

Cut Through, July 16, 2026: **Bernard Keane Q&A: Albanese's leadership, AI policy, and will Australia introduce a wealth tax?**

All timestamps are approximate

Crystal Andrews (00:00)

Hello and welcome to Cut Through, Crikey's spin-free analysis of Australian news, politics and power. I'm your host, Crystal Andrews, and with me is politics editor Bernard Keane for our first QA episode of the podcast. BK Weave put the call out for subscribers to send in questions specifically for you. So are you ready to give them some answers?

Bernard Keane (00:21)

~ they may not like the answers, but ~ I'm certainly ready to provide them, so far away.

Crystal Andrews (00:27)

We

absolutely didn't did not promise that they would like the answers. Just a quick reminder for everyone listening, you can always send in your questions for the Crikey team, ~ including this podcast. You don't need to wait for a QA episode. And the details of how to send that in via email or our WhatsApp number. I'll include all of that in the episode description. Okay, BK.

Let's get stuck straight into it. The first question is from Paul, who says, Anthony Albanese is weak on Israel, weak on gambling reform, weak on tackling one nation, weak on the looming AUKUS disaster, weak on just about everything. When will Labor tap him on the shoulder and replace him with a strong, forthright leader? ~ do you think that is likely to happen at all?

Bernard Keane (01:17)

Well, th th

well, there's two parts of that. One is getting rid of ~ the current leader and then putting a strong forthright one in, which I think is perhaps even less probable than ~ the first part of the question. Look, Anthony Albanese's delivered Labour two election wins on the trot, and the last one was an absolute monster of a win and on current form he's going to get them a third term. So why on earth would they they get rid of him? I mean

Labour knew what they were getting when they were when they got Anthony Albanese and they got someone who was very much determined to cement Labour into power for as long as possible so that the reforms that it did undertake would would have a chance of of being bedded down and become part of the furniture of Australian public life. And that's been his, you know, MO ever since is to, you know

resist taking risks, except for a few relativ relatively limited areas, and really maximise their chances of staying in power. It's quite different to Paul Keating's approach to governing, which was the to see the three year parliamentary term as an opportunity opportunity to pursue all

sorts of ~ reforms and pursue it aggressively, and then toward the end of that term, then start thinking about getting

know in many ways it's the opposite mindset. It's about staying in power rather than ~ getting things done. so I know I c I can't see that very likely. and the chances of him being replaced by a strong forthright leader, ~ well sadly Goff's no longer with us. Paul Keating's quite happy in in his ad advanced years.

Crystal Andrews (02:49)

Ha ha

Bernard Keane (02:56)

I don't see too many strong forthright leaders within Labour currently. I see some people who communicate better than Anthony Albanese or who've got better policy brains. but I don't see anyone who makes you think, Yeah, they'd actually really push the envelope in terms of achievement. ~

Crystal Andrews (03:13)

Hmm.

in terms of Albanese as a leader of the party itself, like how do you see him in that role? You know, not so much as Prime Minister or, you know, I guess for other Labour leaders as opposition leader, not so much in that role, but like within the sort of like party dynamics, how does he sit amongst the others that have come before?

Bernard Keane (03:36)

Well, he's a you know, he originated on the left and that's why so many of us have pointed out his very different positions in the past on Israel, the Iraq war, ~ US interventionism in the Middle East, I mean a whole host of issues. And part of that is he, like probably most people, has become more conservative as he's gotten older.

Crystal Andrews (03:47)

Mm.

Bernard Keane (03:57)

in in a personal sense, but also he's you know he's accepted that politically, you know, the path to governing in Australia is mainly through the centre and you step away from that ~ with some risk. So whatever personal ambitions he might have have long since been subordinated to the goal of of staying in power. And of leading leading the the party effectively. I mean the ALP like any other political party is a

you know, a complex of competing interests and complete competing ideologies. And it's Labour leaders who know how to manage that kind of process of keeping the party together and

relatively unified tend to be more successful. I think Albanese's been pretty successful in that regard, perhaps too successful in having a pretty unified Labour Party. So

a successful manager is how I describe Anthony Albanese. ~ and that's kind of a bit damning with faint praise because I think for what it's worth, good leadership is about more than being a good for up until now it seems to have done the trick for him politically. And he's look, the other thing about I guess going back to that first question, I mean the other thing about Anthony Albanese is he sees

been extraordinarily in the opponents that he's had to face. So he was up against Scott Morrison, who was quite possibly, you know, in a tie with Tony Abbott as the worst prime minister in Australian history. And then he's up against Peter Dutton and, you know, who basically sank himself by tying himself to Donald Trump. And now he's up against a Liberal party that was literally being eaten from within. So

Crystal Andrews (05:14)

Yeah.

Mm, barely

a party.

Bernard Keane (05:37)

It's ~ know, as Napoleon famously said, Give me lucky generals. Well Anthony Albanese is a pretty lucky general and Labour might be loath to ~ to dispense with that. Of course, you know, you're always John Howe was lucky too and you're lucky until you're not and when you're not you're not and out you go.

Crystal Andrews (05:54)

tides can can definitely change quickly. Okay, the next question is about AI policy. what do you think about the rumors that the Labour government is going to sell out Australian IP to US big tech companies as data to feed their AI large language models? Now, this is in reference to a proposal that big tech companies have reportedly put to cabinet asking for special exemptions on copyright of Australian.

know, books and writing, music, art, et cetera, in exchange for a fifty billion dollar investment in data center infrastructure and three hundred and fifty million dollar yearly contribution to an artist fund. Just quickly before you answer, I will caveat by saying Albanese is delivering a speech on AI the day after we record this. So it's possible that the answer, the real answer to this might be obvious very, very soon. ~ but either way, BK, which way do you think the government is going to go on AI?

Bernard Keane (06:44)

look, I genuinely don't know because there are competing within the government about this. There is a faction of of the government who are kind of, yeah, let it rip, Andrew Charlton, etc., who apparently couldn't care less about you know the hard work that creators and content makers have, you know, put into the material that AI companies now want to basically rip off. ~ and then there's people who take quite the opposite view.

Crystal Andrews (06:54)

Hm.

Bernard Keane (07:09)

There are people who are also very skeptical of the benefits of of data in the net sense. so you know there are there are competing pressures, and of course that probably tends to mean that the the policy that's announced this week will you know curate's egg of of of compromises for for each of those in some ways just putting AI in front of this, I kind of

Confuses people. Ultimately, yeah, you look, AI is new and and we're not sure what's going happen, and the ramifications could be absolutely But ultimately, this is, in a sense, a pretty straightforward policy issue, which is if the business model for AI means the industry

Don't think it's economic to have to pay for a key there's no business your business model says I need you know there is a core input to my business, ~ in this case it's content created by other people, if a different business, it might be steel, you know, it might be labor, it might be ~

anything to make your particular widget. If your business model is well I can I'm gonna invest all this money but only if I get given a key input for free, then just another vested interest rent the decision to invest should be stand or fall on. Is this actually a viable economic model here? And it seems to me the AI sector and

you know, data center touts saying, well, look, you know, we've got this great future ahead of us, but we kind of need a key input for free. You know, sorry, not how business works and that's not how public policy should the most most other businesses don't go around saying, ~ actually I'd like my workers to work for free, ~ because we're special. I'm gonna invest all this money if my workers agree to work for

Crystal Andrews (08:52)

Mm.

Bernard Keane (08:56)

if someone said that, you'd they'd be laughed out of town. if someone said, gonna run this big manufacturing plant, but I want electricity for free, thank you. ~ sorry, it doesn't work like that. And it's the same thing here. The fact that AI is slept over the top of and there are big numbers around it, doesn't change the basic economic kind of reality. Now there are people who try and confuse that argument by saying, but but it's important that we have AI sovereignty and it's important that

know AI models are developed that have Australian content. You know, we we've got to be part of this. That's just a variant of the same argument that we hear all the time from who want protectionism, from you know, people who say, you know, we need to be we we need to have food security, or we need a sovereign manufacturing capability, or we need a sovereign defence industry, know, we need to have security in a particular area. It's it's also a variant of the argument we're special.

Crystal Andrews (09:34)

Mm.

Bernard Keane (09:48)

And therefore you need to break the rules for us and give us something special. And that's what the AI sector's doing in the same way that ~ you know a lot of other sectors are doing. And of course, the big big problem with this government is that it is very open to the idea of industries coming out and saying, Hey, we're if you want manufacturing sovereignty, then give us a handout. Well, that's exactly what is going on at the moment with with AI. And you know, that's before you factor in that data centers

come with profound problems around the amount of energy they consume and the amount of water they consume and their effects on on local communities. know it seems to me that the the the first the threshold issue in all this is making sure that data centers are actually, operating in a sustainable fashion, which means, you know, obviously constructing their own and generating their own renewable energy and

a way to ~ source water in a way that's sustainable rather than ~ you know pricing other water users, which include happens to include the rest of us, out of the market. So know, if there's a policy I'd you know be far more interested in that aspect than than how much has the government caved into the rent seeking demands of, you know, another bunch of ~ spivs sticking their hand out.

Crystal Andrews (10:56)

Hm.

We yeah, as I say, we'll we'll find out very, very soon. Although maybe maybe not quite in as much detail as you and we would all we would all like to see, answers on the way, I'm sure. Now a question in direct response to your recent article on the roasting and corruption within Victoria's big build major works projects.

The piece that you wrote cites Jeffrey Watson's report into corruption within the construction union, in which he estimates the CFMEU has overcharged \$15 billion for projects within the big build. Now, many people take issue with Watson's report and the \$15 billion figure. Hamish ~ says Jeffrey Watson's figure has, as far as I can see, absolutely no hard evidence behind it.

It looks like he made a very rough guess of 15%, how much of that is actual corruption and how much is insisting on having decent health and safety in place. And Mork says you're taking an unsupported back-of-the-envelope estimate of increased cost. There is no evidence \$15 billion is the increased cost as a result of CFM EU involvement. And even if it was, the number would obviously include the cost of increased wages and conditions for workers on the projects and its suppliers.

Now, like I said, those are not uncommon sentiments. ~ so Bernard, can we get some insight into why you are happy to take that \$15 billion figure and the Watson report at face value at this point in time, I suppose?

Bernard Keane (12:28)

Yeah, well let's an initial point in all this here, which is if this was a liberal government we were talking about business being accused ripping 15 an extra 15% off the cost of major infrastructure projects, I reckon not a single Crikey reader would be complaining in the way that you have just outlined. There wouldn't be any person saying, ~ this is this this figure's dodgy.

They'd be saying \$15 billion, what an outrage. They'd be getting, they'd be frothing at the mouth. But because it's a Labour government, and because the way, you know, some pay some crikey readers, a a minority, but the way some crikey readers are just rusted on supporters of Labour, will find anything to quibble when it comes to criticism of their party. And this questioning of the 15 billion or the 15% figure, to be more accurate, is

an effort to try and desperately find any way to refute what is, you know, all the evidence of the biggest corruption scandal in Australian history. I mean this is far and away the biggest in terms of finances and particularly taxpayer money that's ever happened in Australia. And people should be absolutely livid about it because if you live in Victoria, you're gonna be paying for that rip off for generations to come.

So, you know, instead of quibbling about it, get angry about it. Start wondering why there hasn't been a Royal Commission. Start wondering why the perpetrators haven't been locked up. Start, you know, wondering why Labour ministers knew all about this and we now know that we they knew all about it, and they did nothing. But because people are, you know, Russell on Labour supporters and Dan Andrews fans, et cetera, et cetera, you know, anything that that that is negative about Victorian Labour is must somehow be a

you know, a conspiracy, a Murdoch plot, Now let's get to the actual ~ figure. Jeffrey Watson did not invent or guess or just make up 15%. If you read his report, which was written in the context of the current Queensland investigation into the CFMEU, which has exposed us a a stunning array of things that that people should be very angry about, you know, including the way CFMU organizers treat women, but put that to one

That the 15% figure was based on his discussions with people within the engineering industry, civil engineering industry, and within government, within people who had overseen infrastructure

projects. And some of them said, ~ look, the average could be 10%. Others said it could be 30%. he said, okay, let's be conservative. Let's err on the side of caution and say 15%. in fact, it could be twice as high.

It could be 30%. And in fact, we found out recently that a senior public sector infrastructure administrator in Victoria had raised concerns that the CFMU's activities were adding 30%. This is nothing to do with Jeffrey Watson, unrelated. separate, 30% overage on the project. if people want to quibble about the 15%.

Crystal Andrews (15:23)
separate part of the puzzle.

Bernard Keane (15:33)
That 100 billion is going up all the time with you know ridiculous projects like this is the suburban rail figure you know could be much, much and what what do people want? I mean, do do do they want organized crime? Do they want bikeys to come forward with, you

Bills and line item analyses of of what they got out of it? Do they want the drug dealers who set up shop on building sites in Victoria, taxpayer-funded building sites in Victoria? Do they want, do people want to see a detailed list of what profits drug dealers made from operating out of those sites? Do they Mick Gaddo to to you know detail his expenses? I mean

You're dealing with organized crime, so there's always going to be, you know, a penumbra obscurity around the actual details. But what we do know is that people who are expert in the field, who have actually worked in the area, who worked in on some of these projects, are saying that the figures are between ten and thirty I'm all with Jeffrey Watson. And it's funny, again, coming back to this

Jeffrey Watson has frequently made criticisms conservative governments. he was quite critical of the Morrison government, for example. And as far as I can tell, a lot of progressives were happy to echo Jeffrey Watson when he was making criticisms of conservative governments. ~ but the moment he criticizes what the Victorian ALP has done with the CFMEU, ~ suddenly he's, you know, some short shonky lawyer who shouldn't be trusted. I mean.

let's be trying to be relatively consistent in you know how we treat these things.

Crystal Andrews (17:16)
I suppose with this story being such a big one too, you know, it is the case that this is the information that is there and that we have to go on. And as and when new information comes to light, as and when there are more accuracy around, you know, figures or as you've pointed to, like other stories and parts of the puzzle that validate or change or shape how we see the whole, I guess that's a journalist's job is to continue to, you know, go with those, ~ to go with those those updates. And that is the number that we've got.

For now to roll with.

Bernard Keane (17:46)

Well,

and the look the thing to remember about this is what's the source for all this? source for all this is the investigative reporting of Nick Mackenzie and a and a number of other brave journalists who've been pursuing this story for the source is not ~ the Victorian Labour government, but they're desperate to been but desperate to shut this down for years. It's not Victorian regulatory bodies. It's not the companies involved. They they've clearly been backgrounding some journalists.

around all this, but they're very reluctant to go public because, you know, they know it will cause trouble for them. ~ and it's certainly not the CFM or its, you know, its mates in organized it's it's the media that has uncovered all this stuff in the same way that it was the media that uncovered the massive corruption and scandals around Crown Casino. Another example where the Victorian Labour government was deeply in bed with malignant

Forces and was reluctant to do anything about it. Just so happened that this was a corporation, not a union. but that's you know, from my point of view, that's neither here nor in Australia we seem to have ended up in a situation it's not just about the Victorian Labour government, it's about New South Wales, about Queensland. It's you know, it's nothing to do with the the the alignment of relevant government.

It's the media that does a lot of this sort of exposure of corruption, whilst governments are hellbent on covering it know, why aren't people to kind of the part of the media trying to expose the powerful rather than taking the part of the powerful trying to resist exposure by the media? You know, you don't have to think, you know, all journalists are wonderful, but you know, when it comes to journalists.

Crystal Andrews (19:03)

Mm.

Bernard Keane (19:20)

and politicians, I think the public should be a bit more willing to acknowledge the efforts of the of journalists to expose ~ powerful people within government, rather than, you know, government lies and obfuscation of the kind that we've been hearing from the Victorian Labour Party about why there's nothing to see here. I mean, you know, it's like Leslie Nielsen in

Top ground standing in front of the the building that's exploding and on fire and just insisting there's nothing to see here. I mean, come on, people. You know, this is an absolute sort of conflagration of taxpayer money exposed by the media and the government sitting back and saying, Pfft Well, you know, if anyone's got a problem, go to the police. I mean, you know, it just defies just defies belief. And it's really disappointing to hear so many people

You know, just you're no more interested in trying to quibble with the details rather than being angry that their money's being basically pissed away on organised crime and a corrupt union.

Crystal Andrews (20:20)

Yes, story that's not going away. And sounds like those ~ those quibbles and those comments not gonna change Bernard's position on

Bernard Keane (20:27)

no, my position won't change the views of ~ of

Russell on Labour supporters either. But ~ anyway, look 'tw' is ever thus. It's and then look You know, if someone's in power, they deserve to be scrutinized as as aggressively as possible. you know, the longer someone's been in power the more that applies. And that certainly applies very much to the case of

Crystal Andrews (20:33)

Yeah.

Mm.

Bernard Keane (20:46)

of the of the government in Victoria.

Crystal Andrews (20:48)

It brings us nicely to this next question about a different infrastructure project, this time in New South Wales. PJ asks, Bernard, what are your thoughts on Snowy Hydro 2.0? It has had huge delays and cost blowouts like other projects you are no fan of, but if the completed project can deliver the cheap sustainable power experts say that it can, will it all have been worthwhile? so as it stands, Snowy Hydro, the most recent costings have come in at 12 billion all up.

And it is supposed to begin ~ operations at the end of next year. ~ so where do you stand on this one, Bernard?

Bernard Keane (21:22)

Yes. Well if you think it's gonna start on time, ~

yeah. ~ don't hold your breath. yeah, look it's gone six times over its original budget and it's been massively delayed. a couple of things. W so will it be worth it? Well, ~ come back to the business case for it. hydro is gonna have relatively r low running costs. It's basically it's just taking excess electricity when

Crystal Andrews (21:32)

Mm-hmm.

Bernard Keane (21:44)

excess electricity is available, pumping the water up top, letting it all come back down, generating electricity when it is needed and it's it's you know it's it's in more more sparse supply. like a lot of infrastructure projects, it's the construction costs that are the big part of it. The operating costs are relatively small. So once you've got it up and running, everything's fine. You you probably do quite well from it because you've got relatively low

Crystal Andrews (22:01)

Mm-hmm.

Bernard Keane (22:10)

operating costs, but at some point people have borrowed original money to fund the construction of it. And you've got to account for that cost as part of the overall cost structure. It's like it's like railways. I mean, because I I worked in rail policy for a few years. classic thing about rail policy was people always wanted to just dismiss the construction costs because the operating costs of a railroad are really small.

You know, you've got the got the sleepers, particularly if you use concrete sleeper, you've got the sleepers there, you've got the got the track, you got the rolling stock. All you gotta do is just pull the trains back and forth along the line. You know, cheap as chips. But building the damn thing was always the problem. It you know, it costs a lot of money to, you know, the whole thing properly, sort out the topographical challenges and all that. That's why, you know, high speed rails so enormously expensive is you just need long flat bits of ground to

Crystal Andrews (22:39)

Mm.

Azy paisy.

Bernard Keane (23:01)

To run it on and run it, run it straight so you've got to resist the temptation to just want to wave away those construction costs. And in the long run, I think, you know, Snowy Hydro is going to be a bit of a white if it had come in close to the kind of envelope that Malcolm Turnbull suggested when he got behind it ~ and started the whole process, ~ then yeah, no, it would be worth it, but at six times over cost.

And you know, quite a few years delay. afraid not. But that's look, this is a recurring theme in Australian infrastructure projects. I mean, the Grant Institute's been banging on about this for years. In Australia, and I don't think we're really Robinson Crusoe in this, major infrastructure projects always blow out in cost and always blow out in timeline. Part of that is because governments say, Okay, we're gonna build snowy hydro. And

They say that before they've actually properly costed us. Someone will it could be two billion bucks and off they go. Part of the pro part of the thing that Anthony Albanese, when he set up Infrastructure Australia back in goal of that was to kind of stop that from happening. The goal of that was to say put in a stage between the someone coming up with the idea and a politician saying, Yeah, we're going to fund this. Put in a stage where people who are actually experts properly assess the business case for a project and say, I don't think this is going to work.

Crystal Andrews (23:49)
Hmm.

Bernard Keane (24:13)
of times Infrastructure Australia has said, Yeah, I don't think it's gonna work, and they've just been ignored. The suburban rail loop's a great example of that. I mean Infrastructure Australia has repeatedly pointed out that's just not a decent business case ~ based on realistic ~ estimates of the suburban rail loop. But politicians have gone Commonwealth and State anyway. And the cost of that has already blown out, the cost of that will continue to blow out.

Every major infrastructure project in Australia, you know, always ends up over its costs because you know there's just not enough work done before the we can do better, it's a question of political will. Politicians don't want to surrender that decision-making ability. And I've long argued to to have a kind of a reserve bank of infrastructure where politicians didn't get to pick projects.

you've got projects allocated resourcing based on, you know, whether there was a business case not going to happen because politicians love making announcements and and pork barreling and all that sort of thing. So Snowy Hydro is just another example the way that we don't do infrastructure very well ~ here in Australia.

Crystal Andrews (25:14)
Hmm.

another question here, which I I think is gonna tie into ~ in need of some political will to get across the line ~ from subscriber Justin about wealth taxes. What do you make of the growing push for wealth taxes internationally from people like Gary Stevenson and Gabrielle Zuckman and other campaigns overseas? Can you see Australia adopting a wealth tax in the next decade?

Bernard Keane (25:21)
Yeah.

well it on last part of the question, no.

Crystal Andrews (25:41)
what about on the other side of the next decade?

Bernard Keane (25:43)

Well, probably not. ~ tax reform's very hard in Australia. I've just I've in the book I've that's about to come that I that I've written, I have got a chapter on tax policy and the the ways that we can improve our tax system. A lot of countries around the world, the US and the UK, have a similar problem to us in that they spend much more than they are willing to tax themselves. And

Crystal Andrews (25:46)

Okay.

Bernard Keane (26:07)

We have a sufficiency problem about our tax system as well as areas fairness of the tax system. I mean people saying, well, we need a more fair tax system because young people income earners are taxed more heavily than older people and asset owners, and yeah, I absolutely agree with that. but apart from the fairness problem, there is a sufficiency problem, I think, in in Australia. and that's why we've got you know a decade of deficits

Crystal Andrews (26:16)

Mm.

Bernard Keane (26:28)

government's main approach to that is not to kind of talk about well, how can we tax ourselves a bit more to cover those deficits. It's to kind of conservatively lowball revenue estimates in the budget process and then toward the end of each financial year turn around and say, Aha, the deficit's much smaller than we and it's just because they lowballed the revenue estimates.

rather than through any, you know, particularly high standard of of of government. And that's what Labour's been doing. So I think the, you the deficit for last year was originally going to be almost forty billion bucks. And it's probably gonna might come in in single figures dollars, which is, you know, not quite a rounding error, but it's it's nothing

get too worried I don't think that's a very and sustainable w way of addressing the sufficiency problem, but it's a politically smart one. No one ends up complaining too much. And the government, at least by you know, pursuing those negative gearing and capital gains tax changes, is probably built in a little bit more revenue in the twenty thirties, not the next couple of years, but once those changes really kick in,

Crystal Andrews (27:32)

Hmm.

Bernard Keane (27:35)

probably a bit more revenue in the twenty thirties. So those def that perpetual deficits problem might decline a bit. And that's gonna take the pressure off governments of whatever persuasion, whether it's Labour or One Nation or whoever who's governing the twenty thirties. I I think they'll probably have a little bit less pressure on them to to kind of to fix that sufficiency whether

they've whether they continue to fix the fairness problem, ~ you know, I we'll we'll continue to see. But

A wealth tax, I think, comes with too much baggage. I think before we get to a wealth tax, we're probably gonna probably will see a fossil fuel tax of some kind, a g you know, tax on gas everyone, apart from Anthony Albanese and Jim Chalmers, everyone thinks that's a good idea. Pauline Hansen thinks it's good idea, Greens think it's a good idea, people within the Liberals think it's a good idea, ordinary Australians with it, no matter how they vote, they think it's a good idea, they bloody gung-o for and in fact

Crystal Andrews (28:06)
Yeah.

Okay.

Bernard Keane (28:27)
I've read the other day there are there are even some gas companies who are kind of saying, well, rather than let's have rather having a domestic gas reservation policy, pay a tax on our They'd much rather do that than have a gas reservation scheme on the East Coast. So yeah, maybe even our industry itself is saying that. So I think it's much more likely that we're gonna finally, finally, see movement on, you to fix the ridiculous, absolute bullshit ~ petroleum raw.

resource rent tax regime in favour of something that actually generates decent revenue. And, you know, if you get or three billion a year ~ from that, again, that takes you another small step toward addressing that sufficiency problem and takes the pressure off having to, you know, make ~ make tax tweaks in other that all said, we've stupidly signed up to this idea that we're going to massively increase our defence spending. that's gonna that will need

Crystal Andrews (29:07)
Mm.

Bernard Keane (29:18)
twenty billion bucks extra a year if we're gonna do that to the extent that some people are are saying. So, ~ you know, maybe the sufficiency problem won't go you know.

Crystal Andrews (29:26)
I was I was

just about to say we had a rare moment of optimism on on the podcast, but ~ gosh.

Bernard Keane (29:30)
Yeah. well we we might all have to pay us might all have to pay a special AUKUS tax to ~ to ~ send

send those send our money directly to the United States Treasury and the the ~ the the UK Treasury to ~ you know to pay for subs that are never gonna actually get here.

Crystal Andrews (29:45)

I'm gonna sneak one last in, which is a bit cheeky because we're running tight on time, but it is from a longtime Crikey subscriber, Drew, ~ who just wants to ask you about Australia's aging population and migration, I guess. Why does Australian media, both mainstream and indie, constantly focus on short-term net overseas migration, border churn, and temporary residence, but ignore discussion of the long-term permanent population growth caused by increased longevity and aging?

what are the socioeconomic issues, impacts and consequences of Australia now having more retirees and fewer working age people compared to pre-2000? I very cruelly gave you a huge question to ask answer in the last few minutes. We should, we should actually.

Bernard Keane (30:24)

Wow, what a question. We could do a whole we could do a whole podcast on that on on the issues raised. And it we we should.

~ not to sound like I'm constantly sprooking my own

My own book, but I there's a whole chapter on migration and housing and population in that. ~

Crystal Andrews (30:39)

Revealed.

Bernard Keane (30:46)

Yeah, aging population has all sorts of interesting consequences. One of them obviously is with running out of workers, or indeed need more workers. And if you want the standard of living that you you're accustomed to in Australia, you're gonna have to have lots of skilled migration in, you know, it doesn't matter whether it's hospitality, you know, hey, we can all stop going out to eat somewhere or go to the going to pub. But you probably won't do that. ~ but you know, our care industries, childcare, aged care, health care, disability care.

Crystal Andrews (31:13)

Healthcare. Mm-hmm.

Bernard Keane (31:14)

construction, accounting, IT. I mean, there's so many professions in Australia which have massive skill shortages. So we need we need skill migration. And that for me is the key part of the migration issues. We need those skilled migrants. Otherwise, hey, you do you want to wait six months for a trade to come because there's not enough tradies? Who's gonna look after your your dad when he goes into a nursing home? ~ who's gonna look after your kid ~ at

Crystal Andrews (31:20)
Crucial.

Bernard Keane (31:40)
enable parents to go to work or they enable people to to work knowing that their loved ones, whether it's a a senior or their child, preschool child, that that they're in that they're being looked after. You know, the the healthcare is you keeps us healthy. These are s crucial services that make sure that we ~ can

Play as productive a role as possible in our economy. So they are an important input into our overall productivity level and participation level. And it's absolutely crucial that we keep that As we get older, one of the interesting things has been, and no one talks about this in the housing debate, as we've gotten older, the average number of people in per household has

empty nesters, you know, retirees who kids moved that sort of thing has reduced the number of Australians per household quite significantly compared to the 1980s. And if you've got that lower number of people per house household, you need more houses for the same number of people. putting aside migration, actually increased our demand for

Crystal Andrews (32:35)
Hm.

Bernard Keane (32:47)
over the the the last forty years because there are fewer of us sort of living and part of the reason why we do that is because we have stamp duty which makes it basic punishes people for downsizing ~ and moving. So that's one of these sort of aspects in which the aging of Australia has really big implications for ~ housing that really have nothing to do with migration. which is obviously does in does you know have an impact on

Crystal Andrews (33:09)
Mm.

Bernard Keane (33:12)
on housing. But there are, you know, housing is kind of an intersection of multiple different areas. It's the intersection of of of migration. It's the intersection of the economy and and the financial system ~ and ~ local population growth and regulation. I mean housing is this kind of all of these areas that are kind of screwed up or controversial, housing is in the middle, is where they all intersect. And you know that's that's one of the reasons why it's so

I'm not a big Australia type person. I don't think Australia was automatically better if we had fifty million rather than thirty million people. I am a kind of a a big economy sort of person in that I think because we need skilled migrants to maintain and you know improve our our productivity and you know our economic output.

Then we should be pursuing those. And there's never been a better time actually to do that. You've got Donald Trump basically sh pulling up the shutters on the United States, telling the rest of the world no one's coming into America. You've got all this anti-migration in Europe and the UK. You know, a country that says, hey, we want the best of what the rest of the world's got to offer. If you're, you if you're the best in the bias of your country, we would love to welcome you to come and, you know, work in our in a work and study in

Crystal Andrews (34:28)

Mm.

Bernard Keane (34:30)

you know, we will welcome you, provided that, you know, you you tick the boxes on a few important things, like that, you know, you're gonna be able to share our values and integrate reasonably a world that's running out of workers, a country that can actually say that and is willing to say that, I think is gonna is going to prosper. And you know, China can't. China's an aging population far worse than us. And I don't know what they're gonna do for workers.

I think they're kind of a bit lucky at the moment that they've got more workers than they need because they're going to start running out of workers pretty soon. ~ Japan, don't know what they're gonna do. There's strong resistance to migration always talks about how Australia is a successful multicultural country. We're a really successful multicultural economy because we have built an economy based on skilled And so important a part of our current sort of economic makeup.

Crystal Andrews (35:00)

Hm.

Bernard Keane (35:18)

And it's going to continue to be important because of that aging of the population. And Australia is just one of the countries that pretty much ~ most countries, most developed countries other than Israel, are gonna be facing this problem going forward. And I think Australia is actually really well placed to to succeed in a world where you know we're running out of workers. So yeah, look, go skilled migration.

Crystal Andrews (35:43)

We did find the optimism, after all, in in all of that. I think that's all the questions I'm gonna put to you today, BK. But I've really ~ enjoyed handing that responsibility over to the subscribers for a bit of a change. How did you like

Bernard Keane (35:59)

Yeah, it was good. ~ can ask questions in ways that ~ do make you And that's that's the best kind of but yeah, no, we should definitely do something on on migration in the future because I have strong have strong feelings. Got strong feelings on migration, Drew.

Crystal Andrews (36:03)
Mm.

We will. We will come back to that. Drew Drew

will come back to that in a more fulsome episode. For now, BK, thanks very much for your time today.

Bernard Keane (36:19)
Yeah, lovely. Good to talk.