

LETTER FROM CANBERRA

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

Post-Budget and Gambling Edition 4 May to 6 June 2011 Issue 34

Editorial Gambling all around.

Poker machines have featured in politics in recent months. Historically, regulating gambling and imposing gambling taxes has been a state responsibility. Indeed along with property, labour and motor vehicles, it is one of the few significant sources of revenue available to the states. The Courts have undermined the capacity of the states to impose taxes since the end of World War 2.

However, as a result of the pressure applied by an Independent Tasmanian MP Andrew Wilkie, the Federal Government has concluded it has the constitutional power to impose itself in the area of regulating poker machines.

Ironically, given it is state Liberal governments which have been most vocal in their opposition to the Federal government's plan to impose self-determined mandatory, as distinct from voluntary, gambling limits on poker machine players, the Howard government may well have laid the foundations for Julia Gillard's legal claim. By using the corporations power and the external affairs power to enact legislation such as Workchoices, the Howard government drove the last nail into the coffin of states' rights.

Putting principle to one side, including the question of the extent to which a government ought to capitulate to the demands of one of 150 federal MPs, the politics of the issue are interesting.

Clearly while the public does not feel strongly about many forms of gambling, they do not like poker machines. National Party Senator Barnaby Joyce reflected community sentiment when he said that if the industry did not do something to rein in gambling on poker machines, politicians would have to.

State governments are not credible on this issue because there is a widely held view that it is Treasury departments which really dictate poker machine policy in most states.

That leaves the clubs and the pubs, which point to the jobs and community benefits which flow from poker machines and which are well organised.

It will be interesting to see whether, for voters in electorates such as Corangamite in Victoria and those in the western suburbs of Sydney, these benefits outweigh their disapproval of this form of gambling.

Whatever the outcome, for Julia Gillard the die is cast, courtesy of Andrew Wilkie.

But it's not just poker machines. Nor taking on the tobacco companies.

There is plenty of other gambling for a prime minister who is just about half-way through a year in which she said she would have many of her objectives achieved.

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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)

Gambling all around.

Her big issue is climate change tax/cap and trade. The final Garnaut Report has upped the ante on this huge issue. Her rating as preferred prime minister is sitting at about 29 per cent, which is due in part to her newly-found passion for a carbon tax which was not in evidence before the latest federal election.

On the other side of the coin, the carbon tax has provided a platform on which Abbott is campaigning. Gillard's gamble is that, once the detail is known, the 'social conscience' of the inner-suburbanites who can afford to pay increased utility and transport charges will wash over the masses in the outer suburbs and leave Abbott stranded as an outdated, single-issue politician not up to the challenges of the 21st century.

Time will tell about this strategy. Meanwhile, there are plenty of sceptics in Labor's ranks about its prospects. Gillard's gamble with credibility is not limited to her back-flip on a carbon tax and her being an advocate for dumping Kevin Rudd's emission trading scheme. There is also the matter of asylum seekers.

The argument that the dramatic increase in asylum seekers in recent years is due to international factors has long since found its way to the dustbin. It has been joined by the East Timor solution. Now we have the Malaysian solution, which has John Howard's opponents calling for the restoration of the 'Nauru Solution'.

The largely unnoticed issue recently has been the federal budget (despite the fact that Treasurer Wayne Swan is telling anybody who cares to listen that the inflow from mining investments in the next three years presents serious economic management challenges).

The Budget theme was that of lifting people out of welfare to work with some lessening of middle-class welfare. Within several days, any sell of it was sharing space with Gillard's other half saying that he wanted to marry her, and giving royal waves from Qantas 1 as they were flying out of Australia or landing in China. And the population minister brought out a new population report which did not close off too many avenues. A steady as she goes budget.

A BIG sleeper. Industrial relations is on the near horizon. What with Qantas and its staff, Patricks and the Maritime union at the ports, the mining industry. And small business employers, not just retailers.

And Fair Work Australia has now released a court challengeable decision that unions can commence industrial action before commencing to negotiate.

Oh. Haven't mentioned the issue of constitutional crises warming up. Plenty of coverage was made about Independents being very independent in the House of Representatives during parliamentary votes recently.

A longer editorial than usual. Interesting times indeed.



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CARBON TAX

ETS the way to go

Explosives giant Orica recommended that the federal government scrap its carbon tax in favour of an emissions trading scheme, *The Australian* reported. An exclusive article in the next day's *Australian*, on 16 May, revealed that Westpac CEO **Gail Kelly** shared this view, and that uncertainty over the lack of policy detail was hurting her customers.

Driving up car prices

The car industry has claimed to *The Financial Review* that a carbon tax would add as much as \$412 to the cost of making a typical Australian car and threaten the viability of local manufacturers and component suppliers. Also, the Federal Chamber of Automotive Industries argued that the extra costs could not be passed on to buyers, and that components would increasingly come from countries that did not have a carbon tax.

Stoking the coals

Addressing an Australian Agenda event hosted by *The Australian* and UBS, Seven Group Holdings chief executive **Kerry Stokes** was quoted by the paper on the issue of a carbon tax. 'I've always thought we'd be better off with incentives rather than tax. I don't believe in tax as a cure for all environmental issues,' he said. Stokes also said that a carbon tax was 'a great way for redistributing wealth for the country', but warned, 'It's not going to change power generation', claiming that coal 'will be in use in this country for at least the next 25 years'.

Dizzy with spin

The Australian published a piece by the Director of Deregulation at the Institute of Public Affairs, **Alan Moran**, calling foul on Climate Change Minister **Greg Combet**. He claimed the minister's 'spin for a carbon tax pushed new frontiers in the art of being economical with the truth'. Combet was quoted as saying that 'Australia release[ed] more pollution per person than any other country in the developed world, more than the US'. However, Moran pointed out that in a chapter of a recently published anthology, *Energy, Sustainability and the Environment*, edited by **F.P. Sioshansi**, he observed: 'International trade means

countries that export energy-intensive products incur emissions on behalf of other countries'. Moran argued that this tended to 'reduce the national emission levels of many developed countries, while exaggerating those of some developing countries and resource rich countries like Australia'.

Creative cartoon

A clever cartoon published in *The Australian* depicted a red faced **Bob Brown** goading **Julia Gillard** about a lack of 'backbone' on the carbon tax issue. Gillard retorts: 'Trouble is, Bob, our back bone hates the carbon tax,' while gesturing to an angry mob caricatured as Labor's base.

Victoria kicking and screaming

The Victorian government broadened an attack on the federal government's carbon tax by threatening to fight 'kicking and screaming' against any proposal that undermines the state's competitive edge from cheap coal-fired electricity. *The Financial Review* revealed that the Victorian government had sought federal compensation to cover a potential liability from its contracts with American aluminium company Alcoa, if a carbon price is introduced.

Energy insecurity

A report published in *The Australian* warned that the security of electricity supplies would be at risk, and power prices would be likely to rise under a carbon price, if assistance measures failed to prevent the financial collapse of coal-fired generators. The Morgan Stanley review, which was conducted in 2009 as the government developed its compensation package for **Kevin Rudd's** carbon pollution reduction scheme, had never before been released because electricity generators threw open their books to the investment bank for the analysis. A summary of the report, prepared by the Department of Climate Change and obtained by *The Australian*, was circulated to generators.

Middle ground yet to be found

The Australian reported that the Business Council of Australia had called for a \$10-a-tonne starting price for the carbon tax, and demanded all trade-exposed industries be fully exempt in the absence of similar action from global competitors. The Greens and

others have indicated that a starting price of \$40 is required.

Sell, sell, sell

The Age said **Julia Gillard** had ordered a national blitz by senior ministers to sell the government's climate change plans. The move came amid mounting opposition from business to the carbon tax, and ahead of weeks of tense negotiations with the Greens and independents on its final shape. 15 top energy companies called for the urgent introduction of a carbon price, and the AiGroup joined the Business Council of Australia in calling for a \$10-a-tonne price on carbon. The Australian Chamber of Commerce and Industry has expressed outright opposition to the tax.

Get-Up campaign

Pro-carbon tax activists launched a national advertising campaign organised by Get-Up and headed by actress **Cate Blanchett**, to promote action on climate change. Blanchett drew some criticism in the media for appearing in the advertisements. In a further complication, a letter containing the signatures of 140 'Australian leaders' and community groups was delivered to Parliament House in Canberra yesterday. The group is calling on the federal government to put a price on carbon. But it emerged in *The Australian* that three of the signatories – Manfield's Boost Juice founder **Janine Allis** and Melbourne priest **Bob Maguire** – were not aware their names were being used as part of the advertising campaign, and do not even agree with Canberra's proposed carbon tax.

Upfront compensation

The Australian reported that the Gillard government was considering a recommendation that pensioners should have their carbon tax compensation paid upfront and the tax-free threshold for low-income earners should rise almost \$9000 to \$25,000. Professor **Ross Garnaut** on handing in his final report called for compensation to be provided only to those on incomes up to \$80,000.

Australian aviation in biofuel plea

A world first report showed a sustainable aviation fuels industry is viable in Australasia. *The Australian* said the report prompted airline calls for federal government support for the fledgling biofuel technology to be

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included in its carbon tax package. The CSIRO report found there were a variety of sustainable existing resources such as sugar-cane mulch, as well as non-food feedstocks such as algae and pongamia (an inedible oil-yielding tree), to support a biofuel industry. The report looked at sustainable fuels making up 5 per cent of airline fuel use by 2020 and 40 per cent by 2050.

WWF wades in

A newspaper advertisement was published in *The Australian* on behalf of the World Wildlife Fund. The ad took the form of an 'economists open letter supporting a price on carbon pollution 2011'. Individuals who put their name to the document included: **Saul Eslake**, Director of the Productivity Growth Program, Grattan Institute, and former Chief Economist of ANZ from 1995 to 2009; **Bill Evans**, Chief Economist, Westpac; and **Joshua Gans**, Professor of Management, Melbourne Business School.

Hawkish move

The Australian reported that **Julia Gillard** had 'rolled out' **Bob Hawke** in an attempt to win support for the carbon tax.

CLIMATE CHANGE. ENVIRONMENT. ENERGY

A letter from the prime minister

On 30 May, *The Herald Sun* published a letter from **Julia Gillard** advising readers on the issue of climate change. 'Last Monday, I received a report from the Climate Commission confirming again that climate change is real. It also provided very real evidence that we need to act now. Not in a couple of generations' time, or even a couple of years' time, but now. What the report shows is that in the last 50 years the number of record hot days in Australia has more than doubled. Australian natural wonders such as the Great Barrier Reef are already being damaged, and the risk of coastal flooding could double by the end of the century. Most significantly, the report says the greatest contributor to recent climate change is carbon pollution caused by humans. Another report by Geoscience Australia shows that if sea levels rise by 1.1m because of climate change and we have an extreme weather event, this would have significant impacts on Victoria's commercial, industrial and transport infrastructure. The report says 10 Local Government Areas would be impacted, including Melbourne, Wellington, Greater Geelong, Surf Coast and Frankston.

Electricity spike

The states' failure to maintain their ageing electricity networks has led to a huge spike in power prices, the Australian Energy Regulator said. *The Financial Review* reported that delays in replacing old assets such as poles and wires – some of which are over 60 years old – means that building costs have increased, this cost having translated to higher energy prices.

Uranium mining

The Australian reported that Resources Minister **Martin Ferguson** labelled the West Australian Labor Party's opposition to uranium mining as 'ridiculous' and unsustainable. He called on the new NSW and Victoria governments to reassess their bans on the industry.

Energy Centre

An advertisement in *The Financial Review* from International Energy Centre called for a CEO at the Brisbane based start up / university joint venture.

Black gold

An advertisement in *The Financial Review* from Australian Petroleum & Exploration Association Limited called for a Chief Executive position. APPEA represents Australia's upstream oil and gas exploration and production industry and is one of the nation's highest profile peak industry bodies.

What price freedom?

Climate Change Minister **Greg Combet** distanced Labor from demands by the Greens for a \$40 a tonne carbon price, wrote *The Financial Review*. The opposition seized on reports that a carbon price would need to reach \$40 to drive a shift from coal-fired power to new baseload gas plants. Combet quickly declared that the starting price would be 'well south' of that figure.

Power plays

A new report warned that the government-owned electricity networks in NSW and Queensland charge almost twice as much as privately owned operators in Victoria, resulting in soaring bills for consumers. The report, obtained by *The Australian*, argued that the government-owned poles and wires that deliver power are delivering windfall profits to state governments, at the expense of electricity consumers. The government-owned networks also have more frequent and longer outages than the private networks that operate in Victoria and South Australia.

Maybe too late for reef

The Australian reported that **Julia Gillard's** key climate-change adviser, **Will Steffen**, warned that nothing short of securing an effective global agreement to tackle climate change can save the reef, while one of the world's leading reef scientists, **Ove Hoegh-Guldberg**, has said Australia will be left with 'the great weedy reef' unless the world cuts emissions. The warnings followed the release of a Climate Commission report that found that unless global emissions began falling within a few years, the world would face a near-impossible task to limit global warming to two degrees Celsius by 2050 - the target that scientists say, will limit damage to the reef and avert dangerous climate change.

Coalition climate uncooperative

Opposition leader **Tony Abbott** tried to neutralise the political impact of the Climate Commission's call for an urgent, robust approach to tackling emissions by claiming its report vindicates the Coalition's direct action policy. But *The Age* wrote that Abbott's tactic to limit the government's exploitation of the report

was undermined when former minister **Nick Minchin** launched a strong attack on the commission, and commission members made it clear that soil carbon and tree planting - key parts of Coalition policy - would not be enough to deal with the challenge. Senator Minchin said the report was entirely predictable because it came from 'a select group of known alarmists who seek to exaggerate the dangers of global warming'.

Coalmines get green light

Resources Minister **Martin Ferguson** rejected a demand by the Greens for a ban on new coalmines, declaring that the coal industry has a bright future as a driver of economic prosperity, despite moves to tackle climate change.

Here comes the sun

New South Wales Energy Minister **Chris Hartcher** said he would push for an overhaul of feed-in tariff schemes at COAG. *The Financial Review* reported that The New South Wales government and the solar and electricity industries agreed there should be a single national system of tariffs, paid to households for the solar energy they generate. But the federal government is unlikely to back a national system of subsidies for solar-generating households, which it says is inefficient and raises the cost of electricity for all consumers.

Garnaut's final say

As part of his final report into climate change, **Professor Ross Garnaut** recommended the establishment of an independent body to prevent policy being derailed by vested interests. The body would set future emissions targets and trading caps under a carbon scheme from 2014. Other recommendations in the report include a \$26 starting price on carbon and a 10-year plan for the carve-up of carbon price revenue. The government revealed that it was planning to return 46 per cent of carbon tax revenue to business, and that most of the remainder would go to households.

Non-nuclear Germany

The Age reported Germany's announcement of plans to become the first major industrialised power to shut down all its nuclear plants, with the last to be closed by 2022. German Environment Minister **Norbert Roettgen** announced the government's 'irreversible' decision, which was prompted by the Japanese nuclear disaster. Germany has 17 nuclear reactors, eight of which are currently off the electricity grid.

Coal job available

The Australian Coal Association advertised for the position of chief executive officer, located in an eastern capital city.

Clean-coal financing in doubt

The Financial Review reported that the future of a controversial clean-coal power development in Victoria's east hangs on talks over hundreds of millions of dollars in loans and access to crucial patents. HRL subsidiary Dual Gas recently won environmental approval for a 300-megawatt plant at Loy Yang, in the Latrobe Valley, which uses gasification technology to

burn brown coal with lower emissions than traditional plants. The approval was for only half of HRL's 600mW proposal, casting doubts over its financial viability, despite the company benefiting from \$150 million in pledged federal and state government support. *The Financial Review* disclosed in May that the company had approached the state government late last year, saying it needed almost \$600 million. The company had not yet committed to building the smaller-scale plant for which it has gained a permit. It has now emerged that there are financial and commercial deadlines looming at the end of June, stemming from agreements struck during the privatisation of Victoria's energy industry in the 1990s. In 1995 the State Electricity Commission of Victoria signed several agreements related to privatisation. As part of that process the commission licensed to HRL technology related to the coal drying and gasification process. That licence expires at the end of this month. A spokeswoman for Treasurer **Kim Wells** confirmed that the state, through the surviving corporate shell of the SECV, was in negotiations with HRL over the future of the licence but declined to elaborate, citing commercial confidentiality. HRL is an unlisted public company.

AGRICULTURE. WATER

Cotton and coal

A Darling Downs cotton and grain property has become the flashpoint in a legal battle that, *The Australian* claims, will test the rights of farmers and the environment against the booming resource industry sweeping eastern Australia. The National Farmers' Federation opened its Australian Farmers Fighting Fund to provide strategic advice and help underwrite the cost of the legal action, which could run to half a million dollars. Like the Liverpool Plains in New South Wales, **Ruth Armstrong's** property is situated on rich black soils, regarded as some of the most fertile and productive in the world. The challenge by 13 farm families, against a Queensland government decision to grant the environmental go-ahead to coal-seam gas exploration in the Darling Downs, could set a precedent that will better define the co-existence of farmers and mining companies. It will test whether state governments should give special consideration to preserving the nation's most productive agricultural lands, and whether an undertaking to 'make good' any damage caused by mining is sufficient environmental protection when dealing with underground water supplies that feed cities and farmlands.

Positions available

An advertisement in *The Financial Review* from Meat & Livestock Australia was seeking three independent directors to its board. MLA provides marketing and research to the Australian red meat industry. And an advertisement in *The Australian* from the Australian Government's Grape and Wine Research and Development Corporation requested applications for non-executive directors of its board.

Cattle cruelty

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. 'Slaughtering has to be done in the Islamic way to make the meat halal (lawful),' Mr Sholahudin said. 'The point of Islamic slaughtering is ihsan (best behaviour): for example, sharpening the knife so the animal does not feel pain and dies right away'. Exports suspended.

Maybe Murray movement

Key independent **Tony Windsor** has provided **Julia Gillard** with a political circuit-breaker in the fight to fix the Murray-Darling Basin and deliver a reform package that will survive a hung parliament. Windsor handed down the final report of his committee of inquiry into the social and economic effects of water buybacks in the Murray-Darling Basin, which was set up in the wake of widespread community anger over the release of the guide basin plan last October. The guide - which had recommended that between 3,000 and 4,000 gigalitres of water be bought back from farmers across the basin - was condemned by both sides of parliament. Windsor's committee report yesterday identified just over 2,000 gigalitres of water-saving infrastructure projects that could dramatically reduce the level of water buybacks to be recommended by the Murray-Darling Basin Authority when it releases its next draft reform document later this year.

Windsor plans poorly

Environment editor at *The Australian*, **Graham Lloyd**, argued that Tony Windsor's Murray-Darling Basin plan could open the floodgates on a slush fund worth more than \$5 billion to finance community pet projects. He quipped that 'for this reason alone, there is little wonder the plan has secured the unanimous and bipartisan support of the House of Representatives standing committee that created it'. He wrote that there was little evidence that the plan would deliver a better overall outcome for the Murray Darling-Basin system in terms of either environmental protection or community wellbeing.

IMMIGRATION. REFUGEES

Biting the hand that feeds

A report by *The Australian's* legal affairs department revealed that the Refugee and Immigration Legal Centre, which has been instrumental in clearing the way for litigation by asylum-seekers, is heavily reliant on federal government funding. The article showed that 68 per cent of the centre's \$1.9 million funding came from the Department of Immigration, despite the fact that the centre's work is likely to cost the department millions of dollars spent defending legal claims from refugees. A further 15 per cent of the centre's money comes from the Victorian government.

System contradictions

The Age reported that most Afghan boat arrivals who appealed against the rejection of their refugee status had the decision overturned, revealing 'extraordinary' disagreement between government and independent reviewers, refugee groups say. Refugee Council chief executive **Paul Power** said the data exposed the political pressure to reject asylum seekers amid last year's election toughening of border protection policy. But independent merit reviewers later overturned 86 per cent of the 303 Afghan cases which were appealed in this period, and Power said this showed 'fundamental disagreement'.

Problem, not a solution

The Australian said that the Gillard government was at odds with the Malaysian government over the level of protection to be offered to the 800 asylum seekers transferred under a controversial refugee swap, with Kuala Lumpur insisting that the 800 be treated the same as other refugees already in the country.

Offers abound?

South Pacific nations, including the politically fragile Solomon Islands, are appealing to the Australian government to make them part of a new Pacific solution for processing asylum seekers. Senior government sources have told *The Australian* that several Pacific nations were very keen to host refugee-processing centres along the lines of the Howard government's deals with Nauru and Papua New Guinea.

Student visas overdrawn

The Australian said that the Gillard government was struggling to manage the international student visa program, failing to keep track of hundreds of thousands of potential visa breaches. The Australian National Audit Office reportedly found the Department of Immigration's key administrative structures and processes 'were not sufficiently robust' to ensure the 'integrity' of the program, while student numbers have soared.

Child refugees to Malaysia

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 there

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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.

Solution support crumbles

Marion Le, a refugee lawyer and outspoken critic of the Pacific Solution, had reportedly urged Labor to reopen the Nauru processing centre - the same facility she demanded be shut in 2005 because of concern about the treatment of asylum-seekers. *The Australian* said she was backed by human rights lawyer **Julian Burnside**, who accused Labor of failure on refugees and said asylum-seekers would receive better treatment in Nauru than Malaysia.

JUSTICE

Checkmate for bishop

A sacked Catholic Bishop accused the Pope of controlling outspoken bishops through fear, humiliation and threats of dismissal, *The Australian* reported. **William Morris**, a Toowoomba bishop who spoke out against sex abuse within the church and lobbied for women and married men to be ordained, said he had taken 'forced retirement' after the Pope had denied him a defence to allegations of doctrinal disobedience.

Plain packaging advert

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'.

Counting the packaging 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, as they have warned, challenge laws which they say will rob them

of their intellectual property - brands and trademarks - in violation of the Constitution and international trade treaties, and if they succeed, 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 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.

Smoke in the lobby

The Age reported that **Tony Barry**, former Liberal staff member and adviser to **Malcolm Turnbull**, had joined a lobbying campaign to help the tobacco industry fight the federal government's plain packaging reforms. Barry is working for the Alliance of Australian Retailers, a front-group funded by the big three tobacco companies. *The Age* also said that the Institute of Public Affairs researchers had been vocal in their defence of the tobacco industry's right to maintain brands on packets. IPA executive director **John Roskam** refused to confirm whether it receives donations from big tobacco, because it had become the target of threats.

Federal Court appointment

Bernard Murphy is the first Victorian solicitor to be appointed to the Federal Court. *The Financial Review* reported that federal shadow attorney-general **George Brandis** questioned the government's decision to appoint Murphy, 'an old associate of the Prime Minister's from a well-known firm of Labor Party solicitors'.

SPORT. GAMING

AFL tackle criticism

The Financial Review reported that Australian Football League chief executive **Andrew Demetriou** denied the sport's close links with betting agencies has harmed its integrity, and he rejected claims that most of the 16 AFL clubs are heavily reliant on poker machines. In a speech to the National Press Club in Canberra, Demetriou said that having betting agencies as sponsors had been more advantageous

than having no ties at all and had given the AFL access to information about suspicious betting patterns.

Gambling changes entrenched

The Age said that the Prime Minister had sent a strong message to **James Packer** and his new lobbyist **Karl Bitar** that Labor is not for turning on its gambling reforms. But the Gillard government rejected a call for a tough new law to stop former ministers, staffers and political operatives from lobbying for a set period. Bitar, the recently departed ALP national secretary, has been hired by Crown Limited, and will be trying to get modified or defeated the proposed move to force gamblers to put prior limits on their losses.

Pokies on a winning streak

The Age reported that Federal Cabinet gave the green light to exempt small clubs with 15 or fewer poker machines from proposed national gambling reforms - including pre-commitment cards - for an extra four years. Also, *The Australian* said that the South Australian and Queensland Labor governments would back NSW, Victoria and Western Australia in refusing **Julia Gillard's** demand to introduce mandatory poker machine limits.

Don't bet on it

The Australian reported that Labor would ban the promotion of live betting odds during sporting events within a year, in a crackdown on gambling inducements. 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.

Trouble in paradise

The Age said that pressure was being brought to bear on independent crossbencher **Andrew Wilkie** to abandon his timetable for poker machine reform, in the first sign of internal party unrest over Julia Gillard's power deal with the Tasmanian MP. The liquor and hospitality workers union, United Voice, New South Wales secretary **Tara Moriarty**, who sits on the ALP national executive and is a vice-president of the NSW branch of the party, warned Wilkie that tens of thousands of jobs will be threatened by the push for mandatory pre-commitment on poker machines.

Disclosure time

The Australian revealed that the ALP took about \$1.4 million in donations from the hotel and gaming industries last year as the Gillard government prepared to negotiate measures to combat problem gambling.

GOVERNANCE

Abbott on the up

As of 4 May, Opposition Leader **Tony Abbott's** approval rating was on the rise, thanks mainly to his constant campaigns against the carbon tax and the Government's handling of illegal boat arrivals and detention centres. Newspoll statistics published in

The Australian showed that Abbott's approval rating had risen from 36 per cent to 42 per cent of a four week period.

But also cops blame

The Australian published the results of *The Australian Election Study* which, based on a detailed survey conducted immediately after the election in August, found that voters' dislike of the Opposition Leader added more than 1 per cent to Labor's vote. **Julia Gillard's** unpopularity also benefited the other side of politics, but it increased the Coalition's vote by only 0.2 per cent. The net 0.9 per cent shift to Labor attributable to leadership was enough to keep Labor in power in an election where it finished with 50.12 per cent of the two-party-preferred vote and an equal number of seats to the Coalition (not including West Australian National **Tony Crook**, who sits as an independent). The calculations are included in an analysis of the survey results by two political scientists - **Clive Bean** of the Queensland University of Technology and **Ian McAllister** of the Australian National University. The survey asked voters to rate leaders on a scale from zero, representing strong dislike, to 10 for strong liking. Although Gillard at the August election would have expected to be still enjoying a honeymoon after replacing **Kevin Rudd** two months earlier, she rated just below neutral at 4.9.

Tony and Turnbull

The paper have been generally suggesting tension is surfacing between **Tony Abbott** and **Malcolm Turnbull**. *The Australian* reported that Abbott was accused of deliberately undermining Turnbull, after confirmation that the Opposition Leader had prior knowledge of a leaked email savaging the Turnbull for missing important parliamentary ballots. Evidently, Turnbull expressed his fury at the email, confronting its author - Coalition Party Whip **Warren Entsch** - in Parliament.

Endangered Tasmanian

The Australian reported former Tasmanian premier David Bartlett's announcement that he was quitting cabinet and parliament. Bartlett, who quit as premier in late January amid flagging opinion polls and a budget blow-out, had remained as Attorney-General and Justice Minister in the power-sharing government headed by his successor Lara Giddings. His resignation was the third recent departure for the government, with Education Minister **Lin Thorpe** losing her Upper House seat just a few days before, and Treasurer **Michael Aird** quitting in December.

G-G goes to Vietnam

Days after her appearance at the British royal wedding, Governor-General **Quentin Bryce** made an official visit to Vietnam, where she met President **Nguyen Minh Triet**, and opened the World Conference on Drowning Prevention in Danang.

He can dole it out

The Australian reported that Parliament's youngest ever MP, **Wyatt Roy**, had taken offence at a parliamentary quip from Wayne Swan, claiming he had been 'most grievously' misrepresented as a dole recipient. 'I have never spent a day on the dole,

contrary to the remarks of the Treasurer in this place today,' he said in the paper.

Territory retirement

Australian Capital Territory Chief Minister **Jon Stanhope** has retired after ten years in that role. Thirteen years in the assembly, aged 60.

A new man

A *NewsPoll* published in *The Australian* suggested that Campbell Newman has revived the conservatives' hopes of regaining government in Queensland. On a two-party-preferred basis, the LNP's vote surged from 48 per cent to 60 per cent, giving it a 20-point lead over Labor.

Innovative move

The Financial Review reported that the Secretary of the Department of Innovation, Industry, Science and Research, **Mark Pearson**, departed to head up the New South Wales Department of Trade and Investment. The vacated role will be filled by **Don Russell**, once right-hand man to Paul Keating,

No straight answer

The Australian said **Julia Gillard** played down the fact that the conference of Labor's Victorian branch was unable to raise a quorum to debate same-sex marriage. But amid claims that the party's Right factions colluded to stymie the debate, the Prime Minister has also said that she expects an open discussion on marriage rights at Labor's national conference in Sydney in December.

Queensland priorities

The Financial Review reported that Queensland Premier Anna Bligh had vowed to put rebuilding the state ahead of reclaiming its AAA credit rating as she faced her toughest political test, from former Brisbane lord mayor **Campbell Newman** and a resurgent Liberal National Party.

Tired of sitting around

An interim report looking at the impact of the parliamentary reforms, and obtained by *The Age*, said extended sitting hours may have 'potential adverse effects' on MPs and their families. 'Current sitting hours cannot be sustained,' said the report by the House of Representatives standing committee on procedure. Chairwoman and Western Sydney Labor MP **Julie Owens** said concerns about health, work quality and family life were 'presented strongly' by backbenchers on both sides.

Tabloid turmoil

The Age reported on two recent incidents involving MPs and the tabloids. First, Greens leader **Bob Brown** let fly against the Murdoch 'hate press'. Second, a senior government frontbencher launched a broadside against News Ltd's *The Daily Telegraph*. Infrastructure Minister and Leader of the House **Anthony Albanese** accused the Sydney tabloid of running two front-page stories in 48 hours with 'no basis in fact whatsoever'. Albanese delivered his view to journalists gathered for a weekly briefing after Labor's caucus meeting yesterday. He said he had tried to call *The Daily Telegraph's* editor, but his call was not returned.

What Wilkie wants

On Friday May 27, the front page of *The Australian A PLUS* was dominated by an item on independent MP **Andrew Wilkie**, whom the paper identified as 'the most unpredictable of the independents'. In a column on the right of the page a list showed 'what Wilkie really wants'. *The Australian* felt that Wilkie's position on climate change was that Australia had an obligation to do something about it, and that a price should be put on carbon pollution. On Asylum Seekers Australia must honour the UN Refugee Convention and protect people fleeing persecution, and full weight should be brought to bear on people-smugglers. On poker machines he reportedly believes a mandatory pre-commitment system should require players to set limits on the amount of money they're prepared to lose. The paper also said that he wanted work on the National Broadband Network to continue.

Katter out of the bag

The Age wrote that Queensland Federal MP **Bob Katter** was set to unleash the power of a punitive new political movement on Canberra, prior to the launch of his Australian Party.

ALP's tell-tale heart

Geoff Kitney at *The Financial Review* offered that even in a bipartisan moment, Labor broods over the vexed leadership issue. He was referring to opposition leader **Tony Abbott's** praise of **Kevin Rudd's** leadership, which, he said, probably caused some discomfort in the Labor ranks.

Nobody's listening

Prime Minister **Julia Gillard** was reported by **Laura Tingle** at *The Financial Review* as having told the Labor Party caucus she was playing the 'long game' in politics - making hard political decisions early that would reap benefits later for a government that is going to serve a full term. However, Tingle's article claims that both sides of politics say people have stopped listening to Gillard.

Speaker courts crisis

House of Representatives Speaker **Harry Jenkins** was reported by the ABC online to be no longer considering his resignation, after one of his rulings was defeated this afternoon. Jenkins named Opposition backbencher **Bob Baldwin** for allegedly rowdy behaviour, meaning a vote would be taken on whether he should be suspended from Parliament for 24 hours. But the ABC reported that when the decision was put to a vote, independent MP **Rob Oakeshott** and WA Nationals MP **Tony Crook** delivered the Coalition a win. Labor lost the vote despite Greens MP **Adam Bandt** and independent **Andrew Wilkie** supporting the Government. Having failed to win his vote, Jenkins said he would take some time to 'consider my position' and decide if he should resign. But Opposition Leader **Tony Abbott** - despite leading his party in opposing the Speaker's motion - was quickly on his feet to move a confidence motion in the Speaker. The situation bore some similarity to that of **Jim Cope**, who resigned as speaker when he came into conflict with former prime minister **Gough Whitlam**. In February 1975, the Whitlam government

refused to support him when he 'named' minister **Clyde Cameron**.

More house antics

The Australian reported that Labor indignation about alleged Coalition sexism sparked an angry counter-attack from female Liberal MPs, who accused their ALP counterparts of hypocrisy. A day after Labor MPs complained bitterly about Liberal senator **David Bushby** making a noise like a cat at Finance Minister **Penny Wong**, the Liberals told *The Australian* that Labor women feigned indignation when it was in their political interests but ignored inappropriate comments from their own side.

Another close call

The Financial Review said that the Gillard government had suffered a second challenge to its parliamentary authority in three days, after a row over proposed superannuation legislation that could have changed the federal budget. The Greens, Labor's minority partner in government, and the Coalition are unhappy that the government could exploit a parliamentary rule – that only ministers can present money bills – to throw out bills from non-government MPs if there is even a minor cost to the federal budget. The trigger for the constitutional difficulty was a private member's bill from Liberal MP **Bronwyn Bishop**, presented the previous week, to remove the age limit, which is 70 but will rise to 75, for workers receiving employer superannuation payments. Speaker of the House of Representatives **Harry Jenkins** told Parliament that he and the parliamentary clerks had examined the constitutionality of private members' bills and said Ms Bishop's bill could not proceed in its current form without a money bill a.k.a appropriation bill. While the bill that triggered the controversy was presented only a week previously, Speaker Jenkins said the clerks had examined the ambiguities over money bills in the hung Parliament for several months.

On the inside

The Australian reported that **Dr Don Russell**, who was **Paul Keating's** chief economic adviser, had been appointed the Secretary of the Innovation Department. In 1993, Keating appointed him as Australia's ambassador to Washington. He has spent

recent years in the finance industry, at present holding the position as chairman of NSW State Super. The outgoing department head, **Mark Patterson**, is also a conservative economist, having been lured from his position as chief executive of the Australian Chamber of Commerce and Industry by former prime minister **John Howard** to head the Industry Department. *The Australian* also covered prime minister **Julia Gillard** announcement that **Paul Grimes** would be the new secretary of the Department of Environment, replacing **Robyn Kruk**, who is taking up a position as chief executive of the new National Mental Health Commission. Dr Grimes was previously Associate Secretary in Gillard's department.

BUDGET

Budgeting for the future

As expected, Treasurer **Wayne Swan's** 2011 budget was heavy on spending cuts, as the federal government aims to convert a \$50 billion deficit to a \$3.5 billion surplus in two years. The majority of *The Financial Review's* experts gave the budget a positive review, saying that the \$22 billion worth of spending cuts were necessary to keep Australia's economy strong. **Laura Tingle**, one of the paper's chief financial columnists, said the budget 'contains a range of innovative and intelligent measures which address Australia's skills shortage with considerable flexibility.' However, Tingle's colleague **David Crowe** was not so impressed, writing that 'the cuts to outlays in the budget might not be enough to keep the Gillard government on track to meet some of the big promises that underpin its fiscal policy.' Analysts for *The Australian* seemed to take a slightly more negative view of Swan's plans, with columnist **Michael Stuchbury** writing that the budget is 'punting everything on our China luck holding. It leaves no prospect of building a solid surplus.' Editor-at-large **Paul Kelly** described it as 'a patchwork budget to suit a patchwork economy,' saying that it was 'neither overtly tough nor generous,' and accusing it of lacking character. According to *The Australian*, key points of the budget were as follows:

- Deficit reduced from \$49.4bn to \$22.6bn next year, surplus of \$3.5bn by 2012-13
- Unemployment to 4.75 per cent, GDP growth of 4 per cent in 2011-12
- Dependent spouse tax offset abolished for under-40s
- Two-year freeze on threshold for key family payments to save \$1.2bn
- Disability Support Pension eligibility tightened and work tests toughened
- \$3bn training package with tougher work tests for single mums and 'earn or learn' requirement for unemployed under-21s
- Early payment of \$300 Low Income Tax Offset
- \$1bn crackdown on company car FBT
- 16,000 skilled migrants for regions with skills shortages
- Asylum-seeker processing costs blow out to \$2.5bn over 5 years
- \$2.2bn for mental health over five years
- \$1.8bn for regional hospitals and health facilities, \$717m for more diagnostic imaging and \$53m public dental package
- Flood levy to raise \$1.7bn over two years
- \$4.3bn in cuts and spending deferrals for Defence over four years.

Enough is enough

Finance Minister **Penny Wong** defended the federal budget against criticism from former Reserve Bank of Australia official **John Broadbent**. *The Financial Review* reported that the 30-year RBA veteran Broadbent had said the Budget was far from 'tough', and that it should have contained more spending cuts to prevent mortgage rates from rising.

Rudderless

The Financial Review reported that nearly \$3.3 billion of spending initiatives by former prime minister **Kevin Rudd** have been dumped, cut or redirected to help get the budget in surplus and fund new programs. Some of those cut in the Budget were key pledges made in 2007 that helped Labor win the election. Others were only a year old, raising queries on their design.

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Finding No. 4672
Available on Website: www.roymorgan.com
On June 3, 2011

L-NP (59%) HAS ITS BIGGEST RECORDED LEAD EVER OVER THE ALP (41%) **MAJORITY OF AUSTRALIANS (53%) DO NOT WANT THE CARBON TAX**

The latest telephone Morgan Poll conducted over the last three nights, May 31 – June 2, 2011, shows the L-NP (59%) with its biggest winning lead over the ALP (41%) since the Morgan Poll began recording Two-Party preferred results in early 1993.

A clear majority of Australian electors (53%, down 1% since March 2011) oppose the Gillard Government's plans to introduce a carbon tax, 37% (down 1%) support the proposed carbon tax and 10% (up 2%) can't say.

Although most oppose the carbon tax Australians are concerned about Global Warming. When asked for their view of Global Warming most Australians (50%, down 4% since January 2010) say that *'If we don't act now it will be too late'* and a further 15% (up 3%) say *'It is already too late,'* only 32% (up 1%) believe that *'Concerns are exaggerated,'* and 3% (unchanged) can't say.

Moreover opinion is still evenly divided on Opposition Leader Tony Abbott's promise to overturn the Gillard Government's proposed carbon tax legislation if the Liberal Party is elected: 45% (up 1%) of electors support overturning the carbon tax legislation cf. 45% (down 1%) oppose overturning the carbon tax legislation.

Global Warming in Australia

- A clear majority of Australian electors (67%) are aware that Australia is responsible for about 1% of the world's total carbon dioxide emissions and a majority (64%) believes that Australia's proposed carbon tax will make no difference to the world's climate. However, 52% of ALP supporters and 67% of Greens supporters believe a carbon tax will make a difference to the world's climate compared to only 15% of L-NP supporters.
- Few Australians (14%) believe the computer projection referred to by Prime Minister Julia Gillard that sea levels will rise 1.1 metres in the next 100 years, 44% of Australian electors believe global sea levels will rise by more than 20cm but less than 1.1 metres; 32% believe global sea levels will rise by 20cm or less and 10% believe global sea levels will not rise.
- A majority of Australian electors (54%) believe that global sea level changes are mainly due to Global Warming, 37% believe they are not mainly due to Global Warming. Interestingly, 76% of ALP supporters and 80% of Greens supporters believe sea level changes are due to Global Warming compared to only 39% of L-NP supporters.
- Although a clear majority of Australian electors (72%) do not believe the recent floods in Queensland and bushfires in Victoria a couple of years ago are due to Global Warming compared to some 20% that believe the floods and bushfires are due to Global Warming and 8% can't say.

Federal Voting Intention

The telephone Morgan Poll shows the L-NP primary vote is 50%, well ahead of the ALP 30%. Support for the minor parties shows the Greens 9.5% and Independents/Others 10.5%.

If a Federal election were held today the L-NP would easily win according to this Morgan Poll.

The Roy Morgan Government Confidence Rating is at 106.5, with 46.5% of Australians saying Australia is 'heading in the right direction,' while 40% say Australia is 'heading in the wrong direction.'

The latest [weekly Roy Morgan Consumer Confidence Rating](#) for the weekend of May 28/29, 2011, was 112.7, down 3.0pts from May 14/15 2011.

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Finding No. 4674
Available on Website: www.roymorgan.com
On June 6, 2011

AUSTRALIANS IN A QUANDARY ABOUT 'CARBON TAX'

A [special telephone Morgan Poll conducted last week](#) on the nights of May 31 – June 2, 2011 found:

- 50% of Australians when asked for their view of Global Warming say *"If we don't act now it will be too late,"* 32% believe *"Concerns are exaggerated,"* and 15% say *"It is already too late."*
- 53% of Australian electors oppose the Gillard Government's proposed carbon tax, 37% support the carbon tax legislation and 10% can't say.
- If the carbon tax is introduced Australian electors are split on whether a future Prime Minister Tony Abbott should overturn the carbon tax with 45% supporting Abbott overturning the carbon tax legislation and 45% opposed to Abbott overturning the carbon tax legislation.
- A clear majority of Australian electors (64%) say the proposed carbon tax will make no difference to the world's climate compared to 31% that say it will.

Following these questions the Morgan Poll asked a series of further questions about the carbon tax and its potential effect on Australia due to our reliance on brown coal and black coal, the effect on electricity charges and whether nuclear power is a potential solution to provide cleaner energy that does not emit carbon dioxide.

Brown coal generated Power Stations

A majority of Australian electors when told: *"Victoria currently relies on brown coal to generate electricity which provides about 85% of Victoria's power. Brown coal is different from black coal as it is not safe to be exported in ships. A carbon tax will result in a significant increase in the cost of generating Victoria's power."* And asked *"Are you aware of this or not?"* were **not aware** (53%), while 47% are aware.

A majority of electors in Victoria (72%) and Tasmania (56%) are **aware**, while majorities in other States are **not aware** – Western Australia (68%), Queensland (64%), New South Wales (60%) and South Australia (57%).

Electors were then asked *"Do you think the carbon tax policy should or should not apply to Victoria's brown coal generated power stations?"* Despite being told about the importance of brown coal to Victoria's electricity system and the implications of a carbon tax, 48% of electors believe a carbon tax should apply to **Victoria's brown coal generated power stations**, 42% of electors don't and 10% can't say. **This is significantly higher than the 37% of Australian electors who support the Gillard Government's carbon tax.**

More electors in every State believe a carbon tax should apply to **Victoria's brown coal generated power stations**: New South Wales (48% should apply cf. 40% not apply); Victoria (48% cf. 42%); Queensland (47% cf. 40%); Western Australia (49% cf. 48%); South Australia (53% cf. 34%) and Tasmania (60% cf. 28%).

Black coal generated Power Stations

Support is even stronger (51%) for a carbon tax applying to **Australia's black coal generated power stations**; 39% do not support and 10% can't say. **Once again this is significantly higher than the 37% of Australian electors that support the Gillard Government's carbon tax.**

A majority of electors in four States support a carbon tax applying to **Australia's black coal generated power stations**: New South Wales (53% should apply cf. 37% not apply); Victoria (51% cf. 39%); South Australia (53% cf. 34%) and Tasmania (60% cf. 28%). In addition, more electors in Queensland (47% cf. 43%) and Western Australia (46% cf. 43%) believe a carbon tax should apply than should not apply.

Higher electricity charges

Following the question on coal generated power stations electors surveyed were asked *"If the carbon tax means higher electricity charges, do you agree or disagree with the proposed tax on companies emitting carbon*

dioxide?” **Most Australian electors (50%) disagree** with the proposed carbon tax on companies emitting carbon dioxide **if it means higher electricity charges, 45% agree** with the carbon tax and 5% can't say.

On a State level opposition is strongest in Queensland (56%) and Western Australia (55%). Nearly half of those in NSW (49%) also disagree. However, more electors in Victoria (49%), South Australia (49%) and Tasmania (59%) agree with the carbon tax even if it means higher electricity charges.

Nuclear Power alternative

Despite the concern about carbon dioxide emissions, Australian electors **don't believe nuclear power is the answer to cleaner energy**. When asked *“If the worries about carbon dioxide are a real problem. Many suggest the cleanest energy source Australia can use is nuclear power. Do you support Australia developing nuclear power to reduce Australia's carbon dioxide emissions or not?”* Of all electors **59% believe we shouldn't develop nuclear power** to reduce Australia's carbon dioxide emissions compared to only **36% that say we should develop nuclear power** and 5% can't say.

A clear majority of electors in all States are opposed to developing nuclear power to reduce carbon dioxide emissions: New South Wales (53% don't want nuclear power cf. 41% do want nuclear power); Victoria (62% cf. 32%); Queensland (65% cf. 28%); Western Australia (58% cf. 39%); South Australia (51% cf. 44%) and Tasmania (76% cf. 24%).

Gary Morgan says:

“Importantly – [as last week's special telephone Morgan Poll showed](#) – only 37% of Australian electors support a carbon tax, while 53% of Australian electors are opposed to the Gillard Government's carbon tax legislation. However more Australians support a carbon tax applying to brown coal (48%) and black coal (51%) than support the carbon tax currently proposed by the Gillard Government.

*“Although more electors support a carbon tax applying to brown coal and black coal than oppose it, most Australian electors (50%) disagree with a carbon tax on companies emitting carbon dioxide **if it means higher electricity charges.***

“This seems contradictory, but may be explained by the Gillard Government's promises of ‘hefty’ compensation for many households to offset the effect of the carbon tax on the household budget; or it may simply reflect the stage of the carbon tax debate – it is highly political (with support for the tax correlating strongly with support for the ALP/Greens) and the detailed issues are not yet well articulated in the public domain – so electors are learning as the debate unfolds, and the implications are debated.

“However nuclear energy is not seen as the answer even if the worries about high carbon dioxide emissions are real. A clear majority (59%) of Australian electors do not want to develop nuclear power to reduce carbon dioxide emissions compared to only 36% that do.

“Some commentators have criticised certain questions asked by the Morgan Poll in recent days on this topic. We have conducted this research to try and de-politicise the arguments that are being mounted for and against the proposed carbon tax. We are trying to get to the heart of the issues and find out what Australian electors really think about the proposal and what effects it may have – and whether they think the arguments being raised for and against the proposed carbon tax are in fact valid debating points.”

Electors were asked a series of questions about the proposed carbon tax, including several questions about how the carbon tax will apply to electricity generation including brown coal, black coal and nuclear power. These questions were asked after voting intention questions and previously released questions concerning the carbon tax and potential effects of carbon dioxide emissions which were [released](#) last Friday by the Morgan Poll.

This telephone Morgan Poll on issues relating to the carbon tax was conducted over the last six days and nights, May 31 – June 5, 2011 with an Australia-wide cross-section of 1,261 Australians aged 14+ including 1,045 electors.

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Margin of Error

The following table gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
500	±4.3	±3.8	±2.6	±1.9
1,000	±3.0	±2.7	±1.9	±1.4
1,500	±2.5	±2.2	±1.5	±1.1
2,000	±2.1	±1.9	±1.3	±1.0



3. Tony Abbott



Trust this Prime Minister at your peril

7. Tony Abbott



All manufactured goods will be more expensive

11. Gerry Hueston



Overwhelming evidence

13. Tony Abbott



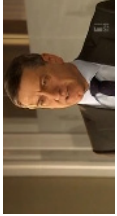
Prof. Garnaut recommending that climate change targets...be set by unelected, unaccountable people

1. Carbon Tax Ad



Say yes to cutting carbon pollution

5. Mitch Hooke



There is a much better way to price carbon

9. Greg Hunt



Transition from coal to gas to save 10m tonnes/year

15. Greg Hunt



I am designing a policy, we have set out a policy

16. Christine Milne



A phoney debate

18. Will Steffen



Get emissions turned from upward trajectory to downward trajectory

19. Bob Carter



Important...that this sort of policy advice be contested

2. Julia Gillard



The science is in; climate change is real

6. Malcolm Turnbull



Difficult to identify any vision...coming from the labour party

10. Julia Gillard



Judge in the middle of the year when you have all the details

12. Tim Flannery



Not a reputable academy of sciences anywhere that does not support the basic climate science

17. Barnaby Joyce



Not going to change the climate from this building

21. Greg Combet



Ask large companies to pay for every tonne of pollution that they produce

4. Greg Combet



Generous household assistance

8. Julia Gillard



Clean energy jobs of the future

14. Tim Flannery

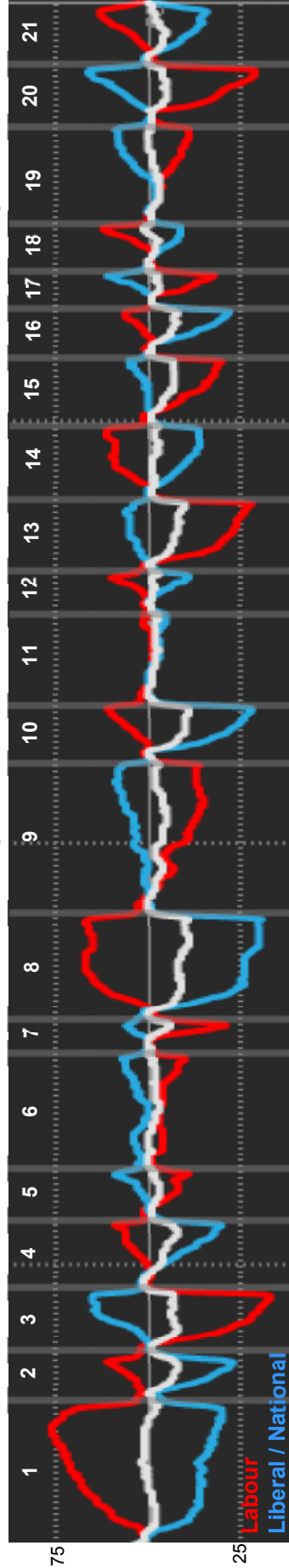


Temperature's going up...humans are the cause

20. Barnaby Joyce



How can anyone believe anything that this Prime Minister says?



Western wallop

The Commonwealth will take a \$1.9 billion budget hit after Western Australia lifted its resources royalties. *The Financial Review* wrote that the move sparked a brawl with the Gillard government and put the state at risk of reduced federal funding. Federal Treasurer **Wayne Swan** responded that the government would refund the miners who had to pay the extra royalties, in accordance with the peace deal Labor negotiated with resources companies over its mining tax last year. But he warned that the federal government was likely to recoup the money by reducing the \$2 billion in infrastructure grants it had promised to Western Australia. *The Australian* quoted Premier **Colin Barnett** saying that relations with Canberra were at a low point, and the paper suggested that he was forming closer links with Beijing rather than Australia's capital.

Where there's a Wilkie

Unless the Gillard government bows to pressure to scale back its unpopular cuts to the private health insurance rebate for well-off households, the move may be rejected by Parliament. *The Financial Review* said that the change would leave the government with a budget black hole of more than \$2 billion. Tasmanian independent MP **Andrew Wilkie** told Parliament he would not support the changes.

Swiss cheese

The Age claimed that the government faces a hole of about \$3.4 billion over four years in its budget if its proposed means test on the private health insurance rebate is rejected. The legislation is struggling with Queensland independent **Bob Katter** speaking out against it, and New South Wales MP **Tony Windsor** saying he would vote against the proposal in its previous form.

BUSINESS. ECONOMY. TAX

Rough patch

The Australian economy experienced its worst contraction in 20 years, registering a 1.2 per cent fall in gross domestic product for the first quarter.

ANZ boss warns of tough times

The Australian reported that, despite his company recently posting a record \$2.8 billion profit, ANZ chief **Mike Smith** believed Australian economic situations remained volatile, and that the nation is not prepared for the 'structural' economic shift that will create damaging consequences for already struggling industries.

New boss

The Australian Securities and Investments Commission appointed **Greg Medcraft** as its boss. However, with the retirement of chairman **Tony D'Aloisio**, Medcraft has been left with the difficult decision of whether or not to hire a new commissioner to oversee investment banks and financial planners. ASIC expanded from three commissioners to six in 2009, when Medcraft, accountant **Michael Dwyer** and economist **Peter Boxall** were appointed.

New enforcer

The Financial Review covered the introduction of new Australian Securities and Investment Commission chairman **Greg Medcraft**. He replaced **Tony D'Aloisio**.

CAMAC appointments

The Financial Review listed the federal government's new appointments to the Corporations and Markets Advisory Committee. **Denise McComish**, **Jane McAloon**, **David Gomez** and **Michael Murray** were appointed, while **Ian Ramsay**, **Alice McCleary**, **Geoffrey Nicoll** and **Greg Vickery** were reappointed for a three-year period. **Rosey Batt**, **Rachel Webber** and **Damian Egan** were appointed to the legal committee.

Banking on change

A Senate inquiry into banking competition found that several key measures needed to be rethought, in order to help smaller banks remain competitive with the 'big four,' *The Age* reported. The committee, which consists mostly of Coalition senators, made 38 recommendations, including removing the ban on mortgage exit fees, which it described as a 'knee-jerk reaction.' It also urged a rethink on the wholesale funding guarantee, which would mean that smaller lenders would be charged the same as the big banks. The seven-month investigation found that reining in 'bi-bank' power through regulation would be counter-productive, as would an Australia-Post-style 'people's bank.' Instead, it suggested a broader review of the financial system, a move which has previously been backed by the opposition and Treasury.

Driving small business

The Herald Sun reported that small businesses would get an instant \$5,000 tax write-off when their owners bought a work vehicle after July next year. Treasurer **Wayne Swan** said that a tradesman paying the 30 per cent tax rate who bought a new ute costing \$33,960 would get back \$1275 in their following tax return. The rest would be depreciated in the normal way.

Building red tape

The building industry is seeking urgent talks over the federal government's \$513 million tax crackdown on construction contractors. *The Financial Review* aired fears it will increase both red tape and the bargaining leverage of militant trade unions. The paper said that **Master Builders Australia** wants a meeting with Assistant Treasurer **Bill Shorten** over the plan to force principal contractors to report annually to the Australian Taxation Office on the payments they make to contractors. MBA chief executive **Wilhelm Harnisch** said the industry feared that the new reporting regime was a guise for attacking the legitimacy of contracting in the sector.

Wouldn't it be nice

Speaking at a New South Wales Business lunch in Sydney, Federal Treasurer **Wayne Swan** said that he would like to see the company tax rate lowered to 25 cents on the dollar. However, Swan said that the government could not immediately afford to finance a larger cut than the already announced one percentage point reduction to 29 percent for small businesses in

2012-2013, and for all other businesses the following year.

Austrade change up

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 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'.

Banks check credit tank

Major bank executives warned *The Financial Review* that recent reforms which are aimed to target consumer lending risk restricting borrower choice, choking credit access, and wiping out several hundred million dollars in income annually. While the intent of reform has been welcomed, bankers say that some changes have gone too far, and have the effect of hindering competition. The \$197 billion personal credit card sector has been singled out as the most adversely affected. The consumer credit reforms came into effect for the big banks from January, and place a greater onus on lenders to assess a borrower's ability to afford credit. They apply to all consumer-lending products - credit cards, mortgages and personal loans.

Tax perks in their sites

The Financial Review said that the Australian Taxation Office was reviewing the generous living-away-from-home allowances paid to professionals and other workers, due to concerns that the tax-free allowances are being rorted.

Outfoxed

Foxtel chief executive **Kim Williams** has argued in *The Australian* that the Australian Competition and Consumer Commission should not block a \$1.9 billion bid for Austar, because regulatory issues loom as the only potential risk to consolidation in the pay-TV sector.

Insolvency changes

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, 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.

INDUSTRIAL RELATIONS. EMPLOYMENT

Come fly with me

The Gillard government proposed an increase in fly-in, fly-out jobs in the mining sector as a way to increase workforce participation and combat entrenched joblessness, *The Australian* reported. Resources Minister **Martin Ferguson** said the government aimed to promote fly-in, fly-out jobs, particularly in Tasmania, to help people who have lost work due to the forest industry restructuring package.

Australia orders take-away Indian

Australian officials discussed a radical plan to recruit up to 30,000 Indian students, to deal with a skills shortage that threatens to slow the resources boom, *The Financial Review* reported. The proposal would involve opening the Australian education system up to as many as 100,000 Indian students, with many of them returning to their homeland upon completion of their course, a move that would also help bridge India's skills gap.

Desal deals

The Australian reported that a union deal gave workers at a Victorian desalination plant \$50 an hour more than their counterparts at other major projects. The paper claimed that the overly generous pay deals struck at Victoria's \$5.4 billion Wonthaggi plant, estimated to have added \$34 million to the project's wages bill, are starting to be used as a template for union claims across Victoria. Federal Labor and union sources confirmed the plant is seen as a benchmark for new projects in the state. Union leaders and the Victorian Labor government defended the deal as a special agreement for an isolated site. **Dean Mighell**, the Victorian secretary of the Electrical Trades Union, denied that unions were seeking to replicate the desalination agreement. But employers nationally expressed concern yesterday at the increased claims being pursued in the construction sector.

Executive salary cap

The Financial Review said **Julia Gillard** rejected a demand from the Australian Greens that would limit the country's top executives to take home pay of just under \$2 million. The Greens had flagged an amendment to the laws that would cap CEO salaries at 30 times the average wage, as a condition for giving the government vital support to pass landmark

reforms on executive pay. The move threatens to force the federal government into siding with the Coalition and watering down Labor's so-called 'two-strikes' limits on executive pay, which give shareholders greater power to reject CEO remuneration deals.

Change of tune

The Financial Review reported that former Labor minister **Bob McMullan** had been nominated as a London-based executive director of the European Bank for Reconstruction and Development. He was previously Trade Minister under the Keating government. Former Howard government Defence and Industrial Relations Minister **Peter Reith** has previously held the position.

Women win on work

Fair Work Australia ruled that hundreds of thousands of female community and social workers are underpaid and that the undervaluation of their work is partly based on gender. But *The Financial Review* said that the landmark case on equal pay for women – which will have ramifications in other low-paid sectors dominated by female workers – is set to take months to translate into higher wages.

Warf action ends

The Maritime Union of Australia announced that damaging industrial action across three states would end early, amid concerns that significant beef and cotton exports were being jeopardised by the increasingly bitter dispute with Patrick Stevedores.

Jobs canned

The Australian reported that international food giant Heinz would cut its Australian workforce by 20 per cent or 346 jobs, closing down a plant in northern Victoria, and cutting a quarter of the jobs at its Golden Circle cannery in Brisbane. Under the new global strategy, Heinz will shift beetroot processing from its Brisbane factory to one which it owns in Hastings, New Zealand. In addition to the 160 jobs going at the Brisbane plant, a tomato sauce factory at Girgarre in northern Victoria will close, throwing 146 people out of work, while 33 jobs will be lost at Heinz's plant at Wagga Wagga in southern NSW.

Preemptive strike approved

The Australian reported that Fair Work Australia has upheld the right of workers to strike before workplace bargaining starts, prompting employers to demand the Gillard government change the federal industrial laws or face 'industrial chaos in the workplace'. Workplace Relations Minister **Chris Evans** confirmed that a pre-election review of the workplace laws would start in January next year. But he said the review was a long-standing commitment promised in the Fair Work Bill's explanatory memorandum, and not a response to employer calls for change. The tribunal's full bench, headed by president **Geoff Giudice**, confirmed that a union may initiate protected industrial action against an employer before bargaining had begun and where the employer had not agreed to bargain.

IR overhaul from the west

The Australian said employers in Western Australia have urged **Julia Gillard** and **Tony Abbott** to consider a radical overhaul of the federal workplace system that includes the stripping-back, and potential phasing-

out, of the nation's award system. The Chamber of Commerce and Industry of Western Australia has called for the promotion of agreement-making at an enterprise level, including individual contracts, as well as new restrictions on unfair dismissal claims and unions entering workplaces. **James Pearson**, the chamber's chief executive, said the policy changes were needed as Labor's Fair Work Act was handicapping the ability of the state and national economy to grow and prosper.

Historic wage hike

The Financial Review reported that the lowest paid workers would receive a 3.4 per cent pay rise under an historic decision by Fair Work Australia. The paper said the move shifts the structure of the minimum wage system and will lead to bigger claims by those on higher pay.

BROADBAND & I.T.

Budget boost

The Australian noted that the federal budget was a boon for the technology sector. More than \$1 billion was allocated to public-sector projects that will underpin reforms in service delivery. About 70 per cent of the funds were earmarked for the Department of Human Services, which is in the midst of integrating Centrelink, Medicare and the Child Support Agency into a super agency.

Telstra spends big

Telstra announced a \$600 million upgrade to its broadband network, allowing it to offer a new range of digital communication tools to small businesses, *The Australian* reported. The program, which will be rolled out over five years, will involve upgrades to 1,600 of Telstra's stations nation-wide, enabling it to deliver top-quality voice, internet services, fax and EFTPOS over a single broadband line. Telstra chief **David Thodey** used the announcement to highlight the telco's commitment to small businesses.

Bush bashes broadband cut

Internet providers warned the federal government that it will face a backlash from rural consumers unless it revives its bush broadband subsidy scheme, *The Australian* reported. The failing \$238 million scheme, which was designed to make broadband services available to rural areas at a price and speed comparable to metropolitan areas, was supposed to run through 2012, but looks like being shut down early. Its replacement is the National Broadband Network's interim satellite solution, but concerns have been raised that this solution will force rural customers to pay \$1,000 more for broadband services than their metropolitan counterparts would.

Directors protected

The Financial Review reported that the board of NBN Co has successfully lobbied the federal government to provide legal protection for the company's directors as they finalise a deal to split up Telstra.

Quigley apology

The Australian said that National Broadband Network chief **Michael Quigley** admitted making some incorrect claims about his past as one of the senior



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executives of French telecommunications giant Alcatel. Alcatel has been involved in corruption in various countries.

Rudd to see CeBIT

A spokeswoman told *The Australian* that Trade Minister **Kevin Rudd** attended the CeBIT Australia Technology Trade Show 2011 in Sydney and formally welcomed Germany as the inaugural partner country for CeBIT Australia.

Rudd will officially open the show with German Foreign Minister **Guido Westerwelle**. CeBIT opened at Darling Harbour on 31 May. Companies presenting at the show include NBN Co, Google, Fairfax, Microsoft, Optus, Westfield Group, eBay, MasterCard, Facebook, Westpac and Alcatel-Lucent.

NBN competition concerns

The Financial Review said that the Australian Competition and Consumer Commission will investigate claims that the government company rolling out the national broadband network will drive telco installers out of business by taking over the market. The paper said that controversial draft laws allow NBN Co to pick which companies install fiber-optic cable connections in new property developments across the country. **Michael Sparksman**, chairman of the Greenfield Operators Australia Group, which represents private installers, told a parliamentary inquiry into the NBN that the proposed laws were a 'felony'. He said that the laws prevented competition and raised prices for everyday users and businesses.

Executive protection

The Financial Review said the federal government had revealed that NBN Co sought a legal indemnity from the Commonwealth to cover the risks of a pending business deal, yesterday. Communications Minister **Stephen Conroy** confirmed that the NBN Co board had sought the indemnity, but had been refused, because the commercial contract was not completed. If approved later, the arrangement would be the second of its kind for the NBN board, which is already covered by an indemnity that relates to its negotiations with Telstra to formalise an \$11 billion deal to co-operate on building the network.

Thin customer base

The Australian reported NBN Co, which has 784 staff, has at most 607 customers after **Julia Gillard** and Communications Minister **Stephen Conroy** launched the first NBN site on the mainland in Armidale, with just seven users. And none of the network's users is a paying customer yet. Opposition communications spokesman **Malcolm Turnbull** seized on the figures, declaring them further proof that the government should have done a cost-benefit analysis of the \$36 billion project.

Mission Impossible

Leighton Holdings chief executive **David Stewart** has accused NBN Co of setting unrealistic expectations for contractors tendering to build the \$35.9 billion National Broadband Network. *The Australian* reported the comments following allegations of price-gouging by the construction industry.

Telstra combating complaints

The Financial Review said Telstra consumer mobile users would be among the first in the world to have their data speeds slowed when they exceed their mobile data allowance, and not be charged for excess domestic data. The move is part of efforts to bring down customer complaint levels, which rose again in the first three months of the year after the company added record numbers of new customers.

Risky business

The Australian claimed that taxpayers face greater liabilities for construction delays or cost blowouts during the building of the National Broadband Network, under a revamped tender process in which the government-owned NBN Co will take on more risks to keep down bidder costs. The revelation came amid a continuing tussle between unions and contractors on wage claims and working conditions that has the potential to inflate the final building costs on the project. A 74-page document obtained by *The Australian* showed the unions had sought from NBN contractors a 36-hour working week, nine-day fortnight, 20-minute smokes, 'crib' breaks after more than 90 minutes overtime and the chance to volunteer on development projects.

Mobile madness

The Financial Review reported that phone companies now face tougher regulation after a year-long inquiry into customer service found self-regulation had failed to deal with the litany of customer complaints. In its damning 140-page report, the Australian Communications and Media Authority pointed to a long list of inadequacies in customer service, from the way complaints are handled to the marketing of 'unlimited' and 'cap' plans.

Ericsson gets the signal

The Financial Review reported that Swedish telecommunications giant Ericsson had been awarded a \$1.1 billion contract to build and manage the fixed wireless component of the government's \$35.9 billion national broadband network.

Telstra ruling favourable

The Financial Review claimed that Telstra had scored a critical win over its competitors after the federal government ignored calls for a tougher regulatory regime during the transition to the National Broadband Network. Communications Minister, **Stephen Conroy**, defied pleas from Telstra's competitors to make the country's largest telco sell wholesale services to its own retail arm on exactly the same terms and conditions as it does to its rivals during the 10-year transition.

INFRASTRUCTURE

Population situation

The Australian claimed that the nation's first population strategy does not set a target number, and rejects the view that population growth is good for the nation and the economy. A sustainable population strategy released by the government reportedly said solutions to issues such as big-city congestion and

lack of housing, services and infrastructure in regional growth areas should be found on a community-by-community basis. Sustainable Population Minister **Tony Burke** launched 'Sustainable Australia, Sustainable Communities' on the same day as the report, 13 May.

We run this city

The Gillard government said it would play a more interventionist role in the planning and infrastructure priorities of Australia's 18 biggest cities. *The Australian* said the federal government was prepared to 'intimidate' recalcitrant state or local governments into accepting the new power balance. Infrastructure Minister **Anthony Albanese** launched the government's national urban policy, *Our Cities, Our Future*, saying that federal funding for big-city projects would be closely tied to productivity and sustainability criteria laid out in the new document.

Broad spectrum

The Financial Review reported that the federal government agreed to sell \$1 billion of prized broadcast spectrum to the telecommunications industry, reneging on what emergency services groups said was a promise to consult more about reserving a portion of it for police and other similar organisations. The 700MHz band of spectrum will be auctioned off next year after analog TV is shut down. Emergency services groups had wanted about 20 per cent reserved.

Rail frequency fights

The Australian reported that the nation's peak rail industry body had delayed its submission to the federal communications department, pleading to retain control of 1800MHz spectrum licences. The Australasian Railway Association was given the opportunity to take its case to Communications Minister **Stephen Conroy**, after Transport Minister **Anthony Albanese** intervened in its dispute with the communications regulator over plans to reorganise the spectrum band.

TV standards

The Financial Review reported that peak electrical body Master Electricians Australia wants tougher certification requirements for installers of the federal government's \$300 million television set-top box program. Under the plan, which was unveiled as part of the federal budget, people receiving full benefits from Centrelink, such as those with disabilities and aged pensioners, will be able to receive the equipment required for digital television. The scheme will mean they can continue to watch television when analogue signals are switched off across Australia by 2013. The chief executive of Master Electricians Australia, **Malcolm Richards**, said that a plan to use an online test to vet installers was insufficient, and could lead to roting. The government 'scamwatch' website warns of potential roting of the program.

Television drama

The Australian claimed that many pensioners living in public housing could be left out of pocket, after a standoff between federal and state governments over who will replace aerials for the digital television

switchover. The Gillard government has vowed it will not pay for repairs to external aerials in Housing Commission dwellings under its \$308 million Household Assistance Scheme, because the pensioners are tenants, not home owners. They say it is the responsibility of landlords - private or state governments - to maintain and upgrade antennas, and therefore those pensioners living in 'detached' public-funded houses will not be eligible. But the Victorian government said it would not cover the cost of aerials, because it believes it is the responsibility of the tenant if they live in a detached house and not in a high-rise block.

Getting a signal

Almost 150 complaints have been lodged about the Gillard government's free digital set-top box scheme, with 62 of the cases still under investigation. Communications Minister **Stephen Conroy** said last week that there had been 'not one problem' with bad installers or rorting under the first stage of the \$308 million Household Assistance Scheme. 'This program has been going for two years -- not one problem. This is a successful program,' Senator Conroy told Radio 2GB on May 10. A breakdown of data provided to *The Australian* by Senator Conroy's office revealed there had been 64 complaints about installation issues and another 22 about the set-top boxes themselves. Of these complaints, 45 had been resolved and 41 were still under investigation. The government could not say what another 63 complaints were about, but confirmed to the paper that 21 of those were still under investigation.

Subsidy schemers

The Australian reported that the most successful contractor to the federal government's \$308 million set-top box rollout is also making money through Canberra's solar credit and rebate programs. **Hills Holdings**, makers of the iconic Hills Hoist clothesline, has won three government contracts to provide and install the set-top boxes across regional NSW, South Australia and Victoria through one of its units, Techlife. At the same time, it also taps into federal solar-energy subsidy schemes through Hills Solar, which makes and distributes solar hot-water systems that can generate tradeable, renewable energy certificates and a \$1,000 rebate for householders.

HEALTH

Insurer NIBs claims in the bud

Australia's fifth-largest health insurer, NIB, undermined claims from the industry's peak body that a proposition to means-test the 30 per cent private health insurance rebate would cause 1.6 million people to drop their cover, *The Australian* reported. NIB, which insures nearly 700,000 Australians, told the Australian Stock Exchange that its own estimate produced 'far less significant' numbers.

Coffee fights cancer

The Australian reported on a study suggesting that men who regularly drink coffee appear to have a lower risk of developing prostate cancer. Consuming six or

more cups of coffee daily was associated with a 20 per cent reduced risk of any form of the disease.

Victoria recalcitrant

The Financial Review said Victoria was enlisting support from other state governments to change substantially the powers of a federal watchdog that would monitor their performance under the new national health and hospital funding arrangement. Under the changes, the states will receive additional funding from the federal government, to cover the burgeoning cost of healthcare. All states have signed up to the deal. However, there is disagreement over the establishment of the oversight body, which would ensure new performance standards in areas such as elective surgery and emergency department waiting times are met.

Aboriginal alcohol

Sara Hudson wrote in *The Age* that 'wet canteens' had been tried and utterly failed in indigenous communities. *The Age* had reported that Indigenous Affairs Minister **Jenny Macklin** was under pressure to introduce 'wet canteens' in remote communities in the Northern Territory, referring to a location where alcohol can be served in a controlled environment. Hudson warned that before Macklin 'embarks on that path', she would be wise to keep in mind the failures of the past.

A hit to Labor's health

The Australian reported that New Australian Medical Association president **Steve Hambleton** had described **Julia Gillard's** health reform agreement with the states in February as 'a win for bureaucrats' with limited prospects of improving the system. But Health Minister **Nicola Roxon** defended the service, saying data on the hospitals was available only for the first two years of Labor's term. She said many of the results of the Labor reforms were now becoming clear.

EDUCATION

Billions backed-up

The Australian reported that almost \$2 billion of the government's schools building program is yet to be spent, more than two years after the end of the global financial crisis which the \$16.2bn stimulus plan was designed to tackle. The Building the Education Revolution program, which involved more than 10,000 school improvement projects, was scheduled to finish at the end of March but new figures released by the government revealed that almost 12 per cent of the funds, or \$1.9bn, have yet to be spent.

NAPLAN could become napalm

A world-renowned education expert warned that Australia's national literacy and numeracy tests, NAPLAN, could seriously damage the education system and lead to similar mistakes made in the US. Stanford University's **Linda Darling-Hammond** was reported in *The Australian* as saying that the multiple-choice NAPLAN system, which rewards schools for good results, was simplistic and not nearly as effective in measuring students' capabilities as

tests that encourage students to display knowledge through extended answers.

TAFE funding shake-up

A report by Skills Australia suggested that the skills gap could be significantly reduced by a change to the funding structure of the higher education sector, specifically in TAFEs and private providers. An article in *The Australian's* 'Higher Education' section reported that the current system often forced students to 'choose courses and institutions on the basis of fee structure rather than career choice, interests or aptitudes.' If current trends continue, a shortfall of over 200,000 qualifications at diploma level is predicted by 2025. **Martin Riordan**, chief of TAFE Directors Australia, said that the report's findings will 'will test the government's appetite for educational reform' and that skill shortages made the proposal economically rational.

It's academic, not practical

The Australian Literary Review featured an extended piece, by UNSW academic **Peter Shergold**, which raised concern over the role of academics in implementing social change. Shergold wrote that he had 'come across many academics who tell me that they are working in areas of public policy of the utmost importance... yet shuffle uncomfortably when I ask exactly what policy changes they would introduce to address the problems which they have so carefully analysed.'

A HECS on wealthy students

The hefty 20 per cent discount for students who can afford to pay their university fees upfront was to be slashed in time for the federal budget, *The Australian* reported. The move, which would halve the discount for early payment of Higher Education Contribution Scheme fees, would free up hundreds of millions of dollars.

Sacking comment slammed

Innovation, Industry, Science and Research Minister **Kim Carr** was quoted in *The Australian* as saying it was totally inappropriate for a Liberal senator to use parliamentary privilege to call for the sacking of an academic. Early in May, the Liberals' **Julian McGauran** told the Senate that the University of Melbourne should sack its professorial fellow, psychiatrist **Graham Burrows**, who gave evidence for the defence in the trial of **Arthur Freeman**, found guilty of the murder of his daughter Darcey after he threw her from Melbourne's West Gate Bridge.

That does not compute

The Australian reported that the Gillard government would have to deploy about 40,000 computers a month by the end of the year to give every secondary school student a computer. The Education Department said that 434,060 computers were installed by March, leaving 353,473 to go. The government wants all students in Years 9 to 12 to have a computer by December 31. This would hit its target of a 1:1 ratio. **Julia Gillard** and Education Department officials have not wavered from the year-end deadline despite opposition claims that the computers-in-schools program faces delays. Department Secretary **Lisa**

Paul told a recent Senate hearing that the deadline would be met. But the opposition is concerned about the time it has taken to get the computers into students' hands.

Forget the bush

The Grattan Institute's report *Investing in Regions: Making a Difference* suggested that extra spending on universities and regional campuses in smaller cities should be redirected to help students study at larger campuses in the capital cities and the largest regional satellite and coastal cities.

TAFE on their toes

The Australian Education Union told *The Australian* that any merger of Canberra's TAFE and university must preserve the distinctiveness of vocational training relative to higher education. In April, the ACT government commissioned **Denise Bradley**, former Vice-Chancellor of the University of South Australia, to recommend how that Canberra Institute of TAFE and the University of Canberra could best collaborate, including a possible merger. A marriage was recommended in February by former Commonwealth Departmental Secretary **Allan Hawke**, who reviewed the ACT public service. His report was endorsed by the government. Hawke suggested a merger along the lines of a dual-sector university, specifically mentioning Swinburne University of Technology as an example.

Apply within

The Tertiary Education Quality Standards Agency had separate advertisements for the chair of the Higher Education Standards Panel and the agency's five commissioners appearing in *The Weekend Australian*. The TEQSA legislation is set to pass parliament, following the Government's agreement to a range of amendments proposed by a Senate committee. The Agency will undertake regulatory and quality assurance functions now handled by nine state and national bodies. The standards panel is charged with developing mandatory requirements for higher education providers, although universities will continue to accredit their own courses. Both advertisements call for candidates with higher education experience and a range of consultation and policy skills.

La Trobe talent wanted

JoFisher executive search ran advertisements for the position of La Trobe University Vice-Chancellor and President to replace Professor **Paul Johnson**.

Funding review debate muted

The Australian reported that six months before the federal government's review of school funding is due to report, the states running the nation's biggest school systems are yet to make a contribution to the debate. More than halfway through the review, headed by businessman **David Gonski**, and two months after public submissions closed, the state education departments responsible for educating more than 70 per cent of students nationally are yet to publicly enter the debate. While Catholic and independent school organisations have been running an active and vocal campaign on behalf of their schools, the public

school systems have been silent. But of the education departments, only Tasmania and the territories have lodged submissions and none is publicly available. The nation's biggest school system, run by the NSW education department, intends to make a submission but is considering its position after a new government was elected in March. The Victorian government asked for, and was granted, an extension to allow it to consult more widely.

DEFENCE

Projects in retreat

The Financial Review reported that the Gillard government's \$275 billion-plus Defence White Paper weapons spending plan appeared in tatters. The White Paper was unveiled by former prime minister **Kevin Rudd** in 2009, amid much fanfare, and contained a wish-list of new weaponry, including submarines, ships and fighters considered vital to Australia's national security over the next two decades. Just two years into the 21-year plan, spending on planned Defence projects is falling further and further behind, and an extra \$4.3 billion was clawed back by government in 2011-12. *The Financial Review* said this had done little to dispel the air of gloom in an industry starved of work.

White paper flag

The government has deferred more than \$14bn in Defence spending since the White Paper was released in 2009. *The Financial Review* reported that Defence Department analysts are concerned at the lack of action by the government in meeting the paper's proposals.

Portfolio problems

The Australian reported that 'bad blood' existed between senior members of the Defence Force and its Minister, **Stephen Smith**. The friction is related to delays in replacing Defence chief **Angus Houston**, service chiefs and other key military leaders who's role will expire on 4 July.

Power chief

The Australian reported that **Lieutenant-General Brian Ashley Power** was the new incumbent Chief of Joint Operations. The paper noted that he was appointed by the outgoing Chief of the Defence Force, **Angus Houston**, and not Defence Minister **Stephen Smith**. A Chief of Joint Operations is responsible for the planning and execution of Australian-led joint, potentially joint, combined and multi-national operations, such as current operations in Afghanistan.

Navy story just scuttlebutt

The Royal Australian Navy set out to boost morale with a report in the *Navy News* of its daring exploits on the high seas through a gripping account of war games involving the Collins-class submarine HMAS *Dechaineux*. However, *The Australian* revealed that the account turned out to be fiction, as the sub was pulled from action immediately before the commencement of the games.

Destructive investment

The federal government's \$74 billion Future Fund is investing Australian taxpayers' money in foreign companies that make components for nuclear weapons. Records obtained under Freedom of Information laws, and published in *The Age*, showed the fund had \$135.4 million invested in 15 companies involved in the design, production and maintenance of nuclear weapons for the United States, Britain, France and India.

Abuse review

The Department of Defence has advertised for submissions to an external legal review of allegations of sexual and other forms of abuse in the armed forces, making specific reference, but not limiting itself, to the 'Skype incident' at the Royal Military College, Duntroon.

Cut and run

Foreign editor for *The Australian*, **Greg Sheridan**, argued that Australia should pull its troops out of Afghanistan. He said that 'Australian politicians have been on autopilot over the Taliban and Pakistan. He claimed that Pakistan was giving covert support to the Taliban, and that we could not win the conflict.

Vale

Sergeant Brett Wood, 2nd Commando Regiment, was killed by an Improvised Explosive Device during a dismounted patrol on 23 May. **Lance Corporal Andrew Jones**, 9th Force Support Battalion, was killed in a small-arms incident on 30 May. **Lieutenant Marcus Case**, 6th Aviation Regiment, died of wounds sustained in a helicopter crash on 30 May. Total Australian Defence Force casualties in Afghanistan is 28 killed, 181 wounded.

Air warfare conflict

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.

Defence procurement pickle

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 April 20 that the AWD project was in deep trouble, running two years late.

White Paper up in the clouds

The *Financial Review* reported that a United States Army colonel, **John Angevine**, delivered the following warning to the Gillard government – the 2009 Defence White Paper's lopsided emphasis on buying expensive weapons doesn't correspond with 'the realities of Australia's security situation'. Angevine says the White Paper 'prepares for contingencies that are the least likely to happen and dedicates large portions of the nation's limited resources to missions that exceed the Australian Defence Force's capability'.

FOREIGN AFFAIRS

Israel boycott back-down

The *Herald Sun* reported that the Green inner-western Sydney council of Marrickville had abandoned its proposed boycott of Israel. In **Miranda Devine's** *Herald Sun* column it was argued that the backdown was a faithful reflection of 'how federal politics is splintering'.

China man

The *Australian* reported that **Kevin Rudd** had returned to leading policy on Beijing, seizing leadership of Australia's \$100 billion commercial relationship with China. The Foreign Minister exhorted Australian businesses outside the resources sector to step up to the next wave of growth, as the country charges towards being the world's largest economy. Rudd is pushing for Australian businesses to deepen and broaden their links with China, as the country overhauls its business model to focus on domestic consumption and services.

To the moon and back

The *Herald Sun* marked a milestone for **Kevin Rudd**, who reached 384,000km in overseas air travel since becoming Foreign Minister – the equivalent of flying to the moon. The former prime minister visited 43 countries in an eight-month odyssey in which he has spent four days in every 10 overseas.

French connection

The *Financial Review* reported that a career diplomat would replace **David Ritchie** as Australia's ambassador to France. Department of Foreign Affairs and Trade deputy secretary **Ric Wells** would take up the post by the end of the year.

Vegemite an acquired taste

The *Guardian* reported that the Danish government had banned products fortified with added vitamins in 2004, and was now enforcing the ban on Vegemite. Kraft Foods corporate affairs manager **Greta Cooper** said the company had not been notified about a Vegemite ban and was investigating the matter. She said that 98 per cent of Vegemite sales were in Australia, with London, the US and Asia making up the largest expatriate markets.

SOCIETY

No room for charity

The Budget revealed that a new regulator would be established to deal with the not-for-profit sector. The *Financial Review* said the one of its jobs would be to determine whether commercial operations run by a charity are sufficiently connected to a charitable purpose. If not, those operations will be taxed. About 40 per cent of Australia's hospitals and 60 per cent of aged-care facilities are operated by organisations affiliated with church groups, and are therefore tax-exempt. While there will be no change to the tax treatment of hospitals and aged-care homes, the future of incidental businesses run inside their walls is not clear.

Rich list

In the 28-year history of the BRW Rich 200, **Gina Rinehart** became the first woman to claim the top spot. Her fortune grew to \$10.3 billion from \$4.75 billion last year as she became the country's biggest beneficiary of the strong rise in coal and iron ore prices.

Lazarus Rises

John Howard's autobiography, *Lazarus Rising*, surpassed 75,000 sales to become the country's biggest selling political memoir. The *Australian* said that the previous bestseller was **Bob Hawke's** 1994 book, *The Hawke Memoirs*, selling 75,000 copies.

Another political memoir

Margaret Simons awarded the Douglas Stewart Prize for Non-Fiction for *Malcolm Fraser: The Political Memoirs* at the New South Wales Premier's Literary Awards. **Malcolm Fraser's** autobiography also took out the title of Book of the Year, with judges calling it 'an engaging work that demonstrates how literary craft can transcend the usual limitations of political autobiography'.

Silly security

The *Australian* reported that 76-year-old **Barry Cohen**, a Hawke government minister for four years and an MP for 21, was informed by Canberra's parliamentary security that could not take his walking stick into the Speaker's Gallery. When the *Letter from Canberra* editor was at federal parliament to watch the announcement of the Budget, all members of the public gallery had to take off their shoes and belts and walk through a metal detector. It is poignant and perhaps a telling sign of the times that these excessive security measures occur literally in the house of our democratically elected representatives. Such nonsense should be left to North Korea.

Sharia law

The *Australian* reported that the nation's peak Muslim group was using the Gillard government's re-embracing of multiculturalism to push for the introduction of sharia in Australia. However, the Australian Federation of Islamic Councils told the paper that it would advocate a more moderate variety of Islamic law that fits with Australian values. The Legal Affairs Editor at *The Australian*, **Chris Merritt**,

noted that the latest push to introduce sharia law in Australia had triggered an unlikely alliance by two professors of law. Civil libertarian **Spencer Zifcak** and constitutional monarchist **David Flint** are from opposing sides of the political spectrum. But they are united by a deceptively reasonable push for a form of sharia law in Australia. Merritt argued that these academics recognise what is at stake. He wrote that 'if this push succeeds, it could undermine the centuries-old legal settlement that led to the Enlightenment and the rise of Western secular society'.

Murray Darling model

New scientific modelling conducted by the Murray-Darling Basin Authority, and published in *The Australian*, determined that less than 3,000 gigalitres of water would need to be returned to the environment to ensure the survival of the river system. Outgoing MDBA chief executive **Rob Freeman** and executive director **Fraser MacLeod** told a Senate estimates hearing in Canberra that the authority had adopted a radically different scientific approach, to determine how much water needed to be returned to the environment.

A different milk war

The *Australian* said that dairy farmers were deeply concerned about the impact of the carbon tax as they face the impact of a high dollar hampering their competitiveness on export markets and pressure from the Coles-Woolworths price stand-off. **Wesley Judd**, the chairman of the Australian Dairy Industry Council, told *The Australian* that he was worried about the impact of higher power costs and any changes in fuel costs sparked by the carbon pricing regime.

Native title reversal of proof

In what was described by *The Australian* as a landmark speech, **Paul Keating** called for the onus of proof in the Native Title Act to be reversed so that Aboriginal claimants are no longer required to establish a continuous association with their land. Instead, the former prime minister said native title objectors should be required to prove a continuous attachment no longer exists.

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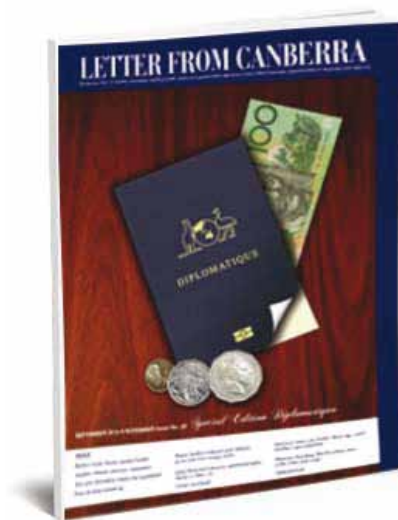
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