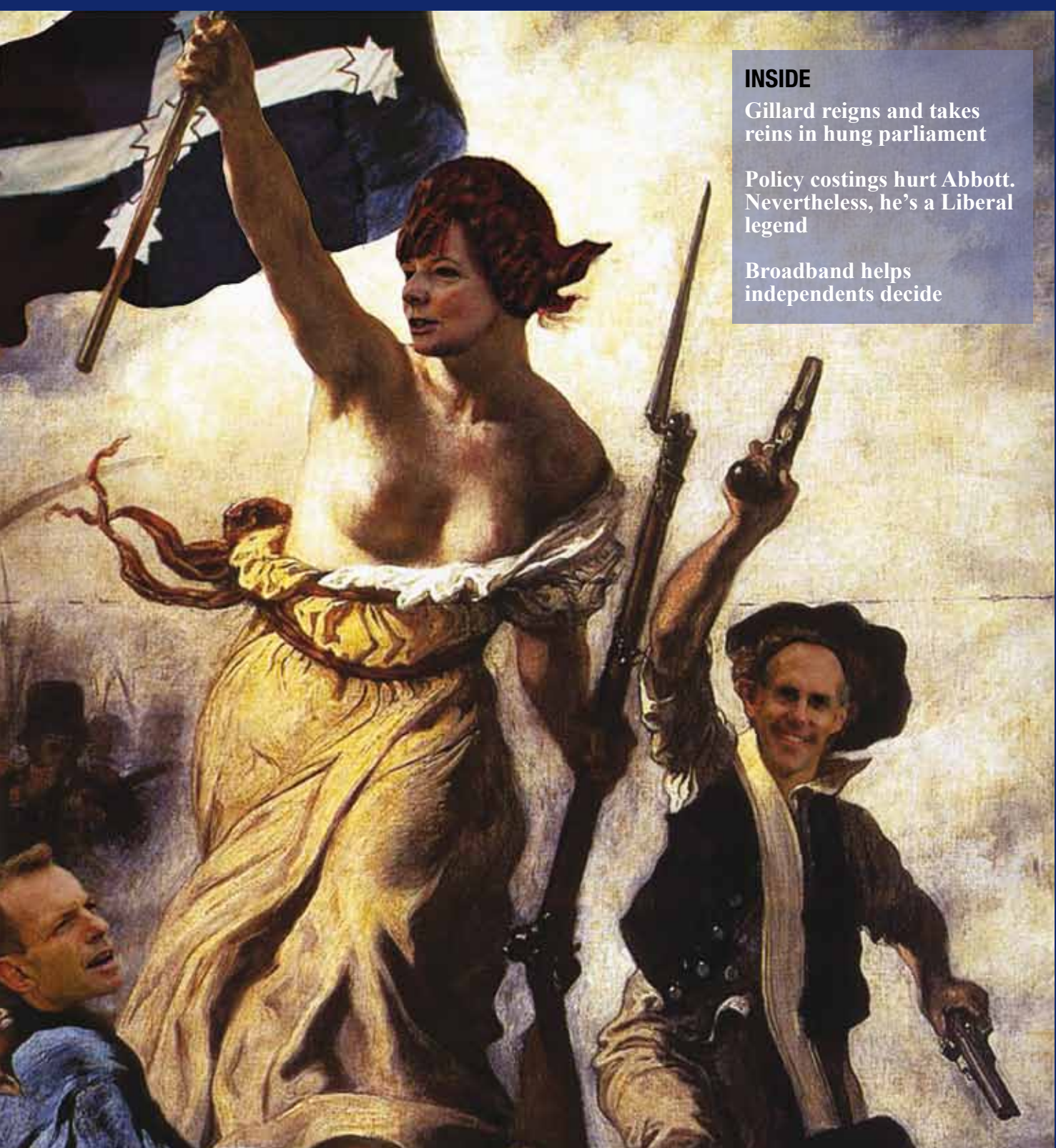


# LETTER FROM CANBERRA

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



## INSIDE

Gillard reigns and takes reins in hung parliament

Policy costings hurt Abbott. Nevertheless, he's a Liberal legend

Broadband helps independents decide

14 AUGUST to 19 SEPTEMBER 2010 Issue No. 28: Post-election Edition

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

## INSIDE

A 'better' parliament  
– reforms on the way...

Parliament resumes  
Tuesday, September  
28

BHP's Kloppers  
stands for climate tax/  
trade, independently

The fight for coal

Rudd back on front  
bench and back on a  
plane

Air New Zealand and Singapore Airlines top in Customer Satisfaction - Page 11  
Morgan Poll Most Accurate & first to suggest 'Hung Parliament' - Page 14

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**WELCOME**

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

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

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

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

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

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**ABOUT THE EDITOR: ALISTAIR URQUHART**

Alistair Urquhart graduated from the Australian National University in Canberra, in Law, History and Politics, was admitted as a barrister and solicitor of the Supreme Court of Victoria, and remains a (non-practicing) member of the Law Institute of Victoria.

Before that, he graduated from high school in Bethesda, Maryland, and had many opportunities to become aware of the workings of Washington DC. For 30 years, he listened every Sunday evening to the late Alistair Cooke and his Letter From America.

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

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

**INDEX**

IN APPROXIMATE ORDER OF INTEREST OVER THE PAST MONTH

<b>THE ELECTION</b>	<b>3</b>	<b>INDUSTRIAL RELATIONS. EMPLOYMENT</b>	<b>21</b>
<b>THE INDEPENDENTS</b>	<b>5</b>	<b>CLIMATE CHANGE. ENVIROMENT. ENERGY</b>	<b>21</b>
<b>ELECTION LIMBO</b>	<b>7</b>	<b>MANUFACTURING</b>	<b>22</b>
<b>PRE-ELECTION LIMNO</b>	<b>9</b>	<b>DEFENCE</b>	<b>22</b>
<b>VIEWPOINT</b>	<b>10</b>	<b>INFRASTRUCTURE</b>	<b>22</b>
<b>IMMIGRATION</b>	<b>15</b>	<b>EDUCATION</b>	<b>22</b>
<b>FOREIGN AFFAIRS</b>	<b>15</b>	<b>HEALTH</b>	<b>22</b>
<b>JUSTICE</b>	<b>16</b>	<b>AGRICULTURE &amp; WATER</b>	<b>23</b>
<b>GOVERNANCE</b>	<b>16</b>	<b>SOCIETY</b>	<b>23</b>
<b>RESOURCES</b>	<b>18</b>	<b>COALITION DOINGS</b>	<b>23</b>
<b>BROADBAND &amp; IT</b>	<b>18</b>	<b>APPOINTMENTS, JOBS &amp; TENDERS</b>	<b>23</b>
<b>BUSINESS. ECONOMY. TAX</b>	<b>19</b>		

**EDITORIAL**

We had been waiting for the Speaker to be appointed before we completed this edition. Can wait no longer. This position is very important. However, the House of Representatives will continue as usual and the role will only become important when controversial legislation or certain other activities happen in the House.

This edition is significantly one of record, particularly handy for those of our readers who have been on holidays on a yacht off the Turkish coast during the past month. We have brought together (most of) the main facts and figures of the final week of the campaign, election day and the following month.

The arguments around some of the big issues are being finessed: broadband, the mining tax, climate change and refugees. Some 'Greens issues' including same-sex marriage and euthanasia will come to parliament as private members bills, more likely via the Senate, as will the (two of the three) independents' gaming concerns.

I am going to the British Conservative Party annual conference in Birmingham in early October, to keep an eye on minority governments in action, to catch up on Boris, etc. While away, the team will be gathering the details of football preferences for our federal MP Footy chart for next season and more importantly, our wall size 2010/2011 federal department chart, with the re-arranged departments and senior civil servants and the relevant ministers and their advisers.

Will the government last three years? My guess is 18 months.

- Alistair Urquhart

## THE ELECTION

### And the winner is...

Following a hung parliament election result, where both parties won 72 seats (the Coalition really won 73 but West Australian National **Tony Crook** declared an intention to sit on the cross benches), and 17 days of negotiation by the major parties with four independents and one Green, Labor formed a minority government, reinstalling incumbent **Julia Gillard** as Prime Minister. The following items give an insight into what went on in a very interesting three weeks for Australian politics.

### An historic victory

The Age reported that **Julia Gillard** clinched a historic election win, but now faces the daunting challenge of running Australia with a razor-thin parliamentary majority – and at the mercy of a loose coalition of independents offering only qualified support for a minority government. The six crossbench MPs, whilst guaranteeing to vote with the government on budgets and no-confidence motions – unless those no-confidence motions are brought by themselves, – have all said they will vote on legislation on its merits, making the fate of the Government's program highly unpredictable.

The Prime Minister has promised a different style of leadership, declaring it was not a question of dictating but of consulting and inspiring. The Herald Sun reported that Gillard promised a new spirit of openness and maturity as she vowed to hold together for three years the first federal minority government since World War II. The Financial Review reported that Opposition Leader **Tony Abbott** warned that the government's performance would determine whether the Parliament went to an early election.

### A big swear jar

Not till seventeen days after the election, Tuesday, September 7, when the three independents, **Bob Katter**, **Rob Oakeshott** and **Tony Windsor** announced who they were siding with, did Prime Minister **Julia Gillard** or Opposition Leader **Tony Abbott** know their fate. More particularly, it wasn't until Oakeshott said he would support the Gillard government, after an excruciating half an hour into a joint press conference he held with Windsor in the afternoon. Earlier that day, **Bob Katter** said that he would side with the Coalition. **Rob Oakeshott** said: 'This

is not a mandate for this government. We should have a big swear jar for anyone who uses that word'.

### The broadband factor

*The Australian* reported that access to broadband in rural and regional areas was a critical factor in **Oakeshott's** and **Windsor's** decision to support Labor. In their negotiations with **Gillard**, they won \$10b in funding for health, education and internet services for the bush. Days before New England independent MP **Tony Windsor** chose to support Labor, *The Age* reported that he backed Labor's \$43b national broadband network, criticising the opposition's cheaper alternative as a retrograde policy that would create a digital backwater in rural Australia. He believed that Labor's national broadband network was the better of the two policies.

### Ambiguity rules

The *Financial Review* reported that legal experts said the conditions independents **Rob Oakeshott** and **Tony Windsor** placed on support for a Labor government are so vague that it is almost impossible to work out when they would apply. The uncertainty is compounded by the lack of clarity over what constitutes a vote of no-confidence in the Federal Parliament, lawyers said.

### Led not into temptation

*The Age* reported that the first cracks appeared in the Gillard government's alliance with the crossbench MPs and the Greens when the Greens signalled they may side with the Coalition on some issues, including mental health spending and paid parental leave. **Rob Oakeshott** took a couple of days to decide whether he would join **Julia Gillard's** cabinet as minister for regional Australia. He sought advice on whether the convention of Cabinet solidarity could be changed so he could vote against a government bill outside his area. He eventually decided against accepting the position, alluding to some 'political beasts' that might stand in the way of the regional reform agenda if he were minister. **Michelle Grattan** wrote that Oakeshott was clearly much tempted by the Gillard offer of a ministry, but has been sensible in saying no.

### Melbourne, surrounds and Brisbane

New Greens MP **Adam Bandt**, who won the seat of Melbourne, received 36.1 per cent of the primary vote compared with 39.5 per cent for the Labor Party's **Cath Bowtell**, the *Financial Review* reported. *The Australian* reported that defeated La Trobe MP **Jason Wood** criticised the federal Liberal organisation, saying seats like his own and other Liberal losses in Corangamite

and Deakin could have been avoided if the Liberal party had negotiated with the Greens to get its preferences for those seats.

All the Liberal candidates in these seats received a greater primary vote than their Labor rivals. 'It's the dumbest political strategy ever,' he said. He said people high up in the federal Liberal organisation needed to be held to account for failing to get any preferences in return from the Greens after the party preferred **Adam Bandt** in Melbourne.

Meanwhile, Labor had held the seat of Brisbane – with takes in the trendy New Farm and Fortitude Valley precinct as well as the affluent inner city suburbs of Windsor, Paddington and the Barden – for all but five of the past 79 years. The seat was one of the last to be called, with incumbent Labor MP **Arch Bevis** suffering a narrow defeat to the Liberal National Party's **Therese Gambaro**. Bevis believes a redistribution of boundaries in his electorate, taking in prime Liberal territory, meant he was always at risk of losing.

### More bucks needed

*The Age* reported that Victorian candidates and party activists felt a lack of campaign support in **Julia Gillard's** home state of Victoria may have denied her a real chance of a Parliamentary majority. Victorian campaigners and candidates felt the ALP could have better capitalised on Victoria's bucking of the national anti-Labor trend. They have criticised the dearth of ministerial visits, spending announcements and campaign support. **Helen Constan**, the Labor candidate for the close seat of Dunkley said the support from ALP headquarters came a bit late.

### Watch this space

The *Financial Review* reported that big swings to the Greens at the federal election in previously safe ALP seats in New South Wales threatened to translate into losses at the coming state election.

### Iron Bar crook at Crook

Veteran Liberal MP **Wilson Tuckey's** 30-year stint in Parliament came to an end at the election. The famously outspoken Tuckey, 75, was beaten in the West Australian seat of O'Connor by National Party candidate **Tony Crook**, *The Age* reported. Upon taking the seat Crook announced that he would operate in the Parliament as a 'national independent' and flatly refused to guarantee support for Labor or the Coalition, saying he was no different from other independents and that both parties were welcome to talk to him. He said he would vote with Labor if they got rid of the mining tax, something **Julia**



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**Gillard** has ruled out. The WA National's campaigned independently of the federal Nationals.

### Young Wyatt

Wyatt Roy, 20, has yet to complete a degree in political science and international relations at the University of Queensland, having deferred his studies to campaign for the federal election, in which he has become Australia's youngest MP, after winning 52 per cent of the two-party preferred vote to unseat veteran Labor politician Jon Sullivan for the northern Brisbane electorate of Longman. Roy attended Melbourne's La Trobe University for his first-year studies, before returning to Queensland's Sunshine Coast, where he

quickly became the president of the local Young Liberal National Party branch, *The Australian* reported.

### The manns in Canberra

The *Australian* reported that the ALP's Gai Brodtmann, who is married to ABC News 24 political editor Chris Uhlmann, was elected to the House of Representatives in the federal seat of Canberra.

### Good God. The church and the state

Labor support in marginal electorates with large numbers of Christian voters was hurt by a campaign by church groups against Prime Minister **Julia Gillard**. While Labor picked up support in seats with large numbers of non-religious voters, those electorates tended not to be marginal and did not greatly assist the ALP. New research by former Labor senator **John Black** and his company, Australian Development Strategies, shows that the seats with the greatest swings in New South Wales and Queensland against the ALP coincided with electorates with large numbers of Christian voters, the *Financial Review* reported.

### Austriad

Australia is now divided into three zones by political and economic culture – one conservative, one progressive and one split down the middle, wrote **Dennis Shanahan**, *The Australian's* political editor. The mining states of Queensland and Western Australia are a Labor wasteland. The southern states of Victoria, South Australia and Tasmania don't want to know the Coalition. Between these two zones is the dead state of New South Wales, where neither side claimed a decisive vote in the election. *The Australian* reported that there are now only three Labor members in Western Australia.

In *The Age*, **Tim Colebatch** wrote that the election result challenges the parties to decide what they stand for. **Dennis Altman**, director of the Institute of Human Security at La Trobe University, wrote that fewer seats are reliable for either party in a new age of complexity.

### Showing their true face

*The Australian* reported that Labor's knife-edge election nightmare triggered an eruption of hostility and recrimination against the party's 'faceless men', despite attempts by campaign headquarters to enforce a ban on disgruntled ALP members discussing the poll result.

### For sure

*The Herald Sun* reported that leaks and the dumping of **Kevin Rudd** are being blamed for Labor's failure to retain government in its own right. *The Australian* reported that **Maxine McKew** refused to back away from comments criticising Labor's election campaign following her loss in Bennelong. It was revealed she resisted a party directive to conduct a negative personal campaign against her opponent in Bennelong, former tennis professional and host of TV show *Gladiators* **John Alexander**, triggering a long decline in her relations with Labor's New South Wales machine and key right-wing unions. Nearby, Labor Senator **Michael Forshaw** has blamed the ALPs 'scare campaign' for its near death experience at the polls. He said Labor had spent too much time on a scare campaign against Work Choices – even though **Tony Abbott** had buried the policy after it cost the Coalition power in 2007.

### Transformers: engine's in disguise

Meanwhile, national Labor Party president and Queensland Premier **Anna Bligh** condemned the machine men who believe their leaders are disposable, insisting the **Julia Gillard** experiment failed miserably and demonstrated how no one had learned from the New South Wales experience. Partly blamed for the loss of up to seven seats in Queensland, where her government is polling badly and she has suffered a dramatic drop in support, the Premier took aim at the critics and those trying to avoid responsibility for the federal election result.

Also, former New South Wales premier **Morris Iemma** called for the ALP's campaign director **Karl Bitar** to resign, describing the campaign as inept. Former ALP president **Warren Mundine** described the internal atmosphere of the party as poisonous.

### Still got a few things to say

In the 'Strewth' section of *The Australian*, **James Jeffrey** wrote that one of the more comically cruel spectacles on election night was one television station after another pulling the plug on **Kevin Rudd's** seemingly endless victory speech; rumour has it he is still going. It was a relief, in comparison, when **Tony Abbott** held a press conference lasting three minutes.

### An uninformative, informal election

Informal voting was the highest in almost 30 years in the House of Representatives election. Informal ballots rose to 5.64 per cent nationally, up from 3.93 per cent in

2007, and was as high as 14.2 per cent in the western Sydney electorate of Blaxland, *The Age* reported.

### The inexplicable squanderers

In early analysis in *The Age*, **Michelle Grattan** wrote that the result was devastating to the Gillard government and a huge indictment of Labor, which has inexplicably squandered the opportunity the Australian people gave it in 2007. It raises big questions about the coup against **Kevin Rudd**, and **Julia Gillard**'s decision to seize the leadership. It will lead to much bloodletting within the ALP. There will be a backlash within the party against the coup makers. Many think that that the leadership change was counter-productive, and also that Gillard, having got the leadership, went to the election too early.

### Fightin' words

In *The Age*, **Ross Gittins** wrote that hollow men led Labor to a disaster. Voters punished Labor for lacking principles and conviction. It is time for the party to ditch the thugs and recover some values.

### Left to the ground

The Senate is set to move sharply to the left, with the Greens winning a Senate seat in every state, and Labor taking a Coalition seat in Tasmania, *The Age* reported. *The Australian* reported that environmental lawyer **Larissa Waters** became the first Greens senator for Queensland. **Julia Gillard** declared Labor better placed than the Coalition to form a stable government because it is more likely to win Green support for policies in the Senate.

### Coverage

*The Australian* reported that according to *OzTam* figures, the ABC had an average audience of 1.044 million, from 6:30pm to midnight on election night, Nine had

738,000 and Seven had 578,000. **Kerry O'Brien** made his customary slip-up – 'A slight swing to the ABC, er, I mean ALP'.

### Political science

*The Australian* reported that political analysts have urged a ban on election bets by party insiders amid concerns that some in the major parties may have gambled on the outcome of Saturday's polls in a bid to influence the outcome.

### Ring the bell

Labor MP **Mike Kelly** retained the bellwether seat of Eden-Monaro, ensuring that Labor retained government!

### Back to it

Parliament resumes Tuesday, September 28, just short of 100 days since it last sat.

## THE INDEPENDENTS

### The emergence of the three

Over the election weekend it emerged that three country MPs were poised to hold the balance of power in the new Parliament. They indicated they could act as a block in negotiations over whether **Julia Gillard** stayed as Prime Minister or **Tony Abbott** replaced her. **Bob Katter**, 65, **Rob Oakeshott**, 40, and **Tony Windsor**, 59, are all former members of the National Party. Oakeshott is a republican who has argued strongly for action on climate change and recently criticised Abbott for going in to bat for millionaire miners. Yet in 1997, when Oakeshott first entered the New South Wales Parliament as the youngest member on record at just 26 years of age, it was as a passionate member of the National Party. In 2002, he quit the party and stood against the Nationals as an independent in his seat of Port Macquarie on the mid-north coast of New South Wales. He then quit his state

seat in 2008 to run as an independent in the federal by-election for Lyne, triggered by the resignation of his former boss, **Mark Vaile**. National's leader **Warren Truss** said Oakeshott has voted more with Labor than anybody else and has been more left-leaning than both the government and the opposition, the *Financial Review* reported.

### Going bananas

The *Financial Review* reported that under some of the curious economic policies of the three independents named above, Woolworths and Coles would be broken up, Telstra would still be government owned, **Ken Henry**'s original resource rent tax would become a reality and the importation of bananas would be banned. In the same paper, **Alan Mitchell** wrote that like Russians who pine for the days of communism, **Bob Katter** pines for the days of rustic socialism – the days of regulated sugar and milk production, artificially high domestic prices, tariffs and quotas.

*The Age* reported that Oakeshott suggested that **Malcolm Turnbull** could sit in a Labor government or **Kevin Rudd** become foreign minister in a Coalition one under a consensus model to promote stability over the next three years. In the *Herald Sun*, **Andrew Bolt** wrote that consensus politics has no relevance in a vibrant democracy. We need clear demarcations between both major parties. This is just the kind of pixie dust that dazzles Greens and women, Bolt writes. 'How sweet, a world without conflict.'

With politicians cooperating, not arguing. Folks, this is a dangerous moment in our politics, if you think voters should have more say, not less.' *The Australian* reported that **Julia Gillard** drew her first line in the sand on policy concessions to remain in office when she flatly rejected raising tariff barriers to curry favour with protectionist independent MP **Bob Katter**.

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### Nearby

A week and a half after the election and with no government formed, the *Financial Review* reported that the push for new civility in politics erupted into an old-fashioned row, when **Julia Gillard** and **Tony Abbott** split over giving Independent MPs access to secret Treasury costings of both parties election promises. The Prime Minister sought a political advantage over the Coalition by acting on a request from Independent MPs to sensitive Treasury analysis of the election promises made by both sides.

But the Opposition Leader moved to prevent the release of the analysis, risking the ire of the independent MPs who wanted to scrutinise the policies before they decided which major party they would allow to form a government. Opposing the independents call for official costing of his policies, Abbott said that instead he would make all shadow ministers available to discuss policies, as well as the accounting firm WHK Howarth, which the Coalition used during the election campaign. Abbott said department officials could not understand Coalition policies as deeply as they did the Government's. A day or two later, *The Age* reported that Abbott changed the reason for his refusal to meet the three independents demand to have is election policies costed by the public service.

He said he wouldn't give the policies to be costed until the completion of a police investigation into a campaign leak about Coalition policies. When making his initial excuse, he did not mention the police inquiry and opposed the release of official briefing material about opposition policies. Abbott eventually came round to having the Coalition's policies costed by Treasury, which claimed there was a hole of at least \$7b in the party's accounting figures.

### Nearby

In *The Australian*, **George Megalogenis** wrote that Tony Abbott did not expect to get so close to power that his election policy costings would matter either way. There is a strong view within Conservative ranks that Abbott let himself down by not taking economics seriously enough when he took the Liberal leadership last December, and by contracting out the sales job to **Joe Hockey** and **Andrew Robb**. Not having the costings done by Treasury during the election campaign was a timebomb waiting to go off in negotiations with independents. In *The Australian*, **Janet Albrechsten** wrote that Abbott made fools of those who doubted him.

### Perchance to dream

*The Financial Review* reported that each independent indicated deliberations with both major parties would seek to achieve a key goal: stable government. But how any written agreement with the new government will provide stability remains a matter of wide conjecture. Written agreements where independents guarantee to pass government budgets and provide support against no-confidence votes – two essential issues for stable government – have been a common feature of minority governments at state level. *The Australian* reported that **Tony Abbott** offered independent and crossbench MPs the most comprehensive package of reforms to Parliamentary procedures in more than 30 years as he sought to strike a deal to form government.

### A wide range

In the initial days of courting the independents, **Julia Gillard** offered to reform Parliament while **Tony Abbott** promised a pragmatic approach to policy. In a joint ABC television interview on the Sunday night following the election, the three incumbent independents, Windsor, Katter and Oakeshott, expressed a wide range of views on climate change, health,

broadband, water, tax reform, parliamentary process, fishing rights, renewable energy and population, the *Financial Review* reported. The independents also sought advice from Treasury Secretary **Ken Henry**, as they weighed up who should be allowed to form the next government.

### Meet the independents and their demands

*The Age* reported that **Tony Abbott** and **Julia Gillard** both bowed to the independents' demand that they serve a full parliamentary term – a move that would entrench the power of the independents for three years under either a Coalition or Labor minority government. **Bob Katter** scalded Abbott over his reluctance to submit policies for costing, saying it made it look like he had something to hide. Before this, Katter and his fellow independents, Oakeshott and Windsor put seven detailed requests in letters to Gillard and Abbott as part of their quest to determine who should govern.

The seven requests included economics advice from Treasury secretary **Ken Henry** and Finance secretary **David Tume** about the cost and impact of policies on the budget; briefings from eight department secretaries including broadband, health, education, infrastructure, agriculture, climate change, defence, and resources; briefings from caretaker ministers and shadow ministers in those portfolios about plans for the next three years; plans to improve the status and authority of MPs by improving the committee system, private members' business, private members' bills and question time; a commitment from both sides to explore all consensus options and ways to reach a majority greater than 76 for the next three years, which would include advice on how and when relationships between the House of Representatives and the Senate can be improved; a commitment in writing that all leaders, their Coalition partners and affiliated MPs will negotiate in good faith and with the national interest as the only interest, and that whoever forms

majority government will commit to a full three-year term, and how they plan to achieve that; a timetable and reform plan for political donations, electoral funding and truth in advertising reform, and how this will be achieved.

Mostly, the wishes of the independents were met.

### Their thoughts on climate change

The *Financial Review* reported that a split among the key independent MPs emerged over how to tackle climate change. Oakeshott said that he supported the recommendations of the Garnaut Climate Change Review, while **Tony Windsor** said he did not support Labor's ETS legislation but he agreed something needed to be done to deal with climate change. Queensland MP **Bob Katter** said setting a price on Carbon was not on most people's agenda. Meanwhile, Oakeshott, Windsor and Greens MP **Adam Bandt** all indicated they support a resource rent tax – but not the one struck in a deal between the Gillard government and the three big miners.

### On the ground in their electorates

A majority of voters in the New South Wales and north Queensland seats won by the key independents want(ed) their MP to back **Tony Abbott** as prime minister. The Galaxy poll reveals 52 per cent of voters in those electorates think (thought) their representatives should help the Coalition form government. Only 36 per cent want **Bob Katter**, **Rob Oakeshott** and **Tony Windsor** to give Labor and **Julia Gillard** the votes necessary to run the country. The poll of 600 people shows that among people who voted directly for one of the independents, 47 per cent favour Abbott compared with 40 per cent for Gillard, the *Herald Sun* reported.

*The Australian* reported that the country independents have been divided in their support for Labor since the 2007 poll. **Rob Oakeshott** has been the biggest backer of the ALP, siding with the Rudd-Gillard government in 55 per cent of all the divisions he has participated in since becoming an MP after a September 2008 by-election. His crossbench colleagues have tended to side more with the Coalition. Nevertheless, **Tony Abbott** faced pressure to promise a better deal for regional Australia, as he tried to overcome competition between the Nationals and the country independent trio. He also had to fight to contain the damage from a series of phone calls by overenthusiastic Liberal politicians to Windsor and Oakeshott.

### Mr Speaker has a nice ring to it

Independent MP **Rob Oakeshott** and newly elected Greens MP **Adam Bandt** suggested they could be open to offers of a ministry or a high-profile role such as speaker in a new government. However, **Bob Katter** and **Tony Windsor**, the other two country independents, said they would not accept such a position in exchange for their support for one or other party to form a government, the *Financial Review* reported. Oakeshott carried on this idea into the fourth week after the election.

### Another player

**Andrew Wilkie**, 48, emerged as an unlikely winner of the Labor held seat of Denison. The Hobart rug salesman and father of two is ex-army – a lieutenant colonel – and a former spoke. He made headlines in 2003 when, as an intelligence analyst with the Office of National Assessments, he blew the whistle over the emptiness of the Government's claim that Iraq had weapons of mass destruction. Once a Liberal party member, he threw his hat in with the Greens, giving **John Howard** a bloody nose by securing 16 per cent of the vote in Bannelong in 2004.

Standing as an independent at the state election in March this year, he secured 8 per cent of the vote in the state seat of Denison, which hugs Hobart's western shore. He took a shopping list of funding items for his Hobart seat into negotiations with Gillard and Abbott, including demands to rebuild the city's hospital, stop the Gunns Tamar River pulp mill, speed up the national broadband network rollout in Tasmania, put a price on carbon and limit bets on poker machines to one dollar. He left open the possibility of shunning both major political parties and refusing to help either leader form a minority government.

Clubs Australia says his proposals to impose a one dollar maximum bet on poker machines would cut the gambling industry's \$11b poker machine revenue by \$2b. The organisation began lobbying the New South Wales Keneally government almost immediately after the announcement. The *Financial Review* reported that the New South Wales opposition wants states to be compensated by the federal government for the costs involved in Labor's proposed national poker machine laws and raised doubts about the May 31 deadline for Governments to sign up to the plan.

### Wilkie or won't he

Tasmanian Independent MP **Andrew Wilkie** rejected a notional offer of up to \$1b from **Tony Abbott** for a new hospital in Hobart and agreed to support Labor in trying to form a government. Shadow Treasury **Joe Hockey** said that Wilkie told the Coalition

quite directly that if he did end up making a choice between Labor and them, he was inclined to choose the Coalition, the *Financial Review* reported. Wilkie accepted Gillard's more modest pitch of up to \$340m to upgrade the existing hospital, saying this was a much more ethical way to go than simply grabbing a billion for Tasmania, *The Age* reported.

As part of Wilkie's deal with Labor, cash withdrawals from club ATMs will be limited to \$250 a day, and technology to stem uncontrolled pokie use installed on every machine by 2014. Industry groups were angry that the deal for a national mandatory scheme will also see the 'prohibitionist' Senator **Nick Xenophon** appointed to a committee to advise the government on problem gambling reform. Meanwhile, Wilkie criticised both parties' refugee policies but backed Labor as the lesser of two evils. The *Herald Sun* reported that the Labor-Wilkie deal also includes him getting a say in setting the budget and receiving regular Treasury briefings, plus legislation to protect whistleblowers to be passed by June 30, 2011.

### The Katter before the horse

**Bob Katter** bought a 20-point reform plan covering economic and social policy, water, protection for agriculture and even enhanced rights for camping and fishing groups to **Julia Gillard** and **Tony Abbott** as part of his process to decide who to support in Parliament. He called for the devaluation of the Australian dollar, no tax on biofuels, tough quarantine rules to curb food imports and laws to break up Coles and Woolworths, *The Age* reported. After 17 days of negotiation, thought and bombastic media interviews he decided to support the Coalition.

## ELECTION LIMBO

### Hang time

The government remained in caretaker mode until the new government was formed. It meant government agencies and departments were blocked from making any significant decisions during this time.

### State of the nation

Before **Julia Gillard** had succeeded in convincing two of the three key independents to allow her to form a minority government, *The Age* reported that a Sydney Morning Herald-Telereach-JWS Research poll, 37 per cent said the independents should side with Julia Gillard, 31 per cent urged them to go with Tony Abbott, while 26 per cent wanted another election. The national poll of 4,192 voters also found that if there was a fresh election, there would be a

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small swing to the Coalition, but another hung Parliament. On the day two of the three independents chose to side with Labor, allowing them to form a minority government, the *Herald Sun* reported a wave of pessimism crept through Coalition ranks as senior opposition MPs tipped that Labor would seal a deal to form a minority government.

## The before...

Before a minority government had been formed, Labor and the Greens formalised a pact which included 17 items to be acted on if Labor formed Government and the Greens provided guaranteed support to govern. The deal included Prime Minister **Julia Gillard** meeting Greens leader **Bob Brown** and Melbourne MP **Adam Bandt** each sitting week to discuss and negotiate planned legislation, and they or their delegates to meet fortnightly when Parliament is not sitting; lower the political donation disclosure threshold from \$11,500 to \$1000; have a parliamentary debate on the war in Afghanistan; and have fixed time limits for questions and answers in question time and fixed and fairer location of questions from independents and minor parties.

*The Age* reported that the disclosure of all political donors who donate more than \$1,000 might see Australia move to a system of public funding for elections. *The Australian* reported that under the agreement the Greens will, in effect, have more power than Labor backbenchers. Opposition leader **Tony Abbott** accused Brown of acting in bad faith and savaged Labor as soulless, corrupt and undeserving of power. Independent MP **Tony Windsor** said the Labor-Greens deal would not sway the independents decision on which party to back. In the same paper, editor-at-large **Paul Kelly** wrote that the pact puts the Labor brand and Gillard's leadership on the line.

## Empty feeling. Interesting figures

Following the initial outcome of the vote and the trend of the swing against Labor, **Julia Gillard** expressed confidence that she retained the backing of the party room and insisted that the vision for Labor should not be a swing to the left in response to the Greens success. The Coalition outpolled Labor on primary votes by about 400,000 votes, but was behind Labor 49.3 to 50.69 per cent after the distribution of preferences. There was a poor turnout on election night at the Melbourne Convention Centre auditorium, which seemed to sum up a greater emptiness within Labor, **David Crow** wrote in the *Financial Review*.

The Australian Electoral Commission reports that after preferences, Labor won 50.12 per cent of the two-party vote and the Coalition 49.88 per cent. The *Financial Review* reported **John Madigan** returned the Democratic Labor Party to Canberra for the first time in 36 years after he was declared the winner of the sixth Victorian federal Senate seat. His victory pushes out Family First Senator **Steve Fielding** after one term, ending next June. He also beat Senator **Julian McGauran**.

## Where's Oakeshott's swear jar

Prime Minister **Julia Gillard** secured a broad mandate from her cabinet to meet the requests of independent MPs, in her negotiations, to try to form a minority government, amid growing business concerns over some of the demands she may have to meet, the *Financial Review* reported. *The Australian* reported that the prospect of a formal Labor-Greens alliance is putting Gillard on a collision course with the key regional independents, who oppose key Greens policies. The speculation on the alliance came as Gillard reassured the nation she could form a stable government with the Greens and independents in both the House of Representatives and the Senate, citing her negotiation of Labor's

Fair Work Act through the Senate with the Greens, independent **Nick Xenophon** and Family First's **Steve Fielding**.

## Nearby

*The Australian* reported that the Greens will use their alliance with Labor to prosecute their push for same-sex marriage and liberalising the treatment refugees by bringing forward their legislation to be debated, possibly with conscience votes, in the new Parliament.

## Pretty much 50-50

**Julia Gillard**'s claim to government on the basis of winning the two-party preferred vote in the election hit a speed hump, with the Coalition momentarily overtaking Labor, causing headlines in the major papers. A day later, Labor looked likely once again to secure a very slim majority of the two-party preferred vote.

## Happy families

*The Age* reported that mining magnate and government critic **Clive Palmer**, along with many others, questioned the role of Governor-General **Quentin Bryce** in determining whether **Julia Gillard** or **Tony Abbott** be allowed to form a government. Bryce's daughter **Chloe Bryce** is married to ALP member **Bill Shorten**, who was instrumental in Gillard toppling **Kevin Rudd** for the prime ministership. The *Herald Sun* reported that **Quentin Bryce** sought legal advice about a possible conflict of interest.

## A little bit of luck was all it took

Liberal member **Ken Wyatt**, won the marginal Western Australian seat of Hasluck and in so doing became the first indigenous man to be elected to the House of Representatives.



## Hmmm

*The Australian* reported that mining industry chiefs were celebrating Labor's poor showing in the election, buoyed by rising hopes that the Government's \$10.5b mineral resources rent tax faces the axe even if **Julia Gillard** managed to retain the prime ministership. Meanwhile, business believes the prospect of a hung Parliament, with the Greens holding the balance of power in the Senate, could damage the prospects for vital economic reform and cause ongoing uncertainty for local and international investors.

Big business warned the independent MPs holding the key to the next government that stalling policy reform risks sending the economy into a downward spiral. The Business Council of Australia wrote to Windsor, Katter and Oakeshott outlining a five-point plan that included the creation of an independent commission of budget integrity.

## Stern words

British climate change economist **Nicholas Stern** met the three regional independents and warned that Australia faces being left behind in the race to develop green technologies. Lord Stern, who authored a groundbreaking 700-page report on the economics of climate change for the British government, said the next industrial revolution had started. Lord Stern, who sits as a crossbench peer in Britain's House of Lords, pushed the case for a carbon price when he met the independents in Canberra, the *Financial Review* reported.

## PRE-ELECTION LIMBO

### The week before the vote

A week out from the election, *The Age* reported that Labor surged to a strong 53 to 47 per cent two party lead, with the poll also showing a fall in opposition leader **Tony Abbott**'s approval. Gillard widened her advantage as preferred prime minister, leading 52 per cent, up three points, to Abbott's 38 per cent, down three points. The importance of the preferred prime minister figure is debatable, the only important indicator is the party people will vote for. While Labor was heartened by the result, it was still concerned by the polling in marginal seats, particularly in Queensland.

With seven days left in the campaign, **Michelle Grattan** wrote in the same paper that, at last, **Julia Gillard** seems to be coming to grips with her campaign.

## On the day

On the Saturday of the election, *The Age* reported that the outcome of the election may (might) not be known until two weeks after polling day, due to a record number of early and postal votes. By the Thursday before the election, more than 2 million Australians had cast early ballots or requested postal votes, representing more than 14 per cent of those enrolled to vote. On the same day, *The Australian* reported huge swings against the Gillard government in the battleground states of Queensland and New South Wales. As predicted on the Saturday, so it came to pass on the Sunday, a dead heat, a hung Parliament... Overall, there was a 2.6 per cent national swing to the Coalition.

## Gut running

*The Australian* reported that **Julia Gillard** and **Tony Abbott** concluded the 34th day (the Friday before the election) of the election campaign with what can only be described as a blitzkrieg in New South Wales. The Prime Minister went through five electorates – from Robertson on the Central Coast, to Bennelong, Greenway, Chifley and Lindsay in Sydney, to Macquarie in the Blue Mountains. Along the way she conducted no fewer than 20 radio interviews.

## The belated launch

**Julia Gillard** painted **Tony Abbott** as an irresponsible spendthrift, putting economic management at the core of her bid for re-election at a no-frills Labor campaign launch in Brisbane, *The Age* reported. Meanwhile, Abbott reiterated his scepticism about climate science as **Julia Gillard** drew criticism for all but ignoring climate change during her campaign launch. Rudd's arrival at the launch was through a side entrance. Only after a crowd had gathered in the modestly sized and adorned auditorium did he enter. The standing ovation that greeted him was slow to start and ended with the inclusion of all in the room, journalists excepted.

## A penultimate policy

An Abbott government would have invited the private sector to help build Australia's \$700b infrastructure wish list, offering generous tax breaks to get super funds and households to invest in approved projects. Under the plan, private sector or state government infrastructure projects approved by the government would be able to issue bonds offering investors a 10 per cent tax rebate. This would mean people on the standard marginal income-tax rate of 30 per cent would pay a third less tax on their bond income, while super funds would pay

two-thirds less, *The Age* reported. It will be interesting if this idea survives a hung parliament with a minority government.

## A final policy

**Tony Abbott** unveiled a plan to get young people off welfare and into work as part of his final push to the election finish line – warning welfare recipients that there is no such thing as a free lunch. He offered a \$6,500 bonus for long-term young unemployed who can find and hold down a job for two years, the *Herald Sun* reported.

## Resident galahs

In *The Age*, commentator and author **John Birmingham** despairingly asked how did we get to this, from the halcyon days of Keating and Howard Mark 1, when you could wander into any pet shop and the resident galah would be talking about microeconomic reform? The only serious policy debate that has gained any popular traction was about demographics and urban planning. But that quickly devolved into a dog-whistling symphony on the theme of boat people.

## Under attack for lack thereof

*The Australian* reported that the Coalition will rue its failure to target **Julia Gillard** with a more negative advertising campaign if it loses the election, according to leading industry figures. As Liberal Party federal director **Brian Loughnane** came under attack from his own party for not being aggressive enough in developing attack ads to capitalise on weaknesses in Labor's campaign.

In particular, they said **Kevin Rudd**'s execution and re-emergence, and the constant distraction provided by former leader **Mark Latham**, should have been more aggressively targeted.

## Lots of people did the same

Before the election, former Labor leader **Mark Latham** told the public he would be lodging a protest vote and urged others to follow suit. He repeated his intentions to place a blank ballot in the box as he posed as a journalist for his special report on the election for *60 Minutes*, *The Age* reported.

## Sticking it to Labor

On the eve of the election, shadow treasurer **Joe Hockey** revealed that a Coalition government would revive the Howard-era plan for a national access card to identify every individual receiving government benefits, *The Age* reported.

## VIEWPOINT

### Where to Now?

The federal election ended up in an anti-climax — a hung parliament.

Despite the white-anting from within the Liberals during the election, they clearly ran a better campaign than Labor.

Indeed the Liberals must be pinching themselves. Under Malcolm Turnbull, they faced a wipeout. Twelve months later, under Tony Abbott, they got more votes and won more seats than Labor.

Labor's cultural arrogance played a part in this outcome.

Because Mr. Abbott's values did not coincide with theirs and their mates in the inner suburbs of Melbourne or Sydney, they assumed he would be rejected by the majority of Australians who live in the outer suburbs and the regions.

They were wrong.

Nevertheless, it appeared that the Liberals also wanted to appease the self-appointed, metropolitan elites. Apart from mentioning turning back the boats in their contract with Australia, they did not campaign aggressively on the asylum seekers issue or any other cultural issue.

Nor did they campaign aggressively against the Greens. As a consequence they made it easier for Liberals to vote for the Greens and give their preference to Liberals.

With a different approach, they might have won the Victorian seat, Corangamite, polled better in the western suburbs of Sydney and not lost their third Victorian senator, Julian McGauran.

That aside, the Liberals' performance in Victoria was woeful.

The Coalition's primary Senate vote fell from 38.9 per cent in 2007 Workchoices election to 34.2 per cent. This is the latest in a string of poor results which now sees Labor holding 23 out of Victoria's 37 federal seats.

However, the Liberals' difficulties pale in comparison with those of Labor's. NSW Labor's campaign model is totally discredited.

Presumably they will seek to save their skins by arguing that the comprehensive overhaul which is needed would destabilise this minority government.

### What then of this government and its prospects?

Many Green voters must be wondering how euthanasia and gay marriage suddenly emerged as the most vital issues facing the nation. That this is so, does not augur well for this government's tackling issues vital to Australia's future prosperity and well-being.

Julia Gillard's use of minority government to renege on every statement she made during the election campaign raises another concern.

Blaming the Greens and independents for now refusing to rule out a carbon tax is cynical and hypocritical. The views of the Greens and independents only count when Labor and the Coalition hold different positions — and the Coalition opposes a carbon tax.

Nobody knows how long this parliament will last — or how long we might want to last.

Tony Windsor decided to support Labor because he thought the Liberals would win the next election and consequently would have a greater incentive to call an early election. This reasoning seems strange coming from a politician apparently concerned about improving democracy.

But then Tony Windsor and Rob Oakeshott decided that, even though the people elected 73 Coalition politicians, only 72 of them should vote on any issue. However, Julia Gillard may surprise Mr. Windsor. Her rhetoric about serving full terms is not a gilt-edged guarantee.

In 1999 Victorian premier Steve Bracks waxed lyrical about fixed terms of parliament. In 2002 he went to the polls at the first opportunity, blaming a minority government which was stable, for doing so.

If the Coalition accepts the idea that only 72 of them vote on any occasion, it will improve Labor's lot. With an effective majority of one, Labor would have to secure the support of the Green, Mr. Wilkie and Messrs. Windsor and Oakeshott for every vote.

What a nightmare!

Equally the Coalition would be only Bob Katter and one extra vote away from having the House of Representatives pass a private members bill. A majority of two provides some leeway.

That aside, Labor is one losing by-election away from losing government. Labor politicians need to postpone any plans of dying, being seriously incapacitated or being involved in a major scandal for the next three years. Already there is talk of the possibility of a by-election in NSW in the foreseeable future — and the outcome of most by-elections in NSW before the next state election cannot be taken for granted.

As for this government's prognosis, who knows? The pundits think we shall be off to the polls again sooner rather than later.

And it is true that this Labor/Green/ex-Green/regional independent alliance is more fragile than the Victorian Labor/independent alliance earlier this decade. Nevertheless stranger things have happened, and while there is the possibility of losing seats, either government or independent, there will be a strong incentive for those involved to keep this ship of state afloat.

*Rick Brown is a director of CPI Strategic. Between 2004 and 2007 he was an adviser to Senator Nick Minchin and a senior adviser to Kevin Andrews. Prior to that, he was the adviser to Russell Savage, one of the three Independent MPs who held the balance of power in Victoria during the first term of the Bracks government.*



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Available on Website: [www.roymorgan.com](http://www.roymorgan.com)  
On September 14, 2010  
[Roy Morgan Online Store](#)  
[Roy Morgan Airline Satisfaction Report](#)

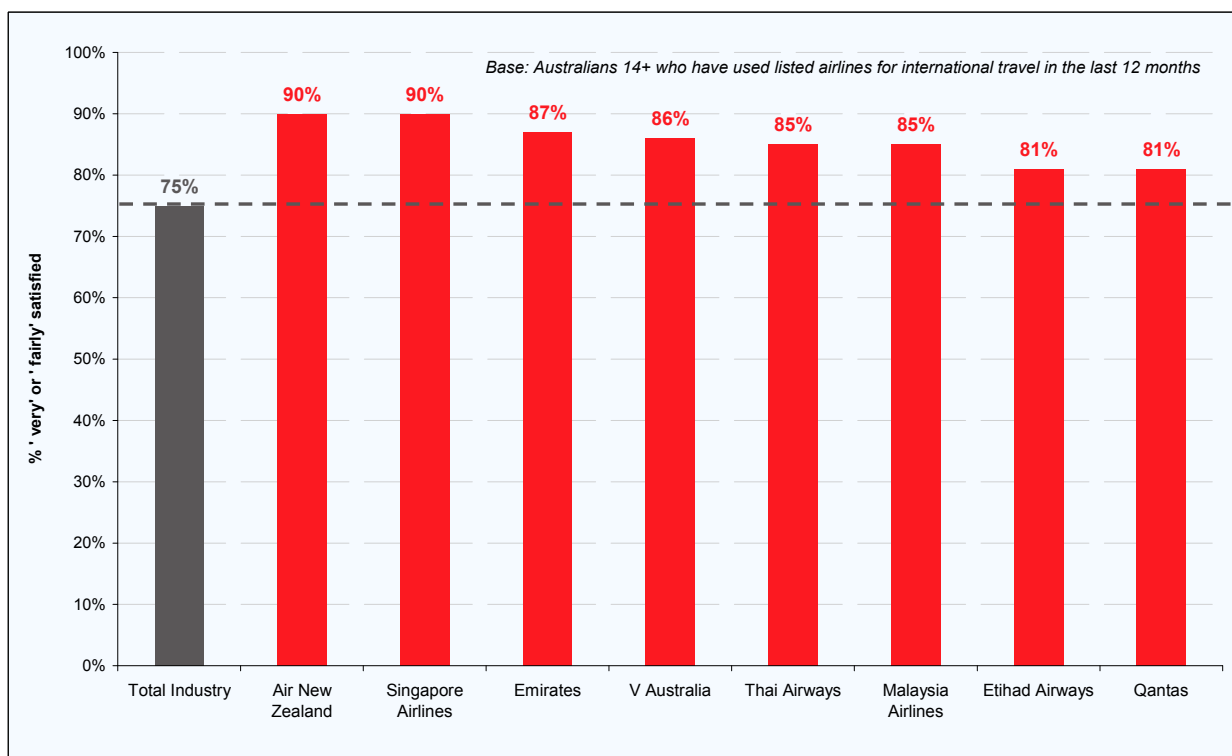
FOR IMMEDIATE RELEASE

## Air New Zealand and Singapore Airlines top in Customer Satisfaction

According to the latest Roy Morgan Airline Satisfaction data for the 12 months to July 2010, Air New Zealand continues to maintain its high customer satisfaction rating of 90%, with Singapore Airlines also at 90% and now sharing the lead.

While the satisfaction ratings for most international airlines have not varied greatly since May 2010, V Australia (Virgin Blue's international airline) has jumped 3 percentage points to 86% for year ended July 2010, while Etihad has dropped from 87% to 81% during the same period.

### Satisfaction with International Airlines used in last 12 months



*Source: Roy Morgan Single Source, August 2009 - July 2010. Total using international airline in last 12 months n = 3,555. N.B. 'Total Industry' average also includes other international airlines not shown.*

**Jane Ianniello, Roy Morgan Research International Director of Tourism, Travel & Leisure, says:**

*"Air New Zealand and Singapore Airlines are vying for the lead in customer satisfaction, with Emirates in third position. It is interesting that V Australia has been able to improve its customer satisfaction ratings since May and is now fourth, receiving much higher ratings than Qantas which has remained in eighth position since May."*

[Click here to purchase Roy Morgan's Airline Customer Profiles.](#) These profiles provide a broad understanding of the target audience, in terms of demographics, attitudes, activities and media usage in Australia. [Visit the Roy Morgan Online Store to access](#) an extensive range of [Travel & Tourism Reports](#) or [detailed profiles of Australian Holidaymakers.](#)

28 September, 2010 | [www.RoyMorganOnlineStore.com](http://www.RoyMorganOnlineStore.com)

Welcome to the latest issue of our Market Research Updates.

This week we reveal how the Internet has overtaken travel agents as the leading source of information when choosing an overseas holiday destination. We take a look at some other interesting topics including types of Purchases made Online, Accident Incidence in the last five years and Handheld Game Console Ownership in New Zealand. We also provide the very latest findings in Customer Satisfaction and Intention, Consumer Confidence and Australian Voting Intention.

We hope that you find this issue an interesting read and we welcome any feedback you may have on our Market Research Updates.

### LATEST FINDINGS

#### **Economic Issues (33%) most Important Problem Facing the World But Government/ Politics/ Immigration, Human Rights (26%) Most Important Problem Facing Australia**

Of Australians, 33% (up 1% since June 2010) consider Economic issues are the most important problem facing the World today, ahead of Environmental issues (29%, down 1%). In Australia, Government/ Politics/ Immigration, Human Rights (26%, up 3% since June 2010), Economic Issues (24%, down 4% since June 2010) outweigh Environmental Issues (20%, up 3%) according to a special telephone Roy Morgan survey conducted on September 15/16, 2010.

[For more information visit www.RoyMorgan.com](http://www.RoyMorgan.com)

#### **Roy Morgan Consumer Confidence drops 4.9pts to 121.4 – Lowest since June 5/6, 2010**

Consumer Confidence has fallen to 121.4 (down 4.9pts) according to the weekly Roy Morgan Consumer Confidence Rating conducted on the weekend of September 18/19, 2010. Weekly Consumer Confidence is now 3.5pts lower than a year ago, September 19/20, 2009 (124.9). The fall has been mainly driven by Australians having less confidence in all components of the survey except for the buying of major household items.



[For more information visit www.RoyMorgan.com](http://www.RoyMorgan.com)

#### **The Internet overtakes Travel Agents as the leading source of information used to choose an overseas holiday destination**



According to the June 2010 Roy Morgan Travel Agent Brand Health and Holiday Booking Trends Report, the Internet (38.2%) has become the most popular source of information\* used by Australians to help choose their overseas holiday destination. The report shows that the growing use of the Internet as an information source for overseas holidays is paralleled by a decline in the use of Travel Agents, especially in the last 18 months.

[For more information visit www.RoyMorganOnlineStore.com](http://www.RoyMorganOnlineStore.com)

### **Overall spend online breaks 10% for CDs, DVDs and Books**

In the 12 months to June 2010, buying online now accounts for 12% of all sales of CDs, DVDs and HiFi accessories, just ahead of Books where 11% of all consumer dollars on Books are spent online rather than in-store. According to Roy Morgan Single Source 3% of all dollars spent on retail products is spent online. Consumers buying CDs/DVDs/HiFi accessories spend 12% of their dollars online.

[For more information visit www.RoyMorganOnlineStore.com](http://www.RoyMorganOnlineStore.com)



### **ALP (54%, up 2%) increases lead on L-NP (46%, down 2%)**

The ALP Government (54%, up 2% since the telephone Morgan Poll conducted on the nights of September 15/16, 2010) has increased its lead over the L-NP (46%, down 2%) according to the Face-to-Face Morgan Poll conducted over last week-end, September 18/19, 2010 — before the disagreements between all parties about who would be Speaker of the new Parliament. If a Federal election were held now the ALP would retain Government according to the latest Face-to-Face Morgan Poll.

[For more information visit www.RoyMorgan.com](http://www.RoyMorgan.com)

### **Holiday Intention Continues to Increase in July 2010 Quarter**



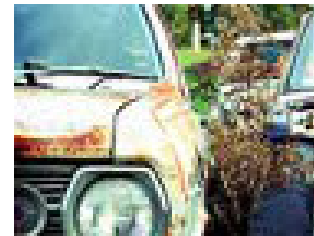
In the latest Roy Morgan Research Holiday Tracking Survey for the July 2010 quarter 70.1% (12.7 million) of Australians 14 years or older, intend to take at least one holiday in the next 12 months. This is up on both the June 2010 quarter result of 69.0% (12.5 million) and the July 2009 quarter result of 67.5% (12.0 million). Both domestic and overseas holiday intentions are up.

[For more information visit www.RoyMorganOnlineStore.com](http://www.RoyMorganOnlineStore.com)

### **2.7 million Drivers Involved in an Accident in last Five Years: Fun and Affordability More Important to the Accident-Prone**

According to the latest Roy Morgan Automotive Monitor, 2.7 million Australian drivers (18.5%) have been involved in an accident in the last five years. The highest accident rate is amongst younger people, and especially 18-34 year old women; 24.3% of whom report having been in an accident while driving in the last 5 years. Looking at this group attitudinally, we observe some telling differences between those involved in accidents and those who remain bingle-free.

[For more information visit www.RoyMorganOnlineStore.com](http://www.RoyMorganOnlineStore.com)



### **Woolworths & IGA rise above Coles in customer satisfaction and close the gap on long time leader, Aldi**

The latest Roy Morgan Supermarket Satisfaction Report for July shows both Woolworths and IGA closing in on Aldi's top spot in supermarket satisfaction. With IGA increasing by 3.6% points in the last 4 months, and Woolworths up 2.5% points in 3 months, both supermarkets are performing strongly. Aldi remained relatively stable for a second month, whilst Coles dropped to last position despite only marginal change for July.

[For more information visit www.RoyMorganOnlineStore.com](http://www.RoyMorganOnlineStore.com)

### **Sony PSP dominates Handheld Consoles in New Zealand**

The latest Roy Morgan Games Console data shows that 19% of New Zealanders aged 14+ (651,000 people) live in a household that owns a handheld games console. Sony PSP dominates with 10% (352,000 people) of New Zealanders having a PSP in their household. Nintendo DS follows with 7% (227,000 people).

[For more information visit www.RoyMorganOnlineStore.com](http://www.RoyMorganOnlineStore.com)

Finding No. 4572  
Available on Website: [www.roymorgan.com](http://www.roymorgan.com)  
On August 22, 2010

## Morgan Poll Most Accurate & first to suggest 'Hung Parliament'

by Gary Morgan, Michele Levine and Julian McCrann

The new Government of Australia is now known after Australia's first 'Hung Parliament' since the 1940s.

As of the final AEC 2010 Federal election figures the 7 NEWS Morgan Poll was clearly the most accurate of the 4 major polls. The 7NEWS Morgan Poll had a Primary vote average error on the parties – ALP, L-NP, Greens and Independent/ Others of only 0.7%. Our Two Party preferred vote had an average error of only 0.9%.

The Newspoll Primary vote average error was 1.05%; Two Party preferred vote had an average error of 0.1%. The Nielsen Primary vote average error was 1.1%; Two-Party preferred vote had an average error of 1.9%; The Galaxy Primary vote average error was 1.3%; Two-Party preferred vote had an average error of 1.9%.

Below is the Australian Electoral Commission (AEC) % vote count as of now compared with the final 7NEWS Morgan Poll released on [www.roymorgan.com](http://www.roymorgan.com) at 1.26am Saturday morning and released at 7am on Saturday Morning Ch 7 Sunrise (Aug 21, 2010), and again reported just after 10am by Michele Levine on ABC 24 TV.

### FEDERAL VOTING INTENTION – Primary Vote Predictions

	Federal election	Aug 20		Aug 17-18		Aug 17-19		Aug 17-18	
	August 21, 2010	Telephone	7News	Telephone	Newspoll	Telephone	Nielsen	Telephone	Galaxy: Herald-Sun & Daily Telegraph
	<u>Actual Result*</u>	<u>Morgan Poll</u>	<u>The Australian</u>	<u>The Age &amp; SMH</u>	<u>The Age &amp; SMH</u>	<u>The Age &amp; SMH</u>	<u>The Age &amp; SMH</u>	<u>The Age &amp; SMH</u>	<u>The Age &amp; SMH</u>
<i>Sample Size</i>	(12,402,384)	(1,872)	(2,507)	(2,507)	(2,507)	(2,040)	(2,040)	(2,040)	(1,200)
ALP	38.0	39	+1.0	36.2	-1.8	39	+1.0	38	0
L-NP	43.6	42.5	-1.1	43.4	-0.2	41.5	-2.1	41	-2.6
Greens	11.8	11.5	-0.3	13.9	+2.1	13	+1.2	14	+2.2
Ind/Other	6.6	7	+0.4	6.5	-0.1	6.5	-0.1	7	+0.4
<b>Av. error on all parties</b>			<b>0.7</b>		<b>1.05</b>		<b>1.1</b>		<b>1.3</b>

### FEDERAL VOTING INTENTION – Two Party Preferred Predictions

ALP	50.1	51	+0.9	50.2	-0.1	52	+1.9	52	+1.9
LN-P	49.9	49	-0.9	49.8	+0.1	48	-1.9	48	-1.9
<b>ALP Lead</b>	<b>0.2</b>	<b>2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Ave error</b>			<b>0.9</b>		<b>0.1</b>		<b>1.9</b>		<b>1.9</b>

Australian Electoral Commission (<http://vtr.aec.gov.au/HouseStateFirstPrefsByParty-15508-NAT.htm>); Final AEC Election results.

The 7NEWS Morgan Poll was the first poll to call a 'hung' Parliament, [first announced by Michele Levine on Insiders](#) (ABC 2 TV) on Sunday August 15, 2010. (Morgan - 'Hung Parliament', Newspoll – 'Hung Parliament,' Galaxy and Nielsen - both ALP win) – [Morgan Poll was also the most accurate on Primary vote for the 2007 Federal Election!](#)

[Note the Greens vote was reduced after the Morgan Poll](#) re-interviewed Greens and 'Undecided' electors – the result was what we have previously found. 15% of Greens voters change when at the polling booths!

#### **For further information:**

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## Post election follow up

*The Australian* reported that whilst it is almost certain that after the election the Greens will hold the balance of power in the Senate, the party's economic agenda has barely been examined. Its not talked about much.

## Social mobility tsar

**Alan Milburn**, the former British Labour minister and **Tony Blair** confidant, who advised **Julia Gillard** on her election campaign, is set to return to a new job in London working for Conservative Prime Minister **David Cameron**. Cameron has offered Milburn the role of 'social mobility tsar'. He is charged with examining ways of boosting the opportunities for underprivileged children, *The Australian* reported.

# IMMIGRATION

## The Coalition continuum

The *Herald Sun* reported that **Tony Abbott** would personally make the call on whether to turn back asylum seeker boats if elected as Prime Minister. Meanwhile, the *Financial Review* reported that former Prime Minister **John Howard** felt domestic politics in East Timor would ensure that country never hosted a regional refugee processing centre as proposed by Labor. *The Australian* reported that Abbott staked his political credibility on the claim he will get unauthorised boat arrivals down to three a year if elected Prime Minister. The Coalition's plan to reintroduce temporary protection visas could fall victim to the uncertainty of a hung Parliament if Labor, the Greens and the independents combine to block the measure.

## Loophole island

*The Australian* reported that two High Court judges have questioned a legal loophole relied on by the Australian government to detain asylum seekers in offshore facilities, including on Christmas Island, while their refugee status is being assessed. In the final day of hearings in a test case brought to the full bench of the High Court by a group of Sri Lankan asylum seekers, Commonwealth Solicitor-General **Stephen Gageler SC**, faced sustained questioning about a 'dilemma' in the law governing offshore processing.

## Not easy

New Immigration Minister **Chris Bowen** has warned he won't stop the flow of refugee boats coming to Australia, the *Herald Sun* reported. A day after being handed one of the toughest portfolios in the government,

Bowen said he wouldn't raise any sort of expectations that boats are easy to stop. He will work to establish a regional refugee processing centre in East Timor with new Foreign Affairs Minister **Kevin Rudd**, who attacked his party's move to the right on immigration policy after he was deposed as leader.

## A boost

*The Age* reported that **Julia Gillard**'s plan to turn East Timor into a regional hub to process refugee claims has been boosted after the government in Dili identified possible sites to house asylum seekers.

## India falling

International student visa numbers dropped more than 16 per cent last financial year, with the number from India falling by more than half. In 2008-09, 65,503 Indian passport holders were granted Australian student visas across all education sectors. In 2009-10, the number fell to just 29,721, *The Age* reported.

## Make it better

Australia's leading research universities have criticised the Government for failing to tackle problems caused by changes to student visa rules, *The Age* reported. 'We just went through an unedifying election where the leaders of the two main parties put up the 'not welcome here' sign in flashing lights,' said **Michael Gallagher**, executive director at of the Group of Eight universities. 'The messages were geared to domestic audiences but they resonated with international audiences to. They have done damage to Australia's reputation abroad as a welcoming society that values ideas and diversity. They have a responsibility to rectify the problem.'

# FOREIGN AFFAIRS

## Just not cricket

The alleged match fixer arrested for colluding with Pakistani cricketers was caught on video boasting that January's Sydney test was rigged – a suspicion that led the international cricket corruption watchdog to launch an investigation, *The Age* reported. The investigation will now include revelations that four Pakistani players were embroiled in a betting scandal – uncovered by a News of the World sting – during the fourth test against England at Lord's. It was later reported that Australian cricketers **Shane Watson** and **Brad Haddin** had been approached by

a suspected Mumbai gangster with links to illegal bookmakers during the tour of England last year.

As the scandal unfolded, *The Australian* reported that the Pakistan cricket team's entire 2009-10 calendar is under scrutiny as allegations arise that the International Cricket Council's anticorruption and security unit had warned the Pakistan Cricket Board about player behaviour long before the events in England. *The Age* reported that a Pakistani court summoned seven national cricket players, the country's sports minister and its cricket chief to face treason charges over the fixing allegations in England.

## Something went for Julia

Papua New Guinea's high commissioner has heavily criticised the Coalition and strongly endorsed the Gillard Labor government, throwing foreign affairs into the spotlight during the election campaign. **Charles Lepani** said that relations between his country and the Coalition had been severely damaged by the former Howard government, and that the opposition had done little to repair them since it was defeated in 2007, *The Age* reported.

## A penultimate policy

An Abbott government would have invited the private sector to help build Australia's \$700b infrastructure wish list, offering generous tax breaks to get super funds and households to invest in approved projects. Under the plan, private sector or state government infrastructure projects approved by the government would be able to issue bonds offering investors a 10 per cent tax rebate. This would mean people on the standard marginal income-tax rate of 30 per cent would pay a third less tax on their bond income, while super funds would pay two-thirds less, *The Age* reported. It will be interesting if this idea survives a hung parliament with a minority government.

## Other leaders

**Julia Gillard** will hold her first meeting as Prime Minister in November with US President **Barrack Obama** and other international leaders in South Korea and Japan, the *Herald Sun* reported.

## Prime Minister Vladimir Putin

A ban on Russian grain exports has come into force, with the Russian government battling to keep down prices of basic food in a record drought. The ban, which started in mid-August, extends to December 31, although Prime Minister **Vladimir Putin** has indicated it may extend beyond then if the harvest is bad, *The Age* reported.

## Backstroke permitted

Australian swimmers have been given permission to abandon the Commonwealth Games in Delhi if they feel unsafe. Swimming Australia president **David Urquhart** said he had told the team any swimmer who felt unsafe after landing in Delhi and wanted to leave would be given a flight home, the *Herald Sun* reported.

The Australian head of security for the Commonwealth Games in Delhi has dismissed a private security assessment predicting an 80 per cent chance of a terrorist attack during the Games, but says that Australians should be vigilant.

## The earth shifts

New Zealand suffered its worst earthquake for 80 years. The 7.1 magnitude quake, which occurred 30 kilometres from Christchurch, damaged up to 100,000 homes and could cost the country \$NZ2b, *The Australian* reported.

## Population goes up

*The Australian* reported that British Prime Minister **David Cameron** and his wife, Samantha, had a new baby girl, **Florence Rose Endellion** on August 24. She is their fourth child. **Princess Mary of Denmark** is expecting twins, the *Herald Sun* reported.

# JUSTICE

## Immobile bathrooms

Laws controlling the use of mobile phones in toilets, shower areas and change rooms would be tightened, and the filming of assaults with mobile phones for entertainment would be banned, under recommendations in a new report on the growth of public surveillance. The Law Reform Commission report details a worrying trend in proliferation of surveillance devices capturing the public's every move, including the new myki ticket system, CCTV cameras, e-tags, mobile phones, GPS, Google Earth and Street View, body imaging scanners and automatic number plate recognition technology, *The Age* reported.

## The drugs and the sea

Operation Hoffman – a multi-agency investigation led by the Australian Crime Commission – has revealed deep links between drug importers and rogue Australian maritime workers. For instance, in Victoria, authorities have uncovered links between corrupt Melbourne port workers, the Hell's Angels and prominent Italian criminals, *The Age* reported. **Michael Purchas**, one of Australia's most experienced drug investigators, left the Australian Crime

Commission as an operations manager in July – after more than 40 years fighting crime, corruption and illegal drug importers – and has called for new ways to fight crime in response to the failure of authorities to have a major impact on the illicit drug market.

He says the fight against the nation's crime bosses – including those behind huge international drug shipments – is being hampered by a lack of resources and political will. He recently helped lead Operation Hoffman but said much more could have been done to break up the vast crime network uncovered on the nation's waterfront.

## The darling buds of justice

Budding barristers in Victoria and Queensland will be forced to sit exams for the first time next year before being accepted into a readers' course, as the Australian Bar Association pushes for harmonised admission practices to reflect a national profession. In New South Wales, barristers have been sitting entry exams since the early 1990s, the *Financial Review* reported.

## A big day

**Michael Brereton**, once at the centre of the Australian Crime Commission's biggest tax fraud investigation, Operation Wickenby, plans to initiate a multimillion-dollar legal action against the crime commission and a separate action against the Legal Services Commissioner and the Law Institute of Victoria, *The Australian* reported.

# GOVERNANCE

## The new frontbench

Former Prime Minister **Kevin Rudd** was named Foreign Minister in a reshuffle of Labor's frontbench, with some members of the Department of Foreign Affairs and Trade concerned with Rudd's leadership style. Current Foreign Minister **Stephen Smith** moves to Defence. Small Business Minister **Craig Emerson** moves to Trade and is promoted to Cabinet.

In other changes, **Greg Combet** moves to cabinet and takes Climate Change, and Parliamentary secretaries **Mark Butler** from the left and **Bill Shorten** from the right became ministers. Shorten moved into the ministry as Assistant Treasurer and Minister for Financial Services and Superannuation. **Penny Wong** was named Minister of Finance and **Peter Garrett** is now in charge of schools as Minister for Schools, Early Childhood and Youth. **Chris Evans**

moves from the tough immigration ministry – replaced by **Chris Bowen** – to the Jobs, Skills and Workplace Relations portfolio.

**Don Farrell** and Victorian Senator **David Feeney** have been promoted from the backbench into Parliamentary Secretary roles. New South Wales powerbroker **Mark Arbib** has been given increased responsibilities that will place him in charge of indigenous employment and economic development, social housing and sport. **Stephen Conroy** has added the portfolio of Minister assisting the Prime Minister on Digital Productivity to his communications, broadband and digital economy responsibilities. In *The Australian*, **Samantha Maiden** noted that all the new entrants to Cabinet and the ministry were blokes.

Meanwhile, *The Australian* reported that Aboriginal and Torres Strait Islander Social Justice Commissioner **Mick Gooda** called on **Julia Gillard** to create a distinct indigenous affairs minister, arguing that the portfolio needs to be separated from that of family and community services.

## More bureaucracy...

*The Australian's* editor-at-large **Paul Kelly** wrote that in the minority government, there will be a new Cabinet-level minister for regional Australia. The new department will presumably be extracted from Anthony Albanese's portfolio. There will be a regional Australia Cabinet committee, a regional Australia coordinating unit in the Department of Prime Minister and Cabinet, an office of northern Australia, a new House of Representatives committee for regional Australia chaired by an independent, a new government funded regional Australia think tank, methodology to enable the Finance Department better analyse spending by location, and a review of all regional funding. The guiding philosophy is that regions have not been given their fair share and that equity principles must prevail. **Simon Crean** is the new Minister for Regional Australia.

## Nearby

*The Financial Review* reported that the Gillard government will seek a deal with the states to overhaul spending in regional Australia as a result of the ministerial reshuffle that created a new ministry with the power to alter billions of dollars in annual outlays. The new Minister to Regional Australia, **Simon Crean**, is to hold talks with the states over the coming fortnight to put a revamped model to the Council of Australian Government's that would reform the way funds are allocated to infrastructure and other projects. Nearby, a wholesale review of the way money is collected and distributed among the three tiers of



government is one of several reforms being considered by Senate select committee inquiry into the Australian Federation.

### An eye on the bureaucracy

In the *Financial Review*, **Marcus Priest** wrote the structure of the ministry splits a number of ‘super’ portfolios and re-orders responsibilities in a number of areas. The structure of the ministry reflects the policy priorities of Prime Minister **Julia Gillard** – education, regional Australia and sustainable population growth – and is likely to reflect recommendations of the Department of Prime Minister & Cabinet.

### Pollie waffle cracked

Obfuscation and waffle will be banned from question time under a historic overhaul of Parliament signed by both major parties and independents, *The Age* reported. The proposed changes mean politicians will need to make sure their answers in Parliament are directly relevant to the question, with an independent Speaker given new powers to enforce the rules.

Under the agreement for ‘a better parliament’, the new independent Speaker and deputy will sit outside their party rooms and have greater powers; the Speaker will acknowledge Aboriginal traditional owners each day; questions will be limited to 45 seconds, answers to four minutes, with supplementary questions allowed, preferably without notes; question time will be limited to 90 minutes; private member’s business will be given more priority; committees will have more diverse membership, stronger powers and faster response times; a selection committee will vet bills to determine whether they are controversial, and such bills will go to a committee for discussion and public consultation; and a parliamentary budget office will do costings for non-government members, while a parliamentary integrity Commissioner will advise on ethics.

### Too easy

In the excellent, weekly, ‘Government Business’ section of the *Financial Review*, **Verona Burgess** writes that Department of the Prime Minister & Cabinet secretary **Terry Moran** must feel less than confident about his job. Before the election, Treasurer **Wayne Swan** announced that, if returned to government, Labor would cut funding of the Moran public service reform blueprint. Since the Opposition has already decided to axe the lot, it was too easy. A Gillard government would also reduce funding to the Department of the Prime Minister and Cabinet, and cut \$45.5m worth of overseas diplomatic posts. The good news is that Labor wants to restore PM&C to a smaller, tighter central coordinating

department under the traditional cabinet model. Swan said the Australian Public Service Commission would continue to lead implementation of the blueprint.

### Busy bodies

The *Financial Review* reported that the Government may have been in caretaker mode but public servants were busier than ever, briefing Labor and the Coalition as well as examining the policies and reforms of the Greens and independent MPs who are crucial to forming a parliamentary majority. The Department of Prime Minister and Cabinet, which prepares the incoming government briefs – with red covers for the incumbent and blue for a change – examined the policies of the Greens and independents because the Greens MP **Adam Bandt** and independents **Tony Windsor**, **Rob Oakeshott**, **Bob Katter** and **Andrew Wilkie** were crucial to forming government with either the Coalition or Labor MPs.

### Veteran retires

Veterans’ Affairs Minister **Alan Griffin** retired to Labor’s backbench, drawing the curtain on a 12-year frontbench career and handing **Julia Gillard** extra room to reshape her team. The 50-year-old vowed to serve out his term in full. His decision brought to three the number of immediate ministerial vacancies Gillard had to fill before a minor reshuffle and announcement of her frontbench, the Herald Sun reported.

### Can’t see the money for the trees

The Greens have vowed to use their new prominence and power to seek the removal of upfront tax breaks for managed investment schemes – a goal that is likely to win support from rural independents. Greens senator **Christine Milne** labelled the agribusiness and forestry schemes as tax rorts and said it would be a priority for the Greens in the new parliament to seek to have the tax deductions abolished, the *Financial Review* reported. She said people in rural Australia know the tax deduction is a disaster.

Nearby, and appositely, *The Australian* reported that the troubled model of financing timber plantations through managed investment schemes has claimed another victim, with the collapse of Wilmott Forests owing about \$120m. The Melbourne-based Willmott was one of the few surviving forestry MIS groups listed on the Australian sharemarket until its financiers, the Commonwealth and St George banks, appointed receivers.

### More green attitudes

Greens leader **Bob Brown** has signalled his party will take a tougher stance on free trade agreements, including applying more

stringent conditions on a proposed deal with China and seeking a Parliamentary review of Australia’s free-trade deal with the United States, the *Financial Review* reported. *The Australian* reported that the Greens have threatened to use their historic alliance with Labor to stop billions of dollars of planned uranium projects from securing government approval.

### You’d think he’d won the election

Victorian Premier **John Brumby** warned off the new minority federal government from traditional state issues of law and order, health and roads, while setting out the tough decisions the Commonwealth would need to take on tax reform and emissions trading. He also suggested the Federal Government’s alliance might prevent it from lurching to the left, the *Financial Review* reported. Nearby, *The Age* reported that Labor in Victoria achieved a near record two-party preferred result in the federal election of 54.25 per cent.

### An anti-violence initiative

*The Age* reported that grassroots sports clubs will be given money by the Government to ban players from games if they perpetrate violence against their partner, under a Labor plan against family violence. Funding is part of the national plan to reduce violence against women and their children, a 12-year strategy that Prime Minister **Julia Gillard** will take to the Council of Australian Governments if she wins the election.

### Swan dive

Win or lose the election, **Wayne Swan** declared emphatically that he does not want to lead the Labor Party, *The Age* reported.

### Bright as Button

Delivering the John Button oration at the Melbourne Writers Festival, indigenous leader **Noel Pearson** declared that the Labor Party’s failure to articulate its reason for being is not good for the cause of those who seek progress in Australia. Pearson argued that whether or not Gillard succeeded in salvaging a government from the electoral wreckage, the shortcomings identified by **John Button** eight years ago hovered like ‘Banquo’s ghost over the bloody scene’. Pearson maintained the party never stepped up to the challenge of renewing its purpose after successive losses to **John Howard**’s Coalition, *The Age* reported.

### God save the queen

Support for a republic has dropped to a 16 year low, with more Australians favouring retaining the monarchy for now, *The Age*

reported. An Age/Nielsen poll found support for a republic is now running at 44 per cent, while 48 per cent oppose a republic; 31 per cent say Australia should never become a republic and 34 per cent say Australia should become a republic only after **Queen Elizabeth II**'s reign ends.

### A stunning conclusion

*The Age* reported that 10 years of suicide data, in the wake of **John Howard**'s decision to ban and buyback half a million semiautomatic rifles and shotguns, has produced a stunning conclusion. A paper forthcoming in the *American Law and Economics Review* finds the buyback cut firearm suicides by 74 per cent, saving 200 lives a year.

## RESOURCES

### In mega-profiteering companies we trust...

*The Age* reported that Australian mining executives appear to have been saying one thing and doing another as they negotiated with the government over the resources rent tax. Investment and investment intention figures show that while talking of putting projects on hold or moving them offshore during May and June this year, the company's were lifting planned spending. The Bureau of Statistics survey was conducted at the end of June and covers 8,000 businesses, including all those with big capital expenditure. The super profits tax was announced on May 2. The bureau finds that between the end of March and the end of June, investment in the mining sector climbed 2.6 per cent.

### Conflicting emotions

*The Age* reported that the spectre of a 40 per cent resource tax once again haunts the mining industry with the formation of the minority Gillard government. The deal hammered out between Gillard and the big three miners before the election cut the effective tax rate from 40 to 22.5 per cent and limited it to just iron ore and coal.

### Mining the summit

*The Financial Review* reported that the Gillard government's mining tax will be excluded from next year's tax summit but could be amended on the floor of Parliament as independent MPs gain an open line of communication to Treasurer *Wayne Swan* over the reform. Swan stood by the tax as the Government's key industry adviser, former BHP Billiton chairman **Don Argus**, declared that mining company concerns about the tax would be addressed in his review before the bill goes to Parliament.

Resources Minister **Martin Ferguson** will soon provide more details of the arrangement and timetable of the government's resource tax policy transition group in a bid to end the uncertainty faced by mining companies. *The Australian* reports the independent **Andrew Wilkie** has threatened the Gillard government's mining tax, warning he will block it unless it is fundamentally redrawn and possibly expanded to capture profits from more mining companies.

### Back we go

The Minerals Council of Australia has re-entered the debate over Labor's proposed \$10.5b mining tax with full-page advertisements appearing in newspapers across the country aimed at convincing the three rural independents to reject the plan. In a last-ditch bid to stop the tax, the mining industry's peak body – backed by BHP Billiton, Rio Tinto and Xstrata – resumed advertising just as the independents were deciding whether to back Labor or the Coalition.

### Good picks

Rio Tinto's **Sam Walsh** and Shell's **Ann Pickard** have been appointed inaugural board members of the University of Western Australia's Energy and Minerals Institute. It aims to bring the university's mining research capabilities under one umbrella, the *Financial Review* reported.

### What's on up there?

It started with a dribble and now we have all been swamped by the advertisements for QR National? Its all about a company for sale that few outside the rail industry even know about. QR National, the Queensland freight carrier is up for sale as an 'integrated operation'. Locomotives, freight wagons and coal rail lines in Queensland, coal freight operations in the New South Wales's Hunter Valley, and interstate freight and freight operations in Western Australia.

It will be one of the largest privatisations, by means of floating off shares to the public, in Australian history, after the Commonwealth Bank and Telstra. The Victorian electricity privatisation was a sale to several shareholders, not a float to the community at large.

## BROADBAND & IT

### The freeze-and-thaw process

NBN Co announced it would freeze its tender process and employment program and minimise spending until a new government was formed, *The Age* reported. *The Financial Review* reported that the Australian Information Industry Association

has called on the government to introduce the national broadband network as a matter of priority and wants the government to hold an implementation summit within 90 days of being sworn in.

### It's go time

The day after the independents announced they would support a minority Labor government, NBN Co boss **Mike Quigley** met Communications Minister **Stephen Conroy** to finally press the button on the many decisions held up by the delay in determining the government. Part of the deal with the independents will be to build the network from the inside out, from the bush to the city. The original plan was to build it simultaneously in 16 regions using three different construction companies. The Government also needs to clear a few issues with Quigley, such as whether he should supply smart, or so-called layer 2, fibre, as he wishes, or just plain fibre. The final shape of the government-enabling legislation will also determine the makeup of NBN's access undertaking to the Australian Competition & Consumer Commission.

### It's a blur

The Future Fund has expressed deep concerns about the lack of transparency surrounding Telstra's \$11b non-binding deal with NBN Co over the national broadband network. **David Murray**, chairman of the fund, said news of Labor's pledge to expedite the roll-out of high-speed broadband in the bush had underscored his concerns about the heads of agreement, announced in June, the *Financial Review* reported. Nearby, the Future Fund is looking for a new general manager following the resignation of **Paul Costello**.

### The return

**Malcolm Turnbull** has been named new opposition communications spokesman, where he will seek to rebuild his political career by prosecuting the case against the Government's \$43b national broadband plan. He has been charged with 'demolishing' the project as the government seeks to kick off a number of key decisions that will allow an accelerated rollout of the network. Turnbull is the only new person in the 20-member shadow cabinet, *The Age* reported. Abbott said he had given the broadband area to Turnbull because this is going to be the absolute focus of the political battle over the next 18 months.

### Better let them in then

*The Australian* reported that **Julia Gillard**'s pledge to start the rollout of the \$43b national broadband network in regional Australia is

in jeopardy because of an acute shortage of skilled workers to build and maintain it in the bush.

### Swiftly antiquated

Telstra's era of earning huge profits from its monopoly telephone network is officially over with revenue from fixed line telephones dropping for a second year in a row. Executives are warning that an expensive transformation project to win back customers and restore long-term value to shareholders could lead to even lower profits next year.

Telstra would aim to undercut competitors, develop more branded products and media content and cut bureaucracy, chief executive **David Thodey** said, asserting that the company had to transform, *The Age* reported. *The Australian* reported Telstra shares dropped almost 10 per cent in a day in mid-August – the second biggest fall since listing on the stock market in 1997 – as the company admitted reaching an 'inflection point' where fixed line customers were hanging up faster than they could sign them to mobiles. On the Monday following the election, Telstra stock fell to a new low as the shares went ex-dividend and investors worried about the election outcome, and cast doubt on the company's turnaround plan.

### Meanwhile

Optus is growing the fastest it has in five years as the mobile side of its business gathers momentum with seven consecutive quarters of double-digit growth. Subscriber numbers are up strongly, particularly in mobile and mobile broadband, and data usage on all of those 3G handsets that were pressed into customers hands are more than paying back the initial investment, the *Herald Sun* reported.

### The big computer in the sky

Telstra and Optus are moving aggressively into the cloud computing market to cash in on pent-up demand from big customers that don't want to send their information offshore. Australia's two largest telecommunications carriers made cornerstone announcements that involve them bundling their traditional services with computer infrastructure and software hosting. The moves will significantly challenge incumbent outsourcers including HP, IBM and CSC, the *Financial Review* reported.

### Possibly cost them the chance to govern

*The Australian* reported the Coalition's promise to deliver the nation minimum broadband speeds of 12 megabits per second could lead to mobile towers sprouting up at incredible rates to patch up metropolitan areas that cannot receive adequate internet access. The Opposition had pledged to spend more than \$6b in its bid to improve broadband access and competition, using \$2b to fund new fixed wireless networks in rural Australia and in metro areas that are unable to be reached by existing copper-based DSL cable broadband services. However, industry experts have warned that to support the increased capacity demands on wireless broadband services, hundreds of new mobile towers would need to be built.

### Nearby

NBN Co chief executive **Mike Quigley** appeared to back the government's broadband policy before the election and reject that of the Coalition, criticising its reliance on market forces and the technologies that it seeks to use, *The Age* reported.

### Can they do it?

A re-elected Labor government would have to fit fibre cable to about 4.2 million premises by the next election in order to meet its target to build the national broadband network, and experts have warned the deadline could be hard to achieve, the *Financial Review* reported.

### Ouch

*The Australian* reported that the electrical industry has argued that some householders could pay up to \$3,000 in rewiring costs to take full advantage of the National Broadband Network's superfast internet service.

### Lagging

The future of Canberra's central technology coordination body, the Australian Government Information Management Agency, is uncertain after the loss of the \$445m in funds from savings earmarked for reinvestment into new projects following the Gershon review. The reallocation of funds was the second substantial setback for the AGIMO in a week after Communications Minister **Stephen Conroy** criticised Finance bureaucrats over the slow progress in using web technology common in the commercial sector to speed up service delivery reforms. Over the past five years, the fast moving technology landscape has seen the corporate sector greatly reduce

its computing costs by consolidating applications and infrastructure onto new platforms.

### Saving money

The *Financial Review* reported that Canberra's already chronic shortage of skilled information technology professionals is set to worsen after both the Gillard government and the Coalition committed to substantial spending cuts that are set to hit agencies hard. Agency technology branches started bracing for a plan by the Coalition to impose a public sector hiring freeze that would result in 12,000 positions not being refilled, many of them expected to be vacated by highly mobile computer professionals. The proposed permanent job cuts by the Coalition follow Labor's existing commitment to halve IT contractor numbers, that were a key component of the Gershon review, which delivered more than \$447m in savings.

### Meanwhile

*The Australian* reported that no matter who is elected prime minister, investment in regional information communications and technology is in for a major boost. The independent MPs from regional Australia who are needed to get the numbers to form government listed telecommunications and broadband as key priorities for their electorates.

### Four complaints per minute

*The Australian* reported that consumers have been lodging formal complaints with the Federal Telecommunications Industry Ombudsman at the rate of 1,850 every weekday, or nearly four a minute. The complaints include overcharging, faults, poor customer service and privacy breaches for landlines, internet and mobile phone services. Ombudsman **Simon Cohen** urged the industry to spell out minimum standards of customer service, as part of a review of the industry's Telecommunications Consumer Protections code.

## BUSINESS.

## ECONOMY. TAX

### Growth hormones

The Gillard government claimed its economic policies were vindicated after a jump in economic growth delivered Australia one of the strongest growth rates in the developed world. Our growth rate of 3.3 per cent was not far behind Germany and Canada, *The Age* reported.

## About face

*The Age* reported that a firm commitment from Labor to leave the Henry tax review alone for the rest of the term has been replaced by commitment to open the whole Henry tax review up for discussion, culminating in a public tax summit next year. The *Herald Sun* reported that Business Council of Australia president **Graham Bradley** said his group was looking forward to participating in the talks. Australian Industry Group chief executive **Heather Ridout** said they could provide a valuable opportunity to consider and develop a positive direction as set out in the Henry Review. The *Financial Review* reported that small business representatives won a seat at the tax summit table to push for the selective implementation of recommendations from the Henry review that will benefit their members. The *Australian* reported that Reserve Bank Board member **Graham Kraehe** has joined business leaders in warning Julia Gillard's promised tax summit will fail unless it is revised to include the Goods and Services Tax.

## Uncertain times

Before the election business pleaded for more certainty from both major parties as an unprecedented number of commercial law reform proposals lay in limbo pending the outcome of the election. The reforms ranged across financial services, superannuation, corporate law and taxation and arose from more than half a dozen major reviews launched by Labor in its first term. They faced an uncertain future because the government was yet to legislate the proposed reforms, meaning most, if not all, could be undone by a change of government. Other reviews into major areas, including the insolvency industry, protection for directors and further credit reforms are stalled at the report or consultation phase, exacerbating uncertainty, the *Financial Review* reported.

## Our struggle

Australia's biggest investors have questioned the nation's ability to become a financial services hub, pointing to a series of tax, regulatory and branding obstacles that could make it difficult for the local financial services sector to establish itself as a dominant player in Asia. Earlier this year a report by the Australian Financial Centre Forum recommended a series of proposals to make this country more attractive to offshore investors, including the removal of tax impediments for banks and foreigners investing in Australia, simplifying corporate bond issuance and the introduction of a regional fund's passport for fund managers across Asia.

The warnings will come as a blow to the Labor government, which has been keen to improve the global competitiveness of

the local financial services industry and establish Australia as a regional wealth centre, the *Financial Review* reported.

## Rein them in

Reserve Bank of Australia governor **Glenn Stevens** has advocated tighter restrictions on financial institutions that are too big to fail and might need to be bailed out by the public. He said the balance had shifted too far away from regulation towards free-market innovation during the boom before the global financial crisis, the *Financial Review* reported. The *Herald Sun* reported in early September that the RBA kept the official cash rate on hold at 4.5 per cent.

## Watchdog loses bark

Australia's corporate watchdog, the Australian Securities and Investments Commission is set to lose its powers to regulate the insolvency industry after a Senate inquiry raised concerns about its competency and effectiveness, *The Age* reported. The *Financial Review* reported that under the changes liquidators would face tougher scrutiny under the reforms proposed by a Senate committee that found regulation was lax and the regulator overburdened. The industry's 700 practitioners would have to be licensed, undergo random audits from a 'flying squad' of regulators, and face competition from lawyers and business people for the first time, in an effort to break up the accountants' 'club'.

## Heading to the tax summit

The *Australian* reported leading company chairman have urged both parties to commit to an overhaul of the tax system, including reviewing the goods and services tax, and to promote flexibility in workplace agreements to lift productivity levels across the economy.

## Oversight

Under a Labor plan to improve the accountability of the Tax Office the tax commissioner, **Michael D'Ascenzo**, will face an external board of directors for the first time. Six full-time independent directors would be appointed to a Tax System Advisory Board to oversee the administration and culture of the Tax Office, which has a \$3b budget and 22,000 employees.

## Taking over

Mergers and acquisitions lawyer **Kathleen Farrell** was named president of the Takeovers Panel and replaced outgoing head **Simon McKeon** on September 1. McKeon, a Macquarie Capital Advisers banker who became chairman of the CSIRO in June, will step down six months before

his term expires. He has headed the panel since its inception in March 2000 as part of the Corporate Law and Economic Reform Program to provide parties battling for control in takeovers with an alternative to the courts. Farrell joined the panel in 2001 and is a long-time Freehill's partner and now consultant. She's a company director and past chair of the Law Council of Australia's business law section. She was national coordinator of enforcement at the securities regulator in 1992, then rejoined Freehill's. She successfully defended Citigroup against insider trading allegations made by the Australian Securities and Investments Commission in 2007, the *Financial Review* reported.

## Perceiving SMEs

A survey called Community Perceptions of Small Business has found that little has changed in the public perception of SMEs. The sector is fragmented, lacking coordination and authority. It also found that the sector needs a unified front to overcome negative perceptions. After the election was announced, organisations that tried to give voice to small business in the campaign include SME Boardroom, CPA Australia, Australian Small Business Group, Council of Small Businesses of Australia, Australian Chamber of Commerce and Industry, Independent Contractors of Australia and NSW Business Chamber.

Their memberships number from the tens to the thousands, are wholly or partly small business, can be local, state or national, and are across all industry sectors, or in one or a limited number of sectors. Little wonder the study found the small-business sector is fragmented, uncoordinated and ultimately lacks authority, the *Financial Review* reported.

## Still in the SME field

Council of Small Business Organisations of Australia executive director **Peter Strong** said he was disappointed that two of the three independent MPs had sided with the ALP. He believed small firms would have fared better under a Coalition government, the *Financial Review* reported. Not that the SME sector ever features prominently with (any) government.

## Still in finance

Former Finance Minister **Lindsay Tanner** is taking up a part-time special advisory role with boutique investment bank Lazard. Former Prime Minister **Paul Keating** is the international advisory chairman of Lazard and plays an active role at the firm. In August, Tanner secured a professorship at Victoria University.

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## A lot of potash

BHP Billiton went on the attack with its \$US38.7b (\$42.8b) bid for Canada's Potash Corp of Saskatchewan, officially launching the offer direct to shareholders after the target board rejected the bid, *The Australian* reported.

## Here comes China

After three decades of spectacular growth, China passed Japan in the second quarter of this year to become the world's second-largest economy behind the US, *The Age* reported.

## Hoge's

Actor **Paul Hogan** is free to leave Australia after striking a deal with the tax office that included the lifting of his Departure Prohibition Order, *The Australian* reported.

## A bright Ikea

Ikea will spend more than \$600m setting up six new stores over the next 5 to 10 years in Australia. Ikea Australia currently operates just three stores – in Sydney, Melbourne and Brisbane – and had already announced it would open new stores in Sydney and Melbourne in September-October next year, the *Financial Review* reported.

# INDUSTRIAL RELATIONS. EMPLOYMENT

## Another development

The *Financial Review* reported that the fact that Labor will rely on regional independent MPs to form a minority government stymied the union movement's post-election wish list of further changes.

## Despite words to the contrary

**Paul Gollan** reported in the *Financial Review* that, despite promises, **Julia Gillard** populated Fair Work Australia with former union officials.

## Watch this space

Membership of the nurses union has risen by 25,000 in the past year, with union officials to use the large increase to press the Gillard government for further changes to the health and aged-care sectors. The Australian Nursing Federation revealed its membership jumped 13 per cent to 192,000 and was likely to reach 200,000 by Christmas, *The Australian* reported.

## Compromise in the offing

The *Financial Review* reported the range of employer groups led by the Australian Chamber of Commerce and Industry are appealing against the Government ruling which set a minimum three-hour shift for retail workers. It has caused many teenagers who work shorter hours before or after school to be laid off. Fair Work Australia rejected a similar push by employer groups in July to amend the new award to allow minimum shifts for young people of two hours, while retaining the three-hour minimum for other workers.

## Within in the existing framework

*The Age* reported a Coalition government could make big changes to unfair dismissals and workplace flexibility without altering the Fair Work Act, according to a key right-wing supporter of labour market deregulation, the HR Nicholls Society.

## Crossed wires

*The Age* reported that the Greens received their largest ever political donation when the Electrical Trades Union's Victorian branch, gave \$325,000 to help the party win the (its first) House of Representative's seat of Melbourne and its first Victorian Senate spot. Affiliated with the Labor Party until as recently as July, the union gave \$125,000 to the campaign to elect Greens candidate

**Adam Bandt** in the marginal federal seat of Melbourne. A further \$200,000 was donated to help **Richard Di Natale** become the first Greens senator for Victoria.

# CLIMATE CHANGE. ENVIRONMENT. ENERGY

## Into the fray

*The Australian* reported that the new Climate Change Minister, **Greg Combet**, has vowed to bring commonsense to the climate change debate, warning that he will fight for coal industry jobs as he pursues a price on carbon.

## Surprise!

BHP Billiton's chief executive **Marius Kloppers** has called for a clear price signal on carbon dioxide emissions, possibly including both a carbon tax and a limited carbon trading scheme covering power plants, *The Age* reported. While BHP Billiton once preferred that Australia act only as part of a binding international climate deal, Kloppers said his company now believed it was more likely individual countries initially would act separately – and those that moved first would benefit when a treaty was signed. *The Australian's* national affairs correspondent, **Jennifer Hewett**, wrote that Kloppers is sending Canberra and the community a loud message. The chief executive of the world's biggest diversified miner doesn't want to be wrong-footed by the political intrigue and uncertainty of a minority government. He wants to have an upfront role in the coming arguments over climate change. Note that many other industry leaders do not agree with Kloppers' position.

## What will happen?

Treasurer **Wayne Swan** promised a re-elected Labor government would not put a tax on carbon during its next term of office, *The Age* reported.

## Helping the farmers

*The Australian* reported that, if elected, **Tony Abbott** would overhaul the most successful environmental program, Landcare, shifting funding decisions from Canberra bureaucrats to local groups to satisfy farmers' needs.

## Clunk

Economists studying US President **Barrack Obama's** cash-for-clunkers program recently declared it somewhat of a failure.

The program – designed to stimulate the ailing car industry – saw a spike of activity as people dumped their old cars for new ones, this was immediately followed by an equally large slump in car purchases, *The Age* reported.

## MANUFACTURING

### In reverse

More than 100,000 Toyota HiLux utes are involved in the first major recall involving Toyota Australia since the world's largest carmaker was first hit by global safety and quality problems last year. Toyota Australia managed to dodge the accelerator dramas that led to the recall of more than 8 million vehicles globally but it had been forced to a local recall after 16 owners reported a significant HiLux fault in Australia, the *Herald Sun* reported.

## DEFENCE

### Vale

Two more Australian soldiers were killed in Afghanistan. Privates **Grant Kirby** and **Tomas Dale** of the Brisbane-based 6th Battalion of the Royal Australian Regiment were patrolling with Afghan troops in Oruzgan province when they were killed by an improvised explosive device, *The Age* reported. *The Australian* reported that Lance Corporal **Jared McKinney**, 28, became the fourth Australian soldier this year to be killed in Afghanistan, and the 21st in the campaign.

### Houston has a problem to solve

Australian troops will stay in Afghanistan well beyond the 2014 deadline set by the government, the nation's top military commander says. Chief of Defence Air Chief Marshal **Angus Houston** said diggers would remain in Oruzgan province after the two to four-year mission to train local Afghan security forces had expired, the *Herald Sun* reported.

### Difficult area

Australia's top military prosecutor wants to lay criminal charges against a group of Defence Force commandos over the deaths of five children in Afghanistan last year. In an unprecedented move that has angered some senior military officers, Brigadier **Lyn McDade** has told the army she is preparing to lay charges in connection with a deadly raid involving Australian troops in Oruzgan province, *The Age* reported.

## Running out of oxygen

New Defence Minister **Stephen Smith** will come under pressure to scrap Australia's most expensive defence project – the plan to build 12 submarines at a potential cost of \$36b, *The Age* reported. The change in Labor leadership, and the new government's reliance on the Greens and independents, have given some within Defence hope that the controversial submarine plan could be dropped and replaced with a more modest version.

### Already spent it

The SAS pay debacle has re-emerged, with a new push by the Finance Department to have dozens of soldiers repay up to \$10,000 each after they were mistakenly overpaid. Senior Defence officials were briefed on a new Finance Department position that up to 50 soldiers who have recently served in the Middle East will be required to repay debts caused by the problematic Defence Department payroll system, *The Age* reported.

### The election sleeper

In the *Financial Review*, **Geoffrey Barker** wrote that during the election campaign the political combatants were strangely silent on the question of national security and the considerable long-term significance it held for every voter in the election.

## INFRASTRUCTURE

### Private stimulus

Private sector construction has climbed faster than Government-funded construction for the first time since the economic stimulus measures were put in place to fight the financial crisis, *The Age* reported. Bureau of Statistics figures show private construction work rose 4.9 per cent in the June quarter as public work inched ahead by 0.4 per cent after a 37 per cent surge over the previous year.

### Confidence job

The Gillard government has been accused of conning voters in western Sydney with a hastily concocted plan to build a rail link between Epping and Parramatta. *The Australian* reported that the New South Wales Labor government was still in the dark about the \$2.6 billion project less than a week before it was announced.

## EDUCATION

### Through a glass darkly

*The Age* reported that parents should not trust the results of the NAPLAN language test, released in early September, because students were asked misleading, ambiguous and ungrammatical questions. Independent analysis by language experts **Fiona Mueller** and **Elizabeth Grant** suggests that students could be forgiven for making mistakes on the language conventions test, which confused adverbs with conjunctions and used punctuation incorrectly. Dr Mueller, an English teacher at the Australian National University, said that up to half the questions were flawed in terms of their accuracy or usefulness for teaching.

### The gods are crazy

Australia's school chaplaincy program will soon face a constitutional challenge in the High Court as opposition grows to having government funding paying for God's representatives in state schools. With both sides of politics pledging \$220m to fund an extra 1,000 chaplains, the Australian Psychological Society has criticised the program as dangerous to children's mental health, *The Age* reported.

## HEALTH

### Short for election health

*The Age* reported that patients in rural and regional areas would have greater access to online consultations with specialists under a re-elected Gillard government, which, pre-election, promised a \$392.3m package of e-health policies. *The Australian* reported that Gillard has finally put e-health and the national broadband network on the same page, with a \$400m election pledge to reform Medicare payments and build capacity for the provision of medical services over the internet. Labor hopes GPs, nurses and specialists will begin offering online consultations from next July and has allocated \$250m in new Medicare rebates. It estimates this sum will fund nearly 500,000 telehealth sessions in areas with poor access to health care over the next three years.

### The government will write the eulogy too

*The Age* reported that paying the funeral costs of people who donate their organs could dramatically boost Australia's donation rate, one of the lowest in the world. The payment, which would be similar to the baby bonus or the first homeowners grant, was essential to prevent the Government's

\$151m organ donation reform package becoming a one-year wonder, Canberra nephrologist **Gavin Carney** said.

### Trouble in the city

City doctors say the Government's decision to ring fence the remaining \$1.8b of hospital infrastructure grants for rural areas will ensure dilapidated metropolitan hospitals continue to be ignored, *The Australian* reported.

## AGRICULTURE & WATER

### The flock

*The Australian* reported that the national flock of sheep is at its lowest level since 1905-06, 69.4 million. Sheep numbers have fallen a long way below the 1990 peak of 170 million, which had been reached on the back of the wool boom. Many sheep producers are now more focused on lamb production for the meat market, where prices are so strong they're setting records. Meat and Livestock Australia reported, not surprisingly, that the jump in lamb prices was behind an expected turnaround in sheep numbers. The *Herald Sun* reported that lamb is on its way becoming Australia's most expensive culinary cut, with costs rising by almost 20 per cent in the past four years. By comparison, beef increased by just 4 per cent in the same period.

### The vine

The Australian wine industry's \$143m trade with China could be threatened following the discovery of fake Australian wines in China, *The Age* reported. Chinese entrepreneurs are counterfeiting Australian wine, including one of our best-known brands, Penfolds.

### Superior

Canadian company Agrium has come to AWB with a superior takeover offer, throwing the proposed merger of GrainCorp and AWB into doubt and sparking speculation of further international interest in Australian agribusiness, *The Age* reported. Agrium's \$1.50-a-share offer values the company at \$1.2b and trumps GrainCorp's nil premium merger, which values AWB at about \$860m.

## SOCIETY

### How Australian...

Prime Minister **Julia Gillard**'s de facto stepdaughter, **Staci Child**, 31, posed in a patriotic bikini with an Australian flag and

ballot box for men's magazine *Zoo Weekly* and hence the photos into the metropolitan papers.

### Til law do you part

*The Age* reported that thousands of marriages conducted by celebrants may be invalid because the wrong words are being used in the ceremony. Celebrants must recite precise words from the Marriage Act for a wedding to be valid beyond dispute. But almost 80 per cent of the ceremonies the Attorney-General's department examined last year did not comply with requirements.

## COALITION DOINGS

*The Age* reported that opposition leader **Tony Abbott** has opted for stability in the shadow cabinet while making more extensive changes to the lower rungs of his team. He has demoted his former education spokesman **Tony Smith** to parliamentary secretary for tax reform after the broadband policy was one of the coalition negatives in the election and later with the two vital country independents. **Malcolm Turnbull** takes his place. Apart from Smith, other losers in the changes to the changes to the shadow ministry are Victorian **Sharman Stone**, Queensland's **Steven Ciobo** and New South Wales's **Louise Markus**, all dumped from the shadow ministry to the back bench.

Shadow Parliamentary Secretary **Joanna Gash** is also out. Promotions into the shadow ministry are Victorian **Mitch Fairfield**, who goes into disabilities, and Queenslander **Stuart Robert** (to defence science) and **Brett Mason** (to universities and research). Shadow Minister **Mathias Cormann** of Western Australia has stepped up, becoming assistant shadow treasurer. One winner is veteran **Bronwyn Bishop** who becomes shadow Special Minister of State. Immigration spokesman **Scott Morrison**, who performed strongly in the campaign, has had productivity and population added to his duties.

New Parliamentary secretaries are Queenslanders **Teresa Gambaro** and **Andrew Laming**, Victorian **Scott Ryan**, West Australian **Michaela Cash**, and Nationals **Darren Chester** and **Fiona Nash**. **Alex Somlyay** has been replaced as whip by **Warren Entsch**. **Julie Bishop**, who was re-elected unopposed after **Andrew Robb** backed off a challenge for deputy leader, has added trade to her foreign affairs job.

### The prodigals

*The Australian* reported Liberal MPs who lost their seats in the Kevin 07 election and made a comeback included Leichardt's

**Warren Entsch**; **Teresa Gambaro**, who moved to Brisbane, a tougher seat to win; and 'a man who overcame enormous political hurdles to be back with the Liberals', **Ross Vasta**.

### Robbing the Bishop

Following the formation of the minority Gillard government, Victorian Liberal MP **Andrew Robb**, it was rumoured, thought of challenging deputy leader **Julie Bishop** for her position.

## APPOINTMENTS, JOBS AND TENDERS

### Appointments

**Damian Bugg**, QC, has been appointed integrity adviser to the Australian Taxation Office. Bugg was Commonwealth Director of Public Prosecutions from 1999 to 2007. Leighton Holdings chief executive of 23 years, **Wal King**, hand over to chief operating officer **David Stewart** at the end of the year.

### Jobs

The Australian Tourism Export Council seeks a Managing Director, chairman@atec.net.au.

Make A Wish foundation seeks a chief executive, chairman@makeawish.org.au. The University of Newcastle wishes to appoint a successor to its current vice-chancellor, Professor **Nick Saunders**, who will retire in 2011, www.newcastle.edu.au.

The Goyder Institute for Water Research, established to make an impact on water resource management in South Australia, The Murray Darling Basin and Australia, seeks a director, www.csiro.au/careers.

The Government seeks a Director-General for the National Library of Australia, canberra@fordkelly.com.au.

### Tenders

When 2010 Shanghai World Expo finishes in October, the Australian Pavilion will have provided a slice of Australia to approximately 8 million visitors. IVG on behalf of DFAT is responsible for the decommissioning of the venue and is now offering prospective buyers the opportunity to bid for the purchase of the Pavilion, [http://australianpavilion.com/en/about\\_the\\_pavilion/decommissioning\\_the\\_australian\\_pavilion.aspx](http://australianpavilion.com/en/about_the_pavilion/decommissioning_the_australian_pavilion.aspx).

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