

Bad Faith: How Government Lost the People's Trust and How we Win it Back

Richard Di Natale

Press Club Address - *Bad Faith: How Government Lost the People's Trust and How we Win it Back.*

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I acknowledge the Ngunnawal and Ngambri people as traditional owners of the land on which we meet. And acknowledge that the entire economic prosperity of our country has been built on an act of theft. It's time to change the date.

Australians only really want a few simple things from their governments. They want them to plan for the future, care for people and stand up for the environment. And they want them to do it with a bit of integrity.

Over the last decade, they have been badly let down on all fronts.

We are now at a point where the Liberal Government is incapable of making even routine, common sense decisions because, in large part, they reject the modern world.

As of right now, the Liberals have installed a climate denier as Energy Minister who refuses to legislate our Paris targets and is prepared to walk away from the Renewable Energy Target in two years.

This is a Liberal Party that has no energy policy and no climate policy.

These are not optional extras. Our energy system powers our entire economy and our climate system determine absolutely every aspect of our lives.

It is now crystal clear that the so-called "new" Liberal leadership team have no agenda. And when the government has no clear direction, the country has no direction.

This latest round of political blood-letting has been seen by the public for what it is: a continuation of the division; of the knifing of leaders; the sacrifice of policy principles for short-term political gain. A shameful repeat of the last decade - just swap Liberal for Labor.

People have had a gut full.

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It is clear that our political institutions are failing and our economy has stopped working for people.

Folks are hearing about how strongly the economy is growing, but they aren't feeling it for themselves. Corporate profits just reached record highs of \$335 billion - up 10% while wages are stuck at record lows of just 2%.¹

They see these record corporate profits. They see the record level of donations from big business to both political parties. And they join the dots.

People can see that we've handed over control of our economy to big companies who will pursue profits at any cost.

A decade of dysfunctional government has delivered an ecological crisis of a scale that's never been seen before. The arctic is melting, the Reef is on the brink of total collapse and the Murray Darling is parched dry.

It's delivered greater economic inequality and a tax system that for many corporations and wealthy individuals has become a tax avoidance system.

And it's delivered huge increases in the costs of essential services such as energy, banking, telecommunications and housing.

These rising costs have squeezed us into a giant bubble of personal debt that is now the second biggest in the world.²

This is what happens when we have decades of corporate influence over our politics.

Politicians from both major parties are still so deeply convinced that if they shrink the size of government, privatise essential assets and cut taxes and regulations, everyone will magically be better off. Both parties offer a prescription for the future that is the same as the one that has gotten us into this mess.

From trade deals like the Trans Pacific Partnership that give corporations a veto power over sovereign nations' ability to protect people's health or the environment, to the bipartisan commitment for more tax cuts.

Those tax cuts for big business might not have passed the Parliament in this term, but when the Shadow Treasurer says that Labor will deliver those very same tax cuts as soon as the budget reaches a 1 percent surplus³ we know we're in for more of the same.

People have had enough. They want us to take back control of our economy and make it work for them again. From banking, to energy, to health, to education, to communications, to aged care - right across all of life's essential services.

¹ <http://www.abc.net.au/news/2018-09-05/record-run-economic-growth-who-is-really-gaining/10199802>

² <https://tradingeconomics.com/country-list/households-debt-to-gdp>

³ <http://www.abc.net.au/news/2018-08-30/bowen-says-labor-will-not-raise-bank-levy/10182700>

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Politics-as-usual is not an option.

And we can already see what the next election will be fought on: fear and greed. On racist dog-whistling and bribes in the form of tax-breaks.

We need a better plan.

Which is why, in the lead up to the next election, I will deliver a series of speeches on the Greens economic plan to reshape Australia's economy so that it works for all of us, not just the privileged few.

At the heart of this plan is the fundamental principle that a strong economy depends on a healthy environment.

It's a plan that uses the tax system to redirect economic activity away from speculative, unproductive or damaging industries and into the jobs of the future.

It's a plan that invests in infrastructure to pull us out of the low-growth trap and understands that it is the *shape* of our economy, not simply its size, that is the true measure of our well-being.

It's a plan that creates meaningful jobs through direct investment, rather than hoping that yet more tax cuts will deliver anything other than a shallow pool of jobs for financial planners and luxury car salesman.

It is a plan for our collective future.

This plan starts by making the case for a new role for government in essential service markets.

The Greens have always been fiercely and fearlessly campaigning to protect our public services.

And we are not alone here. Nobel laureate Joseph Stiglitz has put forward the case that "state institutions can be even more efficient than private ones"⁴

But you don't need to be an expert to see that big private companies, whose legal requirement is to maximise their own profits, should not also be handed the responsibility of looking after our health, our education, or even our ability to turn the lights on.

Corporate interests should not be in charge of essential public services.

From insurance scams, to price fixing, to the decimation of the public service. From aged care scandals, to bank fraud, to climate change, to a biodiversity crisis, the consequences are being felt everywhere and by everyone.

⁴ <https://www8.gsb.columbia.edu/faculty/jstiglitz/sites/jstiglitz/files/wider2015ppt%20FINAL.pdf>

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Let's start with an area I spent decades working in - the healthcare and hospitals sector, where the Government is on track to give a staggering \$26 billion handout to the private health insurance industry over the next four years.

That is more than what we spend on Youth Allowance, the ABC, the SBS, stopping climate change, renewable energy and natural disaster relief *combined*.

And there's absolutely no evidence to support it. In fact we spend far more on the rebate than we could ever hope to save on health costs.⁵

Research by the University of Melbourne concluded that for every dollar we spend on the rebate, we could get \$2.50 of value simply by investing that money directly into universal public health.

60 percent of people with health insurance say it does not deliver them value for money.

No other industry would be sustainable in the face of such poor customer satisfaction.

Yet this one thrives thanks to a government that creates the illusion of choice, but enforces a system of handouts and tax penalties to remove it.

But it doesn't have to be this way.

Under the Greens plan, every cent of the rebate would be redirected into our public health system . We would introduce medicare funded dental care, so that going to the dentist just like going to the doctor. And we would properly fund mental health services and prevention programs to keep people healthy.

In the aged care sector we are also seeing the truly awful impact on vulnerable people that comes when care is monetised for profit - and when government fails to ensure there are adequate standards in place.

We will be watching the Royal Commission closely, because we desperately need a new approach that puts people, and not profit, at the centre of their care.

Education is another area of national policy where the notion of choice is being used to justify the redirection of funding to special interest groups.

Last week's shameful announcement of a special handout to Catholic schools undermines the principle of sector-blind funding based on student need and it's been years in the making.

⁵ <https://melbourneinstitute.unimelb.edu.au/publications/policy-briefs/result?paper=2168182>. Accessed 10 Sep. 2018.

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Former Liberal MP and now head of the Catholic schools lobby, Stephen Elder, secured this pact with the Labor Party helping him every step of the way.

So here is another \$4.6 billion that is not going to go to Australia's 2 million public school kids.

At a time when one in 10 NSW public school classrooms is a demountable - and kids in Ipswich will swelter through 43 degree temperatures without air conditioning this summer - the government has given a massive handout to private schools in Sydney's north shore, and Melbourne's eastern suburbs. It's an absolute disgrace.

The Greens have a different vision for schools funding. Unlike the Liberal and Labor parties, we believe that our public schools should be our first priority.

We are committed to needs based funding and that means investing in our public schools.

Every cent of the \$4.6 billion handout to the private school lobby should go to the 87% of public schools that remain under the School Resource Standard.

Of course neither the Liberal or Labor party will do it, because the only needs based model they believe in, is the need to buy votes.

Vocational education is another area that has fallen victim to privatisation.

TAFE once trained hundreds of thousands of people to gain the skills that our society needed. TAFE was never there to turn a profit, it existed to train and re-skill people.

When the Labor government, with the support of the Liberal opposition privatised and deregulated vocational education, young people got a shonky education and no job. Now they're saddled with a lifetime of debt, while the private providers have run off with bags full of cash.

TAFE is a publicly-owned institution dedicated to improving people's opportunity. Like our public health system, it should work to improve the quality of people's lives, not to extract profits from them.

Under the Greens' plan, every single cent of our vocational education budget would be invested into TAFE to train the workforce of the future, not to contort every corner of education into a competitive marketplace of 'contestability'.

Our energy market is another good example of the failures of privatisation and deregulation.

Energy retailers have not improved the quality of our lives by spending our money mercilessly advertising back to us. They have captured profits instead of creating value. Their business strategy is based on overwhelming customers with complex, over-priced packages that can't be easily compared. They rely on many customers giving up on finding a better 'deal'.

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Before deregulation, the government just sent you the bill. Costs were minimised because people knew the government was accountable for price rises and you could vote them out if you weren't happy with them.

It's no coincidence that the cheapest retail electricity prices are in Tasmania where the state still runs it... or that the most deregulated energy market in Victoria has far and away the highest retail profit margins.⁶

It's time to end this failed experiment.

The Greens would re-establish a government-owned public retailer with a mandate to work in the public interest to deliver low cost energy and drive competition, rather than being just another market player scooping up super-profits.

This new retailer, *Power Australia*, would be directly owned by the Australian Government and would act in the public interest, not in their own commercial self interest.

The ACCC revealed the average residential customer pays around \$273 in retail costs and profits a year.⁷

By removing the need for profit and excessive advertising, this non-profit public retailer would save an average family around two hundred dollars a year.

A public retailer, along with community owned players, would provide the competition needed to end price gouging and super profits, while pushing down prices. It would also contract the next wave of renewable energy projects that the public so desperately wants to see built. It would ensure a positive alignment between our climate and energy policy by providing a guaranteed buyer for clean energy.

Just as we need a government backed alternative in the provision of these essential services, we need independent, properly funded, public broadcasters to protect our democracy.

The big media companies got media laws changed to facilitate mergers and greater concentration of ownership and power, while the ABC had its budget cut.

Thanks to some brave reporting we now know that the concentration of our media ownership presents a clear and direct threat to our democracy.

We can see that the line between journalism and campaigning to protect corporate interests has been badly blurred.

The Greens' plan is to protect our public broadcasters by locking ABC and SBS funding into legislation - so that no future government can unilaterally cut it as a political favour to the ABC's competitors.

⁶ <https://grattan.edu.au/wp-content/uploads/2017/03/Price-shock-is-the-retail-market-failing-consumers.pdf> page 12

⁷ ACCC, *Retail Electricity Price Inquiry - Final Report*, June 2018, p 5

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We can see the pressure that the government is exerting on the ABC board, even, it seems, demanding that journalists be sacked. And if what has been alleged in Fairfax today is true, then the Chairman has committed a clear breach of the ABC Charter and should go.

It is the board's responsibility to uphold the ABC Charter and ensure that the broadcaster is independent at all times so that it's journalists and staff can do their jobs without fear or favour.

That is why the Greens will continue to protect the editorial independence of the public broadcasters in legislation and ensure no political interference with its Charter.

There's clearly a lot we need to do in media sector to restore trust and confidence. The Greens will have more to say about our plans to increase the diversity of voices in our media in the near future.

- PAUSE -

Last April I unveiled the Greens' policy for a government owned People's Bank here at the Press Club. A People's Bank would offer people no-frills, low risk loans and reduce the incentive for banks to focus on lazy, speculative lending on property rather than investing in productive businesses.

In the lead up to the ten-year anniversary of the GFC, we also outlined a plan to break up the banks and put the ACCC back in charge - a plan that has been backed by Allan Fels and other key economists.

Whether its energy, education, health care, aged-care, media or banking, the 'so-called' markets for essential services are now dominated by a few big companies with little genuine competition. To quote ACCC Chair Rod Sims, "their behaviour more resembles synchronised swimming than it does vigorous competition."

As a result we get higher prices and poorer quality service - and still, neither major party has put forward a policy to break up the market dominance of these oligopolies and get those essential services working for people.

Instead of tinkering around the edges, it is time for government to intervene in a serious way to force market discipline in the best interests of consumers.

They could take begin by taking this advice from forward-looking economist, Mariana Mazzucato, who demonstrated that *"when organised effectively, the State's hand is firm but not heavy, providing the vision and the dynamic push to make things happen that otherwise would not have."*

The Greens are championing publicly owned, not-for-profit alternatives in every case, because the evidence shows that the right things won't happen any other way.

For the past ten years, political donations, corporate lobbying and a revolving door between ministries and industry have combined with dysfunctional and divided parties to leave a legacy of economic inequality and environmental destruction for our next generation.

But it is not too late for Australia to change course.

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We can get our economy working for everyone if we implement the sort of plan that I have outlined today.

A plan for well funded public health care and public education.

A plan for a publicly-owned bank and a publicly-owned electricity retailer

A plan to create real market competition, not this phoney competition that just leads to higher profits for the big players.

The Greens were the first to talk about the problems in banking and energy, and the other parties reluctantly followed us.

Now we are the first party to propose a way to challenge these corporate giants - to present solutions that fearlessly protect the public interest and reject government by vested interests.

It is a plan that is not just popular, but that is also grounded in a sound and coherent economic framework.

It is the only genuine alternative.

Thank you