

## **Eureka Talk**

Joe Collins

So, Lindy has me down on the flyer as an academic. And for those of you who have had to listen to academics speak, you know that most will tell you that they have all the answers.

Luckily for you, I'm not a very good academic. So rather than provide answers what I want to do tonight is ask a few questions.

In my mind, the question we are really grappling with tonight is – who runs this country without our permission?

While we may not always like the decisions our elected governments make, we still largely accept that these are people that we have elected.

That is, we have, on some level, given them permission to make decisions on our behalf. And if we don't like those decisions, we have the ability to express our displeasure at election time.

Why then, is it the case that on key policy matters, there seems to be little difference between the platforms of the major parties?

One example that comes to mind is industrial relations policy. The aberration that was Howard's WorkChoices came to be replaced by the Fair Work Act, otherwise known as WorkChoices Lite.

We also have the mining tax. While the current government formally abolished the tax, it may as well not have existed given its lame design as the MRRT.

Indeed, as one journalist put it, one of the reasons mining companies were pushing for its abolition was because it was becoming so embarrassing for them to admit that they hadn't paid any.

I think that one of the main reasons we see such token variation on key policies is because governments themselves, no matter which party, have their choices constrained by powerful interest groups that we have no hand in choosing.

To this end, the first question I want to ask is what is ANDEV?

ANDEV stands for Australians for Northern Development and Economic Vision. Quite a catchy title isn't it?

Well that's to be expected from the great poet and philosopher, Gina Rinehart, who gave us this unforgettable stanza in her bush ballad, *Our Future*,

***Is our future threatened with massive debts run up by political hacks***

***Who dig themselves out by unleashing rampant tax***

***The end result is sending Australian investment, growth and jobs offshore***

***This type of direction is harmful to our core***

This poem is inscribed on a plaque mounted to a 30 tonne boulder of high grade iron-ore outside the Coventry Square Markets in Perth. Greg Poland, owner of the Strzelecki Group, owns the shopping centre and is both a member of the ANDEV group as well as a personal friend of Rinehart.

The ANDEV project, or vision, as they like to call it can be summed up by the final line of their 'about' section on their website:

***If government gets out of the way, we can build a better future for North Australia.***

The way in which they aim to build this future is through achieving five key policy reforms –

- The creation of a 'Northern Economic Zone' in which tax advantages are to be offered.
- One-Stop-Shops for regulation which would represent all levels of governments. Key to this reform is the emphasis on streamlining 'green tape', or those pesky environmental impact studies.
- The use of 'regional skilled migration visas' to allow mining companies to import cheaper foreign labour.
- Water management, where initiatives to harness the annual wet season in the tropical north would lead to greater potential for agriculture and other 'water-related activities'.
- Infrastructure provision (roads, rail and ports) delivered through PPPs with the end goal of full privatisation.

What this boils down to in real terms is this.

Rinehart and her supporters – to which we can add Hugh Morgan, a former President of the BCA and avid campaigner for WorkChoices - want to create a special economic zone around the areas containing the majority of our

minerals, which has next to no taxation, minimal regulation and where cheap foreign labour can be imported to undercut expensive domestic labour.

Here I want to make a comment on their demands regarding importing foreign labour.

This highlights one of the most important points regarding the mining industry –

Regardless of what mining executives, media pundits and politicians say, the rocks are in the ground and can't be moved.

That is, all of the arguments about a mining tax creating barriers or disincentives to investment are not only false but illogical.

The very definition of rent is a surplus over and above the cost of production plus an average return on investment.

To put it another way, say I told my boss that I wouldn't get out of bed for less than \$1000 an hour. Theoretically, if I were paid \$2000 an hour, the entire \$1000 extra could be taxed without affecting my ability to get out of bed. That is, I would still go to work because I was getting my \$1000 an hour. Anything above that is economic rent. Now I just need to find a job that pays \$1000 an hour!

This is why the initial mining tax was called a super-profits tax. Taxing rent is meant to target the excess which arises from either the superior quality of the good or the monopoly access to that good.

In Australia, we happen to have both when it comes to iron-ore; that is, the best quality stuff and the ability to limit access to it.

To demonstrate this point, it is worth considering that the country with the largest proven iron-ore reserves in the world also happens to be the largest importer of Australian iron-ore; China.

Why would they import our material when they could dig up their own reserves? We all know that Chinese labour is some of the cheapest in the world and that they can build heavy machinery cheaply.

So why not mine their own iron? The simple answer is ours is better. Australia has some of the highest grade hematite ore in the world. It is worth paying for.

Now what does any of this have to do with the BCA and more importantly, our daily lives?

These links are complex and obscure, but they are, nonetheless, important. One way to think about these links is along the lines of five pillars of our daily existence. Housing, transport, work, health and education.

Can we draw links between rising rents and house prices in Sydney with the policies influenced by the BCA and ANDEV? I think we can.

Consider the role of the RBA in determining interest rates and therefore having a direct impact upon housing prices and affordability.

John Akehurst, who is the Chair of the RBA board audit committee is also a Director of Origin Energy, a member of the BCA. Another RBA board member, Heather Ridout is also the Director of the ASX, another company that makes the BCA list.

Can we draw links between the atrocious public transport networks in Sydney's west and the actions of BCA members?

Perhaps it is worth considering why roads are given preference over rail in Western Sydney? By the late 1990s, Western Sydney was the third biggest producer of Australia's GDP behind the Sydney and Melbourne CBDs.

Why was the rail network not expanded? Why did we receive bus T-ways and toll roads instead?

The answers to these questions are complex but it is at least interesting to note that the M7, a private road effectively charging you to travel through and from Western Sydney, was spearheaded by Leighton's, another BCA member.

What about work conditions and job options in this area?

I claim that we can indeed draw links between the organisations I've mentioned and the fact that people in Western Sydney are increasingly unemployed, underemployed and given no choice but to work shift work in warehouses, hospitality or low end services. How much has ANDEV and BCA influence over policy contributed to the decline in full time positions across industries in Sydney's west?

Consider the BCAs role in constructing the WorkChoices and Fair Work Australia legislation. Indeed, how is the composition of industries out here, **the**

**very choices of what we can do for work**, been influenced by the actions of these groups?

Consider the transformation of places from Campbelltown right through to Erskine Park, that have effectively become an inland port, a glorified distribution centre for imported goods.

Where are the opportunities for the generations of young people growing up out here beyond precarious casualised work. Where you are not even hired by the companies themselves, but put onto casual contracts by labour hire agencies like Skilled and Manpower, never to see a sick day or paid leave; scared to go to hospital if injured on the job, lest they tell make you fill out a WorkCover claim – tantamount to a death sentence in the eyes of labour agencies. How do you feed the kids then, or pay the rent?

How have ANDEV and the BCA influenced this through their drive to create a policy environment that facilitates a primary goods export-oriented economy.

Then we come to health and education.

Here I would suggest that the current budget attacks on these pillars are less politically or ideologically motivated than they are demanded by the needs of BCA members.

Even when these policies are tinged with ideological underpinnings, such as the benefit of private over public, the policies themselves are necessitated by what?

Fiscal considerations, the budget black hole, or, my personal favourite, Labor's 'debt and deficit disaster'.

Regardless of how accurate the numbers are, the structure of national finance is largely underpinned by the needs of the largest 100 corporations, the BCA.

So, when we talk about co-payments, and TAFE and Uni cuts, the scope of politicians to debate these decisions is constrained by the needs of BCA member bottom lines.

While this link is longer and more intricate, it is real and it is dominant.

Then, of course, we can't forget that the Commission of Audit where these reforms were plucked from was written by the former President of the BCA, Tony Shepherd.

Now, it's all good and well to point out similarities between what big business wants and what government does.

In some cases we can even say that large companies directly influence governments through threats and inducements.

For example, when BHPB and Rio Tinto claimed that a mining tax would create disincentives to investment in new projects, it was a threat, not a plea for caution.

It was these companies telling us on what terms they would dig up and sell the valuable rocks that we collectively own.

And do not for one second think that BHPB owes this country some kind of allegiance simply because it bears the name of a town in north western NSW. The 'Big Australian' has been over 80% foreign owned since the 1980s.

Indeed the entire mining industry is around 83% foreign owned. Its allegiance is to its bottom line and to the large institutional investors that fund it; no matter what Allan Joyce tells you, none of them call Australia home.

So is it enough to point out that big business influences government both directly, through threats and inducements, and indirectly, through their sheer size and ability to influence the economy?

I don't think it is.

Isn't it obvious that those with enough money, connections and power would attempt to influence governments in order to benefit themselves?

**The real question is if we want to live in this kind of society.**

Do we want to inhabit a world where the way in which we live our lives is determined by the needs of corporations rather than by our own needs and desires?

Where we live, where we go, how we work, what we learn and indeed, how long we live and in what condition.

These are the things being decided for us by people we did not give permission to do so.

In October last year, Catherine Livingstone, the current President of the BCA gave a speech at an Australia-Israel Chamber of Commerce lunch where she concluded with the following remarks –

***The forces that are shaping our world are very different from any that we have experienced before. They require different responses from government, from businesses and indeed from us as individuals.***

***Our time is running out. We need to act with a sense of urgency.***

In a rare moment, I find myself agreeing with the BCA. So I leave you with one final question; what is to be done?