

WORKING TITLE: Booms bust, but communities remain

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Successful investors let their winning bets run while quickly cutting their losses. But while the strategy of "spreading your bets" and "failing fast" might work for venture capitalists, it doesn't work well for prime ministers. A chief executive that shuts down an underperforming factory is decisive; a PM who abandons Tasmania or regional Western Australia is divisive.

As Australia grapples with the [transition from mining boom to bust](#), the differences between what it takes to lead a company and what it takes to lead a country are becoming more stark. Nowhere is this more the case than WA where the boom time Premier still can't believe the party didn't last forever, and where the WA National Party leader has taken matters into his own hands, demanding a \$5 per tonne tax on BHP Billiton and Rio Tinto's iron ore mines to fund better services in declining regions.

During the boom the difference between those with the most and those with the least grew steadily. The WA Nationals have stopped waiting for the benefits of mining to "trickle down" and have decided it's time to start pumping them up.

Were the Greens to propose such a redistribution of income from the most profitable mining companies to struggling regions they'd have inevitably been labelled "anti-mining" or "anti-capitalist". The fact that the proposal for mining companies to pay more tax in order to fund better services for citizens is coming from inside a Coalition government makes the name calling that defines political debate even less helpful than usual.

No state rose faster on the tide of the mining boom than WA and no state has fallen harder. Bizarrely, it seems that [Colin Barnett](#) didn't see it coming. Rather than bank his temporary windfall, he doubled down on the boom. Billions were spent on vanity projects, permanent tax cuts and, most irresponsibly, enormous subsidies to the resources industry.

Expensive burden

In making its case for a larger share of Commonwealth funding the WA Treasury argue that having a mining industry in their state is an expensive burden. The North West Shelf gas project cost WA taxpayers \$8 billion – \$409 million went on the Mid-West Energy Project. WA Treasury said mining subsidies were "impacting adversely on the state's net debt, which in turn will limit the state's capacity to fund other investments."

Queensland Treasury had near-identical concerns arguing: "Governments face budget constraints and spending on mining-related infrastructure means less infrastructure spending in other areas, including social infrastructure such as hospitals and schools."

Brendan Grylls, the leader of the WA Nationals, isn't anti-mining, but he is shamelessly pro-regional community. Mr Grylls admits that every billion dollars spent on infrastructure the mining industry would rather not build themselves, is a billion that can't be spent on schools, hospitals and other services that regional residents can't possibly fund themselves.

As world demand for coal and iron ore falls well below the expectations of state treasuries and financial analysts, Australian workers and communities inevitably find it harder to cut their losses than investors. People who work for a living find it harder to sell down their investment in their mining degree or their house in a mining region than investors do to sell some of their shares.

The billions of dollars in tax cuts introduced at the peak of the boom by Peter Costello and Colin Barnett were as short-sighted as they were fiscally irresponsible. The billions worth of subsidies as commodity prices soared poured fuel onto the mining boom fire. Meanwhile, large parts of regional Australia missed out on the investment in education and broadband that would've set them up for a more secure economic future.

Political leaders in Australia need to abandon the strategies of successful investors and embrace the strategies of successful nation builders. As world demand for our commodities shifts rapidly we must find ways to let private companies fail fast while ensuring we never let communities fail at all.

If we want Australians to embrace change we need to ensure that their communities experience a just transition. Such an emphasis on equity might seem quaint to some investors, but it is important to remember that, unlike customers and employees, disgruntled citizens get a big say in the way that their nation is managed on their behalf.

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