

# Australian prime minister in love fest with mining moguls

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An extraordinary address delivered by Prime Minister Julia Gillard to mining moguls this week underscores her government's subservience to the profit interests of BHP Billiton, Rio Tinto, and Xstrata. After declaring that much of her "daily work" was taken up with promoting the interests of the mining industry, Gillard was in turn feted by senior executives meeting in Canberra for the Minerals Council of Australia annual conference.

The love fest comes in the lead-up to the first anniversary of the Labor Party coup against former Prime Minister Kevin Rudd, and highlights one of the key domestic factors behind the installation of Gillard by significant sections of the ruling elite.

The prime minister's speech to the parliamentary dinner for the Minerals Council of Australia on Wednesday recalled, in its tone and content, her obsequious and grovelling address to the US Congress earlier in the year. "Your industry is so important to my daily work because you've become so important to the opportunities that all Australians seek," Gillard told the miners. "What I really want you to take away tonight is an understanding of just how central your industry is to the government's economic agenda... We're offsetting new spending, we're banking upward revisions in revenue, we're limiting spending growth overall, we're making significant savings. There's a reason for all this: above all else, to leave room for the mining sector to grow."

This is a remarkable statement. Here was Gillard publicly admitting that the \$22 billion of spending cuts and savings detailed in the government's budget last month—including vicious measures targeting the

disabled, young mothers, and other welfare recipients—was simply aimed at boosting the record profits of giant mining transnationals.

Referring to her proposed carbon tax and changes to mining taxation arrangements, Gillard continued: "While you're all here, I need to say this: I sincerely appreciate the way the industry is approaching our discussions. I can honestly say, every day I've been prime minister, I've seen respect and good faith on both sides of both these issues... So we're together in Canberra tonight at a time when mining's never been more important to our country's future, when government and industry have never had more to discuss."

Minerals Council chief executive Mitch Hooke responded to Gillard's speech by declaring: "It gives us great heart, great heart, to hear that our prime minister—we think we're pretty special—but it really does a lot for our spirits to know that we figure so much in your day and so much in the government's economic policy thinking. You can be assured, ma'am, that the respect is reciprocated."

The mutual bonhomie was in stark contrast to last year's mining conference. In 2010, then Prime Minister Kevin Rudd rejected an invitation to be the event's keynote speaker, in a protest against the mining industry's public campaign against his proposed Resource Super Profits Tax (RSPT). Resources and Energy Minister Martin Ferguson attended in his place and pleaded with the miners to accept the new tax and collaborate with the government to work out the details. His appeals were roundly rejected, with Mitch Hooke using his speech to denounce Rudd. The miners

subsequently stepped up their destabilisation campaign against the government, spending an estimated \$100 million on an anti-mining tax advertising campaign.

There were many factors behind the coup against Rudd last June, including rising concerns within the Obama administration about Rudd's orientation to China and his commitment to an unending Australian military participation in Afghanistan. Another was the machinations of key sections of big business, seeking to forge a government more immediately responsive to their interests.

One year ago, Opposition Leader Tony Abbott told the Minerals Council conference that "the only sure way to stop this tax [the RSPT] is to change the government and to change the government as soon as possible." But this did not prove necessary. Instead, Rudd was axed and Gillard inserted in a party room coup without MPs and the wider party membership, let alone the rest of the population, knowing anything about it.

The new prime minister was immediately put on notice. The mining companies issued Gillard an ultimatum, even adding a specific deadline—July 2, eight days after she became prime minister—by which she had to accommodate to their demands or face the resumption of their advertising campaign.

Much of Gillard's first week as prime minister was spent in closed-door negotiations with the CEOs of BHP Billiton, Rio Tinto, and Xstrata. But she made the deadline, unveiling the government's Minerals Rent Resource Tax (MRRT), which included a 25 percent reduction in the tax rate applied to certain iron ore and coal projects, and the slashing of the *number of companies* affected by the tax from around 2,500 to just 320. Not only that: Gillard also assigned former BHP chairman Don Argus to work out the legislative details of the tax, making clear there would be numerous loopholes and exemptions. As a result, the Labor government effectively transferred tax revenue estimated at more than \$60 billion over ten years onto the books of the mining companies.

The affair provided a stark demonstration of the real

character of parliamentary democracy. Behind the façade of elections and parliamentary procedure, stand powerful financial and corporate interests, which dictate key economic and social policies behind the backs of the population.

Tony Abbott appeared again at the mining conference this year, reprising his call last year for the bringing down of the government, only this time in order to get rid of Gillard's proposed carbon tax. "If you choose, as you should, to fight this tax, you will have support in the community," he declared. "You will certainly have support from the coalition parties which I lead... Ladies and gentlemen, I know none of you like being political activists. You are miners, not political activists and that's as it should be. But I say to you that at this time, you need to become political activists—at least for a few months, at least for a couple of years—if you are going to be able to continue to be the miners that you want to be and that Australia needs."

This year, however, the opposition leader's entreaties appeared to fall on deaf ears. While some mining companies are hostile to the Labor government's carbon tax, it was, in fact, BHP Billiton CEO Marius Kloppers who urged Gillard to adopt the measure after the last election. Other miners have given cautious approval. Minerals Council CEO Hooke declared that Abbott's approach was "not on the agenda", while the group's chairman Peter Johnston added that "most mining companies would rather tackle the policy as an issue rather than be political activists."



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