

LETTER FROM CANBERRA

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

Carbon Edition 7 June to 19 July 2011 Issue 35

OUR MISSING GEOGRAPHY LESSONS...

When I recently told a teaching friend of my ambition to be a secondary school geography teacher, I was told to hurry up because I would be the only one left. No doubt, the education 'system' has a lot to answer for. Electricity flows from a light switch, milk from a carton. Who cares or knows about the logistics and costs and science of producing electricity and food.

How frustrating then for this editor to read and listen to the politicians and the media, and the specialist scientists and economists and consultants, talk and write about or debate, climate change and the climate tax (or something similar), by explaining so few facts and figures to the wider Australian audience that most people do not know what the debate(s) is/are all about.

The prime minister's speech to the nation on Sunday July 10, Securing a Clean Energy Future: the Australian Government's Climate Change Plan, came as she or her government hit 27 percent in a Newspoll taken prior to the speech. Things even worse in the next poll.

The climate change debate and how to tackle it has been going on seriously or fiercely, for five years now. People have mostly made up their mind, with their prejudices and the lack of information available to them. Ignorance, frustration, anger, mind made up, mind closed, who and what to believe, other issues are more important.

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plus... Pages 9 - 12 Latest Roy Morgan findings on Federal voting intention and the Carbon Tax

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

We have been publishing *Letter from Canberra's* sister publication *Letter from Melbourne*, a public policy digest, for 17 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 2007 change in federal government opened 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 9654 1300 or www.affairs.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 (Continued) Our missing geography lessons...

There are various levels of understanding of the carbon/carbon tax issues. At a serious level, Labor caucus members evidently expressed concern that they did not have enough detail to explain the full complexities of the policy to their electorate once the final policy was announced.

The Leader of the Opposition has staked his political future on opposing the tax, mostly using facts, and certainly working alongside vested interests. Vested interests have had a field day, as they have easily explained why their own industry or backyard should not be touched or damaged by the tax. After all, carbon can be friendly as a percentage of the air or as it otherwise resides on planet Earth.

Alistair Urquhart



CARBON TAX

What is a tonne of carbon?

The initial carbon price has been set at \$23 per tonne. But what is a tonne of carbon? What does it look like?

As a gas at room temperature, one tonne of carbon dioxide takes up about 500 meters cubed. Imagine a box with sides 500 meters long, and 500 meters high – if all the gas inside was carbon dioxide it would weigh one ton. As a rough measure, one tonne of carbon dioxide produced by burning roughly 385 kilograms of black thermal coal, (1 tonne of coal is roughly equal to 2.6 tonnes of carbon).

A good explanation was offered by *The Age*:

WHAT IS IT?

A flat charge of \$23 per tonne of emissions will be levied on the top 500 polluters. It is designed to change energy use and

encourage investment in clean energy sources such as solar, gas and wind. In 2015, the tax will be replaced with a market-driven system, referred to as an Emissions Trading Scheme.

WHO PAYS THE TAX?

Only the nation's top 500 polluters, half the number originally planned. This is partly due to the government's decision to exclude fuel from the scheme. In total, 0.02 per cent of Australia's 3 million businesses will be taxed. Fuel suppliers and distributors and companies emitting synthetic greenhouse gases, including the refrigeration and air-conditioning industries, are exempt.

WHERE DOES THE MONEY GO?

The government has promised 90 per cent of households will be compensated in some way, with 70 per cent fully compensated either through tax cuts or increases to family payments. Pensioners

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will receive a rise, in line with cost of living increases. Money will also be allocated to high-polluting industries - such as coal - to help them move to cleaner energy practices.

WHEN DOES IT START?

The Labor government will pass the legislation with the support of the Greens and the independents, and it will then come into effect from 1 July, 2012.

WHAT DOES THE OPPOSITION WANT?

The Coalition would scrap the tax and replace it with a \$10 billion direct action plan. It would clean up the dirtiest power stations; provide financial incentives to the 'big polluters'; and invest in reforestation programs and solar and other renewable energy methods.

In Brief:

- > Start date of 1 July 2012 at \$23 a tonne
- > Will apply to around 500 of Australia's biggest polluters
- > \$4 billion budget hit until 2015
- > \$23 a tonne starting price adds 0.7% to consumer prices
- > Surprise mew emissions reduction target of 80% by 2050
- > But faster emissions growth than Rudd scheme
- > \$15bn in tax relief and aid to lower and middle-income earners
- > Up to 3 million households worse off or break even
- > Tax rates rise for higher earners to 33% by 2015-16
- > Vow to maintain household compensation will pressure budget
- > Petrol exempt for households and small business but heavy transport to lose tax credits
- > Government hopes to increase support to steel and coal but Greens oppose this

The simple version

The Age explained that the carbon tax was essentially Robin Hood tax reform that

will make lower and many middle-income earners better off but make higher-income earners pay most of the cost of the carbon tax. The 500 biggest greenhouse gas emitters in Australia will have to pay a tax on their emissions, starting next year at \$23 a tonne. Households will be compensated - generously at the bottom, not at all at the top. The firms most at risk will be given free permits. And several billion dollars will be spent to cut emissions by changing technologies.

Aftermath analysis

The Age wrote that **Julia Gillard** had embarked on a massive gamble to sell a carbon price scheme that delivers tax cuts for those on incomes under \$80,000 and leaves almost 6 million households better off or fully compensated, but will cost more than 3 million households money. The government promises the plan will transform the Australian economy, while its Green allies hailed what they called a 'great green action day'. The Prime Minister boasted she had knocked down 'the brick wall' that had stopped the scheme of her predecessor, **Kevin Rudd**. 'This is going through, this is done, full stop.' But business reacted coolly to the plan, despite a \$9.2 billion three-year industry compensation package.

On average, households will face cost increases of \$9.90 a week, but will get compensation - delivered through pension rises, higher family payments and tax cuts - of \$10.10 a week. More than 4 million households will be better off and another 2 million no worse off. About 8 million will get some compensation. But for a third of households compensation will fall short. And one in 10 - about 700,000 households - will get nothing. Most taxpayers on incomes under \$80,000 will receive a tax cut of at least \$300 a year. More than a million people will not have to fill in tax returns, as the tax-free threshold is more than trebled to \$18,200. Tax rates will actually rise under

the changes but no one will pay more tax. Single pensioners and self-funded retirees will get up to \$338 extra a year, and couples up to \$510. Pensioners will receive lump sum advance payments of up to \$250 for single people in May-June next year, ahead of the scheme's start on July 1. Families with two children will receive up to \$220 in extra family tax benefit A, and other families will get up to \$110 per child. Families on family tax benefit B will get up to \$69 extra.

Opposition leader **Tony Abbott** said the scheme was 'socialism masquerading as environmentalism'. He said: 'This is redistribution pretending to be compensation. It's a tax increase pretending to be an environmental policy.' About 500 big polluting companies will pay a carbon tax starting at \$23 and rising to \$29 by the time emissions trading starts in 2015, according to Treasury estimates. By 2020 carbon pollution is estimated to be cut by 160 million tonnes but a large part of this will be achieved by purchasing carbon offsets abroad.

The scheme will blow out the budget by \$4.3 billion over four years, but \$2.9 billion comes this financial year, putting minimum pressure on the 2012-13 budget when the government is determined to return to surplus. The government revised its 2050 emission target - from a 60 per cent cut to an 80 per cent cut on 2000 levels. The scheme will cover about 60 per cent of Australia's emissions, down from 75 per cent under Rudd's abandoned 2009 emissions trading proposal - largely a reflection that transport has been excluded.

The creation of an independent Climate Change Authority headed by former Reserve Bank chairman **Bernie Fraser** is to advise it on greenhouse targets and the design of the scheme. Based on a model that recently led to Britain dramatically lifting its target to cut emissions, the authority will give

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annual public recommendations on targets based on an assessment of climate action in other countries. In a key concession to the Greens, a separate agency will take over management of \$3.2 billion in existing renewable energy grants programs.

The biggest winners

The *Herald Sun* reported that biggest winners from the carbon tax will be self-funded retiree couples with no dependants and a combined income of \$80,000, split 70/30 between them. Thanks to a combination of tax cuts, pension rises and increased Medicare levy thresholds, they will get \$2289 more from the government, yet they face a carbon tax bill of only \$501. They will end up ahead by \$1788 a year. In sharp contrast, a couple with three young children and a single income of \$150,000 will get only \$77 back from the government to help them pay an effective carbon tax bill of \$785. They will end up behind by \$708 a year.

Model predicts job cuts

The Australian reported that according to an independent economic modelling forecast, the carbon tax could force eight black coalmines to close, costing nearly 3,000 jobs in regional NSW and more than 1,100 jobs in Queensland in its first three years. The ACIL Tasman modelling, commissioned by the Australian Coal Association, projected that the number of early mine closures could reach 18 within nine years and result in Australia forgoing coal sales of \$22 billion from existing mines over the next decade.

US turns its back on tax

According to the key United States Republican congressman on climate change, Australia would be embracing 'unilateral economic disarmament' if it adopted a carbon tax. Congressman Jim Sensenbrenner told *The Australian* that the US had turned its back on a carbon tax.

Kiwi flew the coop

The Australian reported that New Zealand prime minister John Key declared his country will be slowing its expansion of emissions trading and doesn't want to 'lead the world'. The announcement undermined Julia Gillard's call for Australia to follow the 'gutsy Kiwi' lead on carbon pricing, Key visited Canberra and addressed both houses of Parliament on 20 June.

Economic attack

The Age reported that opposition leader Tony Abbott took aim at the majority of economists who believe a carbon price is the best way to cut emissions. Abbott conceded that most economists think a carbon tax or an emissions trading scheme the best way to go, but 'maybe that's a comment on the

quality of our economists rather than on the merits of the argument'.

Steel needs protection

The Australian reported that Jennie George, the former Australian Council of Trade Unions president and former Labor MP, called for the steel industry to be kept out of the carbon tax until similar regimes are operating in competitor countries. She conceded that steel could not be protected indefinitely, but that it merited consideration.

Parliament late to party

Julia Gillard stands accused of ignoring Parliament by not releasing the details of her carbon tax in parliament first. The Prime Minister made a broadcast to the nation on Sunday 10 July. Opposition leader Tony Abbott demanded Parliament be recalled to debate the carbon tax. 'This is a Prime Minister who is afraid. She is very, very afraid,' he said. 'The proper place to debate the carbon tax is in the 'people's house'.'

Media view

The Age put a column from Tony Wright on the front page, criticising an apparent disregard for Parliament when it has come to carbon tax legislation. He wrote that 'once upon a time (a long time ago, pre-Howard at least) Australian prime ministers announced major policies and decisions in the national Parliament. There was even a name for this grand ritual. It was called a ministerial statement, and it allowed elected representatives from all sides to put the announcement to the blowtorch. Such a thing sounds like a fairy story these days. Now that prime minister Julia Gillard, and her committee of allies have finally reached agreement, you might imagine she'd race into that great expensive palace of democracy on the hill, armed with all the juicy detail, eager to lay it all out in a ministerial statement and to argue the merits of the case. There will be no parliamentary sitting at all for this long-awaited, massively ballyhooed event. Indeed, Parliament will be in its winter hibernation for five weeks after it.

A better way

A letter from Tony Abbott appeared in the *Herald Sun*, in which the opposition leader discussed his direct action plan, and its advantages over a carbon tax. He said that in February last year, the Coalition released its direct action policy comprising, at its core, a fund enabling the government to buy the most cost-effective means of reducing emissions through a tender process. Abbott claimed that this is a perfectly orthodox means of utilising the market to obtain an outcome. A business that wants a building, for instance, might seek expressions of interest and then formal tenders as a means

of exploring possibilities and then obtaining what it wants at the best possible price.

The polls are in

An Age/Nielsen poll released a week after Julia Gillard announced the carbon tax, showed that Labor's two-party vote has fallen a further 2 points, leaving it trailing the Coalition by a massive 39-61 per cent. Over June / July, Tony Abbott has opened an 11-point lead as preferred prime minister.

Advertising blitz

The Age reported that as part of her campaign to promote the carbon tax, Julia Gillard launched a \$12 million taxpayer-funded advertising blitz. An opposing \$10 million advertising blitz is also expected this week from the Australian Trade and Industry Alliance, backed by the coal industry and the Minerals Council. Perhaps long-time Liberal Party pollster Mark Textor is the architect of the ads.

Heart of darkness

The Australian reported on Julia Gillard's venture to the heart of the nation's coal sector in the Latrobe Valley to front workers who are probably the most vulnerable to the carbon tax. Hazelwood, targeted by green groups as the nation's dirtiest coal power station, produces 25 per cent of Victoria's electricity. It is regarded as the most likely coal station to be closed or converted to gas by either side of politics. In an event closed to the media, Gillard met 120 workers at the Hazelwood power station. She took questions on her plan to shut down 2000 megawatts of energy from coal-fired power stations and replace it with cleaner energy generation.

CLIMATE CHANGE. ENVIRONMENT. ENERGY

Coal paints a dark picture

The Financial Review reported that a Productivity Commission report into international climate regimes would show that seven of Australia's top-10 trading partners had adopted major policies to reduce pollution. Nevertheless, the Australian Coal Association launched a pre-emptive strike against the report's findings. The association released research by the Centre for International Economics that showed none of the major coal-exporting countries 'either currently imposes, or has concrete plans to impose, a direct or indirect constraint on fugitive emissions from coalmining'. The Australian Coal Association research was backed by Minerals Council of Australia chief executive Mitch Hooke, who said the same could be said for the nation's major competitors in 13 key commodities, such as iron ore, gold,

nickel and aluminium. He said 'not one of Australia's top four competitors in the 13 key commodities has a functioning carbon pricing scheme except Poland, which exempts emissions from the coalmining process'.

Camel cull on the cards

The Australian reported that killing feral camels, early burn-offs, and inoculating cattle to stop them burping methane gas have been suggested as activities qualifying for carbon credits under Labor's proposed carbon farming initiative. A consultation paper issued by the Department of Climate Change and Energy Efficiency gives the first insight into how the federal government will decide what will qualify for carbon permits and what will not. Feral pests are firmly in the sights. A proposal by Northwest Carbon to cull the estimated one million feral camels roaming the outback has made the list. The company's plan, first revealed in London's *Financial Times*, was based on an agreement with the Western Australian Department of Agriculture and Food to develop a market solution to control feral camels. Large areas of Western Australia are overrun with the camels, which do enormous damage to vegetation, and have been known to terrorise townships in their search for water.

Electricity price increases

The Financial Review reported that household electricity bills are set to increase up to 30 per cent by mid-2013, with the Gillard government's renewable energy scheme being responsible for 11 per cent of that increase. These findings were in a report by the government's chief energy adviser. The costs of the Renewable Energy Target - which provides generous subsidies for rooftop solar schemes and large-scale projects such as wind farms - will explode by 360 per cent over the three years to 30 June 2013, as power companies try to meet the target of sourcing 20 per cent of their energy from renewable sources by 2020. The report came as Australia's biggest carbon emitters pressed for states that refuse to wind back costly rooftop solar and other programs to be penalised in the GST carve-up, or to be denied funds under the Commonwealth Grants Commission. The Australian Industry Greenhouse Network, whose members include BlueScope Steel, said the case for reform was only growing and demanded the immediate withdrawal of Commonwealth and state renewable energy programs that the Productivity Commission found were costing billions of dollars but achieving little.

Critical assessment

The Australian reported criticism that Ross Garnaut's proposals to transform coal-fired

power generation using a carbon tax are ineffectual, too bureaucratic and create 'significant fiscal risks' for power companies. In a confidential report sent to all energy ministers and the multi-party committee working on the carbon pricing legislation, the Australian Energy Market Commission says that proposals in Garnaut's electricity sector report for the government could threaten the energy market. The report by AEMC - an adviser to the Council of Australian Governments' Ministerial Council on Energy - warned that the proposals to provide power stations with government guarantees could lead to taxpayers footing the bill for failed generation businesses by assuming ownership, and could 'undermine rather than strengthen the stability of the national electricity market'.

Counter attack

The Age reported that the federal government's climate change adviser, Professor Ross Garnaut, professor hit out at 'crude' and 'distorted' reporting of plans for a carbon tax. He made the comments while speaking at a conference sponsored by *The Australian*, the paper owned by Rupert Murdoch's News Limited, reserving special criticism for his hosts. He contrasted coverage of the carbon debate with 'the positive role played by a highly professional, conscientious, committed Australian media' during earlier reforms.

Germans not amused

The Age reported that German Clubs in three states cancelled speeches by controversial climate sceptic Lord Christopher Monckton in protest over his allusion that economist Ross Garnaut was a Nazi.

Grants become independent

The Age revealed that responsibility for handing out about \$1 billion in clean energy grants would be taken out of government hands, under a compromise with the Greens as part of a carbon price deal. Clean energy programs such as the \$1.5 billion solar flagships program - designed to help build Australia's first large solar plants - will be removed from Energy Minister Martin Ferguson's control and run by an independent statutory body.

Sea change

A media release from federal Innovation Minister Kim Carr and provided to *Letter from Canberra* announced a new world-class sea simulation facility in that Townsville. It will give Australian and overseas scientists a bridge from the sea to the lab, allowing them to undertake world leading research that may help find solutions to protect our tropical regions from climate change. The \$35 million National Sea Simulator is

housed at the Australian Institute of Marine Sciences.

AGRICULTURE. CATTLE. WATER

Trees and farmland

The Weekly Times reported that The National Farmers' Federation has found a disagreement with its two biggest members and most significant financial contributors. The Victorian Farmers Federation and NSW Farmers are not supporting the Government's Carbon Farming Initiative. They're reported to be worried that farmland will be lost to trees. But the NFF's position is that it 'broadly' supports the CFI and that government should receive 'credit' for listening to farmers' concerns and making relevant adjustments. The Nationals, who had recently won a victory over CFI supporter and Liberal climate change spokesman Greg Hunt, are privately unhappy at the NFF's stance. The NFF president, Jock Laurie, says the CFI needs to get through because if it fails, there may never be a second attempt.

Snowy's long awaited drink

The Weekly Times reported that the NSW Office of Water, in consultation with the Snowy Scientific Committee, plans to release 84,000 megalitres of the water in just 19 days to mimic the spring surge that once flowed down the river. The flows are the result of an historic \$425 million agreement among the NSW, Victorian and federal governments to buy and save 212,000 megalitres of water in the Murray-Darling Basin that could be returned to the Snowy River. Another 70,000 megalitres was recovered to boost Murray River environmental flows.

Qatar buys prime farmland

The Financial Review reported that a large investment in prime Western District farmland by the Qatar government had increased pressure for a toughening of Australia's foreign ownership rules. Amid growing disquiet in the bush over the loss of national sovereignty, the Greens and independent senator Nick Xenophon have called for changes requiring the Treasurer to approve all foreign acquisitions of rural land above \$5 million.

Assistant Treasurer Bill Shorten said he was aware of angst in some rural communities but said the Gillard government wanted to examine the scale of foreign ownership in Australia before deciding if reform was necessary. Qatar-based Hassad Foods, which is the agricultural arm of the Qatar government, recently agreed to pay about \$35 million for more than 8,000 hectares

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of sheep-grazing and cropping land in Victoria's Western District.

The purchase is one of the largest acquisitions of Victorian pastoral land in recent history. Local stock and station agents estimate that the Qatar government paid a premium of up to 20 per cent in order to secure the controversial deal, which involved three properties owned by local families and two - Merrimbula and Brierly homesteads - owned by the US-based Westchester Group. Unlike other countries including New Zealand, Australian governments do not scrutinise or monitor overseas acquisitions and ownership of agricultural land. As government-backed and private companies from the Middle East, China and the US continue to buy into Australian agriculture, politicians are grappling with how to respond without stymieing foreign investment or damaging trade relations.

Wool prices warm up

The Weekly Times reported that Australian wool prices hit a 22-year high at 1,384 cents per kilogram.

Barnaby dams stagnant water policy

The Nationals' Senate Leader **Barnaby Joyce** wrote in an opinion piece for *The Weekly Times*, maintaining that 'the nation must harness water resources better if food production is to increase'. He points out that a major dam has not been built in Australia for 20 years, despite huge population growth.

Ban delayed

The Financial Review reported that federal Agriculture Minister **Joe Ludwig** ended a week of delays by announcing a total ban on live-cattle exports to Indonesia. Backbenchers were still recounting the dramatic caucus meeting, and the subsequent backlash against the minister by 20 backbenchers forcing the decision.

Why the ban

Outrage broke out over the barbarous treatment of animals in Indonesian slaughterhouses after a report on the ABC's *Four Corners* program highlighting mistreatment of exported cattle. The revelations sparked diplomatic tension with Jakarta and forced the Gillard government to suspend live animal exports to at least 11 abattoirs. Although *The Australian* reports that Agriculture Minister **Joe Ludwig** has left open the door to a total ban on imports to Indonesian abattoirs, the cattle industry has warned that an overreaction could shut down the \$330 million trade and threaten thousands of jobs. The controversy has also caused rare consensus in Canberra, with Nationals leader **Warren Truss** urging colleagues to back Labor's response, noting that seasoned cattlemen would have 'tears in their eyes' after seeing the ABC investigation's footage. **Sholahudin al-Ayubi**, secretary of the Indonesian Ulema Council, the national clerical organisation, said the practices that had been exposed - the gouging of cattle's eyes, slashing with blunt knives and the breaking of limbs - were unacceptable under sharia.

Jakarta seeks clarification

The Australian reported that Jakarta sought an urgent assurance from Canberra that the latter's cattle ban does not breach international trade laws, as it considers relaxing its health rules and replacing Australian cattle with imports from India and South America.

Desperate times

The Australian reported that graziers from the west and east, across the Top End of the continent, were stunned by the sudden ban on live exports. One reckons he might have to shoot some of his herd if it doesn't rain, to provide more feed for the stranded cattle.

Export ban lifted

The Australian reported that federal Agriculture Minister **Joe Ludwig** reopened the live cattle trade to Indonesia, ending a four-week ban

by making exporters responsible for the welfare of animals sent for slaughter.

The crisis was sparked by graphic television footage aired by *Four Corners* depicting cattle being treated inhumanely, and almost turned into another animal welfare crisis when a West Australian farmer threatened to shoot his cattle due to the live export ban. Ludwig said the reforms 'will provide industry with a sustainable long-term future', and he stood by the decision to ban the trade nine days after the vision was screened.

Apples and apples

The Weekly Times reported that apple growers will lose 30 per cent of their income as imports flood the nation.

A study by consultants CIE on the economic impacts expected from the importation of apples from New Zealand, China and the US also predicts that wholesale prices for apples will drop 20 per cent.

Bought the farm

The Australian reported that a Chinese government-controlled mining giant has spent \$213 million buying up 43 farms so it can explore for coal outside the New South Wales township of Gunnedah. A New South Wales title search revealed that **Shenhua Watermark Coal** carried out a two-year spending spree in 2009 and 2010, making some of the sellers instant millionaires. Some of the properties changed hands for 10 times more than their previous sale price.

Cash flows like water

A group of former federal Labor MPs are behind a newly formed agricultural firm awarded \$32 million under a Gillard government irrigation upgrade. *The Age* said Farming and irrigation industry insiders were surprised when a company unknown to them, Irrigation Efficiency Partners Pty Ltd, won the grant in the second round of the \$300 million On-Farm Irrigation Efficiency Program in June. Federal Shepparton-based Liberal MP **Sharman Stone** queried the grant. The revelations have also prompted claims of a potential conflict of interest for former Keating government parliamentary secretary **Neil O'Keefe** with his other role as Victoria's representative on a national water authority. Federal Water Minister **Tony Burke** denied the company's Labor connections had helped it secure government support. He said he had acted on the recommendations of his department, which had conducted an independent, competitive and rigorous assessment of applications. But senior irrigation industry figures told *The Age* they were surprised by the grant, especially given that it was considerably more than given to public bodies such as the Goulburn Broken Catchment Management Authority, which was awarded \$25 million.

GOVERNANCE

Just a shy girl

The Age covered Julia Gillard's emotional appeal for the Australian public to understand her, declaring she was 'the shy girl' at school and finds it hard to show her feelings when she makes big decisions. Appearing at the National Press Club to defend her carbon plan Gillard, looking close to tears, in effect admitted the problem she has been having to get her message across and win people's trust. She also urged the media to be more discerning in its reporting of the carbon debate. 'Don't write crap. Can't be that hard,' she said. 'And when you have written complete crap, then I think you should correct it.' She won the support of former prime minister Paul Keating, who compared the carbon tax with some of the biggest reforms of the Hawke-Keating era such as floating the dollar, reducing tariffs, Medicare and compulsory superannuation.

Wood for the trees

The Australian reported that Greens leader Bob Brown was accused of impropriety after asking questions about the sale of a timber mill which his party's biggest donor is hoping to buy, without disclosing the link between them. Graeme Wood, founder of online travel giant Wotif, gave \$1.6 million to fund the Greens' television advertising campaign for last year's election, the largest recorded political donation in Australian history. Wood is part of a consortium that wants to buy the Triabunna woodchip mill, put up for sale by the cash-strapped timber company Gunns, and convert it to a tourism centre. Brown asked Forests Minister Joe Ludwig to ensure 'no money from the forest agreement process flows to the logging entities' which are bidding for the Triabunna mill, but did not disclose his party's donor's interest. The opposition's Leader in the Senate, Eric Abetz, attacked Brown for 'shameless advocacy' on behalf of his biggest donor.

About the house

The regular House of Representatives update on page 2 of *The Australian* contained a number of items of note during the past month. A new report, *Doing Time – Time for Doing*, is to be tabled by the House's Aboriginal and Torres Strait Islander Affairs Committee on 20 June. The committee has been inquiring into the high level of involvement of indigenous youth in the criminal justice system. The Climate Change, Environment and the Arts, Committee will investigate Australia's biodiversity in a changing climate in relation to nationally important ecosystems. The scope of the inquiry encompasses terrestrial, marine and freshwater biodiversity.

Shaping her vision

The Australian reported prime minister Julia Gillard's call to use the resources boom to 'remake how we experience what it is to be Australian' by permanently extending opportunity to the poor and disadvantaged, as the nation moves to a low-carbon and information-rich economy. In coming months, Labor will announce new policies in the areas of innovation, skills and training, to meet the investment and workforce requirements of a nation in transition, where, as the PM said, some regions and industries 'are going to be leaping ahead and others are at risk of being left behind and suffering dislocation'. The Gillard government will also introduce measures to help export industries battered by a high Australian dollar, particularly manufacturing, to become more sustainable in the long term. In an interview with *The Australian* on the eve of her first anniversary as Prime Minister, Ms Gillard made her strongest statements yet about her economic and social vision for a nation on the cusp of historic changes.

The right move?

The Financial Review reported that the NSW Labor Right would attempt to win back working-class voters in the suburbs by trailing community participation in preselections, ahead of the 2015 state election. Candidates in five key seats for the next state election would be preselected using a US-style primaries system under a 'Trial of Community Selection Ballots', part of the Right faction's draft rule changes for the party. Under the draft guidelines for the preselection process, potential preselectors must sign a declaration that they are Labor supporters, not members of any other political party, and willing to assist the candidate at the election.

Steep dissent

The Age reported that on 15 June, Julia Gillard failed to silence dissent on her backbench, with Labor Left faction figure Doug Cameron rejecting her demand for MPs to confine criticism of policy decisions to caucus meetings.

Land oh!

The Australian reported that the Independent Commission Against Corruption was looking into the circumstances under which the former New South Wales Labor government bought Currawong, in Sydney's Pittwater region, when it was in caretaker mode before the 26 March election. The site was a workers' retreat, formerly owned by Unions New South Wales.

Keneally speaks up

The Australian reported that former New South Wales premier Kristina Keneally has broken her silence since the 26 March state

election, and urged a radical rethink on the Labor Party's principles. In an article for *The Weekend Australian* co-authored with husband Ben - a businessman and former senior Labor staffer - Keneally wrote that Labor should stop obsessing about its internal processes and figure out what it stands for. She also declared Labor heavyweights such as senator John Faulkner and New South Wales party boss Sam Dastyari were 'putting the cart before the horse' if they think internal structural reform can rescue Labor's brand.

Going south

The Australian reported that Tasmania's Labor-Green government would adopt sweeping austerity measures to head-off a crippling budget crisis. During mid-June, Premier and Treasurer Lara Giddings, handing down her first budget within six months of taking the Labor leadership, detailed \$1.4 billion in cuts to frontline health, education and policing. The cuts included school closures and axing up to 1,700 public servants and 100 police. 'If we don't take strong action, we will be in a budget crisis,' Ms Giddings said. She accepted that Labor, which governs in a coalition with the Greens following the election of a hung parliament in March last year, would face a community backlash.

Seeing through the smoke

The Financial Review reported that the Australian Labor Party has continued to seek political donations of up to \$102,000 from a major tobacco company, despite a ban. The embarrassing revelation came in the same week during federal Health Minister Nicola Roxon was forced to apologise for sending a fundraising request to the same company in 2005, a year after Labor banned tobacco company donations. See out 'Health' section for details.

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ALP bite the hand

The Age reported that mining and tobacco companies would have their influence in federal elections stymied under a Labor proposal to reform how political parties and elections are funded and run. The Australian Labor Party wants the role of lobby groups and industry bodies to be scrutinised and limited during campaigns, suggesting groups register with the Australian Electoral Commission and caps placed on their expenditure.

COALITION DOINGS

False friends

The *Herald Sun* said Liberal Senator **Judith Troeth** had reflected on the 'betrayal of false friends' in a final speech after 18 years in Federal Parliament. Senator Troeth, one of the Liberal Party's strongest advocates for refugees, also lamented that 'every possible barrier' was being put in the way of boat people wanting a better life. 'Today, unfortunately, it seems that every possible barrier is put in the way of asylum seekers and refugees who come to Australia seeking protection from prosecution, the fulfilment of their human rights, and ultimately a better quality of life in a free and democratic society'.

Federal presidency

The Age reported that Liberal Party presidency incumbent **Alan Stockdale** has appealed to party members to 'please, please, please behave like adults, act in the interests of our party and stop leaking'. Former Victorian Treasurer Stockdale said that the Liberal party 'does not need a media star as its federal president, especially if his attraction to the media is that they can present him as being the champion of policies that are different from those our elected representatives are

offering the voters'. Stockdale is embroiled in a 'brawl' with challenger **Peter Reith**, with the two arguing over party reform.

Watermelons

The *Herald Sun* reported that some Victorian politicians had branded the Greens a party of radical communists or 'watermelons'. The term is used to describe something that is green on the outside and 'communist red' on the inside. From July, the Greens will hold the balance of power in the Senate, allowing them to make or break some reform laws if the main parties don't agree. In Parliament, Melbourne Ports Labor MP **Michael Danby** warned the 'watermelon' faction of the Greens that it must reject extremism. Victorian Liberal senator **Helen Kroger**, also speaking in Parliament, went a step further. 'There's a stale smell wafting at the Senate doors - it's called radical communism'.

Reith grief

The Australian reported that former Howard government minister **Peter Reith** called for a greater role for ordinary Liberal members, including direct election of the party's president by the rank and file. Reith made an unsuccessful bid for the position of party president in June, losing to incumbent **Alan Stockdale** by just one vote.

The truth on trees

The Australian reported on a study that concludes that the planting of trees will make very little difference to global warming, even if done on a vast scale, and in some places it could worsen the problem. Tree-planting is a key plank in **Tony Abbott's** climate policy. The Canadian study, published in the journal *Nature Geoscience*, casts doubt on schemes under which governments, businesses and individuals seek to offset their emissions by paying for trees to be planted to absorb an equivalent amount of carbon dioxide. If half the world's cropland were planted with trees - an impossible scenario with the global

population expected to top nine billion by around 2045 - it would cancel out less than 10 per cent of the warming predicted for this century from continuing to burn fossil fuels.

New whip

David Bushby, the senator who catcalled at Finance Minister **Penny Wong**, was beaten by one vote for the position of opposition Senate whip. Victorian **Helen Kroger** won the post 14-13. Senator Kroger will use her position to argue that she should be number two on the Victorian Senate ticket, ahead of parliamentary secretary **Scott Ryan**. Much was made of the Bushby catcall incident by the government. Three weeks later, a Labor MP made the same noise directed at **Julie Bishop**. Much political noise and fuss.

Modest members

The Australian reported that treasurer **Peter Costello** and former senior minister **Nick Minchin** are the patrons of a ginger group of opposition MPs that has been set up to try to ensure the Coalition does not desert rational economic policy. The revival of the Society of Modest Members - a group that in the 1980s spearheaded the push for dry economic policy in the Liberals - was launched by a former minister, **Jim Carlton**, a member of the original group. The launch came as outspoken Liberal backbencher **Alby Schultz** confronted **Tony Abbott** in the Liberal party meeting yesterday, complaining about the Nationals getting too much say and the leader's office muzzling MPs. The Society of Modest Members is chaired by Tasmanian Liberal senator **David Bushby**, with Victorian Liberal **Kelly O'Dwyer** his deputy. The group originally took its name from the 'Modest Member' column written by the late **Bert Kelly**, an MP who championed lower tariffs and other economic rationalist policies.

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Finding No. 4684

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On July 15, 2011

L-NP (60.5%) RECORD LEAD OVER ALP (39.5%). FIRST POLL AFTER PRIME MINISTER GILLARD ANNOUNCES DETAILS OF CARBON TAX

In the first Australia-wide voting intention poll conducted since Prime Minister Julia Gillard announced the details of the Carbon Tax the latest telephone Morgan Poll conducted over the last two nights, July 13/14, 2011 shows the L-NP 60.5% with a record winning lead over the ALP 39.5% - the worst Two-Party preferred voting result for Labor since the first Roy Morgan Gallup Poll conducted in May 1942.

The L-NP primary vote is 52.5%, nearly double the ALP 27.5%. Support for the minor parties shows the Greens 10.5% and Others/ Independents 9.5%.

If a Federal election were held today the L-NP would win in a landslide according to today's Morgan Poll.

The Roy Morgan Government Confidence Rating is at 99.5 with 43.5% of Australians saying Australia is 'heading in the right direction,' while 44% say Australia is 'heading in the wrong direction.'

The latest [weekly Roy Morgan Consumer Confidence Rating](#) for the weekend of July 9/10, 2011, was 110.5, up 2.8pts from July 2/3, 2011.

The latest face-to-face Morgan Poll (conducted last weekend July 9/10, 2011 as Julia Gillard announced details of the Carbon Tax) showed the L-NP (56%) leading the ALP (44%). The face-to-face Morgan Poll was conducted amidst extensive media coverage of the Government's compensation package with the Carbon Tax, but before the full details of the Carbon Tax were announced by Prime Minister Gillard on Sunday afternoon.

Gary Morgan says:

"The L-NP (60.5%) has stretched its lead over the ALP (39.5%) to a record only days after Prime Minister Julia Gillard announced the long-awaited details of the Government's proposed Carbon Tax. The telephone Morgan Poll shows a clear gain by the L-NP since the weekend face-to-face Morgan Poll which had the L-NP (56%) cf. ALP (44%)."

"The boost the Gillard Government received in the run-up to the Carbon Tax announcement on Sunday afternoon, as shown by last week's face-to-face Morgan Poll, proved short-lived after the full details of the Carbon Tax were released. Despite a significant compensation package including raising the tax-free income threshold to \$18,000pa, [only 37% of Australian electors \(unchanged since June 2011\)](#) now support the Gillard Government's proposed Carbon Tax reforms while a clear majority of Australian electors (58%, up 5% since June 2011) remain opposed."

"Clearly the Gillard Government faces a challenging few months as it attempts 'to sell' the benefits of the Carbon Tax and associated compensation while Opposition Leader Tony Abbott and the L-NP remain implacably opposed to the legislation."

Electors were asked: "If a Federal Election for the House of Representatives were held today — which party would receive your first preference?"

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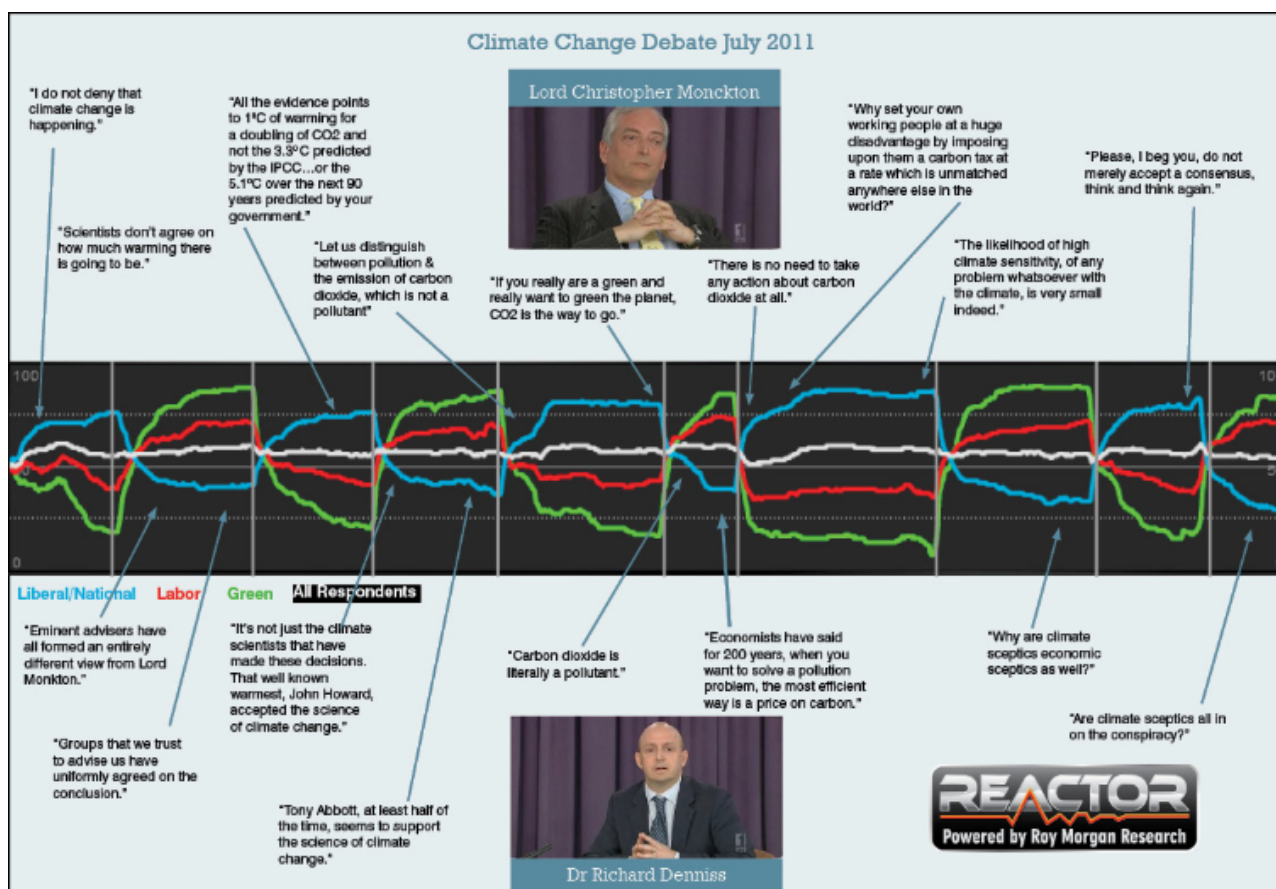
FOR IMMEDIATE RELEASE

Lord Monckton wins Press Club debate and persuaded 9% more Australians to his view that ‘Concerns about Global Warming are exaggerated’

Despite negative publicity surrounding Lord Monckton’s visit to Australia, the results of a special Roy Morgan Reactor test over the last 24 hours show Lord Monckton won the debate and persuaded a substantial 9% of Australians to his view that ‘Concerns about Global Warming are exaggerated’.

People reacted along party lines with L-NP supporters reacting positively to Lord Monckton and negatively to Dr. Denniss, while ALP and particularly Greens supporters reacted positively to Dr. Denniss and negatively to Lord Monckton. However, as shown by the white line below, the Reactor spent more time in ‘positive territory’ when Dr. Denniss was talking than when Lord Monckton was.

When asked after viewing the Reactor to nominate a winner of the debate, more respondents (49%) nominated Lord Monckton as the winner ahead of Dr. Denniss (37%) and 14% couldn’t say.

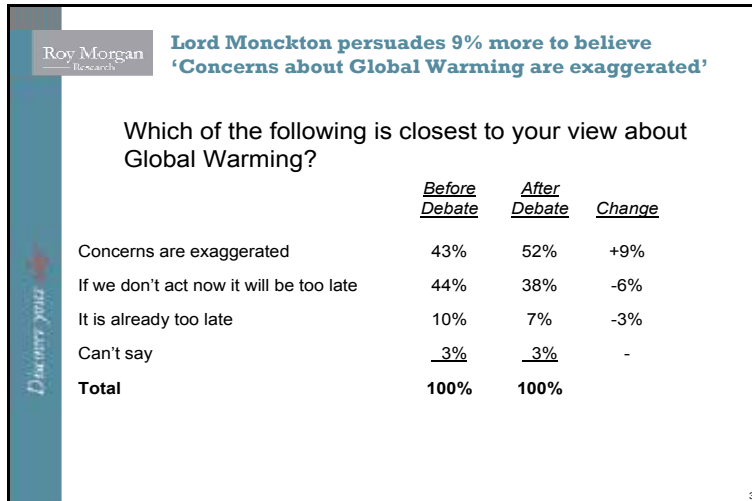


The crucial issue at the heart of the debate is whether either speaker managed to considerably shift the views of respondents reacting to the debate. Did either Lord Monckton or Dr. Denniss change the views of how ordinary Australians view the issue of Global Warming?

Before viewing the Reactor respondents were asked for their views on Global Warming: 44% of respondents said of Global Warming – ‘If we don’t act now it will be too late’, 43% said ‘Concerns are exaggerated’, 10% said ‘It is already too late’ and 3% couldn’t say.

After viewing the Reactor these views had shifted with 52% now saying ‘Concerns are exaggerated’ – an increase of 9%, 38% (down 6%) saying ‘If we don’t act now it will be too late,’ 7% (down 3%) saying ‘It is already too late’ and 3% couldn’t say.

The changes demonstrated by this question definitively back up the view of respondents that Lord Monckton won the debate – **9% of respondents viewing the Reactor shifted their opinion towards the point of view Lord Monckton expressed.**



Michele Levine, Chief Executive Officer Roy Morgan Research says:

“The results of Roy Morgan’s Reactor on yesterday’s debate between Lord Christopher Monckton and Dr. Richard Denniss provides a valuable insight into how Australians are viewing the complex debate surrounding Global Warming, Climate Change, Carbon Dioxide and the Carbon Tax.

“Roy Morgan Research data has shown continually that Australians are concerned about Global Warming and Climate Change but do not want the proposed Carbon Tax; and that the issue is highly politically divided.

“This special research combines real-time response – ‘how much do you agree or disagree with what the speaker is saying’; with ‘pre- and post- measures of environmental attitudes.’ This shows clearly that the electorate is delicately poised on this issue – ‘concern about the environment; but much more worried about the economy, and the Carbon Tax.

*“Each speaker clearly outlined their point of view – and for the most part the Reactor showed this appealed along party lines. However, a clear difference between the speakers was that **Lord Monckton talked extensively about the climate science** and quoted figures about changes in the climate over past time periods provided by scientists whilst **Dr. Denniss concentrated more heavily on the economic and political implications in Australia** from taking action on Global Warming.*

“Listening to Lord Monckton – he says what many Australians want to hear – ‘Don’t worry about Climate Change! It will be alright!’”

This special Roy Morgan Reactor survey covered an Australia-wide cross-section of 218 respondents aged 14+. For a closer look at the Reactor and how the different points expressed by Lord Monckton and Dr. Denniss were received by those reacting to the debate, please view the full Reactor highlights here:

<http://onlinereactor.com.au/PlayerCI.aspx?jid=92&h=crnbqkkkuq%0D%0D>

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Finding No. 4687
Available on Website: www.roymorgan.com
On July 19, 2011

MOST AUSTRALIANS (62%) SAY CARBON TAX WILL HAVE NO IMPACT ON GLOBAL CARBON DIOXIDE EMISSIONS & 75% DON'T WANT CARBON PRICE TO GO HIGHER

A special telephone Morgan Poll conducted over two nights (July 13/14, 2011) last week found only **37% of Australians support the Gillard Government's proposed Carbon Tax** compared to a clear majority (58%) that are opposed. The Morgan Poll also asked Australians whether they agreed or disagreed with a number of statements made about the Gillard Government's proposed Carbon Tax. It found:

- A majority of Australians (62%) agree that 'The Carbon Tax will have no significant impact on reducing the total world-wide volume of carbon dioxide put into the atmosphere' (34% disagree).
- An overwhelming majority of Australians (75%) disagree that 'The \$23 a tonne carbon price should be higher' while only 15% agree that it should be higher.
- Slightly more Australians (52%) agree 'We should not have Carbon Tax until China and the USA have a similar tax'. While 47% disagree.
- Australians are divided on whether 'The Carbon Tax is a good first step towards a market-based price on carbon' (49% disagree cf. 45% agree).
- Nearly a third of Australians (32%) agree that 'The proposed Carbon Tax is mainly designed to redistribute wealth in Australia' while a majority of Australians (63%) disagree.
- A majority of Australians (51%) agree 'The Carbon Tax should cover more than 500 companies'. (40% disagree).
- Australians and electors are evenly split on whether 'The Carbon Tax will significantly increase the number of people working for the Government' with 43% agreeing cf. 42% disagreeing.

Gary Morgan says:

"Although Australians' views about the Carbon Tax divide strongly along party lines, there are many points on which Australians are in agreement. A majority of Australians agree (62%) that 'The Carbon Tax will have no significant impact on reducing the total world-wide volume of carbon dioxide put into the atmosphere' and an even larger majority (75%) disagree that 'The \$23 a tonne carbon price should be higher.'

"The Gillard Government's plan to increase the Carbon Tax by 2.5% per year plus inflation taking it to \$24.15 in 2013 and \$25.40 in 2014 before becoming a floating price in 2015 is clearly against the wishes of the Australian population.

"Even more worryingly for the Gillard Government, nearly a third of Australians (32%) believe 'The proposed Carbon Tax is mainly designed to redistribute wealth in Australia.' Although this is a reality with all taxation, it appears the Government's main message of using the Carbon Tax to reduce Australia's carbon dioxide emissions and help prevent Global Warming is being 'drowned out' by discussion about how it will impact upon household budgets."

This telephone Morgan Poll was conducted over two nights last week – July 13/14, 2011 with an Australia-wide cross-section of 1,262 Australians aged 14+ including 1,083 electors.

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FOR IMMEDIATE RELEASE

JUSTICE

Currency scandal

The Financial Review reported that two Reserve Bank currency firms and six of their former senior managers have been accused by Australian prosecutors of funnelling multimillion-dollar bribes to government officials in Indonesia, Malaysia and Vietnam to win banknote deals. Police in Australia, Asia and Europe have laid bribery charges against Security and Note Printing Australia - plastic banknote design and printing firms that are, respectively, half owned and fully owned and overseen by the RBA. The paper also revealed that the federal police investigated an Austrade commissioner, who is still serving in Asia, after uncovering information about Austrade's role in assisting banknote firm Security International to provide overseas travel for Vietnamese officials. Several arrests have been made, including dramatic apprehension of **Christian Boilott**, a former senior sales executive from Note Printing Australia, the second RBA banknote company accused of bribing overseas officials. Others include six Victorians and two Malaysians. *The Age* wrote that now a Vietnamese colonel was also suspected of playing a key role and is being investigated by the Vietnamese government. *The Age* also reported that the banknote firms are suspected of attempting to bribe former Malaysian prime minister **Abdullah Badawi** in order to get his help to win a \$31 million currency contract.

Tobacco battle lights up

The Australian reported that tobacco giant Philip Morris has launched legal action aimed at forcing the Gillard government to back down on its plain-packaging legislation or face a compensation bill of 'billions of dollars'. In an escalation of the tobacco industry's campaign against the laws, which to date has been confined to lobbying and advertising, Philip Morris wants to prevent the Australian government setting a precedent that could be adopted by governments around the world.

At what cost?

Christian Kerr at *The Financial Review* warned that plain tobacco packaging could prove a costly mistake. He wrote that if the proposals succeed, they would spark a series of similar strikes against smoking across the globe. But if the tobacco companies' challenge that the laws rob them of their intellectual property - brands and trademarks - in violation of the Australian Constitution and international trade treaties, is successful, taxpayers could be left with a compensation bill in the billions. The government says it has robust legal advice

backing its plans, but refuses to release it 'in line with long-standing protocols'. But documents obtained through Freedom of Information requests showed that government bureaucrats - and even one cabinet minister - have concerns about plain packaging. Health Minister **Nicola Roxon** herself admitted this week that there is no proof the move will cut smoking rates because no government has done it before, yet proof is the key. Opposition Leader **Tony Abbott** has backed the plan.

Advertising intentions

British American Tobacco Limited ran advertisements critical of proposed plain packaging laws that would virtually banish logos, brand images, colours and promotional text from packs. It argued that 'no company would stand for having its brands taken away' and that the move 'may infringe international law trademark and intellectual property law'. The advertisements suggests that the government may end up 'spending millions' in legal fees, for defending an 'idea unproven anywhere in the world'.

INDUSTRIAL RELATIONS.
EMPLOYMENT**Reform choices**

The Age reported Victorian Liberal **Josh Frydenberg's** call on 15 June to employers, workers and industry groups to speak out for reform of Labor's industrial relations laws. Frydenberg is among those in the Liberal Party who are pressing for the Coalition to promise to change Labor's laws. They face the reluctance of opposition leader **Tony Abbott**, who is worried about the prospect of Labor successfully raising the spectre of WorkChoices.

Miners digging in

The Australian reported that the mining industry had opened a new front in its battles with the government, setting up a fighting fund to finance court challenges against rulings by Fair Work Australia. The Australian Mines and Metals Association, which was a key player in the industry's successful campaign to stop the Rudd government from introducing the resource super-profits tax, has turned its focus to industrial relations, revealing that it will seek \$500,000 from its members to finance challenges to a growing number of tribunal decisions that are 'adverse' to the interests of employers.

Action in every port

The Herald Sun reported airports and seaports could be adversely affected during July as customs and quarantine officers ramp

up an industrial campaign for better work agreements. Quarantine and Department of Agriculture staff voted overwhelmingly to reject the federal government's latest offer in enterprise bargaining talks. 'They are determined to fight for a better deal,' said Community and Public Sector Union national secretary **Nadine Flood**. The union has applied to Fair Work Australia to allow immigration and customs staff to take protected industrial action from 1 July. Flood said that any strikes would hit airports and seaports nationwide. 'We'd prefer to resolve these issues without taking action, but the ball is now in the employers' court.'

Union birthday

National Secretary of the Australian Workers Union, **Paul Howes**, wrote a practical and potted history of his organisation in *The Australian* to mark the Union's 125th anniversary this June.

Retailers on IR

The Financial Review reported that three of Australia's retail giants expressed criticism of the government's workplace regime. They warned that it is damaging a key part of the economy and leading to excessive wage costs that could trigger job losses.

Abbott and Reith

The Financial Review reported that **Tony Abbott** had conceded to pressure from fellow Liberal **Peter Reith** to abandon his low-key approach to industrial relations. The opposition leader promised that he would take a 'strong and effective' policy to the next election. The promise came just hours after Reith, a former workplace relations minister in the Howard government, publicly berated Abbott for dragging his feet on the issue. Last year Abbott famously declared WorkChoices 'dead, buried and cremated' and promised if he became PM there would be no change to workplace laws in his first term. He has since said that if business wants change, it will have to make the case. Tensions between Reith and Abbott erupted after the opposition leader frustrated Reith's bid for the Liberal federal presidency. *The Age's* **Ben Schneiders** wrote a one-page spread on Reith's success at putting industrial relations reform back on the map. He quoted Adelaide University Professor **Andrew Stewart**, who claims that the 'Fair Work Act' has put IR back to where it was for most of **John Howard's** leadership.

Start small

The Age reported that small business would be the focus of the Coalition's workplace relations policy. The opposition's spokesman **Eric Abetz** cited rising unfair dismissal claims and employers being forced to pay 'go away money' as significant problems with Labor's Fair Work laws. He said the unfair

dismissal system was not working and there was a 'burgeoning' industry of employers being forced to pay money to settle claims.

Indigenous jobs

Mining magnate Andrew Forrest says Australian employers have pledged to create 57,500 jobs for indigenous Australians under a plan he helped to launch three years ago, and the federal government now has to help them meet the target. About 4000 jobs have so far been created through the Australian Employment Covenant. There is no deadline for the target of 57,500 jobs, but Mr Forrest said government training would determine how quickly it was met.

Qantas industrial action

The Financial Review reported that in an unorthodox industrial action, Qantas pilots will make pro-union statements to passengers over the in-flight announcement system. The pilots have begun their first industrial action at Qantas in 45 years. The action, to be undertaken by about 1600 long-haul pilots, will include pilots not wearing their usual Qantas uniforms and instead complying with a union 'authorised uniform policy'.

BUSINESS. ECONOMY. TAX

Banks buffet government

The Australian reported that Australian Bankers Association chief executive **Steven Munchenberg** launched a political attack on the government, accusing it of creating regulation that will damage the prospects of the domestic banking sector. In a speech in Sydney, Munchenberg said Labor's regulatory response was rushed and lacked the co-ordinated approach of other countries. Munchenberg, a former senior National Australia Bank executive, also took aim at the Greens' proposal to introduce a 'too big to fail' levy on the banks in a bid to increase retail banking competition. The Greens also plan to push for a cap on interchange fees for customers using rival banks' automatic tellers, and to force banks to provide fee-free bank accounts. Munchenberg said the government's move to increase regulation, especially for mortgages and credit cards, was misplaced and could lead to higher costs for customers.

US backs reforms

The Financial Review reported that United States Federal Reserve chairman **Ben Bernanke** backed proposals that countries such as Australia be allowed to implement individual regulatory reforms of their banking systems, as part of the worldwide response to the global financial crisis.

Power to the people

The Financial Review said investors and creditors would have greater control over the fate of insolvent companies, including the power to sack liquidators and cap their fees, under Treasury proposals to cut costs and lift standards among corporate undertakers. The key reforms include a 'one-stop shop' for small businesses that run into trouble, as well as tougher penalties for breaches of insolvency laws, more power for regulators, and an alignment of the rules covering personal bankruptcy and insolvency. The changes would also break open the 'clubby' industry to lawyers and others with commercial expertise, to increase competition and reduce fees. But the government refused to adopt the Senate report's major recommendation, saying that stripping the Australian Securities and Investments Commission of oversight of the industry would be inefficient and costly.

Following the leader

The Australian reported that **Graeme Samuel** would step down from the ACCC chairman's role at the end of June. In his farewell speech, he said that merger analysis was becoming increasingly complex and challenging. While new forms of media distribution were proliferating, control over content was 'paramount'. 'We are more focused on the origination and control over that content,' Samuel said at a National Press Club lunch. 'But it may be that there are some limitations on the ACCC's ability to deal with those issues, particularly where content aggregation occurs on a creeping basis'.

Retailers cast net wider

The Herald Sun reported that the nation's leading retailers want to open whenever they like, except for key holidays, to counter spending by Australians through overseas websites. Other than Christmas Day, Good Friday and Anzac Day morning, major retailers want to set their own operating hours to compete with 24/7 online shopping. In a submission to the Productivity Commission, the Australian National Retailers Association has argued for immediate government intervention to 'level the playing field' for its members, which include Harvey Norman, Bunnings, David Jones, Coles and Woolworths.

Tiger, tiger...

The Age speculated that Tiger Airways could be forced out of business in Australia altogether, after the Civil Aviation Safety Authority revoked its permission to fly, saying the airline posed 'a serious and imminent risk to air safety'. *The Australian* reported that the company would allow passengers to cancel flights without penalty until August 31 because of the uncertainty still surrounding its return to service. It had stopped selling tickets until the end of June after it came

under pressure from consumer regulators after it was grounded by the Civil Aviation safety Authority over safety concerns. However, the Australian Competition and Consumer Commission chairman **Graeme Samuel** warned that selling a ticket without mentioning the uncertainty about whether the service could be provided 'would be potentially misleading by omission'. A particular flight from Sydney to Melbourne flew below the minimum safe altitude on a second final approach, after unexpectedly aborting an initial landing attempt.

It is written

The Age reported that the big two online booksellers, Amazon and Book Depository, are joining forces in a move likely to increase pressure on Australia's bookshops. When REDgroup, owner of Borders and Angus & Robertson, went into administration in February, it partly blamed the drift to online shopping.

Red rag to a bull

The Financial Review reported China's scathing assessment of weaknesses in Australia's 'dual-speed and patchwork' economy. The argument was that Australia relies too heavily on Beijing's demand for minerals. The Asian giant also launched a bid to bring Chinese workers to Australia to deal with what it describes as an 'infrastructure bottleneck and shortage of skilled labour'. Chinese diplomat **Ouyang Cheng** told a business forum in Adelaide that Chinese business held 'some worries' about Labor's revised mining tax. Australia's trade with China topped \$100 billion for the first time last year.

BROADBAND. IT

Executive evidence

The Financial Review reported that National Broadband Network chief executive **Michael Quigley** is one of four former Alcatel executives whom Costa Rica's state-owned telco is attempting to call as witnesses to a corruption hearing. El Instituto Costarricense De Electricidad wants Quigley to give evidence in its case for restitution over corruption by Alcatel between December 2001 and October 2004. The paper stressed that there is no suggestion that Quigley was involved in any corruption.

Good advice

The Australian reported that the New South Wales government had lined up a list of high-powered business leaders for the new advisory body charged with securing private sector and superannuation funds to tackle the backlog of infrastructure projects. According to *The Australian*, the full board of Infrastructure New South Wales was expected to go to cabinet, with former



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Professor Daniel Dennett (USA leading cognitive scientist & philosopher)
Paddy Miller (USA “The Innovation Architect”)
Professor Stephen Heppell (UK education & technology guru)
Brendan Boyle (Partner IDEO, Design Thinking Stanford)
Dr Troy Flanagan (USA Ski & Snowboard Association)
Alison Watkins (CEO Graincorp)
Simon McKeon (Australian of the Year)
Michael Rennie (Managing Partner McKinsey & Co.)
Mike Smith (CEO ANZ Bank)
Steve Vamos (President Society of Knowledge Economics)
Mehrdad Baghai (Author “As One”)
Pip Marlow (Managing Director Microsoft Australia)
James Moody (CSIRO)
Dr Rufus Black (Thought leader, ethicist)
Hugh Mackay (Social researcher)
Dr Amantha Imber (Inventium)
Deborah Cheetham (Indigenous opera singer)
Victor Finkel (2011 World Debating Champion)
Tania de Jong AM (Founder Creative Universe)
Stefan Cassomenos (Composer, Conductor, Pianist)
Charles Kovess (Australia’s Passion Provocateur)

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Energy Australia head and current AAPT boss, 60-year-old **Paul Broad**, becoming the advisory body's new chief executive.

Do not pass go

The Age reported that the Victorian government gave a highly critical assessment of federal Labor's broadband plans. It claimed that the National Broadband Network could saddle consumers with unnecessarily high internet costs and hold back competition. Victoria's Technology Minister **Gordon Rich-Phillips** warned that taxpayers could 'pay multiple times' if the NBN duplicates existing fibre connections to schools, hospitals and businesses. In a submission to the House of Representatives inquiry into the NBN, Victoria has told Canberra that it appears to have given 'excessive' protections to the NBN Co against competition, and cautions about the risks of setting up the network as a large public monopoly.

Agreement trashed

Michael Porter at *The Age* wrote that the federal government could save at least \$20 billion by redesigning the deal. He claims that the definitive agreement between Telstra and NBN co. released by Communications Minister **Stephen Conroy** is possibly a unique achievement in destroying capital and suppressing competition. Porter even claims that the agreement effectively violates the trade practices act, and thus requires its own legislative immunities. He points out that scope remains for legal action and challenges by the Australian Competition and Consumer Commission. Porter claims that the 40 odd pages of details on the agreement are all about snipping copper suppressing advertising of wireless and mobile competition and withdrawing provisions for competition from cable and in case it all fails, and the National Broadband Network is bankrupted, Telstra has a guarantee from the Commonwealth taxpayers that we will compensate them and allow Telstra to buy back assets.

Porter continues: 'The outgoing head of the thrown competition and consumer commission, **Graeme Samuel**, admitted that some time back that the 'decommissioning' of the competitive cable and other technology was a violation of competition law. But he looked the other way, facilitating anti-competitive legislation. The deal released involved payments over time with the overbuilt old copper and table with fibre, with a present value of \$11 billion. This is all taxpayers money going to private companies to destroy copper and hybrid fibre coaxial cable competition so as to prop up a contrived wholesale broadband monopoly. The challenge to the new head of the ACCC is to show the courage demanded in the trade practices act.'

Copper too dear

The Financial Review reported comments from National Broadband Network Co chief executive **Mike Quigley**, who underlined the complexity and cost of changing the company's \$11 billion deal with Telstra's to access the telco's copper wire network. After signing the infrastructure-sharing deal in June, Quigley said NBN had not negotiated to use Telstra's copper cabling because this would have raised the deal's cost and added further delays.

Money down the sink hole?

The Age wrote that the Australian Synchrotron was in danger of closing. Some claim it would be an immeasurable loss to medical researchers trying to find treatments for diseases such as cancer. The writer, **Geoff Strong**, gave a clear description of the Synchrotron as a very large, circular, megavoltage machine about the size of a football field. It uses about \$2 million of electricity per year to produce light a million times brighter than the sun. The intense light is filtered and adjusted to travel into experimental workstations, where the light reveals the innermost, sub-microscopic secrets of materials under investigation. Researchers can use the machine to invent new ways to tackle diseases, make plants more productive or metals more resilient. The facility costs at least \$20 million per year to keep operational. Oh! For more such detailed and important articles which affect us all.

MANUFACTURING

Supermarket rebuke

The Financial Review reported that in June, Coles and Woolworths got a public slap on the wrist from a major supplier. HJ Heinz, one of the biggest food companies in the world, is pulling its manufacturing out of Australia. Its chief executive **Bill Johnson** told investors Australia no longer represented an opportunity for the company because of a retail environment in which the big supermarkets constantly squeeze their suppliers. This was, he said, a shame for the Australian consumer 'who will be served in a poor way, with poor product selection long term'. The paper said Heinz is fortunate in that it's big enough to talk publicly about the big supermarkets as smaller suppliers are generally unable to do so.

Vegemite ban

British newspaper *The Guardian* reported that the Danish government had banned products fortified with added vitamins in 2004, including Vegemite. Kraft Foods corporate affairs manager **Greta Cooper** said the company had not been notified about

a Vegemite ban and was investigating the matter. Cooper said 98 per cent of Vegemite sales were in Australia with the UK, the US and Asia making up the largest export markets.

Go better

A press release from federal minister for Innovation **Kim Carr** discussed his meeting with General Motors Corporation in Washington DC. During the meeting Carr discussed with GM the improved performance of General Motors, the success of its recent investments in Australia and prospects for future growth, particularly with regard to exports. 'The meeting was extremely positive and I'm optimistic about the future of GM Holden in Australia and future opportunities for the Australian automotive industry'.

Colorado closure

The Australian reported that clothing chain Colorado is in the process of closing 140 stores, at a cost of more than 1,000 jobs.

EDUCATION

Closing the gap

The Australian reported that indigenous Year 9 students are being failed in the classroom, with a new report showing that Aboriginal disadvantage is worsening in education, despite government efforts to close the gap. A Council of Australian Governments Reform Council report, which analysed NAPLAN data, showed that the gulf in reading ability between indigenous and non-indigenous students in Year 9 has widened.

Fibre to the nowhere

The Financial Review reported that the government had scrapped the \$100 million Fibre Connection to Schools initiative, established to complement Labor's ambitious 'computers in schools' rollout. The broadband program was part of federal Labor's 2007 digital education revolution election pledge. The high-speed connection was meant to cover schools outside the National Broadband Network footprint. But four years on, the proposal championed by **Julia Gillard** while in opposition and as education minister has vanished. At a Senate estimates hearing earlier this month, Department of Education, Employment and Workplace Relations officials confirmed that the broadband plan had to make way for other government programs.

Qualification

The Age reported that university graduates are finding it more difficult to get full-time work than at any time since 1994. A survey

of almost 100,000 graduates found 76.2 per cent of those hunting for work found full-time positions after finishing their studies in 2009.

Well done

The Age reported that Woods Bagot won the Public Architecture Award— Alterations and Additions for Deakin University's new lecture theatre at the annual Australian Institute of Architects Awards. Located at the university's Burwood campus, the new building has a 256-seat lecture theatre, foyer, two tutorial rooms and student lounge and amenities.

HEALTH

State of health

The Australian reported that Labor had agreed to the advice of state premiers on national health reforms, junking a plan to guarantee public hospital elective surgery patients private hospital treatment if they are forced to wait beyond recommended periods. Federal Health Minister Nicola Roxon also watered down the previous blanket guarantee of a maximum wait of four hours for treatment in hospital emergency departments, agreeing that the target will now be rolled out on a hospital-by-hospital basis and will apply to only 90 per cent of patients.

Watch this dog

The Financial Review reported that the new health watchdog, with the power to name and shame under performing hospitals, is too weak, and must be strengthened to allow the Auditor-General to check the data the states submit, the Australian Medical Association says. State and federal health ministers gave the go-ahead to the National Health Performance Authority. The NHPA will monitor whether extra federal funding goes towards reducing elective surgery queues, improving emergency department care and cutting hospital infection rates. The new body is a key accountability measure in Labor's \$19.8 billion health reforms. However, AMA president Steve Hambleton warned that the authority's ability to do its job well would depend on the quality of the data it is given from the states.

Private not for public

The Australian reported that the Gillard government decided to remove its guarantee of private hospital care for patients facing long waits for elective surgery in the public system. Under the health deal with the states negotiated by Kevin Rudd and then Julia Gillard, patients were guaranteed that 95 per cent of elective surgery would be performed within clinically

approved times. If surgery was not done on time, patients were promised free treatment in private hospitals. Canberra has instead agreed with the states on a public hospital-based plan aimed at delivering 100 per cent on-time surgery within five years. This is despite latest trends showing that public hospital elective surgery rates nationally are failing to keep pace with demand. Health Minister Nicola Roxon said the agreement to drop the private hospital back-up proposal was made on the advice of an expert clinical panel. She said the new approach set a higher target than the original benchmark that proposed 95 per cent of elective surgery cases be performed within agreed deadlines.

Where there's smoke

The Australian reported that the federal opposition branded federal Health Minister Nicola Roxon a 'hypocrite' for seeking financial support from a leading tobacco manufacturer, in light of her sustained campaign against political donations from the industry to the Coalition. Roxon conceded she wrote to tobacco manufacturer Philip Morris six years ago, asking company representatives to support her re-election bid by attending a fundraising event on 20 October, 2005. The invitations to three representatives of Australia's second-largest tobacco manufacturer were sent close to a year after former Labor leader Mark Latham banned tobacco industry donations to the party. The Health Minister told the ABC that the invitations were sent in error, clarifying that the representatives did not attend the event and did not donate to her or her electorate. The Liberal Party is reviewing its own acceptance of tobacco donations. These could be banned when the federal executive of the party discusses the issue at its next meeting.

Cigarette ads a drag

The Australian reported that Queensland would roll out Australia's toughest anti-tobacco sales laws this year. The laws go beyond point-of-sale restrictions in NSW and Victoria that prevent the display of tobacco products by small retailers, extending the bans to specialist shops. All cigarette advertising and display will be banned in shops and tobacconists. Queensland Premier Anna Bligh said that the move would reduce the incentive to impulse-buy cigarettes, and would cut smoking rates for young people.

Prescription only cigarettes

The Age reported that Iceland is considering banning the sale of cigarettes and making them a prescription-only product. The parliament in Reykjavik is to debate a proposal that would outlaw the sale of cigarettes in normal shops. Only pharmacies

would be allowed to dispense them - initially to those aged 20 and over, and eventually only to those with a valid medical certificate.

Red wine, red centre

The Age reported that Coles and Woolworths came under attack in Alice Springs, for banning cheap wine in an attempt to force up the alcohol floor price. The Alice Springs town council decided by a margin of five votes to three, to ask the supermarket chains to abandon the new rules. From July, Coles will sell no bottled wine for less than \$8 and no two-litre cask wine at all, setting an effective floor price for alcohol of \$1.14 per standard drink. Woolworths will also cease selling two-litre casks.

DEFENCE

Conference + exhibition

The 2011 Annual Defence + Industry Conference and Trade Exhibition was held from 28 June to 30 June, at the Adelaide Convention Centre. The event is an opportunity to gain insights into the government's defence capability strategies and hear from the people making tomorrow's key procurement decisions. It enabled guests to meet with leaders and experts from across Defence and industry, and see cutting-edge technologies at work in Australia's largest defence exhibition.

Expensive project

The Australian claims that bitter infighting has erupted between government and industry over the nation's largest defence project, the \$8 billion plan to build the navy's new Air Warfare Destroyers. The project is two years late, and hundreds of millions of dollars over budget. The government was forced to admit publicly that the flagship project was badly behind schedule, after it became aware that *The Australian* had the story and was planning to publish it.

Ship to shore

The Australian reported that the head of defence acquisition for the Gillard government had admitted that the nation's largest defence project, the plan to build three new Air Warfare Destroyers, is a 'crisis' that threatens the reputation of Defence and everyone involved in the \$8 billion plan. The comments, made by Defence Materiel Organisation head Stephen Gumley to defence industry colleagues in late April, directly contradict the Gillard government's public spin, which sought to portray the AWD problems as being 'not unusual' for such a complex naval construction. *The Australian* learnt that Gumley was only fully briefed on 20 April that the AWD project was in deep trouble, running two years late.

Fighter jet for sale

The Age reported that over the next 10 years the Defence Department hopes to offload up to 24 ships, 70 combat aeroplanes, 110 other aeroplanes, 120 helicopters, 600 armoured vehicles, 12,000 other vehicles and a range of communications equipment, weapons and explosive ordnance. Among the items slated for sale are Black Hawk helicopters, which are being replaced - along with their sister model, the Sea Hawk - by MRH-90 helicopters worth \$3.7 billion. Buyers can also pick up Squirrel training helicopters. Defence Materiel Minister Jason Clare described the sell-off as the biggest since World War II, with the defence force set to upgrade or replace 85 per cent of its equipment over the next decade.

FOREIGN AFFAIRS

The Malaysian connection

The Australian reported that Alexander Downer accused Julia Gillard of jeopardising Australia's dealings with Malaysia, by dumping the controversial issue of asylum-seekers 'front and centre' in what has been one of Canberra's most difficult regional relationships. As the government of Nauru declared itself ready and willing to discuss reopening its immigration detention centre, the former Howard government foreign minister rounded on the Gillard government over its handling of the relationship with Malaysia.

Austrade realigns

Federal Trade Minister Craig Emerson announced a comprehensive reform of Austrade, whose annual budget of almost \$200 million will be focused more on emerging markets. In an interview with The Australian at Austrade's Sydney headquarters, CEO Peter Grey said 'We want to end up with a more contemporary version of Austrade, one which is focused on those markets which are important for Australia in 2011 and onwards'. 'We are looking at emerging markets, frontier markets. As a government agency we have to look at where we can add the most value -- and that is in the more difficult markets, where there are cultural or linguistic differences.' The Australian reported that Austrade operates in 100 cities in 55 countries, and is serviced by 70 Australia-based executives, assisted by many more locally. The changes announced will rationalise Austrade's presence in developed markets in the US and Europe, and will cut some of its operations in Australia, to allow greater focus on up-and-coming markets where on-the-ground government assistance can make a much bigger difference to Australian exporters. 'Europe and North America may

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provide potentially greater opportunities - and business should and will continue to exploit those opportunities,' Grey said. 'But Austrade can add less value there because businesses themselves can navigate their way around Europe and North America'.

Green dream

The Age reported that leader Bob Brown wants Australia to join an international push for a global parliament. This 'people's assembly' would be based on one person, one vote, one value, and was being vigorously promoted in Europe and the United Nations, he said. He admitted that it won't come to pass in his lifetime but said if and when it does, 'it could be right here in Australia'.

IMF chief twist

The Age reported on developments in the New York rape case surrounding former International Monetary Fund chief Dominique Strauss-Kahn. An assistant district attorney told the court that 'the fact of a sexual encounter' between the pair after the maid arrived to clean suite 2086 of the Manhattan Sofitel on 14 May, 'was and is corroborated by the forensic evidence'. However, seven weeks into the case, 'substantial credibility issues' had been found with the maid. However, the investigation is ongoing.

Guns for Christmas Island

The Australian reported that community police Christmas Island will soon be wearing firearms. The island's administrator, Brian Lacy, announced the decision that has baffled and angered many residents.

IMMIGRATION. REFUGEES

Stormy waters

The Age suggested that the asylum-seeker issue threatened to divide the Labor Party, with the Right rejecting a left-wing

demand for special arrangements for children by warning the government will not be re-elected if it does not stop people-smugglers.

Not a Pacific solution

Greg Sheridan, foreign editor at The Australian, wrote that John Howard's Pacific Solution was a success in deterring illegal immigrants by boat. He said the Gillard government claims it was not a success because most boatpeople who were removed under the Pacific Solution came to Australia eventually. Sheridan retorts that like most things the Gillard government says about this issue, this is untrue and based on a statistical sleight of hand.

Children at risk

The Australian reported that three senior Labor ministers have warned of the risk that more child asylum-seekers could drown in Australian waters without a change in border protection policy. In a tacit admission that onshore processing of asylum-seekers attracts people-smugglers, the ministers, all from Labor's Right, rejected calls from Labor's Left for exemptions for minors under Julia Gillard's plan to deport 800 boatpeople to Malaysia.

Let them come

The Financial Review reported that Infrastructure Australia chairman Sir Rod Eddington called on the Gillard government to relax temporary skilled worker visas and other restrictions, to help boost the construction of essential export projects as the nation tries to clear a \$700 billion infrastructure deficit. He also called for a greater Australian engagement with Asia, including at company board level.

Special protections

The Australian reported that 800 asylum-seekers to be sent to Malaysia under Canberra's refugee swap will spend six weeks in a new Australian-funded

holding centre before being released into the community, and will be granted immunity from harsh immigration laws. The exemption will protect the asylum-seekers from the threat of caning and other human rights abuses.

Children will go alone

The Australian confirmed that the Gillard government intends to transfer unaccompanied child asylum-seekers to Malaysia, as a deterrent to stop their parents sending them to Australia by boat. Immigration Minister **Chris Bowen** confirmed to the paper that there would be no special treatment for unaccompanied minors in Australia's asylum-seeker deal with Kuala Lumpur. However, the minister later softened his stance, saying that decisions would be made on a case-by-case basis.

Malaysia doubts

The Age reported that the head of the United Nations refugee agency publicly raised doubts about whether his office will support the Gillard government's proposed refugee swap with Malaysia. UN High Commissioner for Refugees **Antonio Guterres**, a former prime minister of Portugal, told a meeting in Geneva that the deal remains unsigned, weeks after its announcement, because the agency is taking a tough approach.

SOCIETY. SPORT. GAMING

Satire takes aim

The ABC has announced it commissioned a four-part 'narrative comedy' series on the domestic lives of **Julia Gillard** and partner **Tim Mathieson**. *At Home With Julia*, billed by the ABC as 'part rom-com, part guaranteed lawsuit', it has recently begun filming in Sydney, with veteran Gillard impersonator **Amanda Bishop** and **Phil Lloyd**, star of the cult comedy series *Review with Myles Barlow*, as the First Bloke.

Beholden automobile for sale

The Herald Sun reported that one of the very few surviving prototypes for the first Holden, thought to be worth as much as \$2 million, is up for sale after 30 years in the hands of a private collector.

Paper offer too thin

The Australian reported that a syndicate of wealthy Melbourne families, led by **Ron Walker**, approached Fairfax Media about buying its key Melbourne assets, *The Age* newspaper and the talk radio station 3AW. However, the informal discussions were cut short by the company's board.

Sky's the limit

The Financial Review reported that television station Sky News hired a former top adviser

to **Kevin Rudd** to boost its bid to beat the ABC for a \$220 million government contract to run Australia's official TV network into the Asia-Pacific. **Annie O'Rourke** had worked for Mr Rudd when he was prime minister for two years until 2009, first in charge of staffing and later directing online media, such as blogs and Twitter.



Small book shops continue to attract patrons despite the closing of Borders and the decline of consumer spending at other large retailers.

Limit's the sky

The Age reported that the federal government intervened in an official tender process to stop **Rupert Murdoch's** part-owned Sky News Australia winning a \$223 million contract to broadcast Australia's overseas television service. An aggressive bid to expand Australia's presence in China had helped push Sky News over the line in a fierce contest with the ABC to win the rights to the station, known as Australia Network. Australia Network broadcasts news, drama and sport to 44 countries in Asia and the Pacific, as well as programs to teach English-language skills, targeting the emerging middle-class audience in the region. At present the ABC holds the rights to broadcast the network, but the government put a new 10-year deal out to competitive tender in February with an outcome originally set for 2 May. An independent panel of public servants set up to evaluate the competing tenders saw Sky's as the better bid. Sky News proposed setting up a dedicated channel for China to run separately from the rest of the network as a way of expanding Australia's reach in the Asian powerhouse, where censorship limits foreign news broadcasts. No licences to broadcast into China have been granted in recent years but the Foreign Affairs Department has said it is keen to gain access for Australia's public diplomacy channel.

Pie in the sky?

The Financial Review reported that the fallout from Britain's phone-hacking scandal is

threatening Sky's new tender bid for the Australian overseas network. Executives and journalists from Murdoch's News of the World are under criminal investigation for hacking the telephones of celebrities, and allegedly a murder victim and the families of soldiers killed in Afghanistan. The scandal sunk Murdoch's pay television buyout ambitions to take full control of BskyB in the United-Kingdom, a move that would have made him Britain's dominant media proprietor. *The Age* described Britain's response to the news that media phone hacking interfered in the investigation of a murdered girl's disappearance as 'revulsion and disgust'. In the most recent developments, on 16 July **Rebekah Brooks** resigned as chief executive of News International. The next day she was arrested by police on suspicion of conspiring to intercept communications and on suspicion of corruption allegations, and subsequently bailed to appear in October.

Gay marriage

The Australian reported that prime minister **Julia Gillard** is under increasing pressure from within her own party to legalise gay marriage. The Queensland Labor state conference overwhelmingly passed a motion for federal Labor to introduce equal rights for 'all adult couples' who wish to formalise their union.

Sports betting fair rules

The Herald Sun reported that the AFL and the NRL were among major Australian sports bodies proposing laws to require punters who bet or collect more than \$5,000 in cash to register their wagers so they can be monitored.

All bets are off

The Australian reported that Labor will ban the promotion of live betting odds during sporting events within a year. The paper said that the move could cost the nation's television networks tens of millions of dollars. Communications Minister **Stephen Conroy** said that sporting codes, broadcasters and betting agencies would be given 12 months to voluntarily cease the practice or else face legislation under a deal between state and federal gambling ministers.

Betting scandal

The Herald Sun reported that Collingwood player **Heath Shaw** has been suspended for eight matches and fined \$20,000 after being embroiled in a betting scandal also involving captain **Nick Maxwell**. Shaw and a friend bet \$10 each on Maxwell kicking the first goal of the round 10 game against Adelaide, knowing his teammate was to start in the forward line, giving odds at over 100 to one. It was also revealed that three of his family members placed bets.



TASMANIAN VIEWPOINT: GREG BARNES

The Tasmanian Parliament's upper house, the Legislative Council, is a unique beast in Australian politics. It is controlled by Independents and its electoral system and cycle bears no relationship to that of the lower house, the House of Assembly.

The Legislative Council is arguably Australia's only genuine house of review. In classic Westminster constitutional theory, the upper house is not controlled by the executive and operates to scrutinise and reviews bills. This is the Tasmanian experience.

The Legislative Council consists of 15 MPs. They represent single member constituencies. This is unlike the House of Assembly which uses the federal Tasmanian electorates to elect MPs – its 5 MPs from 5 electorates.

Legislative Council MPs are elected for six year terms which means each year there are two or three elections for MPs. There has generally been a very high rate of incumbents returned, and on occasion, MPs re-elected unopposed. However the June election for the southern seat of Rumney in which Labor MP and Minister Lin Thorp was defeated by an Independent Liberal, attracted strong media interest.

Until the last few decades, the 160 plus years old Legislative Council, had no political party MPs. Now both the ALP and the Liberal Party are represented in the Council. Labor has two MPs and the Liberals one, plus one who was a long standing member of the party but who resigned and stood as an Independent Liberal. The other MPs are Independent although it is fair to say they are conservative by disposition.

Another recent development has been the presence of ministers in the Legislative Council. Under the government of Liberal Premier Tony Rundle (1996-1998) Health Minister Peter McKay was also Leader of the Government in the Legislative Council. The Labor governments of Jim Bacon, Paul Lennon and David Bartlett (1998-2011) all had Legislative Council 'based' Treasurers, David Crean and Michael Aird.

The Legislative Council can block government bills and occasionally does so. In July this year it refused to pass a law proposed in the House of Assembly to block canal estate developments in Tasmania.

The Tasmanian Legislative Council could be said to be generally pro business and opposed to the green agenda that dominates the State's discourse. Interestingly the Greens, despite electoral success in the House of Assembly for over 20 years, have never had a member elected to the Legislative Council.

Greg Barns is a barrister and columnist with the Hobart Mercury. He was Senior Adviser to Tasmanian Liberal Premier Ray Groom from 1994-96.

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