

# The streets of Conroy are paved with gold



PETER COSTELLO

**Y**ou've got to look at it from Senator Stephen Conroy's perspective. The fact Mike Kaiser had been involved in branch stacking is not a matter of shame. He was working on behalf of the Right faction. He was an ally. He was successful. He should not have attracted embarrassing publicity. And for that he has to accept a penalty.

The penalty is he cannot run the Queensland ALP machine. This means he can take a \$450,000 job in the new NBN company to be established with taxpayers' money. And \$450,000 is nothing when you are getting the taxpayers to stump up \$43 billion.

Conroy is not what you would call a policy wonk. He has risen in politics by running numbers: in the unions, in the Victorian ALP factions, in the federal caucus. To keep all those people voting the right way you need to be able to

deliver returns. Faithful servants need to know they have good employment prospects. This is where Kaiser becomes a role model. Kaiser's doing OK. Conroy recommended Kaiser for a job. And he can recommend others who show loyal service over a long period.

NBN Co will be a fantastic opportunity for job seekers. Most companies start small. This one is going to start with \$43 billion. Since it has no pre-existing business it will recruit from the ground up, or as happened in the Kaiser case, from the minister down.

Here's another reason to get Kaiser involved. NBN Co needs a few numbers men. Before the election it was going to cost \$4.7 billion to roll out broadband but now it is costed at \$43 billion. Labor's pre-election costing was out by a factor of 10 (only a zero on the end). Barnaby Joyce is not the only one mixing up his arithmetic.

As a country accountant, Joyce would know one thing. Before you put \$43 billion into a company you normally have a business plan that shows some hope of a return. Yet last week the Treasury admitted it has not done a cost benefit analysis. Nor has anyone. Remember how the government pledged that all its infrastructure spending would be rigorously tested against objective criteria? Apparently that doesn't apply to projects over \$40 billion. The ominous lack of a business case demonstrates the utter irrelevance of Treasury to such an important decision.

Here is the senator's genius: the budget is in deep deficit, the government desperately needs money, and this week he announced a tax cut worth at least \$250 million. Conroy announced it, not the Prime Minister or Treasurer. This tax cut will be

shared between three companies. Never before has a Sunday press release delivered so much to so few.

Normally tax cuts are announced in the budget, the result of the government working out how much revenue it needs and, if it can cut tax, assessing competing claims between, say, retirees or carers or... television stations. The stations won't have to go through the budget process. Nor will Conroy have to argue why media owners are more deserving of tax cuts than the poor or struggling families.

If you want to know how valuable these tax cuts are, Channel Ten's share price jumped 10 per cent on the announcement, delivering \$150 million to shareholders. It's harder to assess the gain for Seven and Nine shareholders as they are mostly private equity firms in foreign jurisdictions. But they have reason to be thankful.

Until now the government had said it cannot announce any tax relief because it was waiting for the comprehensive tax review by Ken Henry. The television owners have gazumped all that. It no longer matters what Henry recommends on television taxes. This industry's wish list has been granted.

Every other industry unlikely to get a tax cut out of Henry should get in now. The sooner the better: someone is going to pay more since the television shareholders are going to pay less.

All of this goes to show Conroy has done rather well for the people he represents. I am sure he will regard it as a compliment when I say he is emerging as a real operator—a worthy successor to that other great Labor communications minister, Graham Richardson.

Peter Costello is a former Liberal federal treasurer.

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