry to South Perth. Not really worth the effort.

Western Australians are, on the whole, sensible people. For years, WA was known as the 'Cinderella State.' Sand groppers were stunned when they were told, that after the greatest mining boom in a century, the State was \$40 billion in debt. The Government wailed that 't'other siders' had stolen WA's GST payments. That is, to a large extent true, but the WA government signed the deal that divided the GST take between the States. Unbelievably, WA gets 30 cents in the dollar from the GST take and Queensland gets \$1.17 from every dollar. Now, West Australians often have a low opinion of Queenslanders, but the banana benders are obviously well ahead of the game.

If one is to sheet home the blame for WA's plight, one begins at the top. Colin Barnett, the outgoing Premier, was MLA for Cottesloe, one of the most prosperous electorates in the State. The famous beach suburb almost lost Barnett, but he was called back from near oblivion to lead the Liberal Party.

When an organization is down on its luck and looking liquidation in the face, it looks for someone with a plan. The plan might be wacky – or the leader might be hare-brained – but if he can forcefully demonstrate that he is going somewhere and he will take the organization with him, then the organization will follow, gratefully. This applies to all sorts of organizations, including businesses.

West Australians, until recently, haven't expected much from government. Sir Charles Court's government splurged on a new State Library and Art Gallery, but Sir Charles watched the pennies. One would have to say the Art Gallery hasn't done much for WA artists; it's hard to find much on display by local painters. As for largesse on the scale of the Barnett Government, it's as though the State had been the dupes of a travelling salesman who promised them everything they had ever wanted, on the never-never. The much-touted Fiona Stanley Hospital in Perth's southern suburbs has been troublesome from day one.

Former State Treasurer Mike Nahan, Executive Director of the Institute of Public Affairs in Melbourne from 1995 to 2005, proposed the partial privatization of Western Power. This proved to be massively unpopular with the electorate. Nahan also pledged to balance the budget, a promise which was widely derided, given the Liberals high-spending record.

The fact is it was more than time that defeated the Liberals. Like the extraneous Elizabeth Quay, the State is in a massive hole of its own construction. The last desperate throw of the dice, the preference deal with Pauline Hanson's One Nation, rebounded on both parties.

WA now has the nation's highest unemployment rate. The Western Suburbs in Perth are city's most prosperous address. There are few areas which are stigmatized like Melbourne's Western Suburbs. For Perth people, the sun will shine brightly tomorrow, whether you live in Balga or Dalkieth. The days are long and the winters aren't very cold. And of course, WA doesn't have that silly daylight saving, like the sun-starved Eastern Staters. *JRB*

DINNER REPORT

A good turnout and a really gripping address - the March meeting with Dr Tanveer Ahmed was a great start to the year. Tanveer gave an illuminating set of insights into Australian culture and mental health for the younger generation. The Q&A was very exciting with comments on the possibilities for Islam and the difficulties that more secular Muslims face in a polarised community. Past President Michael Warby gave the vote of thanks and commented that the address was of great help to his new book on marriage. The meal was scrumptious with a vast helping of tiramisu to finish for those who wanted a chocolate fix.