

TITLE: Gray must not follow Ferguson's path

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A cabinet reshuffle provides the perfect opportunity for a prime minister to clarify the role of incoming ministers. Now that Gary Gray has been confirmed as the Minister for Resources and Energy, the big question is whether the former director of corporate affairs for Woodside Petroleum will be responsible for Australia's natural resources or follow Martin Ferguson's lead and act as minister for the companies that extract Australia's resources.

There's a big difference.

From his deeds, it's pretty clear Martin Ferguson interpreted his job as representing the interests of those who profit from extracting our resources rather than the citizens who own those resources. And given their praise on his way out the door, foreign miners saw it the same way.

The Minerals Council of Australia praised his "deep understanding" of its industry and the fact that he knew that "effective government is primarily about providing a framework for long-term growth and prosperity" – particularly the mining industry's prosperity.

The gas industry's peak body, the Australian Petroleum Production and Exploration Association, praised Ferguson for having time for everybody "from the office cleaners to the captains of industry, he was genuinely interested in all of them" . . . even, it seems, the environment movement, with freedom of information documents revealing last year he was keen for the Australian Security Intelligence Organisation and the Australian Federal Police to spy on it.

Martin Ferguson was the cabinet minister on deck during the second (most profitable) half of Australia's mining boom. He was in charge while the industry failed to plan its own training needs as its expansion intensified. He was in cabinet while "his" industry made outrageous, exaggerated claims about the potential impact of the carbon tax and he was in the negotiating room when the second version of the mining tax was agreed.

The financial and environmental cost of Martin Ferguson's time in cabinet is inestimable but hardly insignificant. Treasury estimates the second version of the mining tax will collect around \$60 billion less than the first.

Given the "deep understanding" that he had of the mining industry, the only thing that's unclear is whether he was a willing accomplice in this greatest of tax heists or whether he was just a patsy who fell for their cheap praise.

On the environmental front he was not just keen to spy on those who disagreed with his quarry vision, but his relentless boosting of the interests of global mining giants was central to Australia ignoring climate science and settling on its 5 per cent emission reduction target.

So, where to from here? Gary Gray's role advocating for Woodside clearly demonstrates that, like Ferguson, he "understands" the industry. Such insight is an asset but what is in question is whether this understanding will be used to extract a better deal for citizens whose resources underpin the mining boom.

Martin Ferguson's legacy is a budget short of revenue amid a mining boom. That's quite an achievement. But it's not just lack of tax revenue flowing from the mining boom that is of macro-economic concern, it's the way the mining industry's hell-for-leather expansion is not just strangling manufacturing and tourism but driving up the cost of mining itself.

There is no doubt that if a monopolist owned Australia's resources they would manage them quite differently than they have been managed in recent times. A monopolist wouldn't drive up the cost of building and running mines by trying to build hundreds at once. And a monopolist wouldn't drive down the price of their own resources by building hundreds at once.

Of course, Australian mines are not owned by a monopolist, but they are supposed to be managed in the national interest by the federal minister for resources. Unfortunately for Australian taxpayers, that minister has, to date, systematically conflated the interests of foreign miners with those of citizens.

This week is a great week for Gary Gray, but it will only be a great week for the rest of us if the Prime Minister makes it clear he is to act for Australia's resources and not the companies that profit from them.

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