

Investment in local economy as national security

LAUTEC

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The crisis of the world system¹

1. The ecological crisis – there is no planet B.
2. The crisis of inequity – the gap between the poor and rich
3. The crisis of meaning – the search for something beyond material goods
4. The crisis of work – AI and automation
5. The crisis of governance – governance beyond nation state boundaries
6. The crisis of inclusion – who is or isn't a member of The Club?

1. The invisible hand or inclusive flow? The Futures of the world system by [Sohail Inayatullah](https://ifsdigital.org/2021/07/01/the-invisible-hand-or-inclusive-flow-the-futures-of-the-world-system/), July 2021, Journal of Futures Studies
<https://ifsdigital.org/2021/07/01/the-invisible-hand-or-inclusive-flow-the-futures-of-the-world-system/>



According to Professor Sohail Inayatullah, The UNESCO Chair of Futures Studies, there are 6 impending crises for the planet which you can read here. The Crises of ecology, inequity, meaning, work, governance and inclusion.

I won't go into the details but I want to make the point that ALL of these fundamentally speak to our security. How safe we feel individually, nationally or globally is a foundation for how good life is. Therefore with these crises upon us, our security is under threat.

National security

Wider definitions

- ✓ More than nation state to nation state security, or combating organised crime and terrorism
- ✓ An outcome of national resilience
- ✓ National resilience is more than climate and disaster risk. It can also include
 - Energy, water and resource security
 - Infrastructure and industry development
 - Diversity and economic competitiveness
 - Defence and intelligence
- ✓ National resilience as an aggregate of community and individual resilience
- ✓ National security as an aggregate of community and individual security



When we think of national security, we might be tempted to think of Nation state to nation state issues, or fighting terrorism. However national security is much broader than that.

National security is an outcome of national resilience. When people think of Resilience they might be inclined to think of climate and disaster risk. And whilst that's definitely a piece of the puzzle, it's more too. It's energy, water and resource security. Infrastructure and industry development, diversity, economics, defence, psychology and more.

Practically speaking, we have a lot of vulnerabilities that need to be addressed. For example more than 80% of our oil supplies are imported from Overseas, most of which travels through the south China sea. As we have only a few weeks stockpile of fuel, a lack of self sufficiency puts our national fuel security, and everything that uses fuel, in an incredibly vulnerable state.

Another way to view national resilience and therefore national security is as an aggregate of the resilience of many local communities and individuals.

Having just spent 7 years in Denmark, here is an example of how community safety and security is felt at the individual level.

7 prams are lined up on the street outside a café. In Denmark it is considered common and safe to leave your child napping outside on the street in their pram whilst you enjoy a cake and coffee inside. There's no fear of a child abduction.

That begs the question, honestly speaking, here in Australia how safe would you feel leaving your child sleeping in a pram outside your local café?

Probably not as safe as in Denmark.

Local security in communities

What it takes includes (but not limited to)

- ✓ Guaranteed access to necessities for life (food, shelter, clothing education, healthcare)
- ✓ Healthy local economy and jobs
- ✓ Expectations of relative peace
- ✓ Ecology (being in balance with our ecosystems)
- ✓ Equity and inclusion (access for all)
- ✓ Healthy governance (decision making and power)
- ✓ Meaning, identity and purpose (community spirit)



Photo: Shutterstock.com

Business And Society

The Power of Community Partnerships in Times of Crisis

When building peace and building business go hand in hand, by Jason Miklan, John E. Katsof, Angelika Rettberg, and Jennifer Oetzel

November 11, 2021

Strong local communities are a foundation for security.

I recently read an article in the Harvard Business review about the coffee growers of Columbia. In the face of civil war they had a choice to keep farming despite the risk of violence, switch to coca and become part of the drug trade, or abandon their farms and scrape by in cities overflowing with conflict migrants.

The farmers courageously chose to engage with their communities and the warring factions and within 12 months brought about local peace and economic security through community dialogue, and peacebuilding initiatives. This is a recognition of the interrelationship between local community, economy and therefore security.

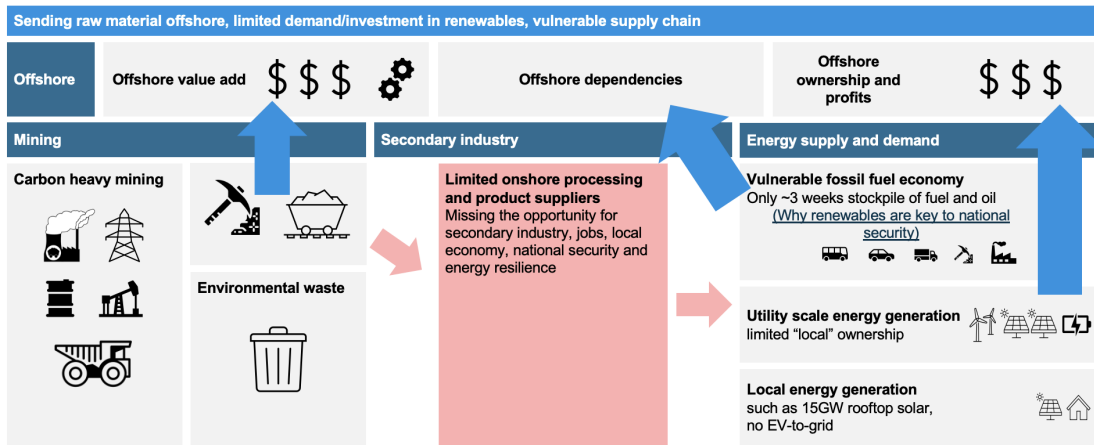
So what might it take to build security from the ground up?

From Columbia to Denmark, Humans are fairly predictable. If we lose access to the basic necessities for life, to jobs, to expectations of relative peace, then we lose the feeling of security. In fact we can see how a lot of what makes us secure is related to crises of the world system mentioned earlier.

So given the context of this session, that Australia stands at a crossroads, with the opportunity of becoming a renewables super power, if done wisely we can not only solve the crises of the world system, but also bring about tremendous local, national and regional security. If done unwisely, the lights may go off, economic hardship will get worse, food security can be under threat and civil unrest may unfold.

So let's take a look at the Climate Capital Forum solution

Current Australian climate economy

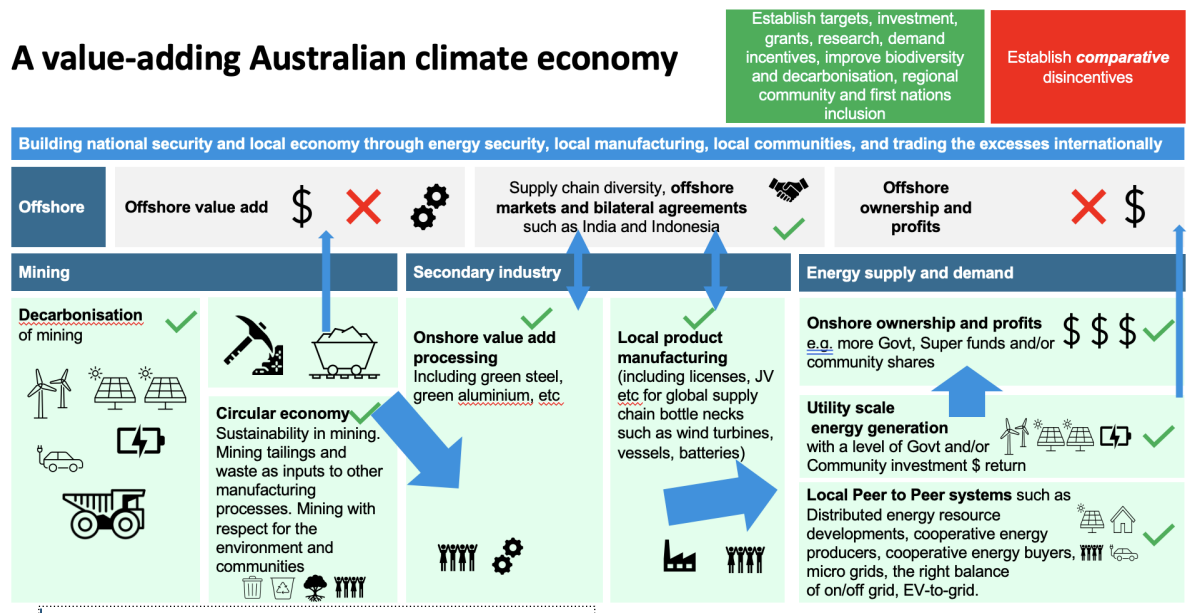


Let's step out to the national perspective for a moment. We are currently a dig and ship economy and if we look at all the blue arrows, we can see that our local economy does not reap the benefits of that money circulating locally. Instead, a lot ends up overseas.

Saul Griffith spoke this morning about how \$20 million dollars leaves his local postcode of approximately 11000 people each year through his one local petrol station. No petrol or diesel is produced or refined in his postcode.

This \$20 million leaves the postcode without generating any real jobs and more than half of it leaves Australia. And this is a large reason why his proposal to help homeowners invest in EV, rooftop solar and a home battery is such a significant one. It reduces the cost of energy for individuals, keeps a greater share of the money local, gives real local employment opportunities to tradies, and would generate an additional \$7-9M a year in economic activity in his postcode.

What this implies is that a healthy degree of self sufficiency, particularly energy self sufficiency in communities, builds local economy fast. And with the resources available to Australia, we are in a relatively unique position to really make that principle work for us starting with Rooftop solar and EV initiatives.



So looking at what the climate capital forum is proposing amongst the broader value chain I want to discuss the opportunity, ownership structures and strategic approaches...

Thanks to significant Global supply chain bottlenecks in the renewable industry, such as Batteries, Wind turbines and vessel shortages, we are in a pivotal moment in history where we have the opportunity for Australia to re-establish a healthy and sustainable secondary industry. Not only boosting local economy and manufacturing opportunities, but also contributing to national security both through stabilising the supply chain, and local jobs. Instead of digging and shipping overseas, value adding to our mining operations in the areas we have comparative strengths in.

A healthy local economy does not mean that we need to be good at everything and lock ourselves out from international trade and investment. But we do need to pay more attention to sovereign risk as well as following the money and how often it circulates locally before going elsewhere.

To do this, our ownership structures need to be ready for a new paradigm that allow for a greater sharing of wealth making opportunities, especially with regional communities and first nations. For example leasing our minerals in a circular economy set up so that we don't hand over our resource wealth permanently, or taking advantage of the divestment opportunities that many offshore wind developers already practice. These arrangements and others are a valuable opportunity for more Government, super fund and local community investment dollar return.

We also need to take a coordinated strategic approach. Rather than states competing for manufacturing opportunities, we can ask what the relative strengths of each area is and work cooperatively towards a better national result. To put my offshore wind hat on for a moment, it might be, just as an example, that NSW is best placed strategically to manufacture floating foundations, Victoria for secondary steel and South Australia for vessels. Likewise our international trade partners will have strengths in areas that we don't. Then, with the excesses we all produce, we can set up bilateral agreements with each other and develop a more diverse supply chain.

In conclusion the crises we are confronting are a matter of security and resilience for individuals, local communities and the nation as a whole. Climate change already takes a toll on our communities, and the energy transition comes with a lot of risks.

We urgently need an economic reform that the supports local manufacturing, new ownership structures, circular economy, greater local self sufficiency and local circulation of money so that each of us and our communities reaps the rewards of our skills and resources, to ensure national security.