

DIALOGUE

2013 ISSUE 3

BUMPER
ISSUE

TAKING CARE OF BUSINESS

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Editor's welcome



AMANDA STOKER

Editor – Dialogue magazine

Policy Standing
Committee Member

Small businesses are the employer of almost half of working Australians, and contribute over a third of the value added to our nation's economy. Taken as a whole, small business is really big business.

And yet, small and family businesses throughout our state and country say times have never been tougher.

The ideas expressed in this edition of Dialogue are all about improving the competitiveness, profitability and sustainability of small and family businesses.

The Small Business Policy Committee has worked tirelessly to assemble the content, and I must thank the members of that group, led by Stewart Gow, for their efforts.

As we head into the Federal election, small business and its contribution to economic growth is vital. Many of the ideas in this edition are focussed on ways that State and Federal Governments can, with little expense, assist small and family-based businesses to grow, prosper and become leaders in their target markets. Sometimes that will involve government action; at other times, it will involve government getting out of the way. With a possible change of Federal Government, the time is right to consider how these ideas can be used to back economic growth, State and nation-wide.

The second part of this "bumper edition" of Dialogue is an open forum of articles contributed by LNP members over recent months. They cover topics as diverse as the cost of living (page 26), financing social policy (page 23) and the sound (literally! – see page 33) of Australian politics.

This edition of Dialogue reflects the Policy Standing Committee's commitment to providing a voice to the membership. It is a direct channel for you to put the detail of your ideas into the policy-making framework of our Party. It also reflects the broad expertise and high qualification of our members, right across the State. We are truly blessed to have such talent in our ranks.

As I travel Queensland campaigning for the upcoming election, I seek out small business owners in every region to talk with them about business conditions. They openly say that economic circumstances are difficult, and that they are hoping for a change of government that will complement the Newman Government's commitment to cutting obstacles to business growth, including removing red and green tape. But they need more: corresponding red and green tape cuts from the Federal level, industrial relations reform and more effective international trade relationships. Their need for a Federal Coalition government has never been greater.

If you aren't already doing so, now is the time to contribute in any way that you can to the campaign of your local LNP candidate for the forthcoming election.

For more information on Tony Abbott and the LNP team's plan for a strong and prosperous economy, and a safe and secure Australia, visit the **LNP** website and click on the "**Our Plan**" link.

A handwritten signature in cursive script that reads "Amanda Stoker".

Amanda Stoker – **Editor, Dialogue magazine**
Policy Standing Committee Member

LETTERS TO THE EDITOR

Send your letters to
dialogue@lnp.org.au.
Article contributions are
also invited.

DISCLAIMER:

"Dialogue is a publication designed to generate policy debate and to encourage the sharing of policy ideas. The views expressed are not LNP party policy or the policy of all LNP Members of Parliament. Each author takes responsibility for the views expressed in their own work only."



STEWART A. GOW
LLB. MBA. GAICD
Chair, Small Business
Policy Committee

Family businesses as global businesses

I grew up bottling cordials and packing cake mix in our third generation family business. Excellent, albeit hot and sticky training, for a fourth generation take over!

There was a takeover, but by Sara Lee, and Queensland lost its largest local food manufacturer. Could there have been another scenario: RM Gow & Co as a local global company, spawning new jobs, suppliers and innovators?

This third edition of Dialogue is dedicated to hard working family business owners and employees. We discuss how communities may utilise local business acumen to help save family businesses.

The Small Business Policy Committee has reviewed all state and federal business programs. As a result, we propose a novel Whole of Government, community-based approach.

Some overseas towns using this approach are showcased, as is Queensland's own Mentoring for Growth program. The business world has moved past grants and seminars.

Professor Paul Hyland of the QUT Business School explores how we might help regional businesses adopt world-best practices, improve productivity and increase sales through local knowledge networks.

Anthea Moores and Professor Ken Moores AM examine the imperative of tailoring assistance to intergenerational family business needs.

Existing workplace health and safety laws are assessed by Graeme Haycroft, Chair, Industrial Relations Policy Committee. He proposes more efficient ways to ensure worker safety.

The LNP Small Business Policy Committee has regional committees in Brisbane, Gold Coast, Sunshine Coast and Townsville. It reflects our party's state-wide membership, and our commitment to policy that serves all Queenslanders.

Business Policy Forums are a new initiative of the Small Business Policy Committee. They engage with business owners and operators, examine productivity issues and feed policy solutions to the Standing Policy Committee. In this issue, David Cotton reviews the inaugural QUT Business Policy Forum.

We welcome your feedback.

A handwritten signature in black ink that reads "Stewart Gow".

Stewart A. Gow LLB. MBA. GAICD
Chair, Small Business Policy Committee
stewart.gow@policy.org.au

A Message from the Minister

Hon. Jann Stuckey

Minister for Tourism, Major Events, Small Business and the Commonwealth Games



ABOUT THE AUTHOR

Before she entered State Parliament, Jann Stuckey had her own communications business, consulting mainly to the tourism and small business sectors, developing a diverse network of contacts and a personal rapport with the industry. Together with her husband Richard, she is co-director of a medical practice in Coolangatta.

In 2004 Jann won the State seat of Currumbin on a platform of strong community representation and consultation. Whilst in opposition Jann held several Shadow Portfolios ranging from Tourism, Manufacturing and Small Business, Fair Trading and Wine to Child Safety, Indigenous Issues and Public Works & ICT.

She was appointed Minister for Tourism, Major Events, Small Business and the Commonwealth Games when the Newman Government won the State Election in March 2012.

Under Labor Queensland's small business sector suffocated under red tape, regulation and neglect. Queensland is a great State with great opportunity. The Newman Government is committed to restoring our State through a strong and stable small business sector, and a CanDo Government.

The Newman Government is unashamedly pro-small business and is determined to re-empower the small business sector to give it the best chance at success and prosperity into the future.

Small business is the backbone of Queensland's four pillar economy, supporting the vital sectors of tourism, agriculture, resources and construction. There are almost 412,000 small businesses in Queensland accounting for 96% of all businesses in the State and employing more than 1 million Queenslanders.

The Queensland Government is getting small business back on track. We are restoring confidence and boosting activity within the sector; by identifying and delivering opportunities for small business, and creating more jobs for Queensland in line with our Government's target of 4% unemployment by 2018.

On 16 May 2013 I launched the Government's *Small Business Strategy and Action Plan 2013-2015*. This is the first time the Queensland Government has delivered a Strategy and Action Plan specifically for small business that prioritises government investment, policy development and service delivery.

This plan outlines 32 actions being delivered across 10 government agencies. These are focused on setting the environment for business success and getting government out of the way so businesses can get on with what they do best - running their operations. Copies of the Strategy and Action Plan can be accessed through the Government's Business and Industry Portal (**BIP**) at **business.qld.gov.au**.

A feature of this plan is Queensland Small Business Week. Running from 24 to 31 July, this week is dedicated to promoting the importance of Queensland's small business sector and provides opportunities for growth. Events will be held across the State including:

- Mentoring for Growth mentors' networking breakfast at Mt Coot-tha, 24 July;
- Live-streamed small business panel discussion on high growth start-ups and networking afternoon tea at the Queensland State Library, Brisbane, 26 July;
- Small business breakfast at Mt Isa, 29 July;
- Small business breakfast at Townsville, 30 July;
- Small business breakfast at the Gold Coast, 31 July; and
- The Asian Century Trade Forum at Bundaberg, 31 July.

In June I launched an online events calendar through the BIP that will promote the week's activities and future small business events in Queensland that are coordinated through the Department.

A distinctive feature of Queensland Small Business Week will be *Buy Locally Saturday*, an expansion of the successful *Think Queensland, Buy Locally* campaign. *Buy Locally Saturday* on 27 July will encourage consumers to choose local products and services and highlight the vital role the sector plays in building local economies and communities and I urge people across the State to show their support.

On 26 June 2013 my colleagues, Premier Newman and Minister Walker announced the Government's *Late Payment Policy* to support small business would take effect from 1 July. This policy ensures that private sector suppliers to the Government who are not paid within 30 days receive interest on amounts they are owed. This delivers yet another election commitment and again highlights the unashamedly pro-business approach of the Newman Government.

We are also working to make it easier for Queensland small businesses to do business with Government, by providing Business to Government Services to:

- Influence national, state and local regulatory agencies to reduce the regulatory burden

- Consolidate the Business Online Service into the BIP, as a one-stop-shop for all Business to Government Services;
- Facilitate adoption of knowledge and information by small business through the planned delivery of webinars; and
- Strengthen the voice of small business within government through the Queensland Small Business Advisory Council.

For more information about the Government's support for the small business sector I would encourage you to access our successful BIP at www.business.qld.gov.au. The BIP continues to go from strength to strength with more than 1 million unique visitors having used the site.

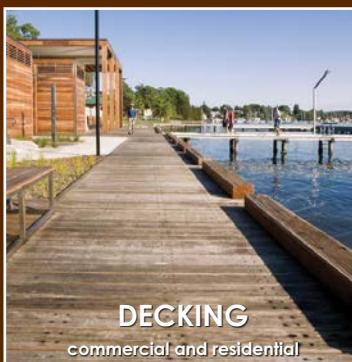
Under Labor Queensland's small business sector suffocated under red tape, regulation and neglect. Queensland is a great State with great opportunity. The Newman Government is committed to restoring our State through a strong and stable small business sector, and a CanDo Government.

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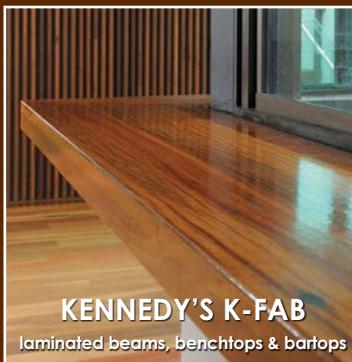


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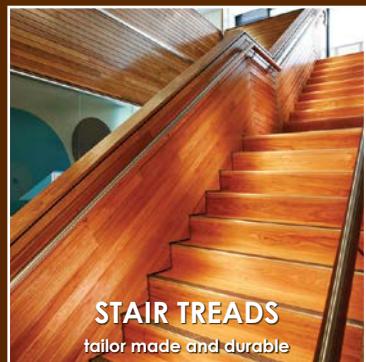
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Our plan to restore small business hope, reward and opportunity

The Hon Bruce Billson MP

Federal Member for Dunkley
Shadow Minister for Small Business, Competition Policy & Consumer Affairs

The Coalition has a positive plan with real solutions for small business which will double the rate of small business formation.

This is needed because small business has been driven into a place, more challenging than many long term small business people have ever seen, thanks an unsupportive and disinterested Labor Government.

Small business confidence, conditions, cash flows, profitability and employment are all in negative territory according to the latest NAB quarterly SME survey. Only 6 per cent of SME's think the Federal Government is doing a good job.

But still if you listen to the Labor Government, you can hear a story about how they claim the economy is strong, is approaching trend growth and justifies their own self-congratulation.

As I travel around the country talking with business people, they express their concern about the present and future viability of their businesses, the lack of reward for their enterprise and risk-taking and their ability to employ. Australia's diminished flexibility in wage determination (now ranked 123) and our hiring and firing practices (ranked 120) are just examples of how poorly Australia ranks on the Global Competitiveness Index. The burden of government regulation (ranked 96) adds more lead to the small business saddle-bag.

In contrast to the mess the Labor has created, the Coalition has a clear plan with real solutions to restore hope, reward and opportunity to the small business sector.

Our plan starts with repealing the carbon tax to make our economy stronger, to reduce cost of living pressures and the cost of doing business and to improve confidence and competitiveness.



ABOUT THE AUTHOR

The Hon Bruce Billson MP
Federal Member for Dunkley
Shadow Minister for Small Business, Competition Policy & Consumer Affairs

Small business is caught between a rock and hard place - lumped with higher costs because of the carbon tax and limited scope to pass these on to cost-conscious consumers looking for a bargain.

Beyond repealing the carbon tax, the Coalition is committed to cutting \$1 billion worth of red-tape and compliance costs out of the economy.

This will help small business people by freeing up time and resources to service customers and clients for building business opportunities.

We will relieve small business from acting as the 'pay clerk' for the paid parental leave scheme by having the Family Assistance Office administer payments instead of the employer.

The current head of the ACCC has lamented the limitations of the competition laws he is left to administer, pointing out that he can only use the tools parliament provides.

Our commitment to a 'root and branch' review is the best way to flesh out the inadequacies in the current competition law, carefully evaluate possible remedies and to identify the most effective responses.

Under a Coalition Government small business would also be on key regulator bodies and in cabinet. This would ensure when major decisions are made, they are done with small business as a 'front of mind' consideration, putting the sector on the front foot and not the back foot as it has been for many years.

The choice for small business in 2013 is clear.

Support a Coalition Government which plans to nurture a sector which employs and innovates.

Or make the choice for more of the same Labor Government mess.

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The legitimacy & urgency of focusing on family enterprise

Anthea Moores and Ken Moores AM

All private enterprise economies are dominated by firms operated by families in business. While the majority of these family businesses are small or medium sized enterprises it is important to note that they are not all small. This class of business transcends size: from small to medium to large. As such their policy needs are not met by policies that are driven entirely by concerns based on business size but rather need to address their unique concerns and issues that emanate more so from their **concentrated ownership structure**. Shifting the policy focus from a sized-based emphasis on Small to Medium Business Enterprises (SMEs) to an ownership-based focus on family enterprise represents a real opportunity for government leadership and the chance to position Queensland as the family enterprise state.

The family business sector accounts for around 70 per cent of all business in Australia¹. The average family business turnover is \$12 million per annum² and the sector employs 50 per cent of the Australian workforce³. Family businesses are the backbone of Australia, with many of Australia's largest and most loved companies being operated as family businesses. Iconic brands such as Coopers Brewery, Akubra Hats, Raine & Horne, Haigh's Chocolates and Bundaberg Brewed Drinks are all family-owned.

Queensland is home to a number of proud family business enterprises that make a considerable contribution to our local and national economies. Take VIP Petfoods for example, and their recent purchase of another famous Australian family business in Darrell Lea. Other Queensland families in business include the O'Reilly's who have operated their hinterland eco-tourism retreat

since 1926, Hutchinson Builders, The Motorama Group, and Technigro.

The essential point to recognise is that family businesses **are** different from non-family businesses. For policy makers it is imperative to understand **where** these differences exist and **why** they exist.

Where family businesses are different is largely in their **performance** and **persistence**. Firstly, recent research⁴ has shown that family owned businesses can and do outperform more widely held businesses. Local evidence is also emerging that shows there are differences with respect to productivity: they appear to be more productive with their use of labour resources but are less productive with capital resources⁵. This capital productivity emanates from their desire to retain control often inhibiting their growth and development. Policies to foster enterprise growth and development could profitably be aimed at this addressing this need. Secondly, family owned enterprises are more persistent in that they add stability to regions and local economies through their continuity and resilience. Typically family owned business display a long-term strategic orientation and generally are led by long-term tenure CEOs (about 20 years).

These differences fundamentally arise from the involvement of family in the enterprise and the intention of the family to maintain ownership over multiple generations. It is this feature that differentiates family enterprises from other SMEs that are often created to provide a job for the owner or produce enough wealth to represent a superannuation fund at exit.

1 KPMG and Family Business Australia Survey of Family Businesses 2009 (in conjunction with Bond University).

2 MGI Family and Private Business Survey 2006 (in conjunction with RMIT).

3 FBA website www.fambiz.org.au.

4 Anderson, R & Reeb, D, Founding Family Ownership and Firm Performance: Evidence from the S&P 500. *The Journal of Finance*, 58 (3), 2003, pp. 1301-1328.

5 Barbera, F., & Moores, K., (2012) Firm ownership and productivity: a study of family and non-family SMEs. *Small Business Economics: An Entrepreneurial Journal*.

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Where family businesses are different is largely in their performance and persistence. Firstly, recent research¹ has shown that family owned businesses can and do outperform more widely held businesses. Local evidence is also emerging that shows there are differences with respect to productivity: they appear to be more productive with their use of labour resources but are less productive with capital resources².

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¹ Anderson, R & Reeb, D, Founding Family Ownership and Firm Performance: Evidence from the S&P 500. The Journal of Finance, 58 (3), 2003, pp.1301-1328.

² Barbera, F., & Moores, K., (2012) Firm ownership and productivity: a study of family and non-family SMEs. Small Business Economics: An Entrepreneurial Journal.

However here in Australia and elsewhere while there is an inherent acceptance of the family business sector in terms of the number of businesses, the size of the sector, and its economic significance it has not yet been able to mobilise sufficient societal power and urgency for their unique issues. Most policy makers deem that the current SME policies adequately deal with family business issues. This is not so. Therefore, shifting the policy focus to these family owned enterprises provides a real opportunity for any government interested in promoting growth and stability in its economic regions. Becoming known as the state that is family firm friendly will secure a first mover advantage in attracting these enterprises to drive Queensland's long-term economic growth and development.

In summary these family enterprises are **different** and **significant**. However, despite this they have been largely overlooked by policy makers and as such provide a real opportunity for policy leadership for a government committed to economic transformation. By focusing on **family** enterprise policies, government can not only address the unique nature of these concentrated ownership enterprises but also cater for the majority of these businesses that populate the SME sector.

ABOUT THE AUTHORS

Anthea Moores is the Managing Director at Moores Family Enterprise. She has previously worked in a family business advisory capacity for the last 10 years, most recently with Big 4 professional services firm KPMG and previously BDO. Anthea is involved with the Family Firm Institute (FFI), the international organisation for professional Family Business advisers. She regularly attends courses and conferences, keeping herself updated with all the latest thought leadership and best practice that can be used to effectively advise families in business. She holds a FFI certificate, an international accreditation for Family Business advising, and was the first Australian to do so.

Ken Moores AM is Emeritus Professor and was the Founding Director in the Australian Centre for Family Business at Bond University, Australia where he had previously served as Professor of Accounting, Dean of Business, and Vice-Chancellor and President. His research in accounting, education, management, and family business has been published in books and a wide range of international referred journals.

Moores Family Enterprise delivers knowledge-based practical advice to families in business to enhance their prospects of continuity through distinctive and empathetic support processes based on communication, education and collaboration.

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Innovation: bringing Australian businesses to the world

Stewart Gow LLB, MBA

The tale of two technology towns

Waterloo's Technology Triangle

Love your Blackberry? Then thank Waterloo, a wheat belt town west of Toronto and one of the largest North American technology regions with 450 tech companies, and growing more each year.

University of Waterloo was formed by two insurance companies to generate actuaries, but soon steered the maths students towards computer sciences with support from IBM and Digital AND allowed researchers to own 100% of their research! This has created over 250 science and tech businesses, which employ graduates and fund research, with major philanthropic benefits to the University and the community. Opentext and RIM Blackberry were two of the first spun off.

Opentext, now Canada's largest software company with 4,400 staff got its break using its search engine to digitise the Oxford Dictionary, an engine later adapted by Yahoo.

RIM now has 8000 staff and \$3bn in cash reserves to spend on research.

In 1997 forty business leaders funded Communitech accelerator, creating a deep knowledge network to mentor and grow small businesses into global companies, including MKS, AGFA Health, Sandvine and Maplesoft. They stemmed the brain drain south to San Jose, spawned a strong angel and venture finance sector and a vibrant creative community. The Lesson: Communities can Create Strong Regions.

Silicon Valley

Do you Know the Way to San Jose? From San Francisco south to San Jose, small businesses have become Cisco, Intel, Oracle, Sun Microsystems, Yahoo, Google, Linked In, Facebook and Twitter. Silicon Valley is the ultimate nebula, birthing nova sized companies, turning fads to fortunes and geeks to gigastars. The lesson: small businesses grow to large businesses faster in the proximity of other global businesses.

How did Silicon Valley form? Once a sleepy farming region, Stanford University led a strong regional crusade to grow local business against East Coast corporate exploitation. The University was close to a strong naval and air defence region and was the recipient of large federal research defence grants in the 1940s and 50s.

The "father of Silicon Valley", Frederick Ternon, was Dean of Engineering and provost at Stanford University when solid-state technology research led to the microprocessor. Students were encouraged to form businesses at the Stanford Research Park, including Hewlett Packard and Varian Associates joined later by Eastman Kodak and Xerox Palo Alto Research Park. The innovation from these companies led to the creation of **3Com, Adobe Systems, Cisco, Apple Computer and Microsoft**.

Silicon Valley now contains 40% of information and communication technology (ICT) companies, 70% of venture capital in the USA, receives 40% of all U.S. venture investment, has the highest average high-tech salary at \$144,800 and the most millionaires and billionaires per capita.

Waterloo has become one of North America's leading concentrations of technology players, academic and industrial research and development, innovation, commercialization expertise, venture and early stage capital. We have an extraordinary entrepreneurial track record that is the envy of communities many times our size and leaders here give freely of their time and their talent. They share success points, cautionary tales, and outright failures. This is a community that "self-consults," with one generation mentoring the next.

Iain Klugman, 2007, CEO, Communitech



ABOUT THE AUTHOR

Stewart Gow LLB, MBA, is Chair of the LNP Small Business Policy Committee, a small business owner and angel investor.

Formerly a commercial lawyer, Australian Vice Consul for ICT in Silicon Valley, Industry Fellow and University of Queensland lecturer, he turns policy into award winning programs.

Australia as a land of innovation

Australia is the 13th wealthiest nation in the world, with large corporates and world ranked research universities. We have a strong innovation history.

Inventions include: the Incat wave piercing catamaran, the black box recorder, inflatable escape chutes, the stump jump plough, mechanical sheep shears, AusToft cane harvester, curved air wing, scuba tanks, Fauldings zinc cream, Hills hoist, Triton Workbench, Cochlear implants, Resmed and recently in Queensland Scramjet, Redflow, Peplin, Gardicil, Panbio, Althomics and Impedimed.

Fauldings and Hills grew successfully locally whilst Res Med, Cochlear and other innovations were licensed, sold or moved overseas. Few, if any, have gone on to become global companies, headquartered locally.

Innovators need large local customers to grow rapidly but our economy is dominated by large oligopolies, where a few national companies and foreign companies dominate. None of them, including our own governments, buy local innovation.

This lack of local global technology companies, and a lack of purchasing by our private oligopolies and public monopolies, has thwarted early sales for our innovations and prevented deep knowledge clusters forming. Our best innovators, executives and advisors

stream overseas, chasing customers and cash.

Australian companies Zoom Systems and Looksmart were attracted early to The Valley and lately Omnisio, Bluepulse and Whereoscope have followed, as have thousands of our best entrepreneurial graduates with 17,000 Australians estimated to be living in San Francisco Bay area including 65 start-ups owned by Aussies.

Queensland has a strong innovation sector with world ranked research universities, strong public and private innovation, incubators, innovation centres and angel investor networks forming small businesses.

To provide customers for our innovators and jobs for our graduates we must focus as a state on growing local family businesses into national and international businesses.

The Small Business Policy Committee has developed a whole of government, community delivered solution, which, if adopted will identify world best productivity practices for local businesses, leverage overseas networks to strengthen two way trade and fast track the growth of large, innovative local businesses purchasing local innovation. This policy is named Grow Queensland and will focus on growing family businesses, growing communities and growing Queensland's economic base.

Remove the ideology & make worksites safer



Graeme Haycroft
IR and Employment policy Committee Chairman

I don't know if you've ever driven in the south western corner of Ireland but a lot of the road signs are in Gaelic. Quite lost and seemingly driving in circles I once stopped and asked a local for directions to Cork.

"Ohh... Cork! Me Gosh! If you want to end up there, I wouldn't be starting from here", he said.

Of course, as far as road directions are concerned we know that is a plain silly statement, but when it comes to workplace arrangements it's probably a fundamental truism. Unfortunately if you start from the wrong place, you will never get to where you want to go.

The foundation points of policy will usually determine whether you will ever achieve a workable outcome. This is particularly the case with all Australian workplace health and safety (WH&S) legislation.

Every worker is entitled to work and earn a living in a safe and secure environment. Some occupations are inherently more risky or prone to more severe trauma than others.

A clerical worker may risk an occasional paper cut whilst a high rise construction worker is often working close to potential life threatening danger. But that is not reason to accept a higher morbidity or mortality rate in those potentially more

dangerous industries. In fact it is all the more reason for us to ensure that the safety systems are not only more comprehensive but in fact all the parties involved have the right incentives to ensure that the worksites are not only safe, but that they continue to be safe.

It is in this fundamental area of motivational incentive that we have started from the wrong spot with all of the WH&S legislation. As a consequence we are not now, and will not ever, arrive in the right place. By the "right place" I mean the object of WH&S legislation: truly safe worksites. Let me explain.

There has been no end of research done on what actually motivates people. Deporting people to Australia for stealing a loaf of bread didn't stop people from stealing. The death penalty doesn't stop people from killing one another. The drug trade has only multiplied exponentially since we introduced huge penalties without any increase in the risk of being caught. We know that the introduction of draconian penalties does little to modify behaviour. Doubling or tripling the fines for speeding has only a fraction of the effect of putting in speed cameras everywhere. It is the higher likelihood of being caught that modifies the behaviours, not the remote threat of a huge penalty.



ABOUT THE AUTHOR

Graeme Haycroft is the Chairman of the LNP's industrial relations and employment policy committee.

Graeme is a passionate advocate for worker's rights and over the years has pioneered several significant breakthroughs in labour market reform.

His philosophy is that workers should be treated with honesty and respect, thereby offering them simple workplace arrangements that trade off complexity and rigidity with more money and increased flexibility.

The success of Haycroft Workplace Solutions over the past 23 years is testament to the value of these principles.

And even though it is ineffective, the entire WH&S compliance framework operates on the threat to employers of high penalties and costs, but low prospects of detection and prosecution. In fact all state government OH&S compliance units measure their effectiveness, not on statistical reductions in workplace incidents, but rather on the number of successful prosecutions that have been made against employers. It simply doesn't work well at all.

This flawed approach has been further undermined by past Labor governments writing the WH&S laws, particularly in Queensland and New South Wales, in a way that placed all liability on the employer, even where the cause of an incident and subsequent injury was the clear fault of others. These regimes even hold an employer responsible where an employee was injured whilst breaching the employer's specific safety systems.

Workplace safety laws with this approach undermine safety in two ways.

First, if irresponsible site supervisors, foremen and leading hands know that whatever they do or don't do will be "worn by the employer and not them" then they have little incentive to enforce safe work practice. After all, they have deadlines to meet and monitoring safety compliance can be irritating work. It is hard to avoid coming across as a "nagger" or a "whinger" when enforcing safety standards.

Second, when an employer knows that no matter their efforts, they will still be prosecuted if a worker is injured, common sense suggests that other than for cosmetic purposes, they are better off saving their resources to fight future prosecutions when they occur.

Either way, the work site is less safe as a direct consequence of flawed policy.

So now we know what is wrong and why whatever is done by the government under the present legislation simply won't make work sites safer we can perhaps start a reform of the WH&S system from a different place so that we can end up with genuinely safer work places measured not by the number of prosecutions against employers but

rather by the reduction of workplace injuries and deaths of employees.

A better foundation for WH&S policy must begin by recognising that the best way to modify behaviour is to provide tangible rewards for good behaviour, and to increase the likelihood of being caught out for having unsafe work practices. Whilst it may

please class war ideologues to assume that employers enjoy seeing their employees injured and maimed, it does not reflect reality. Although it is the employer who pays for site safety systems, safety on work sites is everyone's responsibility.

Employers need to know that if they spend the money and time required to implement proper, industry recognised safety systems, they will see a tangible financial benefit reflected in their cost structure. Furthermore, having taken these steps, they need to know that they won't be arbitrarily prosecuted if their employees subsequently breach the safety systems and cause injury to themselves or others.

Let me make this perfectly clear: if an employer does nothing, has no proper systems, has not

explained any processes to the workers (whether or not there is an accident) that employer should be prosecuted or closed down until they establish safe work systems. The Queensland government should not take sides with employers. It should govern for all.

In addition, the Queensland government should look at changing the WorkCover system, again, to provide incentives for safe behaviours and practices.

Many years ago this State had a system of no claims bonuses. Queensland then had the most efficient workers compensation scheme (as it was then known) in Australia.

The no claims bonus for worker's compensation operated in the same way that a no claims bonus currently works in the car insurance industry. In that industry, it is easily administered and is fundamentally fair.

The Beattie Labor government abandoned no claim bonuses and adopted the current scheme primarily because it was consistent with the less

It is in this fundamental area of motivational incentive that we have started from the wrong spot with all of the WH&S legislation. As a consequence we are not now, and will not ever, arrive in the right place. By the "right place" I mean the object of WH&S legislation: truly safe worksites. Let me explain.

;

efficient schemes in the other States. Harmony was prioritized over effectiveness.

We should recognize that the elimination of no claim bonuses was a mistake, and return to the demonstrated benefits of rewarding employers financially for safe work practices.

In doing so, we should look at the potential benefits of a two-tier no claims system for WorkCover.

I proposed that a first discount should apply if an employer can demonstrate an accredited WH&S system in their business. A second discount should be given as they demonstrate injury free workplaces over the years. This will require some juggling of the premiums currently paid. The ultimate result must be to ensure businesses who do not invest in safe work systems pay more, and safety-conscious businesses are rewarded with lower premiums.

Just tinkering with the present system betrays the workers who will, in time, be injured because of its flaws. Its fundamental unfairness to safety-conscious employers is a similar betrayal. The ball is in our court to take the ideology out of Government policy and make worker safety the goal.

“ ”

We should recognize that the elimination of no claim bonuses was a mistake, and return to the demonstrated benefits of rewarding employers financially for safe work practices.

” ”

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Grow family businesses to grow regional communities

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If the State Government was to facilitate a program to address the longevity and profitability of Queensland's best family businesses it would be as the inward dissemination point of world best productivity practices and as an outward conduit to global business networks to enable our best family businesses to take advantage of the latest efficiencies and market opportunities.

”



ABOUT THE AUTHOR

Stewart Gow LLB, MBA is Chair of the LNP Small Business Policy Committee a small business owner and angel investor.

Formerly a commercial lawyer, Australian Vice Consul for ICT in Silicon Valley, Industry Fellow and University of Queensland lecturer, he turns policy into award winning programs.

Regional Queensland's communities are richly endowed with mineral, agricultural and environmental resources supporting our four-pillar economy.

Yet regional communities have very few locally-owned very large national businesses. Small businesses often grow to medium size; suffer growth pains, and then stall. Like Peter Pan they never grow up, leaving them vulnerable.

If helped to grow into national companies they could employ hundreds or thousands of high paid workers, grow more local businesses, support research and innovation, and philanthropically grow their community.

How can we grow small regional businesses into large national and global companies to strengthen communities and broaden their economic base?

Historically we have waited until a crisis: the mines, crops or tourists fail.

Around the world countries are focusing on growing their local businesses into big businesses. All Australian businesses need to operate at world's best practice to remain competitive or face being acquired by global competitors. Adequate reserves to fund growth, survive downturns or natural disasters are a pre-requisite.

Economic theories assume two things, perfect knowledge and continual growth.

Overseas global companies, close to major customers and with access to superior *global market knowledge*, advice and large cash reserves, can turn *knowledge* into global growth strategies. Our small regional businesses do not have access to global knowledge or the resources to grow or grow fast enough. They are easy pickings for predators.

If the State Government was to facilitate a program to address the longevity and profitability of Queensland's best family businesses it would be as the inward dissemination point of world best productivity practices and as an outward conduit to global business networks to enable our best family businesses to take advantage of the latest efficiencies and market opportunities.

Grow Queensland – Family Business Friendly State

We need a body responsible for helping family businesses to adopt global best practice by family businesses within our 4 pillar economy. I've called it Grow Queensland.

Grow Queensland would:

- Aim to double businesses profits within 5 years, double their exports and double their resilience to global competitive forces;
- Investigate and promote the adoption of world best practice within mining, construction, tourism and agriculture of production, governance, and management to increase productivity;
- Access business networks in the key existing mature Northern Hemisphere markets;
- Establish business networks within the growth markets of Southern Asia, Southern Africa and South America;
- Achieve effective collaborations across the three tiers of government, economic agencies within state and federal government and industry associations, allowing each to access world best practice and deliver value-adding programs to their industry;
- Strengthen communities through two way trade and investment; and
- Benchmarking businesses against the very latest and best globally, rather than on Australian industry averages.

Never before has a whole of government, whole of community approach been taken to minimising costs, through maximising efficiencies and effectiveness.

Individual businesses and whole industry supply chains will benefit, creating improved survivability and stronger sustainable communities.

Business Mentoring Program

An important component of Grow Queensland must lie in the mentoring of these businesses. Mentoring for Growth is novel because it is community based and volunteer delivered, providing local businesses an hour with up to 10 business leaders, investors and advisors who brainstorm options to help overcome one business challenge. This may include marketing, sales, succession, partnering, exporting and growth finance.

Mentoring for Growth is a proven framework that also coordinates other programs and services into an assistance roadmap that benefits everyone. The statistics speak for themselves:

It operates in 15 regions, has counselled 5000 businesses, mentored 1500 businesses, helped 116 businesses to raise \$150m in private capital. As a result, small businesses like Atlantis Resources, Impediment, Althomics and Grabba have grown from start-ups to exporters.

Communities with a strong Mentoring for Growth program find that businesses identify the best growth options, access local and national growth capital and have access points into global business networks.

Once established in communities, value-added services to grow local business can easily be added, including, for example, early assistance identification, access to local growth capital, access to global business and finance networks.

Grow Queensland will be a strong state-wide regional network linking communities with each other and with global communities, which will lead to increased two-way trade and investment. Above all, it will provide small businesses with growth potential access to world-best productivity practice, overseas customers and growth opportunities that would otherwise be unavailable.

* * * * *

Case study: Don Sands has come a long way in 11 years

Brisbane-based Synengco Pty Ltd was established in 2001 and now manages over \$8 billion of assets globally. Its software monitors in real time every component of a power plant.

In 2008 he had been approached by two multinational companies as customers and was unsure how to handle these negotiations. Don tried a consultant but needed broader options so tried Mentoring for Growth.

The two hour panel session contained successful business owners, academics and government workers who studied Synengco's business plan.

"There were people there who had grown a business and then sold it off. They had a lot of insight into what to do, and what not to do. We needed to learn about the legal and business side of things internationally."

"They told us exactly what sort of risk we could be exposed to and what we needed to look out for in the growth phase."

Four years later, the company has the equivalent of 13 full-time employees and is winning jobs overseas.

"We didn't know what we didn't know (about international operations). It's sort of like starting to dance with an elephant. We knew what was in our small pond, but when we started to dance in the big pond we thought we might get pushed in."

Most small businesses are busy getting on with supplying services or products to their customers but they are increasingly competing with new entrants, and increasingly these new entrants can be based anywhere and deliver products and services online.

To compete, SMEs need to focus their resources on maintaining and growing their customers base. To grow they need strategies and systems that address specific markets and customers needs in distinctive ways.

Successful SMEs are characterised by the application of new knowledge, rapid learning, and adjusting to rapidly changing situations. Knowledge and capabilities are the driving force for innovative firms, because they can create, evolve and recombine resources into new sources of competitive advantage.

Growing SMEs can capitalise on suitable types of assistance and government programs. There is a clear role for government in facilitating the establishment of knowledge networks to drive productivity and access to global knowledge networks. Several studies also show that many SMEs are establishing and relying on networks in order to develop their knowledge and skills. By using a network-based approach firms and individuals in the network can access resources and support. One such network that provides ongoing support for growth is the Mentoring for Growth (M4G) program run by the Queensland State Government. M4G is a network of mentors and growing businesses that voluntarily share the knowledge of experienced mentors with businesses. M4G provides businesses with access to a wide range of business experts and their knowledge at a low delivery cost.

Knowledge networks such as M4G provide many opportunities for members to strengthen their capabilities and expertise build additional knowledge capabilities and connect with an extensive range of businesses. As such, they are powerful sources of both expertise and organisational capacity building. Networks can be established in numerous ways but they are usually regional based and in a large diverse State such as Queensland can be difficult to manage, requiring specific skills. None the less, networks are an excellent way to develop regional growth hubs and build capacity and expertise in emerging and growth sectors. M4G has successfully established local networks of businesses and mentors in regions including Cairns, Townsville, Maryborough, the Sunshine Coast, the Gold Coast, Toowoomba and Brisbane. Future regions could include Mackay, Rockhampton and Bundaberg.

Throughout Queensland more than 1100 business have been involved in the local mentoring program.

In everyday informal communication, people are sharing and exchanging knowledge, sometimes without noticing it. This type of network is beyond the boundaries of formal organisation mechanisms. While most businesses are already good at informal networking they need to able to channel their networking skills into more productive and formal endeavours to increase their productivity and profitability.

Networks involve collaboration, cooperation and communication. Increasingly businesses are collaborating with others in order to

Working together to help SME's grow

Paul Hyland and Stewart Gow



ABOUT THE AUTHORS

Paul Hyland (above left)

Professor Paul Hyland is a Professor in Management at Queensland University of Technology. His research focuses on business improvement and innovation management. He has been a business mentor for small to medium sized businesses and assists business with developing growth strategies and commercialisations pathways. He has also been the chief investigator on projects for Queensland State government departments including the Department of State Development and the Department of Primary Industries and Fisheries.

The research he has conducted examined a range of issues impacting businesses development including: Small Business Planning for Periods of Drought, Value-added Manufacturing in Beef & Meat Industry in Central Queensland and Extending the Venture Capital Pipeline in Regional Queensland.

Professor Hyland has been involved in a wide range of funded research projects including an Australian Research Council Grant EU funded projects, and in recent years he has worked with several Cooperative Research Centres.

Stewart Gow (above right)

Stewart Gow LLB, MBA, is Chair of the LNP Small Business Policy Committee a small business owner and angel investor.

Formerly a commercial lawyer, Australian Vice Consul for ICT in Silicon Valley, Industry Fellow and University of Queensland lecturer, he turns policy into award winning programs.

be competitive and maintain their positions in the market. Coordination and communication are requisites for well-structured collaboration between partners in networks and clusters. Collaborating between network partners builds capacity and knowledge and establishes the trust and the skills required to enable and manage rapid growth.

The UK Government has proposed 'Growth Hubs' which provide access to specialist strategic advice, coaching and mentoring to high-growth firms. These hubs work closely with technology and innovation centres in order to target firms that have the greatest growth potential. Growth hubs are supported by specialist business support providers, operating a highly distributed network, that reaches between all the local enterprise partnerships regions (UK Government, 2010).

While the UK has only established these networks since 2010, Queensland established a world-class series of networks that has helped 119 business raise more than \$150 million in private capital. By building networks of business leaders who can mentor and support growing businesses Queensland has established a successful model that see SMEs rapidly acquiring the knowledge they need to grow.

The government needs to support and strengthen knowledge networks such as Mentoring for Growth that enables businesses to collaborate and increases business investment. These local programs can be challenge specific such as Mentoring for Export, Mentoring for Investment, or Mentoring for Innovation or industry specific such as Mentoring for Tourism.

The obvious next phase is to strengthen the structures and systems within the Mentoring for Growth program to assist more businesses to grow larger and stronger, to enable the transfer and sharing of knowledge between regions.

Logically, linking this state-wide network into existing overseas knowledge networks such the UK Growth Hubs, Austrade and Sister City programs will help local businesses to grow into international businesses.

Assisting local communities to efficiently utilise local knowledge and then tap specialist knowledge state-wide or internationally will, over time, create stronger local businesses, stronger communities and encourage local innovation.

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The First LNP Business Forum:

Listening to business

Recently the Liberal National Party (LNP) Small Business Policy Committee hosted a Business Forum made up of enthusiastic Brisbane Business Leaders to discuss issues currently facing small business. Delegates were asked:

“What would you like to see the State Government do to help business?”



The Forum was hosted by the Queensland University of Technology, moderated by Professor Paul Hyland, Professor of Management in the QUT Business School and Chaired by Stewart Gow, the Chairman of the LNP Small Business Policy Committee. The guest speaker was Bruce Scott, Managing Director at NBC Capital, and he gave a very engaging and thought provoking talk about investing in business.

Business Forums have since been held at Bond University, Griffith University, Sunshine Coast University, South-West Chamber of Commerce, with James Cook University and others being planned.

Whole of Government Purchasing Policy

Attendees were keen to see the Government's purchasing policies changed to make it easier for small and local businesses to qualify for government tenders and contracts. The high administrative and regulatory burden that exists for a business to participate in tenders has

squeezed many Queensland businesses out of government purchasing. It was suggested that mining companies could receive a discount on mining royalty payments as an incentive to use local businesses.

Industry Relations and Workplace Health and Safety

This area elicited quite a response from attendees. They were frustrated by the complexity of awards and industrial relations legislation, and the associated cost of compliance. Some expressed a concern that this complexity increased the risk of legal conflicts, which resulted in unwanted costs and took time away from running their businesses.

Innovation Policy

Attendees were concerned that Queensland did not have a policy for innovation, because this was regarded as important to future growth in the State. It was suggested that because governments tended to be risk averse, responsibility for innovation should be taken out of government



and placed with the private sector. Government could task private sector individuals of innovation expertise with the role of facilitating collaboration between businesses in key industry sectors (for example, manufacturing) to share resources, streamline supply chains and become more competitive.

Lack of Start-Up Capital and Ongoing Working Capital

Small business often complains that it is difficult to access funding for investment in capital equipment and for ongoing working capital to grow the business. Attendees were particularly concerned that these funding restrictions would stifle start-up businesses with great business ideas and well-researched and targeted markets. It was suggested that the Government could perhaps provide an incentive to invest locally by providing tax breaks on invested capital.

Red Tape Reduction

There was overwhelming support for a "one stop shop" approach to accessing government services. It was clear that this would be a welcome service to both small and large business alike.

Delegates were frustrated by the sheer volume of legislation and regulation, and some asked for a moratorium on red tape to allow business time to digest current requirements. Many asked for the amount of red tape on business to be drastically reduced and specific examples are to be actioned.

Future vision

The LNP Small Business Policy Committee believes the Government should task a group of well-respected senior business figures and academics from across Queensland to work with Government to prepare a report setting out a vision for what Queensland will look like in 2030, and what is needed from individuals, business and Government to ensure that vision is achieved.

This will help to ensure that there is a clear strategy for addressing many of the concerns raised by business at the forum.

Mentoring for Growth

The Forum also acknowledged the Mentoring for Growth program. This program provides free business mentoring by local business leaders to help businesses overcome growth challenges. The Forum saw this program as a highly valuable volunteer based service for small and family businesses. The Forum felt the program should be continued and expanded to assist small and family business at a more strategic level.

Regional Committees

The Small Business Policy Committee has created Regional Committees in Brisbane, Gold Coast, Sunshine Coast with others planned to help coordinate local business support services between tiers of government and the private sector.

* * * * *



ABOUT THE AUTHOR

David Cotton MBA is a Chartered Accountant and angel investor. He has specialist skills in managing business turnarounds. He is a member of the LNP Small Business Policy Committee.

Members' Open Mic



LNP members have their say
on the issues that
drive their political involvement.

Understanding and financing social policy in Contemporary Conservative Politics

Conservative politics in Australia is as popular now as anytime in recent political history, with conservatives in a strong position federally and in government in the four largest states and the Northern Territory which together comprise 90 per cent of the Australian population. But being voted into government comes with great responsibilities too.

If we are to govern for all Australians and govern well in a modern society, we must not just concentrate on the economic, arguably our traditional strength, but also on the environmental and the social – the so called ‘triple bottom line’.

But how might we understand social policy as contemporary conservatives? And just as importantly, how might we finance it?

Understanding social policy

Social policy is often differentiated from other public policy areas such as economic policy, defence policy and environmental policy by its focus on social issues that have an impact on the wellbeing of individuals, or more often groups of individuals in society. It is differentiated from other policy areas not only by academics but also by government.

In academia, the discipline may be located within faculties or schools of social science and social work/human services, whereas delivery of such services by government occurs through departments. In many instances dedicated social policy advisory units are located within the department of the premier or prime minister.

In political parties, social policy – or at least social policy intent – is often reflected in the party’s constitution.



ABOUT THE AUTHOR

Dr Stephen Thornton is an entrepreneur and social thinker with a background in finance and academia. Holding degrees in economics, social administration and social science he has a particular interest in the nexus between the economy and the wellbeing of individuals as well as a growing interest in animal wellbeing from both a moral and economics perspective. Dr Thornton is Deputy Chair of the LNP Disability Policy Committee.

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For example, the LNP Constitution identifies social areas as ‘social provision’, ‘medical services’, ‘education’, ‘youth’, ‘family’ and ‘cultural heritage’.¹ In more applied terms we can see this reflected in election campaigns where political parties and their leadership have the opportunity to present to the public either the justification for continuing in government or being elected to government.

A good example is the last Queensland state election which the LNP won convincingly. In total, the LNP uploaded 123 election policies onto its website that formed a large part of the election campaign.² It also categorised these policies into 16 policy areas. The policy areas relating to families, education, health, and community - in italics below - are clear social policy domains. They comprised 57 of the 123 policies (nearly 50 per cent) released by the LNP during the election campaign.

*Jobs and Economy (7); Tourism (5); Agriculture (9); Resources (9); Construction (3); Lower the Cost of Living for Families by Cutting Waste (13); Environment (9); Education (11); Health (9); Roads (8); Public Transport (4); Marine Infrastructure (4); Crime and Community Safety (14); Communities (10); Racing (3); Restore Accountability in Government (5).*³

At first blush we might say that the LNP has a strong commitment to social policy. While this may be true, the above analysis says nothing about the type or appropriateness of the level of funding for these social policy initiatives and what other social policy initiatives might also be needed in order for Queenslanders to live a good life.

Of course, from opposition where the full financial position of the state finances is not always clear, it is appropriate to keep election promises realistic. But like public debt that may be inherited from the previous government, a new government can also inherit massive social ‘deficits’ in terms of unresolved ‘wicked problems’.

‘Wicked problems’, a term used both in academia and in government, describes policy problems that are difficult to solve. These problems are often more macro than micro and may be more

ingrained in society. They typically cannot be fixed with simple policy tools like taxation or legislation in isolation. As such, these more 'wicked' social issues (problems) may be placed in the 'too hard basket' by governments, paid only 'lip service' or simply approached the wrong way.

Examples of these more difficult or stubborn types of social issues might be domestic violence and child abuse, homelessness, drug and alcohol abuse and indigenous welfare in remote communities. In Australia, these are often both state and federal responsibilities.

Some conservatives may see these social problems as largely the domain of the political left. Not true. In fact, they also fit 'neatly' with contemporary conservative politics. Viewing often difficult and distressing issues through a costs lens, as opposed to a social justice lens as the political left tends to do, not only fits well with our traditional economic strengths but they may be better understood in the wider community and easier for citizens to connect with, especially when they may be focusing on their own daily issues.

It is often easier to receive political support if social problems are expressed in terms of 'cost' thereby mitigating the risk of tax fatigue when taxpayers understand how and why their money is being spent.

Many social issues that are created or caused by the actions of an individual or entity impose costs on external parties like family members, the local community and of course, ultimately taxpayers. In economics jargon this is called a 'negative externality'.

An example of such negative externalities are the costs associated with a child that is not well cared for by his or her parents and who might only attend school periodically due to the parents being substance abusers and spending a large proportion of the family budget on alcohol or illicit drugs.

There are really three main ways of doing this, which I will call using public monies, compulsory private monies, and private investment monies. While the first two are more traditional ways of financing social programs and initiatives, the third is quite new and seems to fit particularly well with conservative ideology that the market can often find more innovative solutions to problems and deliver programs more efficiently than government.

The cost to the child may be psychological and/or physical abuse and a poor education leading to an increased risk later in life of drug dependency, poor employment prospects and offending.

The cost to taxpayers will include the increased costs of law enforcement and possibly stints of imprisonment, social service interventions and social security payments. While these costs are direct financial costs, others are what economists call 'opportunity costs', that is, the cost of doing one thing at the expense of another e.g. being imprisoned and not paying taxes as opposed to being employed and paying taxes. The cost to the state therefore of a person being imprisoned also includes the lost income tax and GST revenues the government might have collected to spend on other things.

So, the first thing to understand is that social problems in the community may not only be an issue for the 'offender' but they almost always have a psychological, physical and/or economic cost on the people around them and more generally impose a cost on the taxpayer.

Financing social policy

The second thing we need to understand is the funding options available for social policy initiatives to attempt to reduce the costs associated with social problems. This does not mean simply 'throwing money' at a social problem. However, many social policies require an investment in the short to medium term in order to realise economic and social benefits in the longer term and selecting the right funding mechanism can be crucial to policy outcomes.

There are really three main ways of doing this, which I will call using public monies, compulsory private monies, and private investment monies. While the first two are more traditional ways of financing social programs and initiatives, the third is quite new and seems to fit particularly well with conservative ideology that the market can often find more innovative solutions to

In understanding social policy and how we might go about financing it, one thing is clear. Social policy should be core business for contemporary conservatives. It is not the sole domain of the political left. The left does not and should not have a monopoly on caring about those less fortunate in society.

problems and deliver programs more efficiently than government.

Using public monies is the traditional way of funding social services and programs in Australia. Public monies are really private monies that have been transferred to the state by the individual or entity, usually by way of taxation, with the most common being income tax (including company tax) and the tax on goods and services.

Expenditures are made at all three tiers of government, federal, state and local. For example, at the federal level we spend quite significant sums of money on social security payments such as aged pensions, disability pensions and unemployment benefits. At the state level we pay for programs like subsidised public housing, disability services and mental health services and at the local government level spending on social policy initiatives is included in annual budgets for things like homelessness services and disability and indigenous programs.

While government also delivers many of these services, it has become more common over the past few decades to contract non-government organisations to deliver such services so that, amongst other benefits, more innovative service delivery solutions can be found.

Interestingly, it has also been suggested that this type of contracting may sometimes actually stifle innovation as organisations are often invited to enter into agreements that have already been constructed resulting in organisational practices becoming more aligned with that of government over time.⁴

Still, much of the funding comes from public monies in the first instance and the risk of program failure remains with government.

The second type of financing arrangement, utilising compulsory private monies, is quite popular in some European countries although not as popular in Australia. Social insurance schemes are typically legislated, meaning that participation is compulsory. For example, employees/employers are required to contribute to legislated health and unemployment schemes where contributions to

the scheme and benefits from the scheme are calculated on a worker's income and sometimes length of time in the scheme.

In Australia, compulsory superannuation has some characteristics of social insurance to the extent that it is compulsory for employers to make contributions to an employee's nominated superannuation fund thereby decreasing the state's aged pension liabilities.

It differs, however, in that a person's superannuation fund is a dedicated financial account and not pooled, although monies are generally pooled by superannuation funds for investment purposes where such funds are not self-managed.

The third type of financing social policy programs is by way of private investment monies. While philanthropic initiatives are becoming more common as wealthy Australians follow the lead of their U.S. equivalents, there is also an exciting new approach being adopted overseas and more recently here.

In the United Kingdom, Social Impact Bonds (SIBs) – known as Social Benefit Bonds in NSW – are a way of attempting to ensure not only that adequate social services are provided to the public in the face of increasing demands on government budgets and taxpayers dollars but also that innovative ways of delivering services are achieved.

Under an SIB arrangement these occur when "... a bond-issuing organisation raises capital from investors based on a contract with government to deliver improved social outcomes that generate future government cost savings. These savings are used to pay investors a reward in addition to the repayment of the principal, if the improved outcomes are achieved".⁵ As such, both the capital and risk are transferred from the government to private investors.

Examples of private investors that might be involved in this type of financial asset class are superannuation funds (including SMSFs), philanthropic organisations, commercial financial institutions and high net worth individuals (HNWIs).⁶

SIBs are not the answer for all issues in society. The Centre for Social Impact in NSW has formulated assessment criteria for the inclusion of programs and host not-for-profit organisations, including that savings to government must be measurable, that organisations be reputable with strong governance and, interestingly, that the program is formulated on a 'wicked problem' that is "... of priority to government and social investors".⁷

However, whether SIBs are suited to social policy areas such as child safety and people with severe or profound disability where highly vulnerable persons are at risk of harm or neglect is questionable. For the latter, a National Disability Insurance Scheme has been proposed, to be partially funded by an increase in the Medicare levy.

The key message for contemporary conservatives

In understanding social policy and how we might go about financing it, one thing is clear. Social policy should be core business for contemporary conservatives. It is not the sole domain of the political left. The left does not and should not have a monopoly on caring about those less fortunate in society.

While the left justifies interventions in society in terms of social justice, contemporary conservatives can justify social policy in terms of seeking to reduce the cost of many social issues to taxpayers as well as the costs imposed on individuals and communities who directly experience the negative outcomes of the actions of others in terms of their loss of the opportunity to live a good life.

As Senator Mitch Fifield recently stated, "I've always seen the split between social policy and economic policy as a false dichotomy. I've always seen that as a false choice. Good social policy and good economic policy really are two sides of the one coin. You can't have one without the other".⁸

The senator is correct. It is not enough just to get the economics right. We must also seek to get the social right and in doing so realise both economic and social dividends.

* * * * *

End Notes:

1 LNP (n.d.), LNP: For a new Queensland – Constitution.

2 LNP (2012), Policies, www.lnp.org.au/policies

3 Ibid.

4 Hancock, L. (2006), Bringing in the Community Sector: Partnerships and Advocacy. In Beyond the Policy Cycle: The Policy Process in Australia, edited by H.K. Colebatch. Crows Nest: Allen & Unwin.

5 The Centre for Social Impact (2011), Report on the NSW Government Social Impact Bond Pilot, February 2011.

6 Ibid.

7 Ibid.

8 Fifield, M. (2012), Address to the National Disability Summit, Novotel Hotel, Melbourne, 28 June 2012



The Wicked Wizards of Oz: Tackling the cost of living

"By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. By this method they not only confiscate, but they confiscate arbitrarily; and, while the process impoverishes many, it actually enriches some."

– John Maynard Keynes in The Economic Consequences of the Peace

I left Australia in December 2007 to go live and work in the UK in 2008 and 2009, and the USA in 2010. The thing I noticed within a few days upon my return to Australia in December 2010 was that 'everything' seemed to be outrageously more expensive than when I left 3 years prior. The prices for the sorts of goods and services I encountered in December 2010 and since had seemed to have 'skyrocketed' (e.g. some nearly double) such as: accommodation; groceries; movies; pubs; restaurants; takeaways; transport; and utilities.

Cost of Living

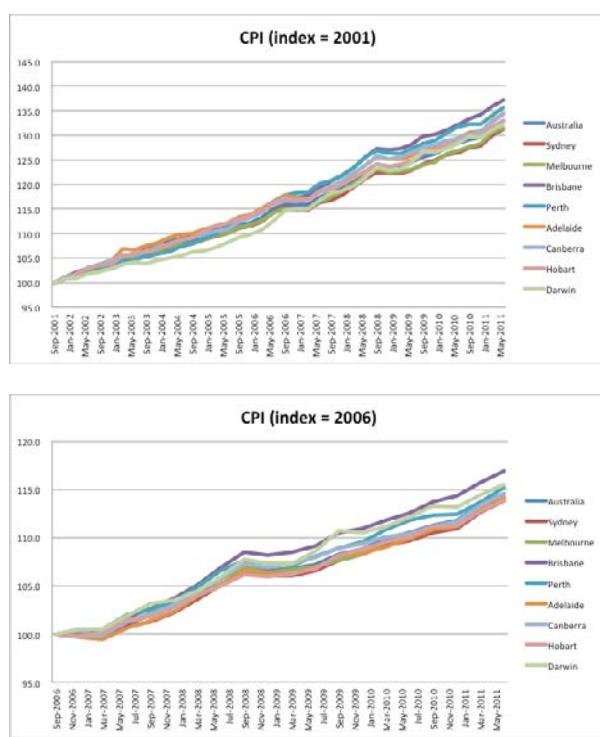
Ludwig von Mises (in my opinion, the greatest economist of the 20th century), wrote in *Theory of Money & Credit* that: "No complaint is more widespread than that against 'dearness of living'. There has been no generation that has not grumbled about the 'expensive times' that it lives in." What Mises called 'dearness of living' is usually referred to nowadays – in Australia, the UK, the USA and elsewhere in the English-speaking world – as the 'cost of living'.

There is no precise economic definition for the cost of living, and thus for a rise in it. It is however often thought of as just another term for inflation. The modern mainstream definition of inflation is "a persistent tendency for prices to increase" (see for example the *Oxford Dictionary of Economics*). This is often divided into 'demand-pull' and 'cost-push'. The former is about so called 'excess aggregate demand' the latter about various input cost and wage rises leading to price rises which in turn cause other inputs and wages to rise and so on throughout the economy. I will define the cost of living to include money inflation, but also include other sources of relative as well as general price increases to consumers.

In Australia, the cost of living is usually measured by the Australian Bureau of Statistics (ABS) using the consumer price index (CPI). CPI has many weaknesses and often understates the cost of living. Its most fundamental weakness, according to Murray Rothbard (in my opinion, the greatest Libertarian of the 20th century), in *Man, Economy and State*, is that: "[A]ny concept of average price level involves adding or multiplying quantities of completely different units of goods, such as butter, hats, sugar, etc., and is... meaningless and illegitimate. Even pounds of sugar and pounds of butter cannot be added together, because they are two different goods and their valuation is completely different. And if one is tempted to use

poundage as the common unit of quantity, what is the pound weight of a concert or a medical or legal service?"

CPI is however the modern mainstream 'benchmark' indicator of cost of living. So lets look at some of the key trends. The overall CPI figure rose 33% over the past 10 years and 15% over the past 5 years. All the capital cities have roughly risen in line with each other, although Brisbane (37% and 17% respectively) and Perth (36% and 15% respectively) have slightly outpaced the others.

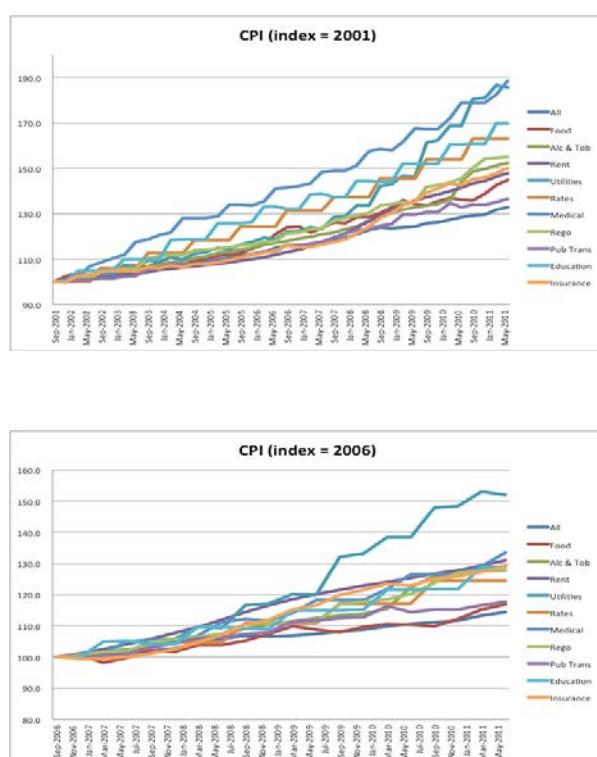


Source: ABS

CPI can be broken down into those goods and services which are more directly affected by government regulation (which tends to put unsustainable upward pressure on relative prices, as opposed to money inflation which pressures the general price level, albeit in a non-uniform

... my economic 'instincts' tell me that the main driver behind the rising cost of living is (by far and away) most likely to be government intervention like business regulation... and all of its predictable and not-so-predictable negative 'unintended consequences'

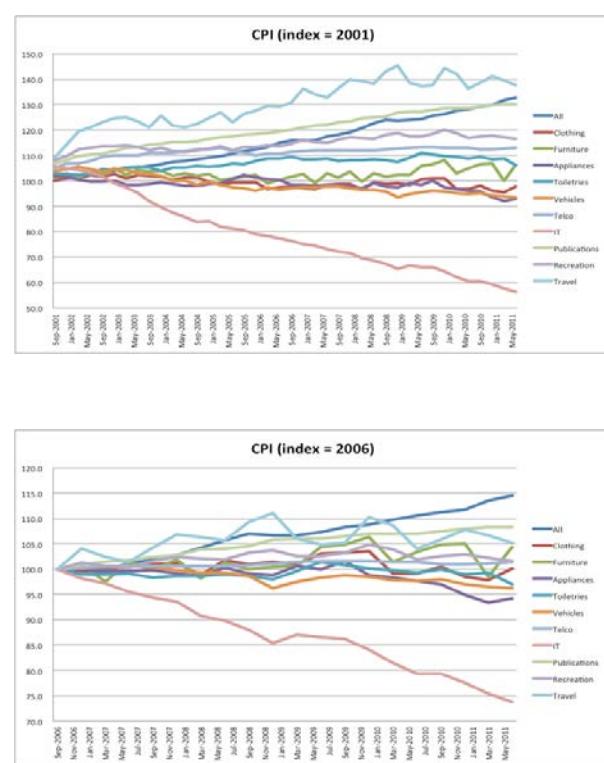
way).¹ The rise that stands out like a 'sore thumb' are utilities, which rose 86% over the past 10 years and 52% over the past 5 years. Other standouts over the past 10 years are medical (89%), education (70%) and rates (63%), and over the past 5 years also include rent (31%), insurance (29%) and alcohol/tobacco (29%).



Source: ABS

On the flipside, CPI can also be broken down into those goods and services which are less directly affected by government regulation (and thus more so by 'competitive market forces', which tends to put sustainable downward pressure on relative prices)². The fall that stands out like a 'beacon of hope' is IT, which fell -47% over the past 10 years and -26% over the past 5 years. Other areas that have fallen (and/or moderately risen) over the past 10 and 5 years are vehicles (-10% and -4%), appliances (-9% and -6%), clothing (-2% and 0%) and toiletries (+3% and -3%). Telecommunications

rose 8% over the past 10 years and 2% over the past 5 years, whilst travel rose 26% over the past 10 years and 5% over the past 5 years. Note that key parts of telecommunications and air travel are directly regulated.



Source: ABS

Business Regulation

After almost two decades of work as a ('seasoned' Neoclassical School) competition and regulation economist (and more recently as a 'rookie' Austrian School economist, with still much more to learn), my economic 'instincts' tell me that the main driver behind the rising cost of living is (by far and away) most likely to be government intervention like business regulation... and all of its predictable and not-so-predictable negative 'unintended consequences'. As Milton Friedman said regarding government in *Free to Choose*: "In the government sphere, as in the market, there seems to be an invisible hand, but it operates in precisely the opposite direction from Adam Smith's: an individual who intends only to serve

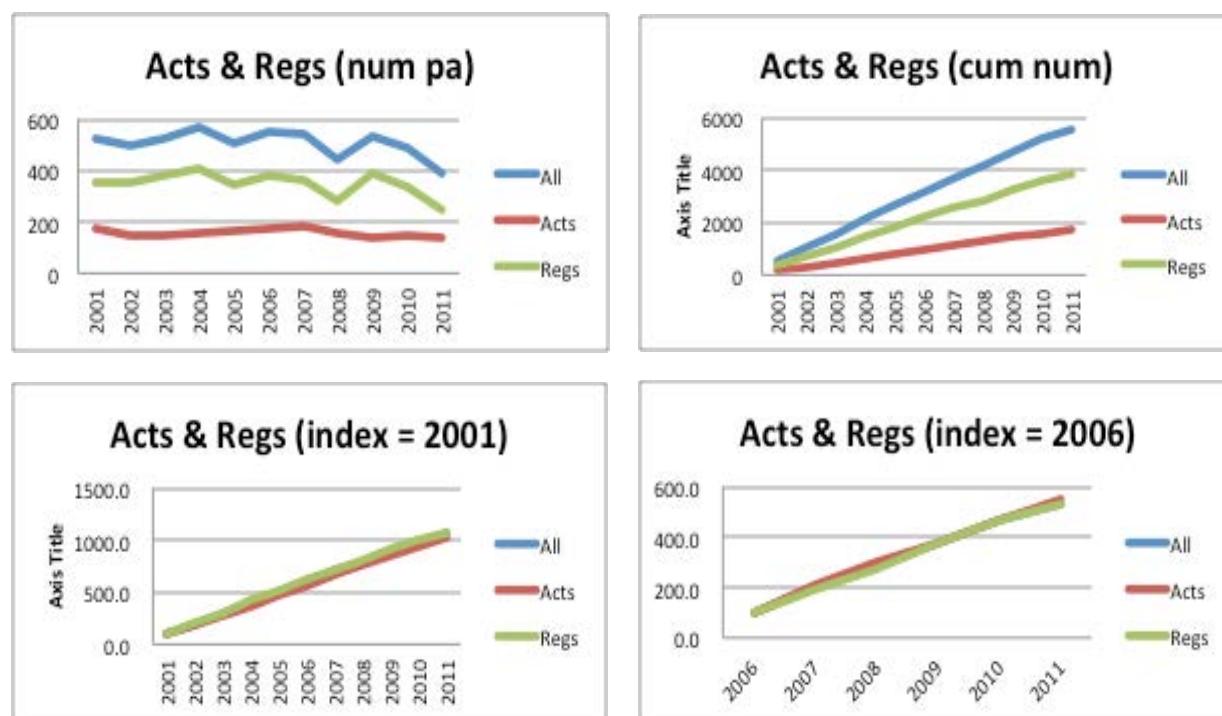
¹ In this case, food, alcohol and tobacco, rent, utilities (like electricity, gas, water and sewerage), council rates for housing, medical, motor vehicle registration, public transport, education (like primary, secondary and tertiary), and insurance.

² In this case, clothing, furniture, appliances, toiletries, motor vehicles, telecommunications, information technology (IT), publications (like books, magazines and newspapers), recreation, and travel.

The effect of all of these regulations is to constantly put upward pressure on business costs and prices, and downward pressure on the quantity and quality of goods and services (particularly small-to-medium size ones) and thus harming consumer welfare... especially if these regulations are growing in complexity and burden, as for instance are environmental related ones.

the public interest by fostering government is 'led by an invisible hand to promote' private interests, 'which was no part of his intention'."

Counts of Acts and Regulations (not pages within each... much less complexity and burden) by the Australasian Legal Information Institute (AustLII) point to over-regulation at the federal level (which the Productivity Commission and others like the Chamber of Commerce and Industry Queensland have confirmed for the federal, state/territory and local levels). Although the annual count is slightly declining over the past several years, the cumulative growth is largely unabated. In particular, Acts, Regulations (in its more narrow legal sense, rather than in its broader economic sense) and combined (Acts + Regulations) have grown 919%, 981% and 961% respectively over the past 10 years, and 448%, 431% and 436% respectively over the past 5 years.



Source: AustLII

Note: This does not subtract those Acts and Regulations that have since been repealed/removed...although that is unlikely to be significant.

The effect of all of these regulations is to constantly put upward pressure on business opportunity costs and prices, and downward pressure on the quantity and quality of goods and services (particularly small-to-medium size ones) and thus harming consumer welfare... especially if these regulations are growing in complexity and burden, as for instance are environmental related ones. It does this firstly by reducing the supply of the affected services (e.g. land use restrictions, investment approval hurdles, etc.) because fewer businesses are able to offer such services profitably at lower prices. Further upward pressure on

Finally, as regulations grow, so too does the wealth-taking public sector at the expense of the wealth-making private sector... through greater bureaucracy, spending, taxes, borrowings and money printing.

prices comes through reduced competition (from rivals, substitutes and entrants), plus less business (complementary and input) suppliers and buyers. Finally, as regulations grow, so too does the wealth-taking public sector at the expense of the wealth-making private sector... through greater bureaucracy, spending, taxes, borrowings and money printing.

Money Regulation

The original and long standing definition for inflation is simply "an increase in money supply or stock", which results in "too many dollars chasing too few goods". Ludwig von Mises, wrote in *Planning for Freedom* that: "What people today call inflation is not inflation, i.e., the increase in the quantity of money and money substitutes, but the general rise in commodity prices and wage rates which is the inevitable consequence of inflation." Milton Friedman, largely agreed in *The Counter-Revolution in Monetary Theory*: "Inflation is always and everywhere a monetary phenomenon in the sense that it is and can be produced only by a more rapid increase in the quantity of money than in output."

"[Money] expansion creates its mischievous effects by distorting price relations and by raising and altering prices compared to what they would have been without the expansion," according to Murray Rothbard in *America's Great Depression*. He goes on: "Statistically, therefore, we can only identify the increase in money supply, a simple fact. We cannot prove inflation by pointing to price increases. We can only approximate explanations of complex price movements by engaging in a comprehensive economic history of an era." Robert Murphy of the Ludwig von Mises Institute also cautions in *Lessons for the Young Economist*, that although a rising stock of money and a general rise in prices typically go hand in hand, there is not a precise one-to-one connection between money and prices. "For example, if the amount of money goes up by 10% in one year, one can't automatically assume that the prices of all (or even most) goods and services will rise by a comparable amount." Murphy adds that nevertheless, "across history and across countries, whenever there has been a period of long-term price rises, there has also been long-term expansions in the amount of money in that economy."

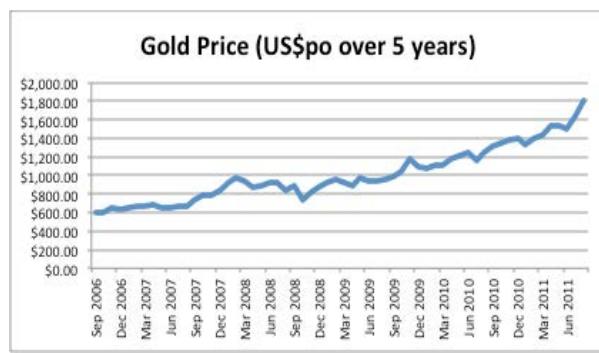
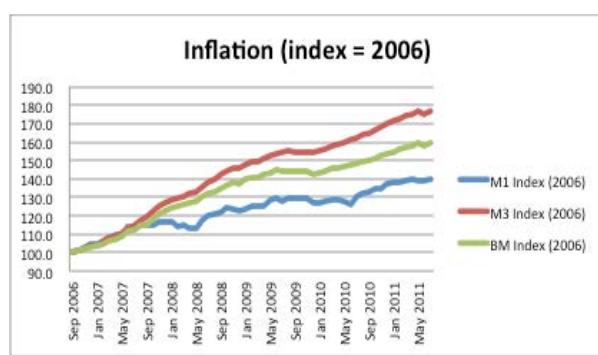
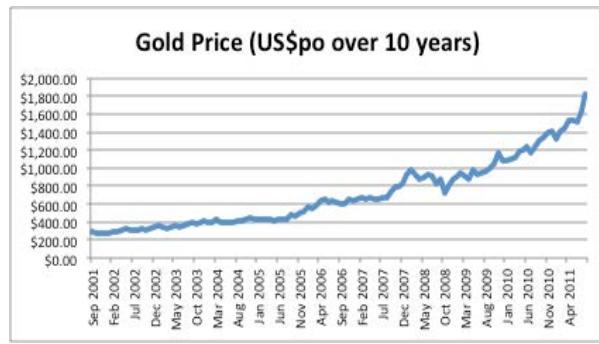
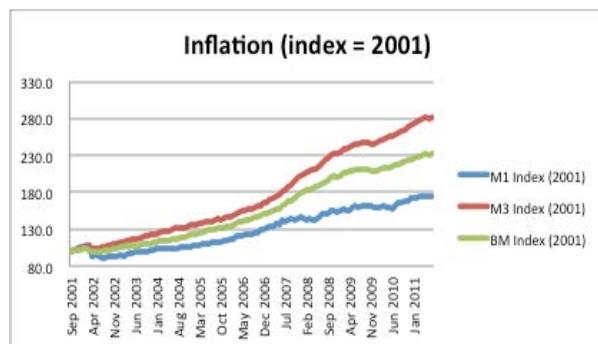
An increase in the prices of consumer goods and services as measured by CPI is not inflation

Brisbane-based finance entrepreneur Chris Leithner provides a solid Australian context for these arguments in his recent book *The Evil Princes of Martin Place* (which, of course, inspired the title of this article). He asserts that the change over time in the conventional definition of inflation – i.e. "an expansion in the supply of money beyond that which would occur in a free market" – has distracted attention away from the Reserve Bank of Australia's (RBA's) (and other central banks'... especially the Fed, ECB, BoE, BoJ and PBC) creation of inflation. "An increase in the prices of consumer goods and services as measured by CPI is not inflation: it is one of several possible consequences of inflation (the other major one is the boom-bust cycle, which like inflation, is totally the result of government money regulation)." He adds that "in any given situation, inflation's effects depend upon (a) how and where the new money enters the structure of production and (b) the initial recipients' objects of expenditure. The first owners of the new money 'ginned' by the RBA and 'laundered' by commercial banks (thus creating even more money from nothing, under the RBA backed 'pyramid scheme' known as fractional reserve banking) boost their demand for the things that they wish to purchase, and will thereby tend to bid up their prices. The sellers then receive this money, second-hand as it were, and find themselves in a position to demand more of the goods and services they desire, and so forth and so on." Thus, Leithner concludes that Australia's current period of high inflation (stemming from as far back as 1991) has been fuelled by the RBA... "which doesn't fight inflation, it manufactures and maintains it."

Inflation

Lets now consider some RBA money supply statistics (which ideally should be adjusted to reflect 'real' money supply, such as adding back government related money supply ... but wasn't in this case. In the graphs below, M1 rose 75% over the past 10 years and 40% over the past 5 years. M3 rose 182% over the past 10 years and 77% over the past 5 years.

Broad money (BM) rose 133% over the past 10 years and 60% over the past 5 years.



Source: RBA

Gold is considered by some as the best indicator of inflation, at least in the longer term (as it is considered 'true' money – i.e. developed and chosen by free markets around the world for thousands of years ... and counting). Its properties as an inflation indicator have been shown in econometric and other studies (for example, by the *Foundation for Economic Education*). Even central banks like the RBA recognise this to some degree by watching and publishing statistics on gold prices. The price of gold rose 133% (from US\$293 to \$1814 per ounce) over the past 10 years and 203% (from US\$599 to \$1813 per ounce) over the past 5 years. Of course, international forces (especially that of the Fed and other large overseas central banks, and to a much lesser degree market forces) will weigh much more heavily on this international price than Australia (including the RBA).

Source: RBA

Conclusion

The most telling story can be seen by plotting CPI, money supply (i.e. M3), gold and regulation together on the same graph. Of course, this is not meant to be some statistical proof or even correlation (much less demonstrating cause-and-effect), but merely to plot two of the main drivers of cost of living – i.e. business and money regulation – along side two of the main indicators of cost of living – i.e. CPI and gold. As can be clearly seen, CPI totally understates the cost of living crisis. One important thing should be noted, although regulation looks like the bigger driver of cost of living, in fact money inflation is... the latter also causing the increasingly frequent and severe boom-bust cycles of malinvestment for centuries particularly since the permanent rise of central banks in the 20th, including the current housing GFC or Great Recession, the early 2000s dot-com collapse, the 1970s Stagflation and the Great Depression of the 1930s to mid-1940s.

Source: AustLII, ABS & RBA

CPI totally understates the cost of living crisis. One important thing should be noted, although regulation looks like the bigger driver of cost of living, in fact money inflation is... the latter also causing the increasingly frequent and severe boom-bust cycles of malinvestment for centuries

In summary, consumers are being hit at one end by government over-regulation of business (not just federal, but state/territory and local as well) and at the other end by a different sort of government over-regulation... i.e. the RBA's government-mandated monopoly (in conjunction with the fractional reserve banking oligopoly) over fiat money.

A good first step in halting (or at least mitigating... and eventually reversing) the rising cost of living due to government intervention could be a Productivity Commission inquiry (and/or Independent Inquiry including Austrian as well as Neoclassical thinkers) commissioned by the next brave and liberty-inclined (and thus pro growth and jobs) federal government.. Even braver still, will be completely rethinking the level and nature of government interventions in such areas as the environment (including land), utilities (including energy) and especially money... including an 'audit' of the RBA.

In conclusion, much (if not most) of the cost of living pressures in Queensland are caused by, and under the control of, the federal government ... through its bureaucracy, expenditure and regulation, supported by its taxation, borrowing and money printing (and associated fractional reserve banking credit creation unbacked by 'real' savings). The State LNP thus not only needs to continue to deliver on its key promises for Queensland such as reducing state government expenditure and 'red tape' as well as reducing the cost of living (e.g. land, energy and water), but as importantly it needs to argue for strong reforms at the federal level (even stronger than under Hawke, Keating and Howard)... both with the federal Liberal-National Coalition now pre-election, and later post-election with whomever wins government (hopefully for Australia, the Coalition).

It is no exaggeration to say that if honest and hard working Australians cannot look to the Coalition for reforms to free up businesses, consumers and taxpayers... including reducing and reversing the burdens of over regulation and fiat money on businesses (and thus consumers and taxpayers)... then they will have nowhere else to turn within Australia!



ABOUT THE AUTHOR

By Darren Brady Nelson, a freelance Australian-American liberty entrepreneur, manager and economist with almost two decades of experience working for/with government regulated businesses, government policy-makers and regulators, and those bodies trying to reduce government regulation, taxation and inflation ... in Australia, NZ, UK, and USA.

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Vocal Presence in Australian Politics

Dr Melissa Agnew



ABOUT THE AUTHOR

Dr Melissa Agnew, PhD, MA, B.Ed, Dip Teaching, LSDA

With almost 30 years' experience as a voice teacher and coach, Melissa Agnew is one of Australia's most sought-after experts in her field. She consults on voice, speech and dialect in the theatre, broadcast, film and television industries, in the corporate sector and in education at all levels, from preschool through university. Melissa teaches voice, speech and dialect at NIDA, Sydney and holds a doctorate in Voice from The University of Sydney.

Melissa has consulted on over 30 productions at Queensland Theatre Company, including *The Glass Menagerie*, *American Buffalo*, *The Goat, or Who is Sylvia?*, *We Were Dancing*, *The Road to Mecca*, *Molly Sweeney* and *Sweet Panic*. Screen credits include *The Proposition* and the American teleseries, *The Pacific*.

Melissa coaches newsreaders, radio and television journalists and presenters at the ABC in Queensland and the Northern Territory, as well as commercial television and radio networks and private media organisations.

Melissa's clients, both past and present, are prominent in the public eye (and ear) across Australia.

www.melissaagnew.com.au

How rare and uplifting it is to hear the words of a noble ideology! When people do speak with wisdom, honesty, virtue and spirit, their words may touch and move us in powerful ways. They may prompt us to change things for the common good, or to strive to better ourselves. Surely only the best voices are suited to conveying such strong, resonant messages; and surely our political leaders should embody such fine voices.

Modern society expects so much from its political leaders. Among other things, they're expected to be on top of a myriad of issues including the environment, climate change, education, employment, health, wealth and justice. We expect them to work tirelessly, and for longer hours than ordinary people. In addition, we expect them to have charisma – and much of that is in the voice.

Yet not all politicians have charismatic voices. They don't all captivate the ear in an aesthetically pleasant manner, or sound genuine. Many politicians' voices in Australia lack full, free resonance and therefore sound strained, repressed or unhealthy. Their speech is often careless, so that the vowel and consonant building-blocks of their words may be muffled, distorted, or even absent. The delivery of so many politicians is lacklustre, and in some cases, painfully boring to listen to. A less-than-pleasant-sounding voice makes a politician easy target-practice for a critical and demanding population. A voice that simply isn't up to scratch is incapable of full communication and is therefore a handicap to a politician.

When people ask what I do for a living and I tell them I'm a voice coach, they often exclaim, "Oh, I wish you could do something for our [former] Prime Minister [Gillard]!" Depending on my mood and the occasion, sometimes I reply, "I wish I could, too!" Many Australians dislike former Prime Minister Gillard's voice. Obviously, it hasn't prevented her from attaining the position of Prime Minister, but I do wonder about its effect upon her communication of important messages regarding policy and Labor ideology. When compared with United States President Barack Obama's voice, Ms Gillard's voice falls short. At an international conference of voice trainers in Washington DC last year I spoke about voice in Australian politics, and as part of my presentation I played a short clip of Julia Gillard's speech; I then asked my colleagues for

Past Prime Ministers Robert Menzies, Gough Whitlam and Malcolm Fraser had distinctive voices that most Australians can readily recollect in their aural imaginations.

an assessment of her voice. To my surprise these (mostly American, female) voice specialists did not acknowledge Ms Gillard's tense, retracted tone, or her slow, metronomic tempo, or even her apparent detachment from the words she spoke. Rather, they wanted to discuss her gender as a likely reason for adverse public criticism. This was an unexpected perspective.

Occasionally the media singles out a politician in a positive way for their voice. For example, when Bob Carr assumed the post of Senator and Foreign Affairs Minister, some Australian newspapers ran stories on politicians with so-called deep voices, like that of Bob Carr. Minister Carr's vocal and verbal erudition, energy, incisiveness and wit were not the focus of those newspaper articles. Rather the angle was his "deep voice". The articles suggested that voters prefer politicians with deep voices, like Bob Carr's, over politicians with high-pitched voices. The title of one article said it all: "Well, hulloooo there – Deep-voiced politicians really do resonate with the voters".

Incidentally, similar studies have captured media notice from time to time. In 2008, for example, the BBC reported that Telecom and Sheffield University claimed to have unravelled what the "perfect voice" sounds like. They surveyed fifty people to come up with a perfect male, and a perfect female voice. **You can even click on the links to hear these synthetic beauties.**

All this is very clever, but synthetically perfect voices can't replace the real thing in Australian politics. Not yet, anyway.

Bob Carr's voice is so distinctive, pleasant and well-suited to the rigours of political communication that other writers have also commented favourably on it. For example, biographers West and Morris described Premier Carr's address to the New South Wales Labor conference back in 2002 as visionary and elevating, his "language almost prime ministerial". I believe that every Australian politician should sound at least as good as Bob Carr.

Several radio programs interviewed me about the voices of politicians around the time of those newspaper articles. Inevitably, the journalists

ignored the voice as a medium for the expression of ideas, and asked me instead about the pitch of different politicians' voices, and whether it was hard to change one's pitch to a deeper one to make it more attractive. I had to think very hard to provide examples of politicians who sound (or sounded) good – let alone "deep".

Past Prime Ministers Robert Menzies, Gough Whitlam and Malcolm Fraser had distinctive voices that most Australians can readily recollect in their aural imaginations. In addition to being memorable, those voices sounded like Prime Ministerial voices for their respective periods in Australian history. Specifically, those Prime Ministerial vocal qualities include:

- Australian vowels reflecting worldly-wise vocal connectedness;
- Full, strong resonance and projection;
- Energy, enthusiasm and drive;
- Conviction;
- Plenty of colour and expressiveness;
- Suitable responsiveness to the occasion – be it serious or light, formal or relaxed;
- Intelligence;
- Slight and appropriately "weather-beaten", "lived-in" character;
- And deft use of their "sweet spot" with the media's ubiquitous microphone.

In short, these three Prime Ministers always exhibited a heightened consciousness of voice, knowing that their voices had to accomplish great work that exceeded the reach of the voices of other people. Their voices commanded the attention of Australians within our borders and also maintain a dignified presence overseas. Those Prime Ministers embraced the serious business of oratory and spoken rhetoric and sought out better ways to convey their messages. Their voices never "slouched" into naturalistic delivery but were always switched "on". And most importantly, they owned their words and believed in what they said. By making their points precisely, they were also persuasive, because they sounded as though they were expressing ideas that they really believed in.

Those Prime Ministers embraced the serious business of oratory and spoken rhetoric and sought out better ways to convey their messages.

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Prime Minister Kevin Rudd exhibits some of those vocal qualities. He is certainly an eloquent debater. However, his first downfall was partly due to his supercilious, patronising tone of voice. Even among his party supporters, that voice was, at least for a time, lethal.

Along with Bob Carr, a handful of politicians – Malcolm Turnbull, Mal Brough, Penny Wong, Julie Bishop and Steven Smith – bring good sounds to Canberra today. How disappointing it is that so few politicians have remarkable voices, and few have the courage to confront the mediocrity of their vocal image and improve it. In an Australian vocal utopia, many more politicians would inspire and motivate the people with fit, free, full voices, and the courage and conviction to tell the truth.

Such leadership integrity is not simply leadership by power, which merely requires the loud voice of a bully, but rather by influence, which connects the speaker with an audience in nuanced and rich ways. Our whole country would feel compelled to listen actively to those idealised voices.

I mentioned before that vocal charisma is part of the politician's accoutrement. Charisma and presence almost mean the same thing but charisma – deriving from the Greek *charis*, grace - suggests an intangible, ethereal, magical quality, while presence refers to something solid and quantifiable. The bigger, or fuller – but not louder – the vocal presence, the more noticeable it is to audiences. The notion that voters may perceive one political candidate's voice to be of a certain size and another's voice to be smaller, or larger, opens intriguing possibilities for voice researchers. Indeed, vocal presence might be measurable in part on a scale of beauty; just as Mark Zuckerberg's first Facemash venture asked its Harvard members to choose and rate girls' pictures for their hotness, maybe Voicemash (while not academically "P-C" as a research method) could be an indicator of political muscle.

Political muscle certainly counts in news reporting. Thus, in order to get their message onto the

evening television news of every station, and onto all the hourly radio news updates, politicians must woo reporters at press conferences and in interviews with short, lively, ready-made sound bites. The best grabs come from a level-headed speaker who strategically ensures the right grab by irresistibly repeating the key phrase during the interview. Former Queensland Premier Peter Beattie was a sound bite virtuoso.

Excellent vocal presence is precisely what a politician needs in order to maximise the effectiveness of their 7-second television grab and 3-5 second radio grab. Ultimately that sound bite is an advertisement, and the politician is "the talent". Consider a voice-over artist's commercial worth in attracting audiences, influencing their wishes, and guiding their next purchases. Very few people make great voice-over artists but those who do succeed in that cut-throat industry do so because of their desirable vocal presence. Perhaps then it's not surprising that few people make great political orators, because strong vocal presence is rare. Vocal presence takes time and determination to acquire and cultivate.

From Prime Ministers to local politicians, vocal presence is everything in leadership. It gets leaders heard and listeners to respond. Sally Warhaft wryly observes that "the Australian is economical in speech, and minimal in elocution". A speaker doesn't need to sound "beautiful" in order to have vocal presence – and certainly contrived or "plummy" vocal beauty would severely detract from the speaker's message. Plummy voices have no credibility in Australia. However, some vocal aesthetics might elevate Australian politics.

* * * * *

WHY DOES QUEENSLAND NEED A MANDATE ON ETHANOL?



Have you got one of these stickers near the petrol cap on your car? Noticed it when you go to fill up? Heard about ethanol but not sure if it's right for you? Read on to learn more about ethanol and what it can do for you, your car and our State.

FIRST, WHAT IS ETHANOL?

Bioethanol – or ‘ethanol’ – is an alcohol made by fermenting the sugar and/or starch components of plant materials by using yeast such as *saccharomyces cerevisiae*. Ethanol can be used as a fuel for vehicles in its pure form as a replacement for petrol, but it is usually blended with petrol as a 10% blend (eg: E10) or 85% blend (E85).

Almost all ethanol in Queensland is produced sustainably from either molasses (a by-product of sugar cane) or sorghum (grain). After the production process has extracted the sugar/starch from the feedstock for ethanol production, what remains is either recycled as a fertilizer or as stockfeed – ensuring nothing is lost from the food production cycle.

WHY IS ETHANOL GOOD FOR THE ENVIRONMENT?

The environmental benefits are significant, providing a sustainable alternative to fossil fuels, with lower carbon and particulate emissions. A 10% ethanol blended biofuel could reduce greenhouse gas emissions by between 3-7% compared to unleaded petrol.

WHAT ABOUT HEALTH BENEFITS?

The Australian Medical Association (AMA) has supported the view that there are strong community health benefits from ethanol use, due to reduced carbon and particulate emissions. Ethanol at 10% in petrol reduces hydrocarbon emissions by up to 30% and particulate emissions by up to a massive 50%.

BUT IS IT GOOD FOR MY CAR?

The common E10 blend in Australia provides greater combustion efficiency and is sold at a reduced cost to normal unleaded (due to fuel excise exemption). According to the NRMA, E10 has been shown to have little to no effect on fuel economy. Car enthusiasts commonly use higher ethanol blends.

SO IS IT MORE EXPENSIVE?

Ethanol blended fuel is the cheapest fuel type available because ethanol is exempt from Federal Government excise duties. At today's average prices, motorists should purchase ethanol blend E10 for around 3 cents per litre cheaper than unleaded petrol. Unfortunately not all of the major fuel companies and petrol retailers elect to pass on the full excise benefits.

Ethanol blended fuels have the added advantage of environmental, health and performance benefits – which are hard to put a price on.

HOW DO I FIND OUT MORE?

For more information please visit www.biofuelsassociation.com.au

IS THERE PLENTY OF ETHANOL AROUND?

Despite some contrary media reports, the Queensland ethanol industry has the ability to supply 140 million litres per year right now with the option to expand to 165 million litres without considerable additional investment. Future plans exist to expand production to 240 million litres.

DOES ETHANOL PRODUCTION IMPACT ON FOOD PRODUCTION, THAT IS DO WE HAVE TO CHOOSE FOOD OR FUEL?

One myth about ethanol production, especially from grain, is that it negatively impacts on food production and cost. In the case of sorghum, traditionally this grain is fed to livestock as it is high in protein. Nothing changes once the grain is processed in an ethanol plant, all of the protein remains and distillers' grain is still used as feedstock as a protein feed.

It is not a question of food versus fuel, rather fuel plus food.

WHAT DOES THE LNP HAVE TO DO TO ENCOURAGE THE ETHANOL INDUSTRY?

The LNP Convention recently voted in favour of a mandate on ethanol. If this mandate is legislated it would mean certainty for the ethanol industry (which means jobs, investment and industry diversity in the sugar cane and grain growing regions) and more choice for motorists. It would also mean environmental and health benefits for the entire community. It is proposed that Queensland commence with a 3% mandate with an increase to 5-6% in July 2014.

WILL QUEENSLAND BE THE FIRST STATE TO INTRODUCE A MANDATE?

No, New South Wales has enjoyed the benefits of a similar mandate since 2007 – including massive investment in regional grain production, manufacturing and distribution infrastructure and the considerable flow on benefits to employment and economic activity. Australia is one of the few OECD countries yet to implement a mandate.

GIVEN THE STATE OF QUEENSLAND'S FINANCES, WOULD AN ETHANOL MANDATE COST THE GOVERNMENT MONEY?

A mandate has virtually no cost to the State but can deliver great benefits to Queenslanders. The major oil companies and retailers can deliver the 3% mandate without additional costs for infrastructure.

Interested in contributing to *Dialogue*?

Contact the editorial team at **dialogue@inp.org.au** and let us know your area of interest.
Advertising enquiries, letters to the editor and your feedback and comments are welcome.

DOES YOUR PARTY UNIT NEED HELP WITH POLICY DEVELOPMENT?

The Policy Standing Committee is here to assist, and can provide information and training on how to develop effective policy motions. Let us know how we can assist your party unit via email to **dialogue@inp.org.au**

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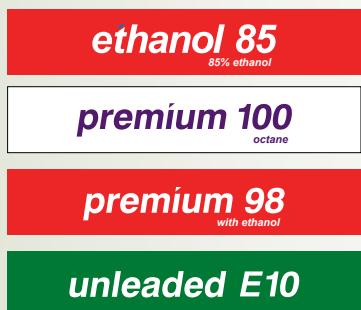
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Ethanol is better for the air we all breathe



...by replacing Australia's total annual consumption of gasoline with ethanol, we would reduce our CO2 emissions to 4 million tonnes, saving 40 million tonnes per year.

Source: Biofuels Association of Australia



United
The Future of Fuel in Australia

www.unitedpetroleum.com.au