

Game of Mates: Exposing the corruption club

By John Jiggins

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Favours, grey gifts and mutual back-scratching can be profitable when you're part of a loyal circle; [Dr John Jiggins](#) explores the highly lauded book, *Game of Mates*.

[GAME OF MATES: How favours bleed the nation](#) has been acclaimed as one of the most insightful analyses of what many mislabel "corruption" in contemporary Australia, examining how the regulators of the common wealth and political insiders co-operate to mutually enrich each other in a "game of mates". Authors [Dr Cameron Murray](#) and Professor [Paul Frijters](#) began as environmental economists, investigating [land rezoning](#) by the Queensland Government agency, the [Urban Land Development Authority](#). The land rezoned by this authority increased in value by hundreds of millions of dollars as a consequence of the rezoning — a very generous "[grey gift](#)" to the successful developers.

In examining the characteristics of landowners whose lands were rezoned by this Queensland government agency, Murray and Fritjer discovered that you were far more likely to be rezoned if you had connected relationships; common business connections, membership of lobby groups or had directors with business connection to the regulating board. In the successful group, 90% were clients of professional lobbyists. The lobbyists had a 100% success rate, with no landowners who employed lobbyists missing out on the rezoning. And 70% of rezoned landowners were political donors. These donors gave to both sides of politics — they were "equal opportunity" donors.

Murray and Fritjer concluded that success in land rezoning in Queensland depended on how well you played the "game of mates", which was a process of joining the club of insiders who were connected to the regulators. The book, [Game of Mates](#), extends this analysis beyond land rezoning to many other major parts of the Australian economy, including mining, banking and public health. A "game of mates" can be described as a complex favour exchange network that evolves among operators who have overlapping careers in politics and business, and as regulators, where they control and distribute what the authors call "grey gifts".

They identified three core ingredients in the political favouritism that contribute to the "game of mates". The first was that there must be a honey pot – a grey gift – a valuable

economic gain able to be given to private entities with a degree of discretion about who receives it. In their original study, this was the untaxed wealth gained through the process of rezoning, but there are many other discretionary gifts.

Consequently, they argue that one of the best ways to prevent "game of mates" is to remove the various honey pots that they form around. For example, in land rezoning, the A.C.T. successfully implemented such a system in 1971, where they charge landowners 75% of the value gained from the rezoning. They also do not allow private developers to convert land from rural to urban uses, ensuring a public agency captures these value gains as well. The A.C.T. raised \$183 million from [these systems](#) last year. Scaling up, that could be \$1.8 billion in revenue in a single year to the Queensland Government and councils that is currently given away to landowners through planning decisions.

The book also examines other grey gifts in areas beyond real estate such as banking, superannuation, mining and the "game of mates" that has evolved in these areas.

Loyal group of mates

The second ingredient necessary is the existence of a loyal group of mates who are able to sustain an implicit system of trading favours — a powerful club, which other powerful players can join and that has a revolving door relationship with the regulating authority. Politicians and political appointees to boards are the major vector for this aspect of the "game of mates".

[Alan Jones](#) had a list of 400 individuals who had moved from well-paying jobs in politics and government, where they were charged with regulating mining, to even better paid jobs with the mining companies. Consider the coal and [coal seam gas rush](#); after leaving politics, [Martin Ferguson](#), the former Labor

Resources Minister, became chairman of the advisory committee for the peak oil and gas industry, the [Australian Petroleum Production and Exploration Association](#). His colleagues, [Greg Combet](#), former Gillard Government minister for climate change, and [Craig Emerson](#), former minister for trade, both work as economic consultants to [AGL](#) and [Santos](#), two of the biggest players in CSG in New South Wales. Former National Party leaders [John Anderson](#) and [Mark Vaile](#) also moved into high profile roles in mining and CSG companies after politics; John Anderson became chair of [Eastern Star Gas](#) and Mark Vaile became a director and then chairman of [Whitehaven Coal](#), the company behind [Maules Creek](#).

By establishing a loyal group through common membership of clubs and industry groups, family and business connections and by signalling your intention to reciprocate with political donations, politicians and other group members are able to give favours, knowing they will receive them in the future. The code is simple — mates look after mates. Instead of taking direct bribes for each decision, they simply give favours to other group members who later reciprocate, ensuring that any wealth diverted to the group is eventually widely shared amongst all members.

Thirdly, there must be a plausible story to let the public believe that this trading of favours is in the public interest. Influence traders in the media, particularly Rupert Murdoch and his empire, and the "libertarian" [Institute of Public Affairs](#), have been major players in promoting such fables.

As [Ross Gittins](#), economics editor for the *Sydney Morning Herald* [commented](#):

'This book will open your eyes to how Australia really works. It is not good news but you need to know it.'

Find out more about the book 'Game of Mates' at gameofmates.com.

[Dr John Jiggins](#) is a writer and journalist currently working in the community newsroom at [Bay-FM](#) in Byron Bay.

A terrific review and summary of my book Game of Mates.

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— Cameron Murray
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