

Long and Bill Shorten of it: be afraid, very afraid

Terry Mccrann, The Australian, May 7, 2016

This is the budget which announces that Australia is now ungovernable. That the system — that messy mix of politics and policymaking — is simply incapable of making the necessary changes to put the country on even a sustainable, far less a dynamic, growth path.

That's in a sense the 'good,' or perhaps rather the 'least worst,' news; for the other major thought from the week is that it might be time to be afraid, to be really afraid.

Opposition leader Bill Shorten gave a very impressive budget reply speech on Thursday night, in my judgment. That's in and only in political terms. In substance it was both shamelessly and sweepingly dishonest and breathtakingly unhinged from fiscal and economic reality.

Unless, that is, you really think we can raise tens of billions of extra dollars every year forever from that fiscal Aladdin's Cave — 'the top 1 per cent' — to throw at every perceived problem and interest group. Or alternatively, that even bigger future budget deficits than are already in prospect don't matter.

If that is not horrifying enough, almost a wilfully deliberate determination to turn Australia into the Greece of the South Pacific, Shorten's overarching coup de destruction is the total insanity, restated aggressively on Thursday night, of the commitment to 50 per cent renewable energy by 2030.

This would at the same time dramatically increase the cost of power to all Australians — probably as much as four times; devastate business across the board; and add billions of dollars to our current account deficit, already running at \$80 billion a year, and to our foreign debt, already above \$1 trillion, as we write out cheques to 'Nigerians' and other emission-permit providing main-chancers. Apart from the fact that even getting to 50 per cent renewable energy in just 14 years is completely impossible — unless we chose 'the Venezuelan route' of literally turning off the lights, so that it would be 50 per cent of a much smaller figure than we currently use. Such that we had an 'Earth Hour' every second hour, say, imposed on us.

Right now we get barely 14 per cent of our total electricity from renewables. So getting to 50 per cent doesn't sound that hard: you might think, we 'only' need to triple it?

Well, think again, about 8 per cent of that 14 per cent comes from the now 'dirty' renewable of hydro. We ain't going to build any more hydro dams; so in the weird space that passes for Shorten's brain, wind and solar have to go from about 6 per cent to 42 per cent. They have to increase sevenfold, and in just 14 years.

Further, that's the output they have to produce, given their, ahem, intermittency. We would probably have to build something like 10 times the number of windmills that currently, so uselessly, despoil the countryside.

And even then, we'd still have to keep the coal or gas-fired power stations open because, when the wind don't blow and the sun don't shine, the power don't flow.

That's why I say, be afraid, be very afraid, because that combination of political slickness and total dishonesty could very well win the election.

This is so, especially against a Prime Minister who is quite frankly and simply a dud; and whose total ineptness at retail politics is going to be on display for eight long, cringingly awful, weeks.

Did Malcolm Turnbull seriously think you could commit to a 10-year plan to take the company tax rate down to 25 per cent and go through the entire campaign, to say nothing of budget week itself, and not disclose the budget cost?

Clearly he so thought; and indeed further, he appears not to have even considered the possibility that he would be asked even at least one question on it. For if he had so thought, he would have had the only credible answer; that it had been disclosed in the budget papers and these were also the reasons why the cost would be exceeded by the benefits to budget and to nation.

The really frightening prospect is that if Shorten does win the election, we will also end up with a Labor-Green controlled Senate, thanks to that other great idea from our dud PM — the new Senate voting system and a double dissolution election so that all senators are elected in this cycle.

In short there is every prospect that we will get what Shorten is promising if he wins. There is little prospect of the government getting its program, such as it is, through the next Senate even if it did win.

But those effectively stillborn promises could help deliver power to Shorten. Sheer political genius.

On budget night I described it as a ‘reality budget’: that it did not try to deny the combined political and fiscal realities. Simply, that it was beyond fantasy to expect a budget eight weeks out from an election to slash and burn, but at least it did not go down the path of splashing money around.

That is captured in the way there are net budget savings over the five years, including the current year 2015-16. But those savings add to just \$1.7bn over the five years when outlays will add to \$2310bn.

And most of them and then some are in the — never-never — out years. This, election, year sees net non-savings of \$3bn. This is a figure which is both inevitable in an election year and surprisingly retrained: depressing reality.

This is not to endorse it, but to describe it. And further, in describing it as ‘dealing with reality,’ that did not mean its numbers — and most especially those claimed falling deficits — were reality.

The deficit is supposed to drop progressively from this year’s \$40bn to just \$6bn in 2019-20. It won’t; even without the promised fiscal irresponsibility of a Shorten government. The outcome, either way, will confirm our ungovernability.