

On 5 December 2012, a small delegation from the Australia-China Chamber of Commerce and Industry of New South Wales met with Grant Lovett, Chief of Staff, Office of the Hon. Joe Hockey MP and Tony Pearson, Chief Economist and Director of Policy, also from the Office of the Hon. Joe Hockey, in North Sydney for the purpose of discussing several matters that are relevant to Joe Hockey's position as Shadow Treasurer. Chamber agreed to supply a written memo of some of the points that were discussed, together with a few citations of online text that is related to these points. A copy of that memo appears below.

MEMO TO GRANT LOVETT

Chief of Staff for the Hon. Joe Hockey MP

Chamber's Worldview for 2013-2015

We believe that the period from 2013 to 2015, and perhaps longer, will be characterised as one of forced austerity as a result of:

1. continuing high levels of debt¹ that developed during the previous 26 years of easy credit;²
2. a depletion of key natural resources that can be at least partly attributed to global population growth in excess of increases in economic availability of natural resources;³
3. a generally pessimistic view of the capacity of innovation and new technology to remain a major engine for economic growth.⁴

As a result of these and other⁵ contributing factors, governments will be compelled to become more inwardly directed, to measure more carefully the relative benefits and costs of both first-tier and some second-tier economic policies, and to weigh carefully the internal effects of policies undertaken by other national governments or by intergovernmental organisations.

Impact of this worldview on the Australian economy

The Australian Treasury is likely to be the only institution that can sit over the process of measuring the relative benefits and costs of major economic policies. It may not be necessary to estimate the net effect of benefits and costs in monetary units since a ranking based upon cost effectiveness

¹ This was mainly household debt, but government debt increased substantially after 2008. Refer to Rebecca Wilder's comparison of private sector debt and public sector debt in 'Who Has the Most Debt in the US?', 2 October 2012, at: <http://www.economonitor.com/rebeccawilder/2012/10/02/who-has-the-most-debt-in-the-us/>. Comparable data for the world are not available.

² Caroline E Mayer and James L Rowe, 'Easy Credit Fuels Consumer Debt: Instalment Buying Is Outpacing the Economy Itself', *Los Angeles Times*, 20 January 1986. Available at: http://articles.latimes.com/1986-01-20/business/fi-31058_1_consumer-debt.

³ Peter Goodchild, 'Depletion of Key Resources: Facts at Your Fingertips', *Culture Change*, 27 January 2010. Available at: <http://www.culturechange.org/cms/content/view/597/1/>.

⁴ No author cited, 'Innovation Pessimism: Has the Ideas Machine Broken Down?' *The Economist*, 12 January 2013. Available at: <http://www.economist.com/news/briefing/21569381-idea-innovation-and-new-technology-have-stopped-driving-growth-getting-increasing?fsrc=nlw|pub|1-23-2013|4722150|34237756>.

⁵ One other is Ian Bremmer's statement in *Every Nation for Itself: Winners and Losers in the G-Zero World*, (Penguin Group, 2012), that for the first time in seven decades we live in a world without global leadership (page 3).

analysis may be sufficient to allow priorities to be set and subsequently amended in response to new information. Similarly, it may not be necessary for Treasury personnel to perform all such calculations, but it will almost certainly be necessary for Treasury to determine the format and standards for such analyses by other departments in order to make them mutually consistent.

In view of Australia's current position on the United Nations Security Council, it is desirable that Treasury should work closely with the Department of Foreign Affairs and Trade to evaluate the impact of treaties and other internationally determined policies on Australia and on major G20 nations. It may be prudent, therefore, for Treasury to begin establishing working relations with counterpart departments in those nations and perhaps also with UN staff making similar impact studies for non-G20 members. In this context the phrase 'working relations' implies principally an exchange of information. Additionally, announcements of analyses-in-progress would assist in avoiding duplication of efforts.

Interest of the Chamber

The Australia-China Chamber of Commerce and Industry of New South Wales is dedicated to the task of establishing and maintaining strong and lasting economic linkages between non-government organisations (NGOs) in Australia and China. The problems associated with a period of 'forced austerity' have a global impact and provide an important *raison d'être* for such linkages. NGOs in one nation can benefit from knowing how counterpart organisations in the other nation are adjusting to the required changes, and what they might be doing to assist in the process of measuring the relative benefits and costs of major economic policies of their respective governments.

Accordingly, in order for Chamber to maintain linkages with NGOs in China on matters relating to the main consideration of this memo we tender several suggestions that are likely to make these linkages more substantial. First, we recognise that Treasury continues to produce useful documents that are made available to the public via their periodical, *Economic Roundup*,⁶ but they tend to be written primarily for other economists and are not easily absorbed by those lacking the necessary analytical skills and technical jargon. This difficulty could be avoided with short summaries of the articles and speeches presented with a view to informing the general public about what Treasury people have concluded in their analyses.

Second, the home page of Treasury could be used to better advantage for the purpose of conveying information about what Treasury is currently engaged in and also include a Data Centre that is similar to one made available by the US Department of the Treasury.⁷ The principle objective of the US Treasury Department differs substantially from the principle objective of the Australian Treasury as a result of the differences between the parliamentary system and the congressional system. Nevertheless, global communications have tended to gloss over these fundamental differences so that similar expectations are being formed on the part of visitors to the respective internet sites.

⁶ An example is available at: <http://www.treasury.gov.au/PublicationsAndMedia/Publications/2012/Economic-Roundup-Issue-3>.

⁷ The US Department of Treasury's home page at: <http://www.treasury.gov/Pages/default.aspx> has a link to such a centre using data from various US government agencies.

Despite these different objectives, converging methods used to keep the public informed should provide benefit to both governments.

Third, consultations and submissions invited by Treasury are well catalogued with non-confidential submissions made available to the public. We put links to these invitations on Chamber's internet site if we believe the relevant issues to be of particular interest to Chamber members or friendly organisations. There is, however, little or no follow up by Treasury after the submissions are received and summarised. For example, submissions for 'Tax Incentives for the Shipping Industry' closed 5 March 2012 and a summary of Treasury's advice appeared on the internet with the statement: 'Subject to the passage of legislation, these changes are expected to come into effect on 1 July 2012' (<http://www.treasury.gov.au/ConsultationsandReviews/Submissions/2012/Tax-incentives-for-the-shipping-industry>). Left unanswered is the question: *was the legislation passed and if so did it include amendments not stated in the summary?* The answer to that could of course be found by going to the internet site of the Parliamentary Library and then searching through "Bills Digest", but this requires more knowledge of the organisation of the Government of Australia than most readers of our internet site are likely to have. A one-sentence statement by Treasury with a link to the relevant part of "Bills Digest" would require a minute or so of someone's time. The end result would therefore be an inconsequential increase in the tasks of government, but a substantial decrease in the interested public's time in searching.

Fourth, Treasury has a number of advisory panels, some of which have separate internet sites. An example is the Advisory Panel on the Economic Potential for Senior Australians. Chamber has a special interest in this activity since China is likely to encounter substantial difficulties in the near future with a ageing population and a simultaneous decline, in absolute terms, in the size of their working population.⁸ Our concern is the difficulty in explaining to Chinese non-government organisations exactly what Australia is doing in reference to an ageing population. This difficulty arises from a somewhat confused and seemingly convoluted picture that emerges from the advisory panel's three reports and the government's response to the final report. The response consists mainly of statements to the effect that the recommendations of the advisory panel have already been taken onboard by various government departments. Some Chinese with whom we have communicated are curious as to why Australia forms advisory committees to recommend what is already in progress. We have suggested to them that the various government departments exist but are not yet engaged in a *coordinated program* for senior Australians. These departments and organisations consist of the following (http://epsa.treasury.gov.au/EPSA/content/publications/government_response/downloads/epsa_gov_response_20120418.pdf):

Newly created positions:

Minister for Mental Health and Ageing; and

⁸ 'Will China's National Security Objectives Remain Compatibility with Recent Population Trends? A Review Essay of a Book on Population Decline and Power Politics', 10 July 2012. Available at: <http://accii.com.au/PopulationTrendsandChina'sNationalSecurity.pdf>.

A new Advisory Panel on Positive Ageing to advise in the development of a National Ageing Strategy 10-Year Action plan.

Existing departments and organisations that are presumed to be co-opted for input to the National Ageing Strategy:

Office for an Ageing Australia;

Strategic Review of Health and Medical Research in Australia;

Australian Association of Gerontology;

Minister for Housing and Homelessness;

Liveable Housing Design Initiative;

The National Rental Affordability Scheme;

The Australian Housing and Urban Research Institute;

Home and Community Care program;

The Corporate Champions initiative;

Workability and Ageing in the APS (Australian Project Services) project;

National Carer Strategy;

Safe Work Australia (part of the National Worker's Compensation Action Plan 2010-2013);

Broadband for Seniors Program;

More Help for Mature Age Workers initiative, to be known as the Investing in Experience ('Skills Recognition and Training') program, to provide more mature age workers with opportunities to gain qualifications;

Skills Connect program;

The National Urban Policy; and

Australian Research Council (ARC) Centre of Excellence in Population Ageing Research.

We have no answer to the question: *if all of these ministries, departments and organisations are already set up in such a way as to be capable of assisting the ageing, why are they not providing that assistance now?* We understand that a function of the public service is to show that all or most social needs of the community are currently being addressed, but the process tends to overstate the size and overall function of government. We hope that Treasury can minimise these unfavourable impressions; it seems to be mainly a matter of simplifying the responses.

4 February 2013