

LETTER FROM CANBERRA

Saving you time. A monthly newsletter distilling public policy and government decisions which affect business opportunities in Australia and beyond.



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Letter From Canberra, established 2008, is a sister publication of Letter From Melbourne, established 1994

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14 Collins Street
Melbourne, 3000
Victoria, Australia
P 03 9654 1300
F 03 9654 1165
info@affairs.com.au
www.letterfromcanberra.com.au

Editor Alistair Urquhart
Associate Editor Hamish Brooks
Subscription Manager Juliette Biegler
Advertising Manager Eddie Mior
Editorial Consultant Rick Brown
Design Steph Dang
Ray Zhang

WELCOME

Letter from Canberra is focused on the interface of business and government, with enough politics and bureaucracy to understand the, or any, relevant business opportunities.

We have been publishing *Letter from Canberra's* sister publication *Letter From Melbourne*, a public policy digest, for 16 years. Commencing with the Kennett era corporatisation and privatisation of energy and other utilities and the other fresh broom approach of a new government, where we focused on business opportunities. Increasingly, we included matters in the other states and adopted a more federal focus.

The recent change in federal government opens up new business opportunities, particularly the government's new emphasis on climate change, carbon trading, water, industrial relations, education, information technology and the traditional sectors.

For many years, our other publications have included the well-known federal government Departmental Wall Chart. (NOW AVAILABLE at 03 96541300 or letterfrommelbourne.com.au) We conduct seminars and informal luncheons and meetings in Melbourne, Canberra and Sydney.

Most people have their clipping services and a range of email products/newsletters/etc. At the end of the month, *Letter From Canberra* gives a broad overview of what has been going on, not just in one industry but across all industries and the world of business and government generally. Objective. Independent. Read it on the plane. Or at a coffee shop in New York. And then give it to a friend who is interested in Australia.

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EDITORIAL: SURPRISES ALL ROUND

Some things come seemingly out of nowhere. Tony Abbott's discussion on what is the **truth!** Queensland MP Michael Johnson's issues with coal commissions! Turnbull (quietly) applying pressure to the Government on the ETS! The on-going resources tax issue, including the advertisements that are coming out from both/various sides to this particular debate! And now the government advertisements on health and the national broadband network, spelling out all of the facts! The media is having a field day. And will also earn some serious criticism. The media wants respect, or some of them do. They need respect from politicians! None of this 'pass the parcel' stuff.. It will be a very weird and nasty election. What might come out of nowhere in the next several months? And Great pickings for the respective sides to explain the faults of the other side(s).

Government advertising is growing fast. Minerals tax, health, NBN. All absolutely non-political.

The rise of union demands is illustrated by a particular South Australian unionist who could be sent to jail by the Australian Building and Construction Commission, which still exists because the Senate will not agree to disband the legislation. Nearby, right of entry permission into employer premises has just been re-won (it seems) by the bosses, **Dunlop Foams**, more next edition. Interesting cases will yet come out of the Fair Work Commission even before the election.

Some in the Labor Party believe that **the mining tax debate** is turning into a nightmare for the party by denying it the oxygen it needs to talk about its strengths and achievements and core Labor issues such as health and education, says *The Age*, and has stripped attention (and praise) from their economic credentials.

Gary Morgan, (Roy Morgan Research) researcher and mine owner, gave a speech in regional Victoria last week, saying that the next federal election would be decided on whether Australian electors accept or reject the proposed 40 per cent Mining Super Profits Tax. The result will go down in Australian history as one of the most important decisions regarding the future of Australia, as important as the 1851 Separation of Victoria, the 1854 Eureka Uprising and stopping the 1949 Bank Nationalisation.

President Obama's postponed visit to Australia (and New Zealand) for a second time, may or may not be a blessing, as the PM has not turned many issues into gold recently.



ABOUT THE EDITOR ALISTAIR URQUHART

Alistair Urquhart graduated from the Australian National University in Canberra, in Law, History and Politics, was admitted as a barrister and solicitor of the Supreme Court of Victoria, and remains a (non-practicing) member of the Law Institute of Victoria. Before that, he graduated from high school in Bethesda, Maryland, and had many opportunities to become aware of the workings of Washington DC. For 30 years, he listened every Sunday evening to the late Alistair Cooke and his *Letter From America*.

His early career was mostly in the coal industry, where he became involved with energy, environmental and water issues, and later in the SME finance sector.

His public affairs firm works with many engineering and information technology firms, other professional association and industry groups, on a wide range of issues, in Victoria, Canberra and overseas. Urquhart visits Canberra regularly. He may hold the record for miles rowed on Canberra's Lake Burley Griffin.

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RESOURCES. MINING

Dynamite put to use

The **Minerals Council of Australia** continued its advertising campaign in the nation's major papers against the new tax on mining, asking who will be hurt by the 'super tax' on mining? And answering: Everyone. Another ad revealed that Australia's tax on the mining industry would take the total tax to 58 per cent from its current 38 per cent. Canada's tax will be less than half of Australia's at 23 per cent. **GetUp!** published an advertisement asking who stands to gain from a scare campaign against a tax on the super profits of the mining industry? Mining industry executives. It argues that some mining executives make 100 times the average Australian salary. A challenging proposition from the balanced perspective... **GetUp!** published another advertisement quoting former head of the Minerals Council, **David Buckingham**, who described the Minerals Council campaign as hysterical, self-serving and apologetic. **BHP Billiton** has been running a similar advertisement to the Minerals Council.

With extreme urgency

The Age reported that the Government has crashed through its own accountability guidelines to rush \$38m worth of tax reform advertisements to air in an effort to counter the negative blitz by the mining sector. The taxpayer funded ads defending the proposal began on radio, with print and television to follow. They promote a fairer tax on resources for a stronger economy. In *The Age*, **Michelle Grattan** wrote that after all **Kevin Rudd's** sanctimonious statements about getting the politics out of taxpayer funded advertising, we have the \$38m campaign to sell a new tax. The government doesn't just look hypocritical, but dodgy too. To circumvent its own processes, it has provided itself with an exemption from its guidelines on the grounds of 'extreme urgency'. *The Australian* reported that Rio Tinto accused the Government of using misleading information in the new taxpayer funded advertisements.

Dynamiters in town

The Financial Review reported the Prime Minister **Kevin Rudd** has blasted the mining industry campaign against his government as a risk to the economy as he faced a Parliamentary assault on his integrity for approving \$38.5m in advertising to sell his proposed tax. He declared he had delivered on his 2007 election promise to curb government advertising, even though he conceded his vow to submit proposed campaigns to the Auditor-General had been broken at the beginning of March. *The Age* reported that he warned the mining industry he will not be railroaded into a quick compromise on the rent tax – nor will he cop the 'balderdash' of the miners advertising campaign against the proposal.

Battelino lines

The Financial Review reported that a senior **Reserve Bank of Australia** official played down concerns raised by mining executives about the

threat to the economy posed by the resource super profits tax. RBA deputy governor **Rick Battelino** told a private gathering that miners might be making hollow threats about the negative impact the tax would have on investment and jobs. Macarthur Coal chief executive **Nicole Hollows** said the complexity of the proposed tax was a concern. She said the industry was pushing for a simpler system in addition to lobbying for a lower rate.

The architect of the tax, **Ken Henry**, denies the mining industry is at risk. Meanwhile, *The Australian* reported that Labor state governments are backing the position of miners on the rent tax. Former Treasury head **John Stone** has criticised Henry for weighing into the debate over the mining tax. On the opinion pages of *The Australian*, **Barry Cohen**, a Minister in the Hawke Labor government, wrote that **Wayne Swan** must start explaining the resource super profits tax or it will become another ETS.

Nearby

In the *Financial Review*, **Jeff Kitney** wrote that department heads are in an invidious position as election fever intensifies. Treasury Secretary **Ken Henry**, Department of Climate Change and Energy Efficiency secretary **Martin Parkinson** and Reserve Bank of Australia governor **Glenn Stevens** have all made public statements supporting aspects of government policy, which the government has used to defend its political positions. Each has been subjected to some degree of criticism – mostly anonymous – from the opposition and from Coalition supporters for going beyond the norms of bureaucratic anonymity and impartiality.

Who saved who?

The Age reported that according to Treasury secretary **Ken Henry** the mining industry did not save Australia from a recession, as is widely believed. And any investors who think the proposed resource rent tax is causing stockmarket jitters deserve to do their dough. In giving evidence to a Senate committee, Henry said Australia's unemployment would have soared to 19 per cent had other industries laid off workers at the same rate during the global downturn, and implied that what its executives said in private they didn't repeat in public.

We're in the dark

The Australian reported that **Wayne Swan's** hand-picked mining tax consultation panel will urge the Government to reconsider a key selling point of its new resource super-profits tax – the promised 40 per cent tax refundability for failed projects. Meanwhile, *The Age* reported that the government has rushed the release of a report by Treasury officials to back its claim that mining companies pay much less than average tax. *The Financial Review* reported that Swan attacked some mining executives for lying to their shareholders or displaying their own ignorance, as he hit back at criticism of his resources tax by issuing research that showed mining paid less tax than other industries.

Watching a game of tennis

Australian business groups are staying on the sidelines in the argument between the government and mining companies amid uncertainty about the impact of the resource rent tax on industry. Farmers' representatives failed to adopt a policy on the issue and Australian Chamber Of Commerce and Industry, the Business Council of Australia and the Australian Bankers Association are also adopting a watching brief on the proposed mining tax and the consultation process, the *Financial Review* reported. In a later report, the same paper said the Business Council of Australia felt the tax was a threat to all industries because its sudden imposition raised fears about the stability of the tax system. *The Australian* reported that senior government business adviser, **Rod Eddington**, the head of Infrastructure Australia and a board member of Rio Tinto, told the Government to restart the proposed resource super profits tax from scratch and engage in proper consultation with the mining industry. He said good policy process had been absent in the debate about the new tax.

Deuce

The Age reported that Resources Minister **Martin Ferguson** conceded to the Australian oil and gas industry, at the Australian Petroleum Production and Exploration Association conference in Brisbane, with 2,400 people in attendance, that there will be middle ground struck over the 40 per cent resource rent tax. But while he was committed to ensuring the coal seam gas industry

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got off the ground, he said he was not approaching the consultation process with the aim of making special exemptions for certain sectors.

Treasury boss **Ken Henry** has flatly rejected talk of a compromise over the resource rent tax, saying to give in on the threshold would over compensate miners to the point where they might not actually mine. The *Financial Review* reported that two key members of the Henry tax panel, former Treasury official **Greg Smith** and Australian Industry Group chief executive **Heather Ridout**, said the Government had scope to compromise on the resource tax without destroying the overall intent of the reform. They said all major tax reforms in the past had been modified, and outlined several possible changes to the impost.

Nearby

The *Financial Review* reported that companies with heavy onshore exposure to the resource rent tax, including Shell, Santos and Origin Energy, have expressed alarm at the impact of the proposed tax on their pending investments in the fledgeling coal seam gas sector, but are getting little sympathy from energy companies that are already taxed on their offshore operations under the petroleum resource rent tax. Both sides heard **Martin Ferguson** pronounce the industry had largely accepted the need to pay more tax.

Also, nearby

Kevin Rudd has declared his government will not be intimidated by strong-arm tactics from the mining sector, after Xstrata suspended \$586m in future investments in Queensland coal and copper projects, threatening 3,250 jobs. Sixty contractors have been cut at the company's Ernest Henry copper mine at Cloncurry, *The Age* reported.

Old rock

The Australian reported that the Treasury report used by **Wayne Swan** to justify his claims the mining industry should pay 40 per cent tax on profits is based on data that was six years old and appears to have underestimated the sector's total tax contribution. The report said the mining industry paid a tax rate about 12 per cent lower

than the average rate across all industries, mainly because miners were able to write off large deductions based on depreciation of assets. As the debate over mining taxes intensified, BHP Billiton and Rio Tinto defended their tax payments, saying their ability to claim deductions for capital expenditure was fair given the high upfront costs associated with mining projects. The *Herald Sun* reported that Swan has locked in the 40 per cent rate for the tax but has left the door open to compromise on all other details. The *Financial Review* reported that the government is considering an increase in the rate of return at which the resources super-profits tax cuts in, but Treasury is opposed to lifting it by as much as industry wants.

Nearby

The Australian reported that the \$25b oil and gas industry has accused **Wayne Swan** of publishing inaccurate information about the impact of tax changes on the sector as part of the Government campaign for the super profits tax. Charts used by the Treasurer to prove the oil and gas industry had thrived after the introduction of the petroleum resource rent tax in 1987 were misleading because they did not point out that almost all the growth in the sector came from projects exempt from the PRRT.

A well informed debate please!

The *Financial Review* reported that 20 leading economists publicly backed the introduction of a new resource rent tax and called for a well-informed debate on its design. They included former Australian Competition and Consumer Commission chairman **Alan Fels**, who said there was scope for modification of the tax. But he moved to steel the government against making any short-term compromise that would materially affect the principles underlying tax.

His tax

Economist and mining company chairman **Ross Garnaut** has some advice for **Kevin Rudd**: implement my tax, *The Age* reported. Professor Garnaut – one of the architects of the rent tax already paid by Australia's oil and gas industry – says the same regime should apply to mining production instead of the proposed super profits

tax. *The Australian* reported that former Hawke government resources minister **Peter Walsh**, who with then Treasurer **Paul Keating** 26-years-ago announced the petroleum resources rent tax, accused Rudd of poor policy development and urged him to follow the example of the Labor government in 1984.

The PRRT, on which the new tax is modelled, was announced after extensive consultation with the resources industry that led to exemptions, cuts in proposed rates and lifting of the threshold at which the tax took effect. In the first public sign of disunity within the Rudd cabinet over the tax, Trade Minister **Simon Crean** said the Government should have consulted business before announcing its scheme and was now acting to fix its error.

Nearby

On the opinion pages of *The Age* **Sinclair Davidson**, a professor in the school of economics, finance and marketing at RMIT University and a senior fellow at the Institute of Public Affairs, wrote that Professor **Ross Garnaut**, who literally wrote the book on the taxation of mineral rents (with Anthony Clunies Ross in 1983) said that he had not been consulted before the tax went public. It is astonishing, he argued, that such a broad ranging reform could simply be cooked up in Treasury and unleashed on an unsuspecting public.

What do you think, Ralph?

The planned mining tax is under mounting pressure, *The Australian* reported, with former banker and mining executive **John Ralph** rejecting it as risky and doubt cast over the Treasurer's claim that resources companies are under-taxed. Ralph, a business leader who reviewed the tax system for the Howard government in 1999, has warned that the resource super profits tax will damage the national interest by increasing sovereign borrowing costs. **Tim Goldsmith**, **PWC Australia** and global mining leader, said it was important how the taxation review process was managed, because tax can be a major factor in determining a country's attractiveness as an investment destination. 'Clearly, sovereign risks will be a much greater consideration across more jurisdictions in future,' Goldsmith said. Many believe the RSPT will make it hard for miners to sustain the boom.

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Ian Hanke is a former media and political adviser to the previous federal government with more than 25 years experience in politics.

He owns Media & Political Counsel P/L which operates both nationally and internationally running political and information campaigns and giving advice to companies about the political process.

For his amusement, he runs a blog site, Agitate! www.agitate.com.au <<http://www.agitate.com.au/>> which allows him and other like minded people to dabble in politics on a day to day basis.

VIEWPOINT: MINING TAX IMBROGLIO

On May 2, the government announced its response to the Henry Review of taxation and since that time it has been caught in an imbroglio of its own making.

The government's response to the review was to simply announce the imposition of the Resource Super Profit Tax and has since that time been struggling to justify and explain it.

The resource sector immediately claimed the tax was not reform but simply a tax grab – a \$9 billion tax grab that would see an effective tax rate of 58 percent for some companies.

With a rate that high the resource sector would be the highest taxed in the world which would lead to capital flowing elsewhere in the world to more favourable tax regimes

Further they pointed out that the RSPT, unlike the Petroleum Resource Rent Tax, would have a retrospective nature which is anathema to any tax regime.

The 40% tax would also apply across the board to every mining operation from a local lime quarry to the biggest iron ore operations in the country.

And further the RSPT would also see the government picking up the tab for losses that mining companies incurred thus making the government, in the words of Ken Henry, a “partner” in very mine.

This tax is sweeping in its changes to the way the industry would operate and reflects the managerialist and interventionist nature of the government.

The government initially claimed that the tax was necessary to manage “two speed” economy, yet Australia has always had an economy where industries operated at different speeds. That is just simple economics.

Then the government claimed that the tax was needed to get “our fair share” and that it was only fair to slug foreign companies with a new impost so that profits were not repatriated overseas thus invoking an old style “class warfare” approach to economic management.

The government also went out of its way to actually attack the companies that opposed the impost in its current form.

Even as late as Wednesday June 16, the prime Minister at the National press gallery Ball, was threatening the mining industry in his speech.

He told the mining industry executives that “can I say guys we have a long memory” which is hardly conducive to good negotiations.

The simple fact is that the government has bungled the introduction of the RSPT. The scheme was hatched in secrecy and bears no relationship to the actual tax that was recommended by the Henry Review.

Thus we now have the government scrambling to negotiate with the resource sector to reach an appropriate compromise because they did not do the necessary work prior to its sudden and unexpected announcement on May 2.

Yet because the government has locked itself into the tax because of its political necessity to reduce the budget deficit there is now very little room for the government to manoeuvre.

Instead the government is talking about changing some transitional arrangements which will not do anything to allay the resource sectors concerns about retrospective nature of the tax in that it will apply to existing mines or the fact that Australia will have the highest rate of taxation for the mineral sector in the world.

This is a bad tax, poorly designed and poorly executed and the government is reaping the results of that.

At the moment the government is mistaking intransigence for leadership.

It should scrap this version of the tax and enter into genuine negotiations to get a real outcome for Australia that will have long lasting benefits.



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What's for dinner?

The *Financial Review* reported that government ministers and backbenchers were persuaded to skip the Minerals Council of Australia's annual dinner in Canberra and sign up instead to mark the 100th anniversary of the Government of **Andrew Fisher**, the ALP's second Prime Minister. The Labor fundraiser for the Chifley Research Centre was held at Old Parliament House while the Minerals Council of Australia hosted a dinner in the Great Hall of the new Parliament House. **Kevin Rudd** spoke at the MCA dinner in 2008 and Deputy Prime Minister **Julia Gillard** did so in 2009. Labour sources indicated that many MPs had already responded to the Minerals Council invitation and some government ministers attended.

Making up

The Age reported that accountancy firm **KPMG** has been commissioned by the Minerals Council of Australia to prepare two reports that will be used to debunk the government and Treasury claim that the industry will not be damaged by the proposed resource rent tax. It is a chance for KPMG and the mining sector to make up with mining companies infuriated that modelling by KPMG's Canberra-based economic consultancy, KPMG Econtech, has been central to government and Treasury claims that the proposed tax would lead to a 4.5 per cent increase in investment, a 7 per cent increase in employment and a 5.5 per cent increase in output in the long term.

A big pause button

The Age reported that mining magnate **Andrew Forrest** paused more than \$17b worth of investments following the announcement of the resource rent tax – a move that wiped more than \$500m off the value of his company, Fortescue Metals, in sharemarket trade. Forrest declared the tax would cost 30,000 future jobs and increase Chinese ownership of Australian minerals. Fortescue shares closed 4.7 per cent lower at \$3.87.

Enter the lawyers

The biggest threat to the planned super profit tax might eventually come from the high court, not the mining industry, *The Australian* reported. When the Government drafts the law imposing the planned

tax, senior lawyers say it will need to tread very carefully to avoid a potentially fatal constitutional challenge. Based on the Government's explanation of how the tax would work, senior lawyers believe there is a chance the High Court could strike down key parts of the scheme.

First things first

The Age reported that a new political party is set to register to run Senate candidates on the issue of WA interests and the mining tax. It is headed by former ALP member, **Scott Cowans**, who says WA is funding other states. The party, called WA First, says the mining tax will transfer wealth to New South Wales and Victoria.

Fear and loathing in Bris Vegas

In *The Australian*, **Bryan Frith** wrote that not since the Whitlam government – and its feisty minister for minerals and energy, the late **Rex Connor** – has a federal government generated such fear and loathing within the resources industry. Connor hated mining companies, particularly foreign controlled ones, and promoted projects that cut them out of the action.

Put em up

With an opinion in *The Age*, **Ross Gittins** wrote that **Kevin Rudd** is no fighter, but he has little option but to stand and fight for his bitterly resisted resource super profits tax. With luck, the experience will help turn him into the more substantial figure we need to lead us. All Rudd's instincts – and those of the Hollow Men on whose counsel he relies – must be to ditch or greatly water down a tax that has proved hugely unpopular with the miners, and which an economically uncomprehending business community dislikes the sound of.

Gravelly slope

The Australian reported that the Government is preparing to back out of applying its new resource profits tax on the gravel, lime, phosphate and sand sectors after representations from the quarry industry.

No butterfly

The *Financial Review* reported that Illinois-based Caterpillar, the world's largest maker of mining equipment, has warned that Australia risked losing out to emerging mining markets as a result of the super profits tax.

Opportunity

The Age reported that the West Australian Liberal Party launch a \$50,000 advertising campaign in a bid to turn opposition to the mining resource tax into votes at the next election.

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The Age reported that Reserve Bank of Australia's currency firms agreed to pay \$US1.3m in bribes to Indonesian central bank officials to win a contract and rig future tenders. Corruption investigations had begun in Britain, Indonesia and Malaysia into alleged bribery by the bank's currency printing subsidiaries, as calls grow for the Government to hold a public inquiry.

The inspector-general

The Inspector-General of Taxation, **Ali Noroozi**, has announced submission guidelines for the first stage of his review of the Australian Taxation Office's troubled IT system upgrade. The review will focus on the impact of the upgrade on the income-tax processing system on taxpayers and tax agents, the *Financial Review* reported.

See, it had to go

The Age reported that the budget papers reveal the Rudd Government would have broken its self-imposed cap on spending growth without the money saved by scrapping its emissions trading scheme.

Of course

The Australian reported that the Australian Securities and Investments Commission has called off its investigation into the Offset Alpine affair involving **Trevor Kennedy**, and others.

Skimming off the top

Australia's superannuation system lacks competition, offers little real choice to workers and needs tough new regulations, according to the chairman of the





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Superannuation System Review, **Jeremy Cooper**. He also said a lack of transparency in almost every step of the system and within individual funds was allowing managers to skim undisclosed fees from workers, the *Herald Sun* reported.

A better looking model

The *Financial Review* reported that three of Australia's largest financial planning networks will abandon sales commissions and switch to a fee-for-service model at the end of June, two years ahead of schedule. In a bid to restore confidence in the wealth-management sector and stave off government intervention, MLC, AXA and AMP will stop taking inbuilt trailing commissions on superannuation, pension and investment products from new businesses.

Fewer than 20

On 24 May, companies with fewer than 20 employers were able to register to use a free superannuation clearinghouse. The Government service, which will be operational from July 1, means small businesses do not have to deal with multiple super schemes when making payments to employees funds.

Limited use

The owner of the trademark for the slogan 'Australia Unlimited' is **Rupert Murdoch's** Australian publishing arm. The potential for a clash of the slogan – for Austrade – has forced Trade Minister **Simon Crean's** export arm Austrade to submit a new trademark for a combined slogan and logo. Austrade approached News Ltd for permission to use the slogan when the idea for Australia Unlimited as the new brand to sell Australian exports was shortlisted earlier this year. However, a legal expert, **Robert Wulff** of law firm **Griffith Hack**, said the breadth of News Ltd's trademark could leave the Government open to potential legal action if News felt its trademark in Australia was being infringed, *The Age* reported. The *Herald Sun* reported that Crean unveiled the new trademark and said it was about selling the nation to the world.

The slogan was developed by advertising agency M&C Saatchi, the company behind 100% Pure and Tourism Australia's recently dumped 'where the bloody hell are you?' campaign. The brand was tested on 13,000 people overseas in 13 countries, and at home on 1,000 Australians. The *Financial Review* reported that the government is hoping the new campaign will boost the country's image as a smart place to do business. The logo has a deliberate corporate look and will be used by exporters to promote Australia and made its international debut at the Shanghai Expo.

A **Reputation Institute** country survey of 22,000 people in the group of eight industrialised countries, carried out as part of the branding strategy, found Australia was perceived as a beautiful country with an enviable lifestyle and strong business environment. But it was not noted for high technology, quality products and services or inventiveness.

They've innovated

The *Financial Review* reported that the Government has rejected the latest criticism of its annual \$1.4b research and development tax credit scheme and introduced it to Parliament in mid-May. The Minister for Innovation, Industry, Science and Research, **Kim Carr**, said the Government was confident it had dealt with the substantive objections to the legislation, which will be referred to a Senate inquiry. The scheme aims to increase the concessions available to small and medium enterprises, but has been strongly criticised by industry and advisory groups for being too complex and for introducing new eligibility criteria. In April, Australian Industry Group chief executive **Heather Ridout** acknowledged the Government had made important changes, but said they were unlikely to allay industry concerns the scheme would undermined business R&D spending.

What's wrong, Clive?

Retailer **Clive Peeters** will close stores and is likely to lose several hundred of its 1,300 staff to try to keep its \$500m, 45-store chain trading in some form. The National Australia Bank rejected a request to write off \$10m in debt and was ready to appoint receivers and managers to protect its own position, *The Age* reported. *The Australian* reported that Peeters collapsed, owing about \$140m, after the alleged theft of \$20m by an employee exacerbated the impact on the consumer spending slump. The receivers of Clive Peeters, **Phil Carter** and Daniel Bryant of PPB, have assured customers they will honour all deposits and gift certificates.

Banks versus Coalition

The Age reported that the banks have hit out at a Coalition decision to oppose a string of government measures including a tax break on savings as well as removing tax on accessing deposits held overseas.

Wickenby

The Government has taken out advertisements for its multi-agency taskforce, **Wickenby**, that fights the promotion and participation in the abusive use of secrecy havens (agencies include the Australian Crime Commission, Australian Federal Police,

Australian Securities & Investments Commission, AUSTRAC and Australian Taxation Office). To take advantage of the ATO's generous voluntary disclosure offer, which ends on 30 June 2010, contact the ATO, www.ato.gov.au/wickenby.

Who takes the wheel?

The *Financial Review* reported that a legal battle over who controls the motor industry's \$5.5b super fund is shaping up between the Motor Trades Association of Australia and a breakaway employer group, the Australian Automotive Industry Association, which plans to raise concerns about the governance of the funds. The MTAAs says AAIA represents an industry minority, denying there are problems (see Viewpoint).

At last

The *Herald Sun* reported that at least 100 weights and measures inspectors, many undercover, will hunt down rogue scales, rulers and pumps to ensure consumers get what they pay for. A national trade measurement system will begin on July 1, policed by the National Measurement Institute. They'll make sure a kilogram of mince is exactly that and a litre of petrol isn't 990 millilitres.

Don't mix your drinks

The *Financial Review* reported that Foster's Group has finally put an end to its 15 year experiment of running wine and beer businesses under the one roof, with plans to split the business by early next year.

Nice suit

The **Stafford Group**, which manufactures the famous **Anthony Squires** brand of Australian suits, is on the market. The group claims its suits have been worn by every prime minister from **Robert Menzies** to **Kevin Rudd**; the exception is **Paul Keating**, whose preference was for Zegna. Chairman **Maurice Lubanski**, who ran the company for 63 years until last year, says he wants a buyer who will continue the high standards of quality and innovation. KPMG Corporate Finance has been appointed to handle the strategic review and sale, the *Financial Review* reported.

GOVERNANCE

Ruled by anger

In reviewing *Quarterly Essay 38: Power Trip: The Political Journey of Kevin Rudd* by **David Marr**, **Samantha Maiden** wrote in *The Australian* that **Kevin Rudd's** 'angry heart' is the subject of the essay on the making of the Prime Minister. It asks what drives his ambition and comes to the conclusion that he is 'a politician with rage at his core'. In an edited extract from the essay published in *The Age's Good Weekend*, Marr quotes someone who has worked with Rudd: 'He [Rudd] is a strange beast behind closed doors. He is so focussed on the day-to-day tasks that he loses the social niceties'.

Poll dancing

The *Financial Review* reported that following polls that have indicated the budget did nothing to improve support for Labor, the Government is being rebadged as the Rudd-Gillard team. *The*

Australian reported that Gillard's political rise as an alternative Prime Minister is dividing the Coalition front bench because its members can't decide whether to apply the political blowtorch to her now or later. With the budget over, the annual two-week round of Senate budget estimates committees began on the Monday following. The 40th anniversary of Senate estimates was celebrated on June 11. On that day in 1970, the Senate passed a resolution to set up seven legislative and general-purpose standing committees and five estimates committees, **Verona Burgess** wrote in the *Financial Review*.

Happy haul

The Australian Public Service Commission has published its first statistical bulletin, for the Australian Public Services information and communication technology workforce, and a whole of government ICT strategic workforce plan. The total size of the APS workforce in ICT in 2008-09 was 11,895, or 7.2 per cent of the total. Two thirds hold an ICT qualification and 40 per cent hold at least a bachelor degree. This workforce is predominantly male (66 per cent), while the Australia wide ICT workforce is 80 per cent male, the *Financial Review* reported.

In the same paper's weekly Government Business section, **Verona Burgess** wrote that the Australian Public Service Commission is entitled to feel very happy with its budget haul. It receives \$38.7m in new money, upgraded powers (some to be legislated), approval to be the lead agency in half the recommendations from the review chaired by the Secretary of the Department of Prime Minister and Cabinet, **Terry Moran**, and an extra 42 full-time equivalent staff. The APSC money is spread over the next three years, as is the timetable for the implementation of the reform blueprint, *Ahead of the Game*, whose nine reforms and 28 recommendations the Government has accepted in full.

Running afoul of the service

In the *Financial Review*, **Verona Burgess** wrote that the Prime Minister's vote chasing ways is turning the Australian Public Service against him. Nearby, the APS will undergo an ambitious three-year overhaul after Rudd accepted all the recommendations of the review of Australian government administration led by top mandarin **Terry Moran**. The first to benefit is the Australian National University, which will receive \$111.7m for an Australian Institute for Public Policy modelled on Harvard's JF Kennedy School of Government.

Served

The Australian reported that under changes to public service staffing announced in the budget, Centrelink loses 1,880 jobs because of a fall in unemployment and the Department of Education, Employment and Workplace Relations loses 525 positions.

Nearby

The Department of Prime Minister and Cabinet has gained a net 86 new jobs in the budget (making a total of 704, compared with 564 in 2006-07, the last full year of the Howard government.) There are 48 for the Commonwealth Heads of Government 2011 taskforce; 26 for the Office of the Information Commissioner (to be transferred with resourcing if the legislation is passed), nine for the Council of Australian Governments Reform Council; six for the independent review of the intelligence community and a cut of three with the end of the Pacific Island Program, the *Financial Review* reported.

Nearbyish

Tony Abbott said a Coalition government would save \$4b by freezing public service recruitment, as part of an austerity drive to return the budget to surplus without tax increases, *The Australian* reported.

Rein over them

Prime Minister **Kevin Rudd's** wife, **Therese Rein** has taken on two causes close to her heart. In the first she is helping to broker a deal on disability policy that would affect all new houses built in Australia. She was working closely with Parliamentary Secretary for Disabilities **Bill Shorten** on a universal building code that would make every new home disability and aged friendly. She has also launched a UNICEF maternal health kit to provide doctors and midwives in developing countries with basic medical equipment to help mothers give birth, the *Herald Sun* reported.

The rich list

The *Herald Sun* reported that an analysis of federal MPs wealth shows that thanks to his wife **Therese Rein's** business interests, **Kevin Rudd** is worth \$56m. *BRW* magazine puts **Tony Abbott's** assets at \$1.1m. Even the PM is a poor second to Parliament's richest MP, former Liberal leader **Malcolm Turnbull**, whose personal fortune is put at \$186m. Once those two are discounted, the average Liberal MP is worth about \$1.6m; the average Labor MP, \$1m. It's the first time *BRW* has estimated the wealth of Federal MPs, as it publishes its annual list of the 200 richest people in Australia.

A wise article

In *The Australian*, KPMG demographer **Bernard Salt** wrote that election contenders must devote face time to diverse but essential electorates. His strategy focuses limited resources – money and time – into electorates that matter. And as far as electorates that matter go, there are five that the Government must hold and that the Coalition must win. These electorates are Bass in north-east Tasmania; Bennelong centred on Ryde in Sydney; Deakin, which stretches between Box Hill and Ringwood in Melbourne; Flynn taking in the strip between Bundaberg, Gladstone and Longreach; and Longman, which takes in Brisbane's northern suburbs and the retirement centre of Bribie Island.

A voice

The Age reported that the National Congress of Australia's First Peoples, a new national representative body to give indigenous people a voice, has been set up as a private company so that the Government will not be able to sack the leaders. While the Government has supported its establishment, giving it \$6m to set up and pledging another \$22.2m over two years from January 2011 when it will be fully operational, the body will seek partnerships with business, industry and philanthropic bodies to fund its work. Unlike the now defunct Aboriginal and Torres Strait Islander Commission, the new body will not be responsible for services and hence subject to blame for continuing disadvantage. It has equal representation for men and women in executive and lower levels written into its constitution. The congress will be guided by an ethics council.

We're all Ombudsman, in a way

The Australian and New Zealand Ombudsman Association is calling for stronger controls on the use of the term 'Ombudsman'. It has released a policy statement setting out six essential criteria it believes members of the public should be entitled to expect from any office described as an 'Ombudsman'. Their Essential Criteria statement said an ombudsman should have: independence, jurisdiction, powers, accessibility, procedural fairness and accountability. The association's concern lies with increasing inappropriate use of the term to describe bodies that do not conform to, or show an understanding of, the accepted ombudsman model and its 200-year history. **Fiona McLeod**, chair of ANZOA said that this criticism applies to the Fair Work Ombudsman, the recently proposed Supermarket Ombudsman, and the proposed National Legal Services Ombudsman. An ombudsman's office under the direction or control of an industry or a government minister is not independent, she said. See www.PSNews.com.au/page_psn2188.html.

Hammerhead sharks

On the opinion pages of the *Financial Review*, **Greg Craven**, vice-chancellor of the Australian Catholic University, wrote that the last weeks of April and the early weeks of May revealed Rudd's true view of federalism. Put to the test on states' rights, the distinction between **Kevin Rudd**, **John Howard** and a hammerhead shark is immaterial.

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More ads

The Government's pre-election advertising campaign kicked off with advertisements promoting the health reform package. Labor criticised the Howard government at the last election for spending \$254m promoting its policies before the election, *The Age* reported. The Liberal Party's first salvo in what is likely to prove a long election campaign features Opposition Leader **Tony Abbott** urging Australians in new television commercials to take real action to stop illegal immigration. *The Australian* reported that there is a suggestion that **John Singleton** could take charge of Tony Abbott's election prospects.

This would bring Singleton full circle, having been nurtured in the world of conservative politics in the 1960s and 70s, before leaping to Labor at the insistence of former Prime Minister **Bob Hawke** in the 1980s. Singleton is the man who gave Australian politics Whingeing Wendy, Labor's overnight answer to **John Howard** after a series of tricky questions and answers during a media interview in the 1987 election.

Convenient

The Age reported that more than \$100m of government advertising spending will not be scrutinised by the Auditor-General until after the federal election. Auditor-General **Ian McPhee** said that TV and radio advertising could not realistically be checked this year. The Government recently sidelined the Auditor-General from policing government advertising campaigns and installed a panel of retired public servants to perform the task.

No point

The *Herald Sun* reported that Federal MPs and their staff will no longer earn frequent flyer points for taxpayer funded flights, under a plan to cut \$160m from their travel budgets. Politicians received about 31 million frequent-flier points last year, but only 26 of the 226 MPs used points for work-related flights. Finance Minister **Lindsay Tanner** said the Government had used its collective bargaining power to renegotiate its \$500m a year travel deal covering MPs and public servants with four domestic airlines, 13 international carriers and five travel agents.

Animal farm

The *Herald Sun* reported that it in an interview with Dog's Life magazine, Prime Minister **Kevin Rudd's** wife **Therese Rein** talked of her and her husband's golden retriever, **Abby**. She said and Abby was in heaven living at The Lodge chasing rabbits and birds in its vast grounds. They also have a family cat Jasper.

COALITION DOINGS

Everything's open to interpretation

Tony Abbott has admitted on *The 7:30 Report* that what he says in the heat of the political moment can't be taken at face value or believed as a commitment. He made a distinction between an absolutely calm, considered, prepared, scripted remark and what was said in the heat of discussion. Deputy Prime Minister **Julia Gillard** released a statement saying the public now knows that Tony Abbott can't be trusted and, if elected, WorkChoices is surely back on the table. Hardly had the closing credits on the TV program spooled across the nation's screens before the ALP had a YouTube video up headlined 'Tony Abbott – you can't trust anything he says'.

In *The Age*, **Tony Wright** expressed sympathy for Abbott. **Barnaby Joyce** came busting into the confusion, moved by Abbott's attempts at honesty, to express his support: 'What someone might say to their lover in the heat of passion is entirely different... to what you say to the lady checking out your groceries at the supermarket,' Joyce said.

Hockey stuck

The Age reported that key programs in **Kevin Rudd's** education revolution – including that providing secondary school students with computers – would be scrapped under the Coalition's plan to cut spending by \$46.7b. The Coalition would also abandon a scheme to build a trade training (see Education) centre at every secondary school, as well as a skills development program worth more than \$1b. The Coalition says it will offset some of these more than \$3b education cuts with its own programs, but did not outline them. The cuts came under immediate attack from school principals. The Opposition's launch of its savings program was marred by a tactical blunder, with shadow treasurer **Joe Hockey** holding back the list of cuts until after his speech. It was left to finance spokesman **Andrew Robb** to field questions on the cuts at a subsequent news conference. Hockey admitted he had erred in not giving out the cuts in time to be questioned on them.

In goals for Hockey

On the opinion pages of *The Australian*, **Ian Smith**, a partner at advisory firm Bespoke Approach (his to business partners are former politicians **Nick Bolkus** and **Alexander Downer** and he is married to another former politician, **Natasha Stott Despoja**) wrote that watching shadow Treasury **Joe Hockey's** speech to the National press club reminded him of how disrespectful many journalists within the federal press gallery have

become of those who provide them with a living: the politicians. Hockey, as a guest of the press club, was absolutely within his rights to provide or, as the case turned out, not to provide materials ahead of his presentation.

On the opinion pages of *The Age*, **Michelle Grattan** wrote that Hockey has no excuse for holding back the list of opposition savings until he finished speaking and taking questions at the press club. It was always going to get a sharp reaction from reporters. **Andrew Robb** later explained: 'Joe felt that if he put the document out with all the numbers, that was the end of the rest of his speech.'

Tax-free direct action

The *Herald Sun* reported that an Abbott government would not restore the baby bonus for high income earners and has officially dumped former opposition leader **Brendan Nelson's** forgotten pledge to cut petrol tax by 5c a litre. So far, the official list of Coalition spending promises, released by finance spokesman **Andrew Robb**, numbers just five. It shows modest new spending of \$4.8b over four years, which Robb said would be more than paid for by \$24.7b in cuts. **Tony Abbott** would spend \$2b on his tax-free direct action plan to tackle climate change, \$400m on a green army to fight weeds, feral animals and erosion; and \$280m for a road on the critical election battleground of Queensland.

The Opposition would also spend \$2b to fill a budget hole caused by the blocking the Government's means test on the 30 per cent private health insurance rebate for people earning more than \$100,000. Robb said the fifth promise – the parental leave scheme, paid at a workers full salary for 26 weeks and financed by a 1.7 per cent tax on big business – would not cost the Budget anything.

Confronting the issue head-on

Opposition leader **Tony Abbott** has fuelled the political debate over the burqas worn by Muslim women saying there is an understandable community concern about 'what former Prime Minister John Howard called a confronting form of attire', *The Age* reported. The *Herald Sun* reported that Abbott made the comments after Queensland Liberal senator **Cory Bernardi** called for the Islamic headdress to be banned after a man used one as a disguise in an armed robbery. A *Herald Sun* online poll found almost 90 per cent of respondents backed a ban. But Victorian Premier **John Brumby** criticised the call, accusing proponents of taking a cynical view of the world, while Melbourne cleric **Mohammed Omran** described the Bernardi's comments as 'grubby'. Former Victoria police deputy commissioner **Bob Falconer** said most police were reluctant to search suspects wearing burqas, as the religious, political and policing ramifications of that are significant.

Julia Gillard echoed Abbott in acknowledging that some Australians find the traditional dress from Muslim women confronting. Prime Minister **Kevin Rudd** said the burqas will not be banned in Australia.

Sick to his stomach

Former Liberal Prime Minister **Malcolm Fraser**, 80, has resigned from the party he once led, saying it is no longer a Liberal party and cannot stomach the way it operates, the *Financial Review* reported. He formally resigned from the party in December, shortly after Abbott replaced **Malcolm Turnbull** as the federal parliamentary leader. Meanwhile, Fraser has received an honorary doctorate from Monash University. It was presented to him on his 80th birthday and recognises his contribution to public life, his passion for global human rights and long-term engagement with South Africa. Fraser also has an honorary doctorate from Murdoch University in Perth for his commitment to human rights.

The challenges of credibility

On the opinion pages of *The Age*, **Shaun Carney** wrote that **Tony Abbott** deserves credit for making it a real contest with Rudd, but now that he is a serious player the fight will be harder. An editorial in *The Australian* said that less than three years after being routed at the ballot box and less than six months after changing leaders for the third time, the coalition is, incredibly, competitive with Labor. Now, the Coalition must demonstrate its economic credentials and this is where **Malcolm Turnbull** comes in. After a series of strong polls, Abbott told his backbenchers the Coalition could win the next election.

Thank you Wilson

Liberal MP **Wilson Tuckey** believes high earning women should be encouraged to have children because their kids are more likely to be smart. Speaking on a bill to introduce paid parental leave, he admitted that he'll probably get criticised for remarking that children out of high achieving women are more likely to be brighter.

Rocks in his head

Coalition frontbencher **Peter Dutton** has confirmed that he bought shares in BHP two days after his leader said the proposed resource profits tax would kill the mining industry stone dead, *The Age* reported.

The resources for his office

Federal Liberal MP **Michael Johnson** will face the state executive of his party to counter allegations that he stood to personally pocket a \$12m commission on a coal negotiation – using the resources of his public office, *The Age* reported. *The Australian* reported that Johnson was expelled from the Liberal National Party for having solicited corporate donations. He will stand as an independent, and, in a bid to clear his name, he has asked police to investigate the allegations against him. Brisbane City councillor

Jane Prentice, **Seb Monsour**, brother-in-law of Brisbane Lord Mayor **Campbell Newman**, will likely replace Johnson. **Tony Abbott** refused to criticise his former colleague and loyal supporter, despite the third term MP being expelled from his party for impropriety, including the misuse of taxpayer-funded staff and resources.

First term Queensland senator **Russell Trood** is considering a bid for Michael Johnson's lower house seat of Ryan, complicating what will be a strongly contested preselection for the Liberal National Party. Any police investigation of Johnson is likely to be a drawn-out affair, given uncertainty over who is entitled to the money in his bank accounts and how it should have been used.

Nearby

The Australian reported that Labor will have an unprecedented opportunity to investigate the inner workings of the Liberal National Party after **Michael Johnson's** complaints of bullying were referred to the parliamentary privileges committee.

The winning seat

David Gazzard, 45, won Liberal preselection as the party's candidate for Eden-Monaro, the regional centre adjoining Canberra – and which has gone to the winning party at every election since 1972, *The Age* reported. Gazzard has been an adviser to **John Howard**, **Peter Costello** and **Tony Abbott**.

IMMIGRATION

A hatrick

The Age reported that the Government has breached three international treaties and may have broken its own domestic laws by suspending the processing of asylum seekers from Sri Lanka and Afghanistan, according to an opinion prepared by three Melbourne lawyers. Their report says the toughening of border protection policy discriminates on the basis of race and country of origin, in contravention of Australia's international obligations.

Naturally

The Herald Sun reported that refugee boat arrivals have risen by 19 per cent since the Government froze processing of Afghan and Sri Lankan asylum claims. Since the April 9 ban, 934 people, mostly Afghans and Sri Lankans, have arrived in Australian waters, the equivalent of 22.2 people a day. Before that, boat people had been arriving at a rate of 18.7 a day. The figures suggest the message the Government was trying to send people smugglers has not found its mark.

Turned back on themselves

The Herald Sun reported that Labor has abandoned its election promise to turn asylum seeker boats back, saying the policy didn't work and could cost the lives of Australian defence personnel. Immigration Minister **Chris Evans** said the policy had failed. He said the Indonesian Government was unwilling to take asylum boats back and forcing them to turnaround on the high seas was too dangerous.

Digging holes

Up to 90 asylum seekers, mainly women and children, may be sent from a full detention centre to a disused mining camp in remote Western Australia as the UN High Commissioner for Refugees criticised the Government over a detention bottleneck. The Immigration Department confirmed it was investigating the use of accommodation at historical Leonora, 132 kilometres east of Perth, to house family groups. Gold, and more recently nickel, has kept the goldfields town alive, *The Australian* reported.

Talking-tough Tony

The Australian reported that refugees would be forced to work for their welfare benefits and may only be permitted to stay in Australia from as little as six months under a new border security policy announced by the Coalition. *The Age* reported that **Tony Abbott** said a future Coalition government would send asylum seekers to third countries for processing, as the Howard government did with Nauru and Manus Island. It raised fresh concerns in opposition ranks about Abbott's leadership style as many moderate Liberals oppose such a policy. 'A Coalition government will reintroduce offshore processing of illegal boat arrivals in another country as part of a series of measures to stop boats and protect our waters,' he said.

The xenophobic vote's a juicy vote

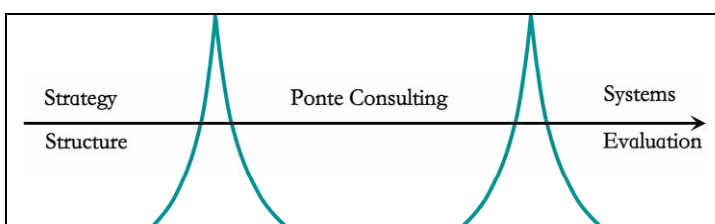
Australian Lawyers for Human Rights said the battle to flex muscle over refugees was a bid to win voters, with both major parties criticised for chasing the xenophobic voter, *The Age* reported.

Incoming

The Immigration Department estimates in 2007-08 the number of migrants from India grew more than any other country, even Britain and New Zealand. It estimates that the Indian-born population has risen from 110,563 in mid-2002 to 239,295 in mid-2008, overtaking the Italians to become our fourth biggest migrant community.

Evans-handed

Immigration Minister **Chris Evans** has cut by half the list of 400 occupations in the independent skilled migration program. It now consists of 180 'highly valued occupations'. Still on the list are



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June 22, 2010

Mining 'Super Profits' Tax Big Problem in WA

Victoria & SA concerned about Water Conservation & Climate Change/Global Warming

NSW & QLD concerned about Government & Political Leadership (Lack thereof)

A special telephone Morgan Poll taken during the past two weeks, June 9/10 & 16/17, 2010 shows clear divergences between the Australian States and what Australians in each State believe are the '**Most important problems facing Australia**'.

Economic Issues are the biggest problem facing Australia in five out of six Australian States – NSW (26%); Victoria (25%); Queensland (34%); Western Australia (34%) and Tasmania (30%). Only in South Australia (22%) do Economic Issues not rank as the biggest problem.

Economy/ Interest rates/ Inflation

The **Economy/Interest rates/Inflation** mentioned by 12% of Australians is the single most important problem facing Australia. Respondents in Queensland (16%) and Western Australia (14%) are most concerned, but large numbers in New South Wales (11%), Victoria (11%), South Australia (8%) and Tasmania (7%) also nominate this problem. Importantly, Tasmania is the only State to nominate **Unemployment** (10%) as a more important problem than the Economy/Interest rates/Inflation.

Mining 'Super Profits' Tax

Looking closely at the results shows West Australians (12%); Tasmanians (8%); Queenslanders (7%) and South Australians (6%) are the most concerned about the proposed **Mining 'Super Profits' Tax**. Residents in Australia's two most populous States are not as concerned – only 4% in New South Wales and 3% in Victoria nominate the Mining 'Super Profits' Tax as the most important problem facing Australia.

Environmental Issues

Although **Environmental Issues** as a whole have decreased since February 2010 ([now 17%, down 8% since February 2010](#)) – in South Australia (32%), Victoria (22%) and Tasmania (20%) it still ranks highly.

Of particular concern in these States is **Climate Change/Global Warming** – South Australia (14%); Victoria (11%) and **Water conservation** – South Australia (12%); Victoria (8%); Tasmania (5%) compared to only 2% in New South Wales and Queensland and just 1% in Western Australia.

Government & Political Leadership and Government Policy

Respondents in New South Wales (9%) and Queensland (8%) are worried about **Government, Political system, Political leadership**, while in Western Australia 5% nominate **Prime Minister Kevin Rudd** as the problem (where Rudd recently visited) – a far higher result for the Prime Minister than in any other State. New South Wales (2%) is the only other State where more than 1% nominates Rudd.

Many Australians mentioned **Immigration/Australia's Immigration policy** including 11% in Western Australia concerned about this issue, there were also large numbers of respondents in New South Wales (6%), Victoria (6%) and Tasmania (5%) that mentioned this issue.

The closely related problem of **Refugees and Asylum problems** is nominated strongly in Western Australia (9%) and Queensland (8%) with northern areas. Interestingly, 14% of Tasmanians also nominate this as the most important problem facing Australia.

Health Issues

Health Issues (6%) remain a large concern for many Australians and are as prominent as when Australians were surveyed in February 2010 (Health Issues, 6%) before Rudd came to an agreement with all States except WA. Health Issues are more of a concern in the States of New South Wales (8%); Tasmania (8%) and Queensland (7%). Lower levels of concern in Victoria (5%); Western Australia (5%) and South Australia (3%) probably indicate that those States at present have slightly better-run Health systems with better facilities.

Michele Levine says:

“This special telephone Morgan Poll taken during early June shows clear differences between what problems Australians living in each State regard as the ‘Most important problem facing Australia.’

*“While the **Mining ‘Super Profits’ Tax** is an important concern for respondents in the heavy mining State of Western Australia (12%), Queensland (7%) and South Australia (6%) – it does not have the same resonance to those living in New South Wales (4%) or Victoria (3%).*

“Instead, the largest issues in New South Wales are the Economy/Interest rates/Inflation (11%), Government, Political system, Political leadership (9%), Health issues (8%) and Climate Change/Global Warming (7%).

“Meanwhile, in Victoria respondents are most worried about Economy/Interest rates/Inflation and Climate Change/Global Warming (both 11%), Water conservation (8%) and Immigration/Australian Immigration policy (6%) – which is also a key issue in Western Australia (11%).

“[The latest Face-to-Face Morgan Poll taken on the weekend of June 12/13, 2010](#) shows a very close Australian Two-Party preferred result – ALP (51.5%) just ahead of the L-NP (48.5%). Clearly, the State analysis provided by this special Australia-wide telephone Morgan Poll shows each political party contesting this year’s Federal Election will need to carefully target specific electorates with policies which focus on elector concerns in those electorates.”

These findings come from a special Roy Morgan survey conducted with an Australia-wide cross-section on attitudes towards issues facing the **World** and **Australia** in the future. A cross-section of 1,384 men and women aged 14 or over was interviewed by telephone on June 9/10 & 16/17, 2010.

Respondents were asked: *“Firstly, what do you think is the most important **problem facing the World today?** and “What do you think is the most important **problem facing Australia today?**”*

For further information:

Gary Morgan: Office +61 3 9224 5213 Mobile +61 411 129 094
Michele Levine: Office +61 3 9224 5215 Mobile +61 411 129 093

Most Important 'Problem facing Australia today'

The research conducted was both **qualitative** (in that people were asked to use their own words) and **quantitative** (in that the 'open-ended' responses were analysed and 'coded' so that the results could be counted and reported as percentages).

	Total Australia		Analysis by States					
	February 2010 (%)	June 9/10 & 16/17, 2010 (%)	NSW (%)	VIC (%)	QLD (%)	WA (%)	SA (%)	TAS# (%)
Economy/Interest rates/Inflation	14	12	11	11	16	14	8	7
Industrial relations reforms	-	-	-	-	-	-	-	-
Poverty, the gap between rich and poor	4	2	2	3	2	2	2	-
Unemployment	6	4	4	4	4	1	4	10
Over-population	3	2	3	2	1	2	-	5
Globalisation/Fairer world trade	1	1	1	1	2	1	-	-
Infrastructure	1	2	2	2	1	2	2	-
Total Economic issues (Excluding Mining Tax)	29	23	22	22	27	22	16	22
Mining Tax/ Mining 'Super Profits' Tax	-	5	4	3	7	12	6	8
Total Economic issues (Including Mining Tax)	29	28	26	25	34	34	22	30
Water conservation	7	4	2	8	2	1	12	5
Climate Change/Global Warming	11	8	7	11	6	9	14	7
Drought	3	1	*	1	*	1	3	-
Other Environmental issues	3	4	5	4	4	3	2	8
Total Environmental issues	25	17	14	22	12	12	32	20
Government, Political system, Political leadership	4	6	9	5	8	2	5	3
Kevin Rudd	-	2	2	1	1	5	1	-
Total Government and Political leadership	4	8	12	6	9	7	6	3
Refugees and Asylum problems	3	6	5	5	8	9	6	14
Immigration/Australian Immigration policy	6	6	6	6	4	11	4	5
Religion, Religious fundamentalism	*	1	1	1	*	-	1	-
Human rights	-	*	*	1	1	*	-	-
Intolerance	*	*	1	-	-	1	1	-
Racism/Racial tensions	*	2	1	2	1	1	2	-
Multiculturalism	1	1	*	1	1	-	-	-
Aboriginal Issues/ Health/ Rights (Australia only)	-	1	1	1	1	1	-	-
Total Government, Human issues	16	16	14	16	15	23	13	19
Corruption	*	*	1	-	-	-	-	-
Greed, Materialism	1	1	*	1	1	1	1	-
Drugs and drug abuse	1	1	1	1	-	1	1	-
Educational issues	2	1	2	1	1	2	2	-
Crime	1	1	1	2	1	-	-	-
Youth issues	1	1	2	2	1	-	1	2
Anger/Violence/Aggression	2	1	1	1	-	1	1	-
Social apathy/Family breakdowns/ Selfishness/Moral decline	1	1	1	1	3	*	-	-
Total Social issues	10	7	8	9	6	5	5	2
Health issues	6	6	8	5	7	5	3	8
Wars and conflicts	1	1	1	2	1	-	-	3
Terrorism	*	1	1	1	-	1	1	-
Security, Safety	1	1	*	1	*	1	-	-
Relations with other countries	*	*	1	-	-	-	-	-
Total Terrorism/Wars/Security/Safety	2	2	2	4	1	2	1	3
Petrol prices	*	*	*	-	1	-	-	-
Energy crisis	*	1	1	*	-	1	1	3
Depletion of fossil fuels	*	*	*	*	*	-	-	-
Total Energy Crisis/ Depletion of Fossil Fuels/Petrol Price	*	1	2	1	1	1	1	3
Other	6	7	7	6	9	7	9	-
Can't say	7	8	7	6	7	8	9	12
Total	100	100	100	100	100	100	100	100

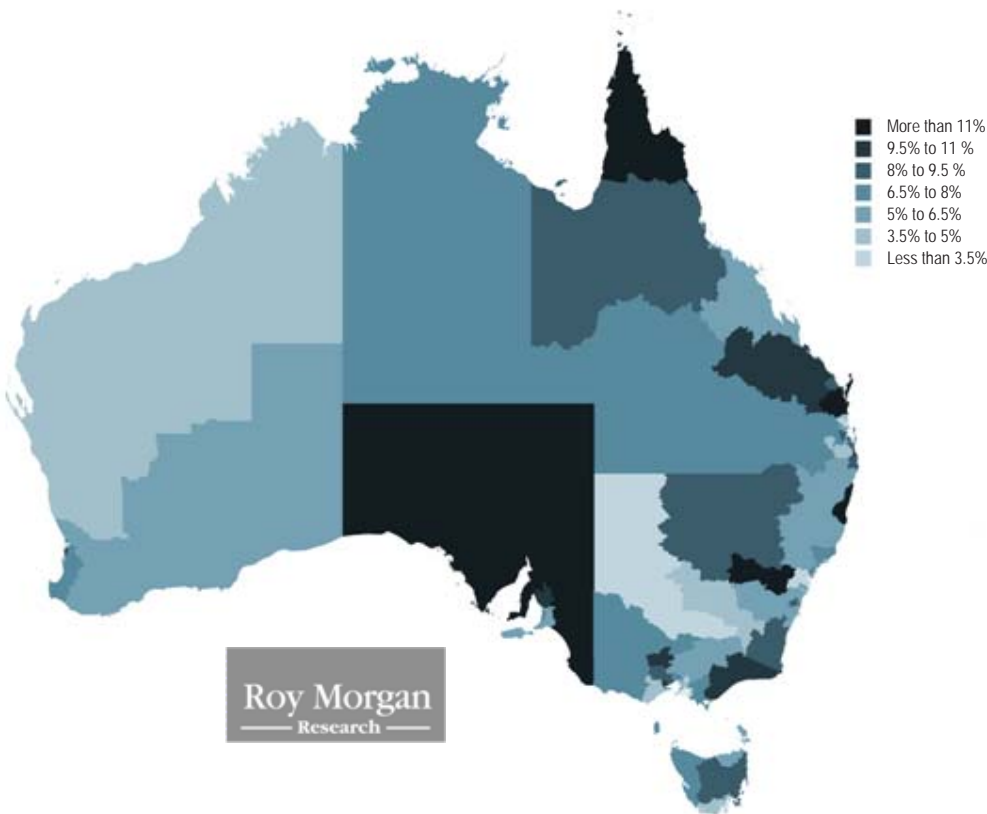
* Less than 1%.. # Tasmanian results must be treated with caution due to the sample size of under 50 respondents.

MARGINAL ELECTORATE LINK TO UNEMPLOYMENT

Where are the highest levels of unemployment?

Roy Morgan Unemployment estimate for April 2010 is 6.6%, an estimated 760,000, down 76,000, the lowest since December 2008. While this is good news for the Rudd Government it is critical to recognise that unemployment is never uniform across the country.

In the two years, since the ALP came to Government, unemployment has averaged 6.3% but has been much higher in some crucial ALP marginal seats like Leichhardt, (unemployment 11.2%); Bonner (9.7%); Flynn (9.7%); Eden-Monaro (9.2%); Forde (8.9%); and Dickson (8.8%);



Grey SA	16.3%	Gellibrand VIC	8.3%	Solomon NT	6.9%	Herbert QLD	5.6%	Melbourne Ports VIC	4.0%
Wide Bay QLD	13.8%	Scullin VIC	8.3%	Brisbane QLD	6.7%	Pearce WA	5.5%	Hotham VIC	4.0%
Barker SA	13.6%	Adelaide SA	8.2%	Dunkley VIC	6.7%	Chisholm VIC	5.5%	Fremantle WA	4.0%
Calare NSW	12.7%	Ryan QLD	8.2%	Batman VIC	6.6%	Capricornia QLD	5.4%	Riverina NSW	3.9%
McPherson QLD	12.0%	Parkes NSW	8.1%	Newcastle NSW	6.6%	Reid NSW	5.4%	Corangamite VIC	3.9%
Leichhardt QLD	11.2%	Forrest WA	8.0%	Jagajaga VIC	6.5%	Dawson QLD	5.4%	Greenway NSW	3.8%
Cowper NSW	11.0%	Charlton NSW	7.9%	Canning WA	6.5%	O'Connor WA	5.4%	Goldstein VIC	3.8%
Gippsland VIC	10.5%	Blair QLD	7.9%	Murray VIC	6.5%	Hume NSW	5.2%	La Trobe VIC	3.8%
Moncrieff QLD	10.4%	Groom QLD	7.9%	Page NSW	6.5%	Mayo SA	5.2%	Makin SA	3.7%
Wakefield SA	10.2%	Perth WA	7.8%	Werriwa NSW	6.5%	Moreton QLD	5.2%	Warringah NSW	3.7%
Corio VIC	10.1%	Braddon TAS	7.8%	McMahon NSW	6.4%	New England NSW	5.2%	Hughes NSW	3.7%
Bendigo VIC	9.8%	Maranoa QLD	7.8%	Lyne NSW	6.4%	Hasluck WA	5.1%	Fowler NSW	3.7%
Bonner QLD	9.7%	Chifley NSW	7.7%	Blaxland NSW	6.3%	Bass TAS	5.1%	Tangney WA	3.3%
Brand WA	9.7%	Paterson NSW	7.7%	McEwen VIC	6.3%	Cowan WA	5.1%	Robertson NSW	3.3%
Flynn QLD	9.7%	Wannon VIC	7.6%	Indi VIC	6.3%	Aston VIC	4.9%	Macquarie NSW	3.3%
Barton NSW	9.6%	McMillan VIC	7.5%	Hunter NSW	6.3%	Holt VIC	4.9%	Casey VIC	3.3%
Parramatta NSW	9.6%	Dobell NSW	7.5%	Rankin QLD	6.2%	Durack WA	4.9%	Flinders VIC	3.3%
Kennedy QLD	9.4%	Gorton VIC	7.5%	Fraser ACT	6.1%	Grayndler NSW	4.8%	North Sydney NSW	3.2%
Lalor VIC	9.3%	Mallee VIC	7.4%	Port Adelaide SA	6.1%	Kingsford Smith NSW	4.7%	Curtin WA	3.0%
Eden-Monaro NSW	9.2%	Sturt SA	7.3%	Cunningham NSW	6.1%	Moore WA	4.6%	Swan WA	2.9%
Richmond NSW	9.1%	Bowman QLD	7.2%	Bruce VIC	6.1%	Bennelong NSW	4.6%	Bradfield NSW	2.9%
Forde QLD	8.9%	Calwell VIC	7.2%	Gilmore NSW	6.1%	Lilley QLD	4.6%	Lindsay NSW	2.8%
Hinkler QLD	8.9%	Kingston SA	7.2%	Melbourne VIC	6.0%	Cook NSW	4.5%	Hindmarsh SA	2.8%
Dickson QLD	8.8%	Lingiari NT	7.0%	Kooyong VIC	6.0%	Isaacs VIC	4.4%	Wentworth NSW	2.8%
Fadden QLD	8.7%	Banks NSW	7.0%	Macarthur NSW	5.9%	Franklin TAS	4.3%	Mackellar NSW	2.6%
Boothby SA	8.6%	Petrie QLD	7.0%	Maribyrnong VIC	5.9%	Fairfax QLD	4.3%	Fisher QLD	2.3%
Ballarat VIC	8.6%	Griffith QLD	6.9%	Denison TAS	5.8%	Sydney NSW	4.3%	Higgins VIC	2.3%
Throsby NSW	8.4%	Oxley QLD	6.9%	Longman QLD	5.8%	Canberra ACT	4.0%	Berowra NSW	2.1%
Lyons TAS	8.4%	Deakin VIC	6.9%	Menzies VIC	5.8%	Wright QLD	4.0%	Mitchell NSW	1.8%
Stirling WA	8.4%	Wills VIC	6.9%	Shortland NSW	5.6%	Watson NSW	4.0%	Farrer NSW	1.7%

Marginal ALP Federal Electorate Seats Marginal LNP Federal Electorate Seats

Source: Roy Morgan Research January 2008 – December 2009
Total Australian 14+ Workforce 2 year sample n = 61,598



VIEWPOINT: AUSTRALIAN AUTOMOTIVE INDUSTRY ASSOCIATION - AAIA

David Purchase
VACC Executive Director and AAIA Acting CEO

Just a few weeks after its launch, the Australian Automotive Industry Association (AAIA) continues to make waves. News about the recently formed national automotive association has spread rapidly and the new automotive body is already making a name for itself.

The Victorian Automobile Chamber of Commerce (VACC), the Motor Trades Association of New South Wales (MTA-NSW), the Motor Trades Association of Queensland (MTAQ) and the Tasmanian Automobile Chamber of Commerce (TACC) have established an association which, the four states believe, will reinvigorate the automotive industry.

David Purchase, Executive Director of VACC is Acting CEO of AAIA.

"To understand AAIA, it is important to know a bit about the background.

"VACC is the peak Automotive Industry body in Victoria, and our counterparts MTA-NSW, MTAQ and TACC had previously been members of a national body, the Motor Trades Association of Australia (MTAA). MTAA was formed in 1988 and

at the time, it was a progressive, forward thinking and dynamic association. But 22 years on, and MTA-NSW, MTAQ, VACC and TACC had resigned. We had all left for various reasons and at different times, but it was clear that we all had something in common: we all felt MTAA had lost its direction.

"The four states might have been separate from a national association but they were still eager to pool their collective talents and resources to represent their members at a national level.

"And so it was decided that a new association should be formed. This is an historic event. It is the first time in more than two decades that there has been a major shake-up in the Australian automotive industry," Mr Purchase said.

AAIA represents 80 percent of the retail, service and repair sector. AAIA has approximately 50,000 automotive industry businesses, which employ some 100,000 employees. Approaches will be made to the other MTA's to join AAIA.

AAIA was officially launched on May 6, 2010 at a media conference in Melbourne. It was well attended by journalists and representatives of the Australian Competition and Consumer Commission (ACCC), the Australian Chamber of Commerce and Industry (ACCI), the Federal Chamber of Automotive Industries (FCAI), the Federation of Automotive Products Manufacturers (FAPM), the Society of Automotive Engineers, Australasia (SAE-A) and others.

A Panel comprising of James McCall (MTA-NSW, Chief Executive), Ian Field (MTAQ, Executive Director), David Purchase (VACC) and Malcolm Little (TACC, General Manager), announced the formation of the new body and faced questions from the media.

The story has had a good run in the national newspapers. The Australian Financial Review (which has subsequently carried more stories) published an article written by Mark Skulley and Duncan Hughes, with the headline 'Motor trade groups form rival body.'

Adele Ferguson, writing in The Age, described it as a 'mutiny with most of the crew' and Neil McDonald and Christopher Russell headlined a piece in the Adelaide Advertiser 'Rivals set motor trade on divided road'.

So now AAIA is formed, launched and has announced itself to the Australian automotive industry, what changes will employers see? What will the new association actually do and how will it benefit members?

"AAIA will provide better representation of the automotive industry at government level and provide a greater opportunity for members to have their voice heard," said David Purchase.

"The new business model is flexible, transparent and less bureaucratic. It is also more representative of the industry because much of the work will be undertaken by members utilising their particular areas of expertise.

"We are already up and running and establishing our presence in the right areas. An office has been established in Canberra and a recruitment agency has been tasked with finding a National Director.

"AAIA has issues to address immediately. Franchising, access to repair and service information, skills and training, relationships with big business and industrial relations are all pressing problems, needing urgent attention.

"We know that businesses in Queensland, New South Wales, Victoria and Tasmania are crying out for information and assistance in these particular fields and AAIA intends to sort that out," Mr Purchase said.

There has been some media comment about how AAIA's formation will impact on the Industry's Superannuation Fund. David Purchase is quick to point out that the formation of AAIA will have no impact on the Fund, which has served the industry well.

"MTA-NSW, MTAQ, VACC and TACC are shareholders in the Fund's Trustee Company. We are foundation sponsors of the Fund and we are organisations which encourage our members to invite their staff to join the Fund. There is nothing we are doing that will impact on the Fund which will continue to have our support while that remains in the best interests of our members," Mr Purchase said.

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Department confirmed it was investigating the use of accommodation at historical Leonora, 132 kilometres east of Perth, to house family groups. Gold, and more recently nickel, has kept the goldfields town alive, *The Australian* reported.

Talking-tough Tony

The Australian reported that refugees would be forced to work for their welfare benefits and may only be permitted to stay in Australia from as little as six months under a new border security policy announced by the Coalition. *The Age* reported that **Tony Abbott** said a future Coalition government would send asylum seekers to third countries for processing, as the Howard government did with Nauru and Manus Island. It raised fresh concerns in opposition ranks about Abbott's leadership style as many moderate Liberals oppose such a policy. 'A Coalition government will reintroduce offshore processing of illegal boat arrivals in another country as part of a series of measures to stop boats and protect our waters,' he said.

The xenophobic vote's a juicy vote

Australian Lawyers for Human Rights said the battle to flex muscle over refugees was a bid to win voters, with both major parties criticised for chasing the xenophobic voter, *The Age* reported.

Incoming

The Immigration Department estimates in 2007-08 the number of migrants from India grew more than any other country, even Britain and New Zealand. It estimates that the Indian-born population has risen from 110,563 in mid-2002 to 239,295 in mid-2008, overtaking the Italians to become our fourth biggest migrant community.

Evans-handed

Immigration Minister **Chris Evans** has cut by half the list of 400 occupations in the independent skilled migration program. It now consists of 180 'highly valued occupations'. Still on the list are medical professionals including dentists, surgeons and nurses, as well as engineers, teachers, IT professionals and welders. But off the list from July will be dance instructors, piano tuners and – significantly – hairdressers and cooks. In 2007-08, of the 41,000 general skilled visas granted, more than 5000 went to hair dresses and cooks, *The Age* reported.

Secure identity

The *Financial Review* reported that technology systems focused on processing Australians travelling overseas, and immigrants seeking to travel to Australia, have been earmarked for new funding after the budget. Just on \$100.8m has been allocated over six years to deliver a new passport issuing system aimed at enhancing the security and efficiency of passport operations. The investment reflected the Government's commitment to ensuring Australia is provided with secure travel documentation trusted internationally, the Minister for Foreign Affairs, **Stephen Smith**, said in a statement. The new and improved system would take advantage of the latest technologies and improve the integrity of Australia's travel documents.

Pray for us (and them)

The Government has turned to churches for help in accommodating asylum seekers as Australia's detention facilities are stretched by the recent surge in arrivals. Immigration officials have been phoning churches and asking them to nominate convents, monasteries and boarding houses where at least 100 people – mostly families and unaccompanied children now on Christmas Islands – could be put up, *The Age* reported.

Card carrying pornographers

A recent change to the Incoming Passenger Card for people entering Australia means it now asks them if they are carrying pornography, *The Age* reported. The change was made by customs without formal consultation because it was considered to be of a minor nature and did not substantially alter existing arrangements, according to official notification.

FOREIGN AFFAIRS

Don't forget your passport

The Age reported that an Israeli diplomat was expelled after an investigation found Israel forged four Australian passports for use in a Dubai assassination. Foreign Minister **Stephen Smith** told Parliament the Government had been left in no doubt that Israel was responsible for the abuse and counterfeiting of the passports.

Oops

Prime Minister **Kevin Rudd** accused Deputy Opposition Leader **Julie Bishop** of breaching Australia's national security interests after she suggested local intelligence agencies forged passports. She quickly retreated from her claim. Rudd said that she had broken the convention that no side of politics speculated or commented on the operation of security agencies. Her comments were aired in the Israeli media and will be used by Israel to reinforce its criticism of Australia for expelling a diplomat in protest at the forgery of Australian passports used in the assassination of Hamas figure **Mahmoud al-Mabhouh**, *The Age* reported.

The Australian reported Bishop, the Coalition's foreign affairs spokeswoman, made the comment after earlier receiving a confidential security briefing on the Israeli passports affair from the Australian Federal Police and the peak spy agency, the Australian Security Intelligence Organisation. She told Melbourne Talk Radio: 'It wouldn't be the first time another country forged passports for a particular operation. And I would include in that Australia.' *The Age* reported that Australian security agencies use false passports issued by the Department of Foreign Affairs to allow covert operatives to function overseas, intelligence sources have admitted. The *Herald Sun* reported that Bishop's comments undermined any attack the Opposition wanted to make on the Government's decision to expel the diplomat and sparked concern in Liberal ranks about her judgement.

Foreign Affairs Minister **Stephen Smith** claimed she was unfit to serve on the national security committee.

In the same region

The *Herald Sun* reported that two Australian journalists are safe after a deadly attack by Israeli commandos on a flotilla trying to deliver aid to Gaza. The attack sparked a global outrage. **Paul McGeough** and photographer **Kate Geraghty**, both from the *Sydney Morning Herald*, were out of contact for hours after the attack, which left up to 10 people dead and 36 wounded.

China's heir apparent

The Australian reported that a plan is being finalised for China's heir apparent, **Xi Jinping**, to fly to Australia in June in a significant visit just days before the scheduled arrival of US President **Barack Obama**, who has again postponed his visit, this time because of the oil crisis in the Gulf of Mexico.

Excuses are handy things

Pan Jiahua, who addressed the Chinese Politburo on climate change policy in February, said Prime Minister **Kevin Rudd's** decision to postpone the emissions trading scheme to at least 2013 gave rich countries an excuse to do less and discouraged developing countries from doing anything, *The Age* reported.

Still pushing

The Australian reported that **Kevin Rudd** is proposing a downgrading of APEC, the regional forum founded and championed by his predecessors, **Bob Hawke** and **Paul Keating**, as part of a wider plan to promote his own plan for an Asia-Pacific community.

Straight bat

Dennis Richardson, who took over as head of the Department of Foreign Affairs and Trade this year, defended **Kevin Rudd's** policies and spending priorities. In his first media interview since returning from being ambassador to Washington to head DFAT, Richardson criticised the former Liberal government of **John Howard** for failing to invest in the department, *The Australian* reported.

A subsidiary hotel business

The *Herald Sun* reported that the Department of Foreign Affairs and Trade revealed its overseas posts were so overburdened with visiting MPs during July and August last year that they were struggling to cope with the annual influx.

His majesty

The Queen will miss this year's Commonwealth Games, making it the first time in 44 years she will not have been in attendance, the *Herald Sun* reported. She will send **Prince Charles** to attend the Delhi Games.

Underway in the UK

The Age reported that the British coalition government has jettisoned anti-US planks of the Liberal Democrats manifesto and sent the new Foreign Secretary, **William Hague**, to visit the US Secretary of State **Hillary Clinton** just three days into his term.



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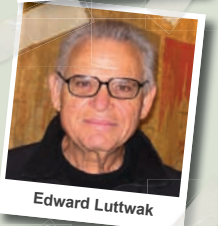
Edward de Bono



Patrick McGorry



Hugh Morgan



Edward Luttwak



Stephen Heppell

cre-ative new and original • using or showing use of the imagination to create new ideas or things • able to create new things • making imaginative use of the limited resources available • a creator of new ideas and concepts **in-nova-tion** the act or process of inventing or introducing something new • a new invention or way of doing something



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In the deep end

The *Herald Sun* reported that members of Australia's swimming team have told family and friends, usually the biggest and most vocal group of Australian supporters at Commonwealth and Olympic Games, not to attend October's Commonwealth Games in Delhi because of the terrorist threat. Olympic great **Raelene Boyle** echoed the sentiments.

Controversial

The French government will impose a €150 (\$A217) fine on women who wear a full-faced Islamic veil in public, *The Age* reported.

Wenlock and Mandevill

London's Olympic authorities unveiled the city's 2012 games mascots, **Wenlock** and **Mandevill** (the para-Olympic mascot). They feature a metallic finish, a single large eye and a London taxi light on their heads; they have not been well-received.

Princely grace

Prince Andrew has forgiven ex-wife **Sarah Ferguson** for trying to charge a bogus businessman \$870,000 to meet him, the *Herald Sun* reported. The Duchess is understood to have begged for forgiveness after a newspaper exposed her in a 'cash for access' scam.

Two women

The second woman nominated to the US Supreme Court by President Barack Obama within a year – Solicitor-General **Elena Kagan**, 50, – is an Ivy League educated lawyer who has not served as a judge in any court. She is just the fourth woman appointed to the highest court in the US in its 220-year history, and follows a nomination in May last year of the court's first Latina judge, **Sonia Sotomayor**, 55. If the nomination is successful, Kagan will be the third woman among the nine justices. She joined the Obama administration last year as America's first female solicitor-general, who represents the government in matters before the court. Their nomination must be confirmed by the Senate's 19-member judiciary committee and pass a vote of the full Senate, *The Age* reported.

JUSTICE

Where do I sign?

The Age reported that millions of Australians are being urged to join a series of class actions against the nation's banks, seeking the return of up to \$5b in penalty and late fees that lawyers (Law firm

Maurice Blackburn, who will run the class action) say have been illegally taken from customers. The actions will target the biggest four banks – ANZ, Commonwealth, National Australia and Westpac – and eight foreign and Australian regional banks over 'exception fees', which include honour fees (incurred when accounts are overdrawn and banks honour the payments), dishonour fees for bouncing cheques, late payment fees for credit cards and loans, and fees for over drawing credit cards. These fees typically range between \$25 and \$60.

The Age reported that in March the **Australian Securities and Investments Commission** blocked efforts, by litigation fund IMF Australia, to obtain a crucial exemption it needed to be able to proceed with a class action against the banks. Weeks earlier ASIC refused to order five banks, including each of the big four, to hand over product disclosure statements necessary to the case relating to credit cards and savings accounts, despite allegations that this may have breached the Corporations Act. IMF launched a class action (see above) claiming there had been a systematic gouging of bank customers over so-called exception fees.

Yes

The Age reported that **National Australia Bank** has been forced to refund millions of dollars in late penalties charged in error over the past seven years as the battle over unfair bank fees intensifies. They overcharged at least 30,000 banking customers an estimated 62 per cent on a set of fees that are themselves being challenged in the \$5b class-action against the banks. As the number of applicants to the class action rose to 68,000, consumer groups predicted a win would spell trouble for a number of industries, starting with telecommunications. The class action is already three times the size of the previous record action in Australia. The National Australia Bank says a mass of customer refunds and late fees has nothing to do with the threat of the \$5b class-action.

Still going

The Government has asked its corporate law adviser to review executive pay in an effort to overhaul bonus schemes, simplify remuneration reports and allow shareholders to see what directors actually take home in pay. The referral to the **Corporations and Market Advisory Committee** follows the **Productivity Commission's** report on executive

pay and the Government's response, which went further than the report's recommendations, the *Financial Review* reported. *The Australian* reported that former New South Wales Premier **Nick Greiner** has dismissed the regulatory crackdown on directors as an attempt to be seen to be doing something. He does not believe more regulation will change behaviour.

Let the children decide

Separating couples in disputes over children will be able to have a person other than the judge decide who gets custody, in a change proposed by the Government to reduce the number of families that end up in court. The change, which Attorney-General **Robert McClelland** wants to introduce from July next year, would mean that separating couples with children will be able to choose arbitration – where a family mediator can decide on custody if attempted mediation breaks down – rather than go through the more expensive court process. Arbitration is already permitted to settle property disputes, *The Age* reported.

Goodwill indeed

The Australian Taxation Office is preparing to release a draft tax ruling on incorporated law firms by November this year, which lawyers hope will clear the way for more large national firms to incorporate. However, the guidance may prove too late for the more than 1,000 mostly small law firms that already incorporated, with the tax office requesting information from 15 of them about their ownership structures. Law Institute of Victoria president and Freehill's tax partner **Steven Stevens** said the ATO revealed at a meeting with the institute that it would provide a draft public ruling that invites submissions from lawyers. The institute wants to ensure the ruling provides the partnerships that did not recognise goodwill in their partnership deeds would not be subject to capital gains tax if they incorporated, he said.

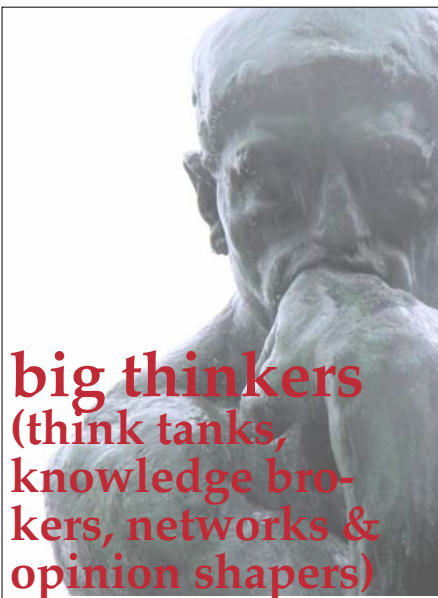
A new idea

A new military court will hear cases against Defence Force personnel as part of a shakeup of Australia's Federal Court system. The restructure fills the legal gap created last August when the High Court ruled the Australian Military Court was constitutionally invalid. Attorney-General **Robert McClelland** had wanted to abolish the Federal Magistrates Court and absorb its functions into the Family Court and the Federal Court. The new plan preserves the Federal Magistrates Court, *The Age* reported.

INDUSTRIAL RELATIONS. EMPLOYMENT

A bargain

The *Financial Review* reported that the ACTU has flagged that unions will use bargaining to push increases in real wages while raising superannuation contributions by employers to 12 per cent at a faster rate than planned by the Government's timetable. ACTU secretary **Jeff Lawrence** said unions would seek to improve on the current 9 per cent superannuation guarantee in coming bargaining rounds 'where they can afford it'.



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Minimum up

Labor's new industrial umpire hit employers with a 4.8 per cent pay rise for low-paid workers, sparking fears of a wages breakout and inflation spike. The \$26-a-week increase, which will flow through to 1.4 million workers, is only \$1 less than was sought by the union movement and more than double the amount proposed by employers. In the first minimum wage decision under the Government's new workplace relations system, Fair Work Australia has endorsed government and union arguments that a pay rise should include a catch up element after the wage freeze imposed during last year's global financial crisis, the *Financial Review* reported. *The Australian's* economics editor **Michael Stutchbury** wrote that the first minimum wage increase from the rebadged industrial relations commission claims to restore fairness to low-paid workers but it will hit the job market, not help the disadvantaged.

A win

The Australian reported that in a win for unions, Fair Work Australia will be able to issue orders requiring employers to continue to make payments, in the event that there is a reasonable apprehension by unions and employees that wages might be reduced. **Julia Gillard** introduced the new protections to ensure the take-home pay of tens of thousands of workers would not be reduced under the government's new streamlined awards.

Let them see that

The Australian reported that unions will be allowed to examine the working arrangements struck between non-union workers and bosses, under a strategy that business warns is 'torpedoing' Labor's promise of workplace flexibility.

Inappropriate

John Lloyd was told by the government that his term as commissioner of the **Australian Building and Construction Commission** would not be automatically renewed when it expires in September. He criticised building contractors for not taking a stand against unlawful conduct, and warned that Labor's changes to his agency risk increasing militancy in the industry. Lloyd, 60, said he did not believe it was appropriate for him to go through a selection process given the senior public sector positions he had held in his career and so is resigning from the position when his term ends, *The Australian* reported.

To work

The Financial Review reported that disability groups have cautiously welcomed the government's latest bid to get more people off the disability pension and into the workforce. From 2012 new Disability Support Pension applicants will have to prove they cannot work independently, even with assistance, to qualify. They will also have to prove they cannot obtain employment through specialised services before they apply to go on the pension.

The dreaded interview

The Herald Sun reported that more than 200,000 job seekers risk losing welfare payments if they don't attend interviews at Centrelink. In a major toughening of the Government's employment policy, new rules will focus on young job seekers, long-term unemployed and early school leavers.

CLIMATE CHANGE. ENVIRONMENT. ENERGY

An interesting observation

In *The Age*, **Ross Gittins** wrote that had **John Howard** won the last election, we would probably have an emissions trading scheme enacted by now. It would be very similar to the one his own Liberals successfully defeated and **Kevin Rudd** just ran away from. It would be similar because Rudd's scheme was heavily modified to accommodate business interests (as Howard's would have been) and because both schemes would have been designed by the same bureaucrats who produced Howard's Shergold report on climate change. It would have been passed by the Senate because all the Coalition climate change deniers to emerge from the closet since the election would have stayed in the closet, bound by the party line, cabinet solidarity and by the same motivation that drove Rudd to go dingo in late April: a willingness to put retaining the spoils of office ahead of personal principle.

Not a political football

Speaking in Melbourne at a summit on the green economy, Professor **Will Steffen** criticised the media for treating climate change science as a political issue in which two sides should be given a voice. The science advisor to the Government described the debate in the media over the basics of climate change science as almost infantile, equating it to an argument about the existence of gravity, *The Age* reported.

White certificates

A white certificate scheme – a market-based mechanism designed to encourage energy efficiency improvements in households and businesses – is considered one of the more obvious routes the Government could follow as it looks for climate policies to fill the gap left by the postponement of an emissions trading scheme. Electricity retailers are urging against a national introduction of the white certificate energy efficiency scheme, despite acknowledging the need to harmonise a series of regimes in the states. The issue is being considered through **Kevin Rudd's** energy efficiency task force, which is expected to provide its initial report to the Prime Minister in June. New South Wales, Victoria and South Australia have versions of a white certificate scheme, the *Financial Review* reported.

Second preference?

The Herald Sun reported that **Tim Flannery**, a former Australian of the Year, scientist and author who is heavily involved in international efforts to tackle global warming, has criticised **Kevin Rudd** for a 'profound betrayal of trust' on climate change. He said he was unlikely to vote Labor again after Rudd shelved plans for an emissions trading scheme...

Renewing as they go

The Financial Review reported that the Government decided to set up its \$652m renewable energy future fund just days before the release of the budget. The renewables fund, which will be entirely paid for using savings from the scrapping of the emissions trading scheme, was the only significant climate change initiative in the budget. But it was announced with almost no detail on how it would operate or what it would do.

A confused atmosphere

In a six-page special report into Clean Energy, published in *The Australian*, an article asserted that confusing government signals have confounded investors in clean energy programs. There is hope for the future but the sun is yet to rise on the sector. Battered by the global financial crisis, the shelving of Australia's emissions trading scheme and, for some, the government's new resource super profits tax, it is shaping as a bleak winter for Australia's renewable energy companies. What they want most of all is a carbon price, to give a clear market signal of the viability of renewable energy. With it, investment in low-CO2-emissions power sources does not make sense.

Coming a cropper

The Age reported that according to the third edition of the *Global Biodiversity Outlook*, the United Nations equivalent group assessment for biodiversity as their Intergovernmental Panel on Climate Change's assessment reports on global warming, found crop production and clean water face a high risk of rapid degradation and collapse because of the record rate of animal and plant extinctions. Launched in mid-May in cities including New York, London and Tokyo, it assesses the overall health of the populations and variations of earth's plant and animal species.

Key locks it in

The *Financial Review* reported that New Zealand Prime Minister **John Key**, a Conservative, told the Australian Institute of Company Directors annual conference in New Zealand, in May, that he hoped Australia would adopt an emissions trading scheme as soon as possible because New Zealand was committed to starting its scheme on July 1 this year. *The Age* reported that the plan will cost households \$NZ3 (\$A2.45) a week and is expected to raise the cost of petrol by three NZ cents a litre and increase electricity prices by 5 per cent. The New Zealand opposition Labour Party's energy spokesman, **Charles Chauvel**, criticised the Government's plan on the grounds it would raise electricity prices too high for poorer households.

An unlikely alliance

The Age reported that businesses are planning an unlikely alliance with the Australian Conservation Foundation to motivate the nation's leaders into action on climate change. The Government's decision to shelve its carbon emissions trading scheme until at least 2013 has jeopardised investment worth hundreds of million of dollars, driving some companies to plan a climate circuit breaker. One plan under review is a revival of the Australian Business Roundtable on Climate Change, which emerged four years ago when the Howard government was baulking at action. That group teamed the ACF with six leading members of the corporate world: Westpac, the re-insurer Swiss Re, the Insurance Australia Group, Origin Energy, Visa Industries and BP Australasia.

Base load

The head of Origin Energy, **Grant King**, has argued that the collapse of the emissions trading scheme, and the subsequent lack of a carbon price, means that Australia's next base-load power stations are likely to be coal-fired, *The Australian* reported.

The wheel turns

The Australian reported that **Malcolm Turnbull** has backed **Tony Abbott's** direct action plan on climate change in a bid for reconciliation with the

Liberals, who voted him out as leader last year. In a speech in Sydney, Turnbull said that while he retained his preference for an emissions trading scheme, Abbott's \$3.2b plan for carbon abatement had the potential to achieve the target of cutting emissions by 5 per cent by 2020.

BROADBAND. IT. INNOVATION

Mitigating risk

The Government is pressuring **Telstra** to transfer almost half a million broadband customers from its cable network to the national broadband network in order to remove a big risk from the \$43b project. Telstra's so-called hybrid fibre coaxial (HFC) cable network, which also carries TV pictures to most of Foxtel's 1.6 million subscribers, could be a big competitive threat to Labor's high-speed broadband network. By agreeing to move 400,000 HFC broadband customers to the NBN over the eight year life of the project – and promising to no longer use the network for broadband supply – Telstra would give up the ability to compete with the NBN in the fixed-line access market. Such a move would deny broadband users access to Telstra's cables and could raise competition concerns for the Australian Competition and Consumer Commission, which has to scrutinise any such deal struck on the NBN between the Government and Telstra, the *Financial Review* reported.

Cables so swiftly filed

The Government has rejected claims that aerial cables for the national broadband network will be an eyesore, matching pay television cables in the 1990s. Communications Minister **Stephen Conroy** said the cable being used for broadband services was thin and less obtrusive than the hybrid fibre-coaxial used for pay TV services. Nevertheless, there are rumours about that the cables will be put underground.

Plan B

The Australian reported that Telstra is preparing a Plan B that will involve a price war on an upgraded cable broadband network for millions of subscribers, assuming it doesn't do a deal with NBN Co sometime in June.

The interests of shareholders

Telstra's management team is driving a hard bargain over the national broadband network, according to Communications Minister **Stephen Conroy**. He moved to reassure shareholders

their interests will be looked after regardless of whether the Government manages to finalise a deal with the telco, the *Herald Sun* reported. Telstra will ultimately only do a deal if it benefits their shareholders, he said. Telstra chief executive **David Thodey** says reaching an agreement with the government regarding the national broadband network is in everyone's interest. The company will remain open to talks with the Government even if the current negotiations fail, the *Financial Review* reported.

Arm wrestle

The *Financial Review* reported that the Government is preparing a case against Telstra to force it to drop plans to install wireless rather than cable broadband in new housing estates, amid a row over more than \$500m in annual property development costs. Telstra told developers in April it would not pay for laying the cable. Conroy is seeking advice from the **Australian Communications and Media Authority** to force Telstra's hand.

No increase

The Age reported that the **Australian Competition Tribunal** has knocked back Telstra's attempt to increase the cost for its retail rivals to access its copper fixed-line network.

Consumers harmed

Paul Broad, chief executive of Australia's third largest telecommunications provider, AAPT, claims consumers will be harmed if the government adopts key recommendations from the 500-page McKinsey study into the national broadband network. He said it proposes to artificially constrain competition by limiting the ability of rivals to compete with the network, the *Financial Review* reported. Meanwhile, *The Australian* reported that Optus warned the ACCC that broadband prices will rise and competition will fall unless it rejects Telstra's proposed changes to the telecommunications wholesale access regime.

Skills lacking

The telecommunications industry is short of about 8,000 skilled workers needed to roll out the national broadband network, according to a report to be released by the Government's industry skills council. Experts fear a severe shortage of skilled workers could drive up the cost of implementing the network over the next eight years, *The Australian* reported. The report by **Innovation and Business Skills Australia** found that immediate

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steps were needed to boost the ranks of cablers, network engineers and other telecommunications workers.

On the job

The *Financial Review* reported that the peak body for computer professionals, the **Australian Computer Society**, says a portion of the \$600m skills package announced in the budget should subsidise employers who provide formal internships to IT and computer science students. While industry placements are mandated in engineering, teaching and nursing degrees, there is no such requirement for trainee IT professionals. ACS chief executive **Bruce Lakin** said that graduates needed to be more work ready.

Another member

Debora Connor, former board secretary of the Port of Melbourne Corporation, has been appointed company secretary of NBN Co. She has previously worked with IT firm SMS Management & Technology. She will join NBN Co in June and will be based in Melbourne, the *Herald Sun* reported.

Awakened from the dead

The *Australian* reported that the Government is being threatened with legal action for not following through on the initial \$4.7b national broadband tender, with one of the failed bidders accusing it of acting in an 'inequitable and unconscionable manner'. Acacia, a group backed by high-profile Australian businessmen including billionaire **Solomon Lew** and former Telstra executives, has written to Communications Minister **Stephen Conroy** demanding the Government pay \$10m in compensation for losses incurred while making the bid or face legal action.

Watch this space

The *Herald Sun* reported that more than 153,000 Telstra customers disconnected their residential landlines in the second half of last year. In the meantime, Australians have bought more than 10,000 of Telstra's next-generation T-Hub interactive home phones since their launch in April. Telstra hopes the iPhone-like touchscreen device – which enables users to make hands-free calls,

browse the internet and listen to music – will stem the slide in its fixed line phone business. The T-Hub, which can only be used on Telstra's network, has also lured customers from rival phone companies.

That's pretty small

The *Age* reported that scientists have created a transistor in a computer chip that is 10 times smaller than those commonly in use now, marking the start of a new-age of super-fast, super-powerful computing. At the heart of the electronic device is a 'quantum dot', which measures just four-billionths of a metre – so small it contains just seven atoms, compared to the millions that make up a typical laptop chip.

Listening

The **Senate Select Committee on the National Broadband Network** will conduct hearings into the *Implementation Study for the National Broadband Network*, www.aph.gov.au/senate/committee/broadband_ctte/index.htm.

Defaced

Communications Minister **Stephen Conroy** has been very critical of social networking site Facebook and its founder for their complete disregard for privacy. Conroy is under fire from many in the internet industry for his proposed mandatory net filter, *The Age* reported.

Parratt

Professor **Andrew Parratt** has been appointed the Clean Technologies (Cleantech) Supplier Advocate. Parliamentary Secretary of Innovation and Industry, **Richard Marles**, said that Professor Parratt will lead the creation and implementation of business development strategies for the cleantech industry. This will include assistance in accessing government programs delivered by AusIndustry, Austrade and Enterprise Connect. He will also work closely with the Future Manufacturing Industry Innovation Council, industry, unions, associations and government to further the sector's interests. Under the \$8.2m Supplier Advocate Program, which is part of the Government's \$19.1m Australian industry participation package, Supplier Advocates have already been announced for rail, steel and IT.

Scientific testing

The *Age* reported that State of Origin rugby league and World Cup soccer matches are set to screen in 3D, the first time the technology has been given a trial in Australia. The Australian Communications and Media Authority approved applications by Channel 9 and SBS to use the events to conduct 'scientific trials' of the new technology.

Great Scott

ABC managing director **Mark Scott** has rejected suggestions the company's new 24-hour news channel will lead to cuts in rural and regional coverage as the national broadcaster seeks savings to cover the cost of the operation. Asked by National Senator **Barnaby Joyce** if the ABC was planning cuts to positions in Lismore or McKay, Scott said no decision has been taken, *The Australian* reported.

EDUCATION

Well respected

The *Australian* reported that the nation's most respected construction costs surveyor, **Paul McEvoy** of Rawlinson's Australia, will exclude the 'insane' cost of school buildings delivered under the \$16.2b school stimulus program from its cost calculations because they would distort its data. Meanwhile, the same paper reported that secondary school principals are angry that they will have to pay for work benches, skylights, soundproofing and roofing insulation in their \$2m language and science centres after cost blowouts in the Building the Education Revolution program.

Nearby

The *Australian* reported that managing contractors handling the rollout of the Building the Education Revolution program in New South Wales are charging more than four times the standard market rate to oversee building jobs. According to the nation's most respected construction cost surveyor, **Rawlinsons**, managing contractors are typically paid fees of between 1.5 per cent and 3 per cent of the value of the building projects they manage. Managing contractors in New South Wales are charging an average fee of either 12.5 per cent or 16.5 per cent for BER projects, depending on the management model. One managing contractor, the **Reed Group**, is levying a 20.96 per cent fee over the cost of every building.

Test tummy

Some schools are being accused of telling struggling students to stay home in an effort to keep their NAPLAN test results artificially high. And private schools are using would-be students' NAPLAN test results as part of their entry procedures, the *Herald Sun* reported. The *Age* reported that **Julia Gillard** has vowed to investigate schools with unusually low numbers of students sitting the tests. She said school participation rates in the national literacy and numeracy tests would be published on the My School website.

Hmmm

Victoria's strong performance in the national literacy and numeracy tests has been called into question, with figures showing a smaller proportion of students sat the exams than in other states and many were absent or withdrawn from classrooms while testing was held, forcing Victorian Education Minister **Bronwyn Pike** to defend Victoria's achievements, *The Age* reported.

It goes on

A primary school teacher in Adelaide is facing dismissal after changing answers in a Year 7 national literacy exam. The state's Education Minister **Jay Weatherhill** said the strongest possible action would be taken against any teachers caught cheating on NAPLAN results, *The Australian* reported.

Not enough tradies to build them

Three years after Prime Minister **Kevin Rudd** promised to build a trade training centre at every secondary school in Australia to tackle skills shortages, only two have opened in Victoria, *The Age* reported. Just 12 centres have been completed nationwide, despite the government pledging \$2.5b at the 2007 election to establish the centres. The Coalition has said it will scrap the program if

elected. Under the program, secondary schools can apply for funding of between \$500,000 and \$1.5m.

Goodbye middleman

The Age reported that the Coalition has defended its plan to cut the education budget, vowing to cut out the middleman and fund programs directly rather than funnelling money through the states.

INFRASTRUCTURE

Not pretty in pink

A Senate committee is trying to establish what went wrong with the \$2.45b insulation installation scheme and has asked Prime Minister **Kevin Rudd**, the minister formally responsible for the scheme **Peter Garrett**, the new minister responsible **Greg Combet**, and Employment Participation Minister **Mark Arbib** to appear, but they refused, the *Financial Review* reported. The Government has published advertisements offering financial assistance to the home ceiling insulation industry.

Nearby

The Government is threatening to seize homes and other property to recover money from fraudulent installers of pink batts as it attempts to minimise the cost of fixing up the home insulation program. In a letter to thousands of installers previously registered under the now defunct \$2.45b scheme, Assisting Climate Change Minister **Greg Combet** warns 51,000 installation rebates currently withheld by the government will be scrutinised for suspected fraud, *The Age* reported. Criminal charges have been laid against the Queensland insulation company that employed one of four young workers killed while implementing the government's scheme.

Double dippy chippy

The Australian reported that the Government is investigating almost 1,000 cases of double dipping worth \$1.3m under the now-cancelled home insulation program. South Australian Liberal Senator **Mary Jo Fisher**, who is chairing a Senate committee inquiry into the scheme, said figures provided by the Climate Change and Energy Efficiency Department revealed 961 cases where an insulation installer had sought payment for work at an address for a claim that had already been paid.

Issued from on high

The Australian reported that **Greg Combet** refused to meet installers rallying for payment outside Parliament House in Canberra, instead issuing a statement suggesting some of them had serious compliance problems with the scheme.

Control group

Assessments prepared by the Project Control Group (set up to oversee the insulation program) which included officials from the Department of Environment, the Department of Prime Minister and Cabinet and other agencies, including Medicare and the Australian Taxation Office, found three cases where there was extreme risk of death or injury in the first three months of the program, before the first of four workers was killed. The documents were released only after a request from Liberal Senator **Simon Birmingham** during a Senate inquiry into the scheme, *The Australian* reported.

DEFENCE

Vale

Two Australian sappers, **Darren Smith**, 25, and **Jacob Moerland**, 21, were killed in a bomb blast in Afghanistan. Their sniffer dog, **Herbie**, also died.

Torpedoed

The Auditor-General has criticised Defence for so badly managing a \$665m torpedo purchase that, after 12 years, the department still doesn't know what will be delivered. He found the program to install the MU90 anti-submarine torpedo on naval vessels and aircraft, approved by the government in March 1998, is yet to deliver an operational capability.

Floating ideas

The **Australian Strategic Policy Institute** has called for a **Productivity Commission** inquiry into the best way to deliver a planned \$250b in naval shipbuilding and repair work over the next 20 years, the *Financial Review* reported.

Maybe they want to go home

The Herald Sun reported that four Australian soldiers have been sent home from the Middle East after falling pregnant, prompting firm reminders to troops about safe sex. All female troops are tested for pregnancy before they leave Australia and sexual contact is banned on operations. There are about 220 Australian women serving in the Middle East, alongside 2,100 men. Defence officials noted it was possible some or all of the women had fallen pregnant immediately before their departure, all while on leave. Advertisements have been placed in army newspapers advising women soldiers, nurses and administrative staff to carry condoms.

Quarantine officials

The Herald Sun reported that Australian Defence Force Trackers and War Dogs Association president **George Hulse** has called on quarantine officials to speed up elderly Black Labrador **Sarbi's** repatriation home – before she dies of old age in war-torn Afghanistan. The Australian Army's explosive detection dog made international headlines when she was rescued in Afghanistan, 14 months after fleeing when a rocket exploded near her, injuring nine Australian soldiers, including her handler.

Charge to the light armoured vehicle

The Financial Review reported the Defence Materiel Minister **Greg Combet** says three Australian-based bidders will get \$9m each to proceed with bids for a \$1.5b contract to supply 1,300 light armoured vehicles.

Back to front line

Prince Harry has been given the go-ahead to return to Afghanistan as a helicopter pilot. The 25-year-old could be sent back to the front line as early as January next year after he successfully completed his Army Air Corps pilots course, the *Herald Sun* reported.

HEALTH

Lead clinicians

The Australian reported that doctors and other health professionals will be given an increased role in running local hospital networks through

'lead clinician groups'. Prime Minister **Kevin Rudd**, addressing the Australian Medical Association's national conference in Sydney, unveiled a \$58m funding package to set up the lead clinician groups.

Nearby

The Herald Sun reported that a government plan to give every patient and doctor an e-health record would save the Australian health system \$7.6b a year and prevent 5,000 deaths according to a report by US management consultancy Booz and Company. Co-author **Klaus Boehncke** said many deaths were caused by doctors giving the wrong drugs because they were unaware of a patient's medical history.

Scalpel's out

The 23 new 'super clinics' announced in the budget won't go ahead if the Coalition wins the election, *The Age* reported. Also, *The Australian* reported that the Coalition will not go ahead with the e-health scheme, which was announced in the budget costing \$467m over the next two years, if it wins the election. Opposition treasury spokesman **Joe Hockey** argued that the initiative is fundamentally flawed. These changes are among an austerity program that the Coalition will take into the approaching election campaign, with a promise to cut \$46.7b of planned Labor spending. Finance Minister **Lindsay Tanner** scoffed at the announcements, called them phoney savings and questioned the Opposition's economic credibility. The Opposition counter punched by promising real fiscal conservatism to return the budget to surplus and repay \$93b of debt.

Drug innovators

The pharmaceutical manufacturers had agreed to \$2b from the government's medicine bill over the next four years in a new round of pricing reforms that will hit drug innovators, generic drug suppliers and pharmacists. Health Minister **Nicola Roxon** is expected to announce the agreement after the pharmaceutical industry, which was caught by surprise pricing moves twice last year, agreed to the concessions in return for certainty in years to come, the *Financial Review* reported.

Improving men's health

Kevin Rudd announced the first national male health policy and committed \$16.7 million to projects that will help men stay in shape. The money includes \$3m to build more community 'men's sheds'. Already 300 sheds provide men with social support. Launching the 33-page policy at a men's shed in Whittlesea, Rudd said the policy had not just been plucked out of space. It is a product of mass consultations involving 26 public forums, which heard from 1,300 health experts, government representatives and community groups. It encourages men of all ages to take action to improve their own health, the *Herald Sun* reported.

Social decision

The Government has backed down on plans to stop Medicare payments to social workers treating people with mental health problems, deferring any changes until next year. The Government has promised to consult social workers on the new system. The move has been welcomed with a cautious optimism by more than 1,100 accredited social workers. Medicare payments for psychologists and social workers were first offered

in 2006 by the Howard government. In 2008-09 social workers provided 121,540 sessions at a cost of \$9m, *The Age* reported.

Not in Western Australia

The Government has been running a series of ads in major papers articulating how health reform will give us better hospitals. They say that for the first time the Australian government will take dominant funding responsibility for our health system – providing a secure funding base into the future; many systems will be streamlined into a unified network, helping patients receive more care; and it will prepare us better for our ageing population. The critique of the ads by the ABC's *Insiders* program, suggested the ads promote government policy but give no facts to help people understand the issues.

The Age reported that the Independent Communications Committee – established after the Government dumped its election pledge to have the auditor-general scrutinise its advertising – found the \$10m health reform campaign complied with four required principles, including that it was relevant to government responsibilities. The advertising is not being run in Western Australia, where the state government is thought to be unlikely to agree to the changes, which include the Federal Government taking over 60 per cent of public hospital funding and the states yielding up to 30 per cent of their GST revenue.

To the elite

The Government announced a \$195m cash injection for sport over the next four years, of which \$120m will go directly to elite sport. The Government pledged to boost direct athlete assistance to those ranked in the top 10 in the world, *The Australian* reported.

AGRICULTURE & WATER

Greywater area

Funding of \$179.7m over five years to the National Rainwater and Greywater initiative was announced in the budget. Reduction in funding was prompted by lower than expected demand for the rebate provided under the project. The project provides \$500 rebates towards the cost of installing rainwater tanks or new piping for greywater use, or up to \$10,000 to surf lifesaving clubs that plan to install rainwater tanks or make a large water saving. The Government said it would also cut funding by \$70.3m over four years to the National Urban Water and Desalination Plan in response to lower than expected demand. The plan, which supports water recycling and harvesting projects in cities with more than 50,000 people, will still receive \$808m over three years, *The Australian* reported.

Business assistance to farmers

The *Financial Review* reported that Agriculture Minister **Tony Burke** acknowledged that his changes to drought policy could be hijacked by 'rent-seeking consultants' trying to take advantage of the government promise to fund business assistance to farmers. The government is taking a cautious approach to reform of drought support, announcing a 12-month trial in Western Australia before considering whether the new regime should apply across the country. The trial forces farmers to undertake training, including developing realistic business plans, before allowing them to apply for grants of up to \$60,000 to improve their business,

or assistance of up to \$170,000 to leave the land. The Government is providing \$18m for the trial and the state will contribute \$5m. Up to \$7,500 will be available for farmers to undertake training and develop a business plan. While the trial covers a region that is home to 6,000 farmers, Burke expects only a few hundred will produce strategic plans and have them assessed in the 12 months starting July. Of these, the Government anticipates that only around 150 will apply for the business grants, based on previous demand for other farm training programs in the state.

If not, why not?

The Australian Securities and Investment Commission's consultation paper, proposing an 'if not, why not' disclosure regime against 10 key benchmarks, could be the knockout blow operators of agricultural managed investment schemes were hoping to avoid. In *The Age*, **Carolyn Reynolds** and **Geraldine Williams** wrote that ASIC's proposed MIS overhaul looks like a tight-fitting jacket with little give.

Giving in on gas

The Australian reported that gas companies will have to negotiate more with farmers before they start exploring on their land under laws being introduced in the Queensland Parliament. Farmers on the western part of the Darling Downs have been complaining that the State Government is favouring resource companies looking for natural gas deposits at the expense of protecting their farmland.

Merino movements

The *Financial Review* reported that Australian Wool Innovation has appointed **Stuart McCullough** as its fourth chief executive in five years. This follows the resignation of **Brenda McGahan** who said that board divisions had made her position untenable. Chairman **Wal Merrimen** said that the industry-owned R&D and marketing company had a strategic plan and funding agreement in place. McCullough has worked at AWI for nine years.

MANUFACTURING

Getting tough on pollution

The Australian car industry is worried that the Government's push to introduce tougher pollution standards for companies by 2012 will threaten the engine plants of the three local car makers. The Federal Chamber of Automotive Industries said it supported the tougher pollution standards but was concerned about the timetable recommended in the Government's draft regulatory impact statement, the *Financial Review* reported.

The biggest moral challenge of our time

The new head of GM-Holden, **Mike Devereux**, in his first speech as Federal Chamber of Automotive Industries president, said reducing carbon emissions remained one of the biggest challenges facing car makers and called for government incentives to support the rollout of electric cars, the *Herald Sun* reported.

SOCIETY

Their Jessica

Jessica Watson, a 16-year-old girl from Sydney who sailed solo round the world, arrived safely back in Sydney Harbour in mid-May, a week before her 17th birthday, becoming the youngest person to do

so without stopping and without help. She was met by the Premier of New South Wales and the Prime Minister. Nearby, sort of, a 13-year-old American boy, **Jordan Romero**, became the youngest person to climb to the top of Mount Everest.

Still going

Gough Whitlam, Australia's longest-living former Prime Minister, has moved into a nursing home at the age of 93. His wife Margaret remains in their home. He gets about in his wheelchair and will celebrate his 94th birthday on July 11, the *Herald Sun* reported.

Sexual happiness

The Age reported that former High Court Judge **Michael Kirby** chose sex as his subject at a conference on 'Happiness and its Causes' in Sydney because, he said, sexual happiness did not rate highly on the agenda of the 'earnest' conference. Sexual happiness is important in the search for meaning in life and finding fulfilment, he said.

APPOINTMENTS, JOBS AND TENDERS

Appointments

Ian Govey is the new head of the Commonwealth's publicly owned law firm, **Australian Government Solicitor**. The 58-year-old spent the past decade as a deputy secretary in the Attorney-General's Department, in charge of legal services, and plans to wrest marketshare from private law firms and drive the organisation closer to government. Former union advocate turned Fair Work Australia commissioner **Dominica Whelan** is among three new federal magistrate appointees announced by Attorney-General **Robert McClelland** on May 10. Before becoming a commissioner of the Australian Industrial Relations Commission and later Fair Work Australia, Whelan held roles with the Australian Council of Trade Unions and the Australian Public Service Association. McClelland also appointed family lawyers **Joseph Harman** and **Leanne Turner** as federal magistrates. **John Rice** has been appointed chief researcher of the National Centre for Vocational Education Research. He joins NCVER after four years at the University of Adelaide.

Percy Allen has taken over the presidency of the Institute of Public Administration, Australia. Former health secretary **Andrew Podger** has bowed out after a distinguished five and a half years. General **Peter Cosgrove**, the man who was commander in East Timor, chief of the defence Force and Australian of the Year, will be the next chancellor of the Australian Catholic University. ACU, with six campuses, is national and Catholic, yet public and open to all. Its vice-chancellor, **Greg Craven**, is a constitutional lawyer. More than half of the 18,806 students are preparing for careers in a classroom or hospital. Architect and urbanist **Karl Fender** has been appointed the Australian Institute of Architects' 71st national president.

Jobs

The Australian Institute of Health and Welfare seeks a chief executive officer, ian.hansen@emailme.com.au.

The Department of the Prime Minister and Cabinet advertised two statutory positions for the new Office of the Australian Information Commissioner. They seek a Privacy Commissioner and a Freedom of Information Commissioner, admin@execintell.com.au.

Dairy Australia seeks non-executive directors, melb@spencerstuart.com.

The **Australian Livestock Export Corporation Limited** (LiveCorp) is seeking two non-executive directors, livecorp@livecorp.com.au.

The **Australian National University's National Security College** seeks a Deputy Director – Academic, Outreach & Research, www.anu.edu.au/jobs. Evidently, this is not a 'spy' job.

The **Australian Organ and Tissue Donation and Transplantation Authority** seeks a chief executive officer, ian.hansen@emailme.com.au.

National ICT Australia is Australia's Information and Communications Technology Centre of Excellence, it seeks a chief executive officer, www.nicta.com.au.

Health Workforce Australia, the newly established, statutory authority based in Adelaide responsible for managing and overseeing major reforms to the Australian health workforce, has a number of positions available, http://jobs.au.hudson.com/HWA.

The **Pharmacy Board of Australia** is calling for nominations and expressions of interest for appointment of a community member to the board, www.pharmacyboard.gov.au.

Alzheimer's Australia seeks a chief executive officer, career@brookerconsulting.com.au.

Tenders

The **Inspector-General of Taxation** is asking for submissions to the review of the ATO's Change Program. The Change Program involves the replacement of the ATO's information and communications technology systems, changeprogram@igt.gov.au.

The **National Legal Profession Reform Taskforce** is calling for public submissions on the draft Legal Profession National Law and draft Legal Profession National Rules, www.ad.gov.au/legalprofession.

Austrade is seeking tenders to deliver a range of international business advice services to small and medium enterprises in a number of locations nationally under the Trade Start Program – an Australian government initiative that is operating as a partnership between Austrade and a range of local private and public sector organisations throughout Australia, www.tenders.gov.au.

The **Australian Curriculum, Assessment and Reporting Authority** invites comment on the draft senior years curriculum, www.acara.edu.au.

The **Productivity Commission** is conducting an inquiry into Disability Care and Support, www.pc.gov.au/projects/inquiry/disability-support.

OTHER FINAL POINTS

On their bikes

The Age reported that the coalition government in Britain announced an end to a British government status symbol: cabinet ministers whisked around London in chauffeur driven Jaguars. 'No minister should have a dedicated car driver other than in exceptional circumstances,' Treasury chief secretary **David Law** said. 'Ministers will be expected to walk or take public transport where possible, or use a pooled car.' Ministerial chagrin will be matched by the fury of government drivers who have a reputation as the guardians of government secrets. Ministers can glean vital gossip about cabinet reshuffles if they keep on the right side of their drivers, who wait in the courtyard at Westminster while their charges vote in the House of Commons.

Bronzed Aussies

The *Herald Sun* reported that former prime ministers **John Curtin** and **Ben Chifley** will be immortalised in bronze in Canberra's parliamentary

triangle. The works will be lifelike figures based on a well-known photograph of Curtin and his then treasurer, Chifley, walking near Parliament House in 1945. The sculptures will be placed as close as possible to the original location of the photo.

Discuss

Emergency services radios will be tuned to one nationwide frequency and mobile phones should provide triple-zero with location information, the **Australian Communications and Media Authority** says. It released a discussion paper proposing mobile phone carriers provide triple-zero operators with information about the call's

location. At present, only calls made from fixed line phones provide such details. About 63 per cent of emergency calls are made from mobile phones, according to the authority. Following a review of 400-megahertz frequency, which is used by emergency services and businesses for radio communication, the authority has decided all emergency services should make use of the same part of the bandwidth, *The Age* reported.

Letter From Melbourne 'A vital contemporary source on Victorian politics and government' - Geoffrey Blainey in *A History of Victoria*.

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