

Australians mugged by taxes and regulations

Alan Moran
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Issued last Friday was a new Victorian government review of ‘embedded networks’, which act as the electricity retailer to co-located customer groups in dwelling clusters like flats and caravan sites. The panel of four conducting the review included two consumer activists from the Victorian Government-funded Consumer Action Law Centre, and another member from the renewable energy lobby group, the Clean Energy Council.

The panel’s recommendations purport to introduce some measures that will prevent cheating of consumers by suppliers and other measures designed to give consumers better value. While speculating about how consumers served by embedded networks might presently be disadvantaged, no evidence of such occurrences was provided and the review even acknowledged that those it consulted saw no need for the stiffer regulatory machinery it nonetheless recommended.

Predictably and doubtlessly as the government had sought, the review seeks to require embedded networks to increase its customers' proportion of wind/solar generated electricity, which the authors claim is cheaper than electricity from coal and gas. It stipulates that the renewables share must exceed 50 per cent of supply in line with the 2030 target set by the Victorian Government.

That target is supported by arrays of regulations and taxpayer funding to ensure that consumers do not unwittingly avoid selecting what the government says is the cheapest source of electricity! The Victorian government's subsidies and regulatory come on top of billions of dollars a year in Commonwealth funding and regulatory prodding that has brought wind and solar to supply about 20 per cent of the National Electricity Market.

The review was conducted under the ambit of the Department of Environment, Land, Water and Planning (DELWP), the fiefdom of Lily D'Ambrosio, whose main political aim is to ensure the ALP delivers policies that discourage further seat losses to the Greens.

Stacking of review panels with friendlies is routine procedure for Victoria's ALP government. Such approaches have a dual benefit: they use taxpayers to fund political parties' own activists while also pushing along their radical green left agendas – a win-win approach for all but the unsuspecting taxpayers and consumers.

Having a budget of \$3.2 billion (up 50 per cent since 2017) DELWP provides ample scope for Victoria's government to pursue its political objectives and shore-up its supporters by commissioning 'independent' panels on the myriad issues for further regulatory action that can be dreamt up. Such spending supplements the regulatory powers that the department administers on heritage, water, land use, and energy.

In terms of grants, DELWP disburses \$1.5 billion a year to grateful recipients among government and non-government organisations, lobby groups and private individuals.

Inevitably, given the political objectives of such expenditures, there is no information on the outcome of the grants nor of efforts to assess their efficiency and effectiveness for taxpayers. One of the few such attempts was by the Auditor General into solar homes for which over \$1.3 billion is being spent over 10 years. The Auditor General found 'government lacked sound and comprehensive information to consider the merits of the program. Program planning was deficient in as much as it failed to fully appreciate and effectively mitigate obvious risks of excess demand, market reliance and grid capacity'. In response DELWP promised to improve.

Rather than serving the needs of the people it represents, governments (and Victoria has taken this further than others) now treat citizens as subjects, who provide a reservoir of funding to perpetuate their own continued tutelage. There is little recognition and still less concern that the outcome of the taxes and regulations set in place is economic malaise.

A political determination to drastically prune excessive regulation and spending starting with zero annual budgets characterised the Reagan and Thatcher governments of the 1980s. The short-lived Trump Administration embarked on the same course. Aspects of such approaches were followed by some Commonwealth governments especially under Treasurers Keating and Costello and by Victoria's Kennett government in the 1990s. In all cases where

incursions were made into the wasteful expenditure levels and regulatory impediments economic growth was fired up.

Unfortunately, the Liberals lack any such reform-minded politicians at a state level and very few nationally. So, we seem doomed to continue with the adverse outcomes stemming from increasing regulations and taxes so that governments can please selective supporter groups and retain power. At best, this means a continuation of the sluggish economy that has become Australia's new norm over recent years.