

Clive Palmer is reportedly spending [A\\$70 million](#) of his own money on his party's campaign.

How is it possible for one individual to command so much wealth and where did it come from? The sad and strange reality is that Australian governments gave him most of it by letting him dig up and sell natural resources that, by rights, belong to us not him.

We've a history of handing vast wealth to resource and mining magnates and companies and then watching them use that wealth to undermine our democracy in order to continue to get access to that wealth. Palmer is small fry compared to Gina Rinehart and Andrew Forrest or the corporate power of BHP, Rio Tinto and others.

So, what do state and federal governments charge for our mineral wealth? You would hope that they use state-of-the-art methods to get the best possible prices. You'd be wrong, of course.

We barely charge for resources

The federal government relies primarily on company tax and then on extra tax from employment and consumer spending and other things that are boosted as an indirect result of mining.

But many of the big mining and resource companies use the holes in our tax system to [avoid paying company tax](#)

. In addition, mining is being

[increasingly automated](#)

, with self-driving trucks and trains becoming the norm, and ever-larger machinery meaning that fewer workers are needed for each tonne extracted and refined. These days billions can be spent with relatively few jobs created.

State and territory governments collect royalties from land-based mining companies, which are charged per unit of product. It means that when the prices of our mineral resources go up during a commodity boom the royalties do not rise with them – the mining companies benefit, but not the people who own the resources.

How much we collect in taxes is just the beginning of [the story](#) .

We also spend vast amounts of taxpayer cash on building the infrastructure needed for resource extraction; things such as roads, railways and ports. We also often end up footing the bill to clean up after mines close and the big companies sell depleted mines and their clean-up obligations to shell companies that then file for bankruptcy.

We could (and should) seek more

We could fix the system to get a fairer price.

We already have a more effective tax system for offshore oil and gas. It is, in effect, what the Rudd government tried to do in 2010 when it proposed a mining super profits tax. Foolishly, the tax was announced more than a year before it was to come into effect, giving the mining interests plenty of time to campaign against it.

They spent more than [A\\$22 million](#) just on advertising. Rudd abandoned the original proposal and was removed from office.

The Gillard government consulted the miners and adopted a watered-down version – the Mineral Resource Rent Tax – that was so toothless it collected almost nothing. Even though it was worthless, the mining industry still saw it as enough of a threat to pressure Tony Abbott to kill it off when he took government, which he did with Clive Palmer's vote in parliament.

But miners have muscle

A more radical idea would be to put out tenders for the extraction and refinement of natural resources and then have the government or an independent authority owned by the government allocate them. Such a “single desk” would have considerable market power – it could demand good payments.

The truth is that all of this has been public knowledge for a long time and the solutions are well known. The problem is politics, not knowledge. The mining industry is so powerful that our

leaders rarely attempt to take it on.

Given that Palmer set the record for most absent politician in two out of the three years he was in the parliament last time, why is he so keen to go back? There's no evidence that he's a conviction politician, trying to make the country better based on some strongly held principles; quite the opposite given how regularly he has changed his positions.

Read more: [Now for the \\$55 million question: what does Clive Palmer actually want?](#)

Could it be that what he really wants is political power in order to defend and increase the extent to which him and his mates rake in the cash at our expense?

In 2016 the government used its position as a creditor to seek the appointment of a special liquidator to look at the collapse of Palmer's Queensland Nickel company and the actions of Palmer's actions personally. The government's Michaelia Cash said at that time it would use every power as its disposal to hold company officers to account.

On Thursday at the National Press Club Prime Minister Scott Morrison was asked how he intended to manage the conflict between pursuing Palmer in the courts and courting his vote in the Senate.

He replied that he would be able to.

We will continue to pursue that measure through the courts with full vigor – we are very confident in our ability to pursue that as we absolutely should

Mineral wealth, Clive Palmer, and the corruption of Australian politics

Written by Warwick Smith, Research economist, University of Melbourne

It is obvious that we need political donation reform to keep the influence of money out of politics but we need to go one step further and reform how we, the Australian people, sell our mineral resource wealth so that we don't create mining giants like Palmer in the first place. He is just the tip of the iceberg.

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