Trade union super funds back Liberals' privatisation scam

By Jeremy Beck

Beware Australian workers, union-backed Industry SuperFunds is risking your retirement savings, colluding with the Liberal Party's leading privatisation ideologues, and doing the bidding of some of the most infamous predatory investment bankers including those from Macquarie Bank, a.k.a. the "millionaire factory".

Consider Industry Super Australia (ISA), which manages collective projects on behalf of Industry SuperFunds. The Chair of its board is none other than Peter Collins, former Liberal treasurer of NSW. He and then-Liberal Premier John Fahey were hell-bent on privatising NSW state assets during the 1990s, but couldn't pass it in their minority government. Fahey later moved to federal politics and as Prime Minister John Howard's Finance Minister organised the privatisation of Telstra.

This June Collins travelled to the United States to promote Liberal former federal treasurer Joe Hockey's "asset recycling" privatisation scheme (*AAS*, 26 July, "Australian fund managers attempt to swindle Trump") with a delegation including ISA's CEO David Whiteley, CEO of IFM Investors Brett Himbury, and former deputy prime minister Mark Vaile.

The delegation was one of several Australian delegations to the United States promoting privatisation and public-private partnerships (PPPs) to the Trump administration on behalf of the City of London's financial oligarchy. This scam repurposes infrastructure assets so that their primary purpose is not to be a public service, but to provide an income stream for investors. Mum and dad investors in such privatised funds often lose too while executives managing the funds pocket multi-million dollar bonuses.

ISA board member Garry Weaven was the founding Executive Chair of Industry Fund Services (1994); he now chairs the industry fund-owned global fund manager, IFM Investors and the group holding company, Industry Super Holdings Ltd. Former Australian Council of Trade Unions (ACTU) leader Greg Combet is now Deputy Chair of both ISA and IFM Investors. Former Labor Party Victorian Premier Steve Bracks also sits on the board of ISA.

Old Labor greats who genuinely represented workers' interests would be rolling in their graves to see today's union and ALP leadership sell out to the banking and privatisation mafia. Former Macquarie Bank executives' dominance in IFM Investors is a case in point: Global Head of Global Relationship Group, Brian Clarke was Senior Managing Director with Macquarie Capital USA, where he was part of the infrastructure investment leadership team; Executive Director, UK/Europe, Annabel Wiscarson spent nine years with Macquarie in the UK, the USA and Australia, establishing European and North American infrastructure funds; Head of Active Equities, Neil Carter was Division Director at Macquarie Investment Management Ltd (Sydney); Board Member Murray Bleach was a Macquarie Bank Executive Director for 10 years and CEO of Macquarie's US business. He was subsequently CEO of the Macquarie-spawned toll road firm Intoll Group.

Then there's IFM Investors' board member Linda Rubinstein who was previously a long-time ACTU employee in roles overseeing industrial legislation and superannuation.

The Labor movement must get back to its roots, oppose privatisation and fight for a national government-owned bank, which will invest in infrastructure for the common good.

Governments must fill infrastructure deficits

Sydney-based Global Infrastructure Hub has just released its July "Global Infrastructure Outlook" report, which states that the world needs US$94 trillion in new infrastructure by 2040 to keep pace with population growth. At current trends Australia will spend US$1.5 trillion on infrastructure by 2040 but according to GI Hub, we need to spend an additional US$158 billion; this includes US$65 billion on rail, US$56 billion on ports, US$21 billion on electricity networks and US$10 billion on telecommunications through to 2040.

According to the report, the United States is in worse shape: at current trends it will spend US$8.5 trillion by 2040, but has an investment gap of US$3.8 trillion. By contrast, China at current trends will spend US$26 trillion by 2040 and has a US$1.9 trillion investment gap, the report states.

The GI Hub report clearly makes the case that the world has a significant infrastructure investment gap. But the monetarist axioms presented actually understate the investment required. Should Australia merely spend an additional US$158 billion on infrastructure over two decades, there's no chance we'll build grand visionary infrastructure as we did in the past with the Snowy Mountains Scheme. Projects which the CEC has long championed, such as the Clarence River Scheme, the Bradfield Scheme and an Australian Ring Railway, will never be built under the GI Hub doctrine. And with the "keep pace with population" spending proposals, we'll still be stuck in traffic jams for decades and suffer water and power shortages as we do now.

The City of London/Wall Street financial oligarchy clearly controls GI Hub, and former treasurer Joe Hockey, the champion of "asset recycling", was its founder as part of a G20 initiative. GI Hub's CEO Chris Heathcote was a director of Macquarie Infrastructure and Real Assets in the United Kingdom. He also served as head of project finance at Partnerships UK, a joint UK Treasury and privately-owned company, which promoted PPPs. GI Hub directors Richard Timbs and Brer Adams were also Macquarie directors.

GI Hub's report is therefore a financial looting proposal, not a serious infrastructure proposal; only governments, through national banks, have the ability to provide the trillions of dollars of credit that is required for a true infrastructure revolution.

What is 'asset recycling'?

"Asset recycling", initiated by former treasurer Joe Hockey, is an economic program whereby state and municipal authorities receive federal cash subsidies to privatise assets and reinvest the revenue in new infrastructure projects, which the private sector would not consider to be profitable. The idea is for local entities to unlock capital in their balance sheets, but ignores the actual solution of a national bank. There is insufficient capital in the proposed asset sales to meet the massive infrastructure deficit, and in any case, such a scheme is unsustainable for future infrastructure funding as governments can only sell assets once!