

LETTER FROM  
**CANBERRA**

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**The Summer Break Edition**



**Inside**

Holden's call ♦ Debt Limit ♦ Clive enters Parliament  
Rudd zips ♦ GrainCorp ♦ Spying scandal ♦ NBN costs

Contact us  
Affairs of State

14 Collins Street  
Melbourne, 3000  
Victoria, Australia  
P 03 9654 1300  
F 03 9654 1165

info@affairs.com.au

Letter From Canberra is a monthly public affairs bulletin, a simple précis, distilling and interpreting public policy and government decisions, which affect business opportunities in Victoria and Australia.

Written for the regular traveller, or people with meeting-filled days, it's more about business opportunities than politics.

Letter from Canberra is independent. It's not party political or any other political. It does not have the imprimatur of government at any level.

The only communication tool of its type, Letter from Canberra keeps subscribers abreast of recent developments in the policy arena on a local, state and federal level.

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## Staff

Editor  
Alistair Urquhart  
alistair@affairs.com.au

Sub Editor  
Morgan Squires  
mcsqu1@student.monash.edu

Design  
Cory Zaroni  
coryzaroni@gmail.com

Copy Editor  
Robert Stove  
stoverbertjames@yahoo.com

Subscriptions & advertising  
info@affairs.com.au

# Letter from Canberra

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## About the editor

Alistair Urquhart, BA LLB

Alistair Urquhart graduated from the Australian National University in Canberra, in Law, History and Politics. He may even hold the record for miles rowed on Lake Burley Griffin.

He was admitted as a barrister and solicitor to the Supreme Court of Victoria, and remains a (non-practicing) member of the Law Institute of Victoria. Previously, he graduated from high school in Bethesda, Maryland, and had many opportunities to become aware of the workings of Washington D.C.

For 30 years, he listened every Sunday evening to the late Alistair Cooke and his *Letter from America*. Alistair's 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.

He found time to be involved in a range of community activities where he came to understand some of the practical aspects of dealing with government and meeting people across the political spectrum. He now chairs a large disability employment service, including its British operations.

## About the publisher

*Affairs of State*

Established in 1993, is an independent Australian public affairs firm with contemporary international connections. Affairs of State provides a matrix of professional tools to multinational businesses, professional and industry associations, government agencies, pressure groups, NGOs and community causes in Australia and abroad.

The firm works with many engineering and information technology firms and other professional association and industry groups on a wide range of issues in Victoria, Canberra and overseas.

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## editorial

### *Motoring toward the end of the year*

It was a long and sad weekend at home, most of the time I found myself reflecting on the Holden news.

Holden, after all, has been part of the family for as long as I can remember.

I reflected on Detroit. A long way from (our) home. What were they thinking over there? Not, I presume, loving thoughts about Australia.

In my school days in Washington, the brains if not the heart of America I thought I understood. I realised that even during the Vietnam War, while Australia was a good friend if fair to say it was not at the top of the priority list. Indeed, I was jolted one day when I heard that Denmark was considered more important than Australia, perhaps I mused that was probably because it owned or controlled huge swathes of ice, massive chunks of frozen real estate, all very important to America's global reach during the Cold War.

In those days nuclear submarines under the Arctic and SAC bombers on permanent northern patrol were the main focus of strategic thinking, with hardly a thought for the concerns of a peripheral if friendly south pacific nation like us. But that was decades ago now, Australia hasn't moved geographically but it has significantly moved up the strategic food chain in American eyes.

The trouble is America's economy is out of kilter with one's expectations of a global leader, still the world's only superpower. A 15 trillion dollar national debt and a sluggish economy, not to mention a seemingly unbreakable Congressional stalemate, have all contributed to America's diminished standing over the last few years.

The fate of Holden, and the earlier fate of Ford Australia, are a reflection of America's continuing economic struggle and that struggle is nowhere more crushing in its devastation than in Detroit, home base for the auto industry and the source of those key decisions about our car industry. We can only hope that America's legendary resilience reasserts itself soon and that Australia's capacity to reinvent its industrial and manufacturing prospects are spurred on by the eclipse of Holden, indeed pushes us in the direction of a more realistic appreciation of what we can do best, and for the best price, in a new and incredibly competitive global marketplace.

On that ambivalent but hopeful note, we at Affairs of State wish all our readers a very Merry Christmas and every good fortune for 2014.

– Alistair Urquhart

***I reflected on Detroit. A long way from (our) home. What were they thinking over there? Not, I presume, loving thoughts about Australia.***

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## Governance

### *Honeymoon over*

Federal Labor has forged ahead of the Coalition for the first time in more than three years, ending in record time the honeymoon for a newly elected government. According to the Financial Review, in a Nielsen poll since the September 7 election, Labor leads the Coalition on a two-party preferred basis by 52 per cent to 48 per cent, a post-election swing towards Labor of about 6 percentage points.

### *Carbon tax related?*

**Tony Abbott** and the Liberals have lost their three-year carbon tax advantage over Labor, with support for the Coalition dropping to its lowest since 2011 to leave the opposition leading on preferences for the first time since the election of the Gillard government.

### *Musings*

In *The Age*, **Michael Gordon**, assessing **Bill Shorten**, wrote: 'Rather than an emphatic endorsement of his (and Labor's) performance since the September election, voters are simply glad that **Julia Gillard** and **Kevin Rudd** have departed the stage.'

### *Off the table*

According to *The Australian*, federal cabinet has ruled that Australia will not sign up to any new contributions, taxes or charges at the global summit on climate change, in a significant toughening of its stance as it plans to move within days to repeal the carbon tax. Cabinet ministers have decided to reject any measures of "socialism masquerading as environmentalism" after meeting last week to consider a submission on the position the government would take to the Warsaw conference.

### *Keep sitting*

According to *The Age*, Parliament is scheduled to finish for the year on December 12, but **Tony Abbott** told the Coalition party room that he was prepared to keep sitting from the week starting December 16 and beyond over four issues – the carbon and mining taxes, temporary protection visas and the debt ceiling.

### *Musings*

According to **Jennifer Hewett** in the Financial Review, '**Tony Abbott** knows he won't get his Christmas wish. With Parliament scattering on Thursday [December 12], the same old carbon tax debate will return next year – with no chance Labor will change its view over the break. Mandate schmandate. So far, the plan to relentlessly attack the ALP for refusing to accept political reality certainly isn't getting the voter traction anticipated. Instead, the polls showing fading enthusiasm for the government will only harden the opposition's commitment to resisting the Coalition's whole economic agenda.'

### *Debt blowout*

Commonwealth debt will continue to balloon during the Coalition's first term in power despite harsh spending cuts, a squeeze on the public service and a promise of smaller government. According to *The Age*, the revelation came from Prime Minister **Tony Abbott** on the first day of Parliament as he sought to pressure the opposition to pass an extraordinary \$200 billion lift in the debt ceiling by comparing Labor to obstructionist Tea Party Republicans, who have crippled the US government in recent times. Mr Abbott confirmed debt would grow past the \$400 billion mark, peaking in 2016. "The Treasury advice is, based on the mess that we

have inherited from Labor, that the debt will peak, that gross debt will peak, significantly in excess of \$400 billion," he said.

### *Musings*

In *The Age*, **Malcolm Maiden** wrote: 'So long, debt ceiling, we hardly got to know you. The case for killing it off was summarised by Australian Industry Group chief executive **Innes Willox**. It was an artificial device that imposed unnecessary inflexibility and created openings for political opportunism, he said. A case for retaining it but raising it was made earlier in the week by **Peter Costello**, before Treasurer **Joe Hockey** announced that the government and the Greens would combine to repeal it. As the former treasurer noted, there was no need for a limit before it was introduced by the Labor government in 2008, because the Howard government was in the business of paying down debt: it inherited a debt load of \$107 billion, and declared that net debt had been cut to zero in 2006.

### *Shutdown*

Treasurer **Joe Hockey** warned of a US-style government shutdown if Labor refused to increase the nation's debt limit to \$500 billion.

### *And we'll hit it*

The federal government's debt is expected to blow out to more than \$500 billion, according to Treasurer **Joe Hockey**, who only two weeks ago indicated debt would peak between \$440 billion and \$460 billion. According to the Financial Review, Mr Hockey revealed the new forecast in Parliament as he accused the previous Labor government of leaving Australia ill-prepared for its budget and economic challenges.

### *Greens plan*

Australia should abandon its debt ceiling and thus end a noisy but largely pointless argument over its level, according to the Greens. Instead, there should be greater public attention and closer parliamentary scrutiny over where money is spent, not how much is borrowed.

### *Wooing the Greens*

Treasurer **Joe Hockey** will seek an agreement with the Greens to abolish the debt ceiling as he faces new projections showing thirteen more years of continuous budget deficits - enough to last the life of this government and the next four. The government borrowed a further \$800 million, taking it to within \$3.9 billion of the \$300 billion ceiling.

### *Resolution?*

Treasurer **Joe Hockey** has indicated for the first time the government would support the Greens' proposal to abolish the nation's debt ceiling altogether, in a bid to resolve the political impasse on the issue. According to *The Age*: "If the only option is to remove it, then remove it," Mr Hockey said. If the Greens and government both agree on the move, it can pass through the Senate without the approval of the Labor party. Mr Hockey said he was yet to have a serious discussion with the Greens but the problem was becoming urgent.

### *Jobs*

According to the Financial Review, the federal government is set to blow a hole in its budget plans by rethinking an election promise to axe 12,000 federal public servants. The decision was made after the new government was informed that funding and program cuts implemented by the previous Labor government, which it adopted, will lead to the loss of almost 14,500 public sector jobs over

the next four years. While "still inclined" to axe another 12,000 positions, the government will put the plan on hold and ask its -Commission of Audit chairman **Tony Shepherd** to "review the timing and approach" of the policy.

### *Jobs (2)*

The Australian Public Service shrank by 0.5 per cent in 2012-13 to 167,257, down by 907 from June 2012, and setting the base for measuring -further job cuts under the federal government. The annual State of the Service Report, tabled in Parliament, showed the first reduction in -permanent staff since 1999.

### *CSIRO*

Staff at the Commonwealth Scientific and Industrial Research Organisation (CSIRO) were told in early November of the freeze, which will affect the organisation's 11 research divisions and 11 national research flagships. It will apply to critical support staff as well as front-line scientists. According to *The Age*, the jobs of nearly 25 per cent of the Commonwealth science group's 6500 staff were plunged into uncertainty after Public Service Minister Eric Abetz imposed a hiring ban on the federal bureaucracy.

### *Ride to Canberra*

According to the Financial Review, attempts by the federal government to close down the MPs' expenses controversy have been thwarted by revelations WA-based Liberal MPs and ministers ordered an RAAF VIP 737 jet to take them and their families to Canberra for the opening of Parliament. Special Minister of State Michael Ronaldson announced changes to the rules governing MPs' travel entitlements, notably the entitlements of their families. Senator Ronaldson said the Remuneration Tribunal would be asked to review an entitlement to a one-night stopover available to some Queensland, Western Australian and Northern Territory parliamentarians, as well as a rule saying a family member only had to spend three hours at the same location as a parliamentarian to qualify for a reunion travel entitlement. The government would cut *The Age* -definition of "children" for travel entitlement from 25 to 18, as well as prevent the employment of family members within MPs' offices, a move that would hit several Coalition politicians. The changes would require parliamentarians to pay a 25 per cent penalty if they made a claim found to be outside the guidelines.

### *Flight costs*

Federal politicians taking Air Force-operated VIP flights are costing taxpayers \$50,000 for every hour spent in the air. According to *The Age*, documents call into question the federal government's insistence that the use of luxury RAAF jets to shuttle ministers and MPs to Canberra from as far away as Perth is often more economical than individual commercial fares.

### *Travel clamp*

Cabinet ministers and senior public servants will have to personally sign off on airfares and hotel bookings for tens of thousands of federal bureaucrats as **Tony Abbott** cracks down on travel costs. According to a report in *The Age*, On November 18 Mr Abbott issued a directive to clamp down on official domestic and overseas travel by public servants. He ordered cabinet ministers to take personal responsibility for approving official travel by departmental officers - as individuals or in delegations - that would cost more than \$20,000. Senior

government sources said the requirement that department and agency heads personally approve all travel costing up to \$20,000 was “simply unworkable”. Most domestic travel is undertaken by the Defence Department and the Department of Human Services, which includes two of the nation’s largest agencies, Medicare and Centrelink. The Defence and the Foreign Affairs and Trade portfolios account for the bulk of overseas travel.

### Obsessive control

According to *The Age*, Senator **Ian Macdonald**’s public accusation that **Tony Abbott**’s office, led by senior aide **Peta Credlin**, has instilled a culture of “obsessive centralised control” in the government has struck a chord among sections of the Coalition. Rumbblings of discontent have been growing since the election. The strict media control of ministers by the Prime Minister’s office has been reported but a bigger irritant for Coalition members and staffers has been a tight grip on appointments by Ms Credlin and the so-called “Star Chamber” staff appointments panel she heads.

### Parliamentary rules

Parliamentary standing orders are set for an overhaul as the federal government looks to unwind participatory reforms negotiated under **Julia Gillard**’s leadership after the 2010 ‘hung Parliament’ election. Crossbench MPs are concerned the changes, which are yet to be unveiled, could see the return of a winner-takes-all mentality to the way Parliament is run. According to *The Age*, so far the government is keeping its cards close to its chest but nervous MPs say the signs are not encouraging. They say the Coalition has already thumbed its nose at the spirit of the 2010 reforms, which were designed to improve the perceived impartiality of the parliamentary umpire.

### ASIC travels

Paris, New York, London and St Petersburg are among cities visited by Australia’s top corporate regulator, **Greg Medcraft**, during extensive taxpayer-funded travel that has caused him to miss crucial parliamentary hearings into the Australian Securities and Investments Commission. According to *The Age*, Mr Medcraft has spent at least 51 days overseas in the first ten months of this year, not including the time spent travelling to and from Australia. He flies business class, funded from ASIC’s budget. ASIC is under intense scrutiny over its handling of a string of corporate collapses and financial scandals, including the misconduct of at least seven financial planners employed by the Commonwealth Bank.

### Palmer

According to *The Age*, **Clive Palmer** has dismissed the leaking of an internal email from one of his MPs, which described voters as “bogans”, as the actions of a disaffected former candidate exacting revenge against the Palmer United Party.

### Business dealings

The vast business interests of billionaire MP **Clive Palmer**, including his stake in 105 companies, directorship of 85 and many properties, have been revealed, according to the Herald Sun. But there is apparently not enough room on the newly released Register of Members’ Interests to record the Queensland MP’s entire portfolio.

### G-G weighs in

**Quentin Bryce** has become the first serving

Governor-General to publicly back Australia becoming a republic. Ms Bryce, whose term as the Queen’s representative ends in March, also threw her support behind gay marriage as she delivered the final Boyer Lecture of the year, outlining her vision for the nation.

### Wyatt tapped

**Ken Wyatt**, the nation’s first lower house Aboriginal MP, has met **Tony Abbott** and accepted the appointment as chairman of the committee to deliver a referendum to change the Constitution to recognise indigenous Australians, arguing it sends a powerful message to Aborigines that their contribution matters.

## Labor doings

### Gotta zip

Former prime minister **Kevin Rudd** has quit politics – and will be gone from Parliament by the end of the first sitting week. According to *The Age*, he declared ‘it really is time for me to zip’, and dropped the bombshell announcement to a packed House of Representatives.

### Musings

In *The Age*, **Barry Jones** wrote: ‘**Kevin Rudd** was always smart, stubborn and passionate – and a prime minister we are unlikely to forget.’

**Anthony Albanese** also wrote: ‘A great Rudd legacy is a more inclusive party.’

### Factional drives

Three former Labor premiers and a former deputy prime minister have backed a new reform group that aims to reduce the influence of Labor’s factions and revitalise the ALP to attract people to a broad centre-left position. Former deputy prime minister **Brian Howe** and ex-premiers **Geoff Gallop**, **John Cain** and **Steve Bracks** have thrown support behind the unaffiliated Open Labor, following the party’s lowest federal primary vote in a century.

### Rudd’s seat

Labor is pessimistic about its chances of holding **Kevin Rudd**’s seat of Griffith in a byelection which the Coalition will be using as a de facto referendum on the carbon tax. Mr Rudd ended his tumultuous 15-year career recently and the –by-election for his Brisbane seat is expected to be held early next year, probably in February or March. It could well coincide with fresh Senate elections in Western Australia.

### Regrets

According to the Herald Sun, **Julia Gillard** has opened up about some of her regrets in high office, including her government’s handling of asylum seeker policy. In a speech in Melbourne, Australia’s first female prime minister also questioned whether the “gender revolution” of recent decades had been as “deeply embedded” as she had hoped. Ms Gillard told the Victorian Women’s Trust that she was proud of her government’s achievements in areas such as the economy, education and disability. But she also said: “regrets, I’ve had a few”.

### Thomson

About 50 new charges are expected to be laid against former federal MP **Craig Thomson**, who has had the start of his summary trial on fraud and theft offences delayed for another week at least.

### Saving the furniture

According to a report in the Financial Review, on June 21, more than two dozen members of the ALP national executive gathered in an

unremarkable meeting room at Parliament House in Canberra as this large group of party officials received unexpected legal advice that stunned many. The advice was written by Victorian barrister **Tony Lang**, a long-time legal adviser and national returning officer for the ALP, and it was handed around the table by the ALP’s national secretary, **George Wright**. In a nutshell, the advice warned the party about its financial situation and highlighted the personal responsibility of each individual member of the national executive should the party at any point trade while insolvent. The legal advice to the national executive warned of the pitfalls should costs blow out in the 2013 campaign.

### Aggression

Leaked emails that show **Julia Gillard**’s chief media adviser, **John McTernan**, referred to his colleagues using an obscene word for a part of the female anatomy, and used taxpayer-funded staff to do research for a newspaper columnist, are likely to only be the start of embarrassing revelations for the prominent political operative. The messages, included in up to 5000 emails leaked to the ABC and published, reveal Mr McTernan’s aggressive approach to staff and journalists while working for the former Prime Minister. One set of emails reveals that after an edict from Ms Gillard’s chief of staff, **Ben Hubbard**, for staff to clean their work stations, a colleague wrote back that Mr McTernan’s office needed attention.

### Gough

At 97 and in the twilight of his life, **Gough Whitlam** still goes to his office high above William Street in Sydney a few days each week. According to *The Australian*, Mr Whitlam has a ‘valedictory’ message to the Labor Party he led in government and opposition for eleven years. He wants Labor to rediscover the vital role of parliament in formulating and articulating policy.

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## Industrial relations & employment

### Slush funds

According to *The Age*, an investigation has unearthed little-known funds used to bankroll union elections and factional fights across the country. It points to possibly unlawful misuse of union funds and union and parliamentary staff, including in the Health Services Union elections in Victoria in 2009 and 2012, and the Transport Workers Union’s \$500,000 takeover of its own Queensland branch in 2010 with the backing of disgraced former Health Services Union leader **Michael Williamson**.

*Watchdog*

The building watchdog is investigating alleged attempts by construction unionists to intimidate a builder into flying the union's flag and employing "non-working" union shop stewards, as employers demand the Coalition fast-track plans to wind back union access to projects. According to *The Australian*, **Nigel Hadgkiss**, who was recently appointed the director of the federal government's Fair Work Building Industry Inspectorate, revealed that the body would investigate officials from the Construction Forestry Mining and Energy Union over their recent conduct at four Lend Lease projects in Adelaide. His decision came after the Fair Work Commission refused to issue orders against the union, despite finding the officials had engaged in "intimidatory" conduct and breached right-of-entry requirements.

*IR Reform*

Asciano chairman **Malcolm Broomhead** has called on the federal government to take urgent action on industrial relations reform, arguing that the company continues to be burdened by an over-regulated IR environment. Mr Broomhead, addressing shareholders at Asciano's annual general meeting in Melbourne, said while the company supported the federal government's commitment to reviewing and improving the Fair Work Act through the Productivity Commission, it was important to move towards appropriate change "sooner rather than later".

*Crackdown*

The federal government's crackdown on union governance and finances has raised concerns among employer groups that they will be caught up in any dragnet created to avoid scandals, such as those that emerged from the Health Services Union. According to the Financial Review, the government introduced legislation to re-establish the Australian Building and Construction Commission, a move that was -welcomed by all employers groups but criticised by unions, the ALP and the Greens. But there are concerns among some employer groups over separate legislation to create the Registered Organisations Commission, which will oversee new financial reporting requirements and penalties that are in line with the Corporations Act.

*Getting tough*

The federal government's new top construction watchdog, **Nigel Hadgkiss**, is -critical of the limited powers available to him but is vowing to crack down on lawlessness, intimidation and thuggery on building sites to rein in costs of -construction projects. In the clearest signal yet, the Coalition has the Construction, Forestry, Mining and Energy Union in its sights. Mr Hadgkiss says he will go "back to the future" and take a hard-line approach to the building industry.

*Slush fund*

Documents prepared by law firm Slater and Gordon over an Australian Workers' Union slush fund will have to be surrendered to Victoria Police, the Melbourne Magistrates Court has ordered. According to the Financial Review, the documents detail the establishment of a fund that housed money given by construction giant Thiess under the pretence that it would be used for the AWU Workplace Reform Association to be spent on improving workplace safety for union members.

*ACTU Executive*

The ACTU has been attacked from within over plans to slash membership of its key executive

body, with small unions expressing anger they will be excluded from key decisions. The ACTU wants to replace its 68-member executive with a 25-member committee, arguing the current body is unwieldy.

*Unfair?*

The federal government's legislative crackdown on accountability in unions and employer groups is unfair, a Senate committee has heard. Australian Industry Group industrial relations director Stephen Smith told the inquiry in Melbourne that most registered organisations, including unions, were made up of -ethical people and should not be subject to unbalanced laws because of the Health Services Union scandal. He said it was unfair to subject non-profit organisations to the same disclosure rules as listed company executives, such as having to disclose officer remuneration, material personal interests and payments to related parties.

**Business, economy, manufacturing & finance.**

*Holden split*

A battle is raging between senior ministers, with most free-market "dries", led by Treasurer **Joe Hockey**, advocating a hard-line approach to any further assistance for Holden, rumoured to have already decided to move to China from 2016.

*Hockey daring*

In a dramatic escalation of tensions, acting Prime Minister **Warren Truss** and Treasurer **Joe Hockey** took issue with a statement by Holden managing director **Mike Devereux** that no decision had been made on whether to continue to make cars in Australia. Mr Devereux's statement to the government's Productivity Commission inquiry into car industry assistance was at odds with a report in The Wall Street Journal and claims by unnamed federal ministers that GM has already decided to pull out.

*Holden out*

Holden managing director **Mike Devereux** says it should be "no surprise" that Holden will end its Australian operations in 2017, after months of uncertainty over the company's future. Just 24 hours after Mr Devereux told a Productivity Commission hearing in Melbourne that General Motors had not made a decision on the plant's future, he informed workers at 2pm that a "perfect storm" of cost pressures had destroyed the business case for making cars in Australia. From 2018, GM will import vehicles to Australia. after winding up production at the

Elizabeth plant in northern Adelaide in the final quarter of 2017.

*Holden out (2)*

General Motors did a U-turn that would make any politician proud, announcing Chevrolet's exit from Europe. It would finally get serious about Opel and rationalise its now troubled Korean operations. GM shares soared, and Washington sold off the last of the script it acquired during the 2009 bailout.

*Musings*

An angry and frustrated Holden - particularly the Australian end - is claiming there is a lack of process because **Tony Abbott** and the Treasurer have declared there will be no more assistance even before the Productivity Commission report. Holden resents the forced timetable from the government and feels unfairly treated. But there is little sympathy in cabinet for Holden's position, seen as attempting to create leverage and force more subsidies from Australia, and even an attempt to make the broader point on the survival of Toyota.

*Toyota too?*

The Australian car industry is in doubt with the prospect of thousands of manufacturing jobs disappearing, bringing on the possibility of recession, as Holden stops making cars in Australia. Toyota has said this decision will make it difficult for it to continue.

*Cash to stay*

Toyota may become one of the most heavily subsidised car manufacturers since the birth of Holden in 1948 as the Victorian and federal governments enter desperate negotiations to keep the Japanese company operating in Melbourne. In the wake of the Ford and Holden announcements on shutting their Australian operations, Toyota stands to become the primary beneficiary of the federal government's \$2 billion Automotive Transformation Scheme (ATS). The scheme provides \$1 billion for car makers and their Australian suppliers through to 2015, and a further \$1 billion of funding between 2016 and 2020. Toyota made 101,000 passenger cars in Australia in 2012 and expects to make 104,000 this year, almost half of all local production.

*Flow on*

Richard Reilly, the chief executive of the Federation of Automotive Products' Manufacturers, said the cluster of businesses making car parts for Holden in Melbourne's south-eastern suburbs - Dandenong. Oakleigh.

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Mentone, Moorabbin and Keysborough - would feel the economic effects of the Holden decision, but similar clusters in the northern suburbs and also around Holden's headquarters in South Australia would be affected too. The executive officer of the South East Melbourne Manufacturers Alliance, **Adrian Boden**, said of his 200 members involved in the automotive industry, many had begun diversifying 10 years ago, scaling back work for the car industry in favour of finding new markets. "A lot of companies have diluted their share in the automotive industry," he said. His organisation was currently auditing member companies to measure the effect of the Holden decision.

#### Union warning

Australian car manufacturing industry is on the brink of collapse as Toyota warns that the future of its Melbourne operations will be under threat if a cost-cutting deal is rejected by unions and Holden appears certain to close its Adelaide car plant.

#### Musings

In *The Australian*, **Dennis Shanahan** wrote: 'the politics of the closure of Holden's plants and the potential closure of Toyota's are an empty sham full of mock surprise and pointless blame-shifting. Holden's demise - just as it was with Ford and Mitsubishi - has been expected for years and no amount of taxpayer-funded bailouts was going to keep Holden open. Indeed, the Gillard Labor government specifically promised an extra \$275 million on top of more than \$2 billion in subsidies to keep Holden open until 2022 and that has demonstrably failed.'

#### G20

Australia's business elite, grouped together to work on recommendations ahead of next year's G20 meeting in Brisbane, recently held its first official meeting with **Joe Hockey** to highlight the broader themes it is targeting. Wesfarmers chief **Richard Goyder**, who heads the group of senior business leaders known as the B20, said the Treasurer used the gathering in Sydney to update the group on his recent visit to the G20 finance minister's summit in Washington. He also outlined the focus he wanted to bring to the G20 process, Mr Goyder said.

#### GrainCorp

Senior National Party figure **Peter Walsh** has repeated criticism that the government's rejection of the GrainCorp takeover was a

decision made "on the hop", and one that it might regret. Mr Walsh, Victoria's Agriculture Minister, said he welcomed foreign investment, but his GrainCorp stance put him at odds with federal National Party colleague **Barnaby Joyce**. Mr Joyce was one of the most vocal opponents of US agriculture group Archer Daniels Midland's \$3 billion bid for GrainCorp.

#### US concerns

Prime Minister **Tony Abbott** has launched a belated defence of Treasurer **Joe Hockey**'s rejection of Archer Daniels Midland's \$3.4 billion bid for GrainCorp, saying it stopped a foreign business buying an "effective mono-poly", as the United States expressed concerns about the decision. Former Liberal treasurer Peter Costello criticised Mr Hockey for seeking to partly justify his decision on the grounds that allowing the bid might have flamed a public backlash against foreign investment.

#### Reith weighs in

One of the most senior figures of the Howard government and a leading figure of the Liberal Party's conservative wing, **Peter Reith**, has accused Prime Minister **Tony Abbott** of orchestrating the veto of a \$3.4 billion US bid for GrainCorp, which he described as the latest of several botched decisions.

#### No complacency

Having helped steer Australia safely through the global financial crisis as head of the country's central bank, **Glenn Stevens** warns that Australia faces a new threat: hubris. "We are building up this myth of 22 years uninterrupted growth. We shouldn't do that," Mr Stevens said in an interview in *The Australian*. "Sooner or later we'll have another downturn." As governor of the Reserve Bank of Australia since 2006, Mr Stevens, 55, has presided over an unprecedented period of prosperity, with demand for Australia's raw materials such as iron ore to fuel Chinese steel mills and factories having powered growth. But with China's economy having slowed, Mr Stevens faces one of the biggest challenges of his three-decades-long career: a race to wean the economy off its reliance on mining.

#### Garnaut

**Ross Garnaut**, professorial fellow of economics at the University of Melbourne, is one of the most influential public policy thinkers in Australia, with expertise in government,

business and diplomacy. For much of that time - 22 years and counting - the Australian economy has expanded without recessionary pause, creating a "great Australian complacency".

#### Policy failures

According to the Financial Review, plenty of frank and fearless advice was dished up at the national conference of the Institute of Public Administration (Australia) in Canberra. The dean of the Australia and New Zealand School of Government, **Gary Banks**, who needs no introduction as the former head of the Productivity Commission, gave the Garran oration and in doing so hit so many nails on their heads about failures in federal public policy that the audience's eyes fairly popped. Addressing the topic of "Restoring trust in public policy: what role for the public service?" he called, among other things, for good process to be reintroduced into policymaking. To be judged successful, he said, a policy needed to both do good and be seen to do good. "Judged by these standards, public policy in Australia has been going through a rough patch, to put it mildly," he said. "Specifically, based on the second condition at least (if not both), we must count among recent policy failures: the carbon and mining taxes; the national broadband network; key strands of immigration policy (people smuggling and temporary skill-based entry) and of industrial relations policy (regulations related to union powers and constraints on managerial prerogatives)."

#### Diversity

An influential group of chief executives from Australia's biggest companies is upping the ante on the drive to advance women in business - putting pressure on suppliers to prove they have a commitment to diversity. This is the "no women, no work" principle. According to the Financial Review, the Male Champions of Change group of twenty one chief executives announced that about fourteen organisations had signed up to a 'supplier commitment', which will affect about \$30 billion in procurement spending by organisations such as ANZ Banking Group, Commonwealth Bank of Australia, Telstra, Qantas, ASX, Woolworths, IBM Australia, Citi Australia and the federal Treasury. CBA, for instance, is offering increased procurement contracts for suppliers owned or run by women. This comes in the same week that the Business Council of Australia released a radical set of guidelines



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for its members, which included recruitment short lists and long lists that were at least 50 per cent women – if not 100 per cent women – and unconscious-bias testing for CEOs. The business council's recommendations, while interventionist, are voluntary.

#### Call for submissions

The National Commission of Audit has been announced by the Australian Government to review and report on the performance, functions and role of the Commonwealth government. Submissions are sought to [ncoa.gov.au](http://ncoa.gov.au).

#### New speaker

The federal government is distancing itself from controversial comments by Prime Minister **Tony Abbott's** top business adviser, who said that wages were too high and the government could not afford education and disability funding promises. Education minister **Christopher Pyne** said he did not think the government shared the views expressed by Mr Abbott's handpicked adviser, former ABC chairman **Maurice Newman**. Labor has seized on Mr Newman's comments as hints that the federal government is hiding an agenda of deep cuts and industrial relations reform. Mr Newman told the Committee for the Economic Development of Australia that wage rates were "very high" by international standards and that corporate welfare such as support for the car industry was like "giving aspirin to the terminally ill".

#### Buyback

A government buyback of up to ten per cent of Qantas has emerged as the most likely option to solve the airline's problems after the prospect of lifting foreign ownership restrictions was scuttled and political enthusiasm for guaranteeing the airline was lukewarm. According to the Financial Review, with Labor, the Greens, Qantas and even Prime Minister **Tony Abbott** throwing cold water on a repeal or easing of the Qantas Sale Act, the government's options were limited to a direct intervention or support to shore up the airline's credit rating.

#### Support

Federal government ministers are resisting a quick bailout of Qantas, despite the airline flagging plans to sell down key assets such as its frequent flyer program and Jetstar, as it heads for a predicted pre-tax 12-month loss of up to \$860 million.

#### Rebuffed

The federal government is holding firm in the face of dire warnings from Qantas that it faces a financial crisis that has forced it to axe at least 1000 jobs and consider major asset sales. Despite the renewed calls from Qantas for urgent action, federal Transport Minister **Warren Truss** said it was important to realise the airline was a strong company with substantial assets and cash. "It's got lots of advantages in the domestic market and other places," he said. "And they need to harvest that goodwill before they could reasonably expect government to intervene on their behalf."

#### Junk status

Qantas' credit rating has been reduced to junk status in the wake of the recent announcement of mass job losses and an expected first half loss of up to \$300 million. Ratings agency Standard and Poor's has lowered its credit and debt rating for Qantas to BB+, which is considered below investment grade.

#### Federal aid sought

**Joe Hockey** will be asked to stand behind Qantas's debt in a move that would reduce costs for the national icon as it faces an onslaught from foreign-backed Virgin Australia. According to *The Australian*, Qantas is expected to seek the same kind of guarantee that the commonwealth provided to the nation's banks during the global financial crisis - a move that could help protect the airline from any ratings downgrade flowing from the massive cut in profits expected by some analysts.

#### Inquiry

Former Commonwealth Bank of Australia chief executive **David Murray** will head the most significant inquiry into the financial system in almost two decades, focusing on minimising exposure to volatile international markets and further financial deregulation. The inquiry, which will be overseen by a panel of business, finance and academic figures rather than regulators, comes five years after the global financial crisis and as Australia's banks have become heavily reliant on borrowings from international markets rather than domestic deposits.

#### Stranglehold review

According to the Financial Review, the power of big companies in energy, retailing, telecommunications, transport, agriculture and mining will be investigated by the federal government's competition inquiry panel, which will consider if third parties should have more access to the businesses' privately owned infrastructure.

#### Competition review

The Prime Minister has announced the high-profile make-up of his Business Advisory Council as he unveiled the first review of competition policy since the Hilmer report. The 12-member council, to be headed by former stockbroker **Maurice Newman**, includes only two women. Leading business figures on the council include National Australia Bank chairman **Michael Chaney**, Grocon chief executive **Daniel Grollo**, BlueScope Steel chairman **Graham Kraehe**, former retailer **Solomon Lew**, Telstra chairwoman **Catherine Livingstone** and BHP chairman **Jacques Nasser**. Other members include the former head of the Productivity Commission **Gary Banks**, **John Heart** of the Restaurant and Catering Association, **Barry Irvin** of Bega Cheese, and **Jane Wilson**, a company director in the health and biotechnology sectors.

#### Small business

Stronger powers could be legislated to protect consumers and small business from the muscle of big companies, under federal government plans to reshape competition laws in a bid to spur economic growth. The move will target the misuse of market power to sharpen competition in groceries, petrol and electricity, amid fears that unfair tactics will push up prices if left unchecked. According to a report in *The Australian*, the scale of the reform is made clear in a draft document that canvasses new penalties for companies that use their dominance to harm consumers and suppliers.

#### Supermarket protection

Grocery manufacturers say a voluntary code of conduct agreed with the major supermarket chains will curb profits being transferred to Coles and Woolworths and denied it will push up grocery prices. According to the Financial Review, Australian Food and Grocery Council chief executive **Gary Dawson** said the new

regime would help limit the \$4 billion suppliers handed over to retailers each year in the form of rebates, discounts and shelf and listing fees.

#### Fuel discounts

The days of deep discounting of petrol seem to be over with the consumer watchdog securing an undertaking from big supermarkets to cap their petrol offers at 4¢ a litre. According to *The Age*, the Australian Competition and Consumer Commission said it has accepted undertakings from Coles and Woolworths to voluntarily stop offering shopper docket deals for fuel funded by other arms of their businesses.

#### Car deadline

Productivity Commission chairman **Peter Hardie** says *The Agency* faces a 'very difficult' task to complete its interim report on the car industry by December 20.

#### Holden

Taxpayers are covering about \$2500 of the cost of each Australian-made car with subsidies equivalent to as much as \$50,000 for every employee directly involved in their manufacture. According to the Herald Sun, subsidies to the industry have averaged about \$550 million a year for the past six years, not including the benefit of tariffs and the luxury car tax, according to the Productivity Commission.

#### New GM CEO

General Motors in the US named **Mary Barra** to succeed **Dan Akerson** as chief executive officer, completing the GM insider's rise from a factory-floor worker to the industry's first female CEO after more than a century of global auto making. Barra, 51, takes over a company that has emerged from near-collapse a half decade ago, after an infusion of government cash and outside managers. Her elevation was announced a day after the U.S. government said it had sold its final shares of GM (held since the GFC). An engineer who holds a Stanford MBA, Barra inherits a company that is at its leanest in decades and light on debt.

#### Kelly as chair

According to the Financial Review, Westpac chief executive **Gail Kelly** is set to take over as chairwoman of the Australian Bankers' Association as the government prepares to conduct the biggest inquiry into the financial system in sixteen years.

## Mining

#### Reform needed

The Coalition government needs to embrace ambitious economic reform, says outgoing Minerals Council of Australia (MCA) chief executive **Mitch Hooke**, while mining companies must also work harder to shake their long history of reacting to economic and political events.

#### Gove refinery

According to *The Australian*, mining giant Rio Tinto is expected to decide as early as this week to wind down its Gove alumina refinery in Arnhem Land, potentially devastating a 1500-strong workforce that includes many indigenous employees, after telling Australian governments there is no point in further negotiations. Rio Tinto has drawn a line under years of negotiations with the Northern Territory and commonwealth governments over subsidised gas supplies to keep the loss-making refinery open, and will now decide how to scale back the refinery and instead export bauxite.

## Trade

### Sweetener

Local farmers need better access to sell sugar to American businesses and consumers for Australia to quickly accept a regional free trade agreement, Trade and Investment Minister **Andrew Robb** has told his US counterpart. Mr Robb visited Washington recently for high-level meetings with US political figures and companies, where he spread the message that Australia was open for business and foreign investment. According to the Financial Review, he met US Trade Representative **Michael Froman**, who is pursuing the Trans-Pacific Partnership, a proposed regional free trade and investment agreement among twelve countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam.

### Kicking goals

Trade and Investment Minister **Andrew Robb** says his week-long visit to Australia's three biggest markets -- China, Japan and South Korea -- has been "fast and furious, but very productive, I hope". According to *The Australian*, he has been given both a negotiating mandate from the cabinet for free-trade agreements with the three countries and a twelve-month deadline from **Tony Abbott** to conclude them all.

### Korea deal

According to *The Age*, the federal government has signed a historic free trade agreement with South Korea. Under the deal, tariffs will be eliminated on local exports of agricultural products such as beef, sugar, wheat, wine and dairy, as well as energy, resources and manufactured goods. But the agreement also includes a controversial provision for a mechanism called an investor-state dispute settlement (ISDS). An ISDS mechanism allows foreign corporations to take legal action against another country's government if that government infringes on their rights.

### Traps

Trade Minister **Andrew Robb** says "Australia will oppose any move in the world's biggest multilateral trade pact that forces consumers to pay more for subsidised drugs or imposes tougher penalties on internet providers."

## Refugees & immigration

### Nauru

According to *The Australian*, refugee authorities on Nauru have handed down just one ruling in more than a year, despite millions of taxpayer dollars being spent on the remote facility. As the federal government prepares an overhaul of refugee processing arrangements in a bid to clear the huge backlog of asylum claims that built up under Labor, decision-makers on Nauru have managed to finalise just one claim. It is understood the asylum-seeker in question - believed to be an unaccompanied minor - was found to be a genuine refugee. The claim was finalised several months ago and the refugee has since been returned to Australia.

### Christmas Island

According to a report in *The Australian*, the holding of thousands of asylum-seekers on Christmas Island has come at social cost to the Australian territory, which has suffered community division and harbours resentment and a deep distrust of government. The first comprehensive assessment of the impacts of detention on Christmas Island's community has found it would collapse if the federal

government suddenly withdrew asylum-seekers from the Indian Ocean territory.

### Jakarta clash

On November 11 the Indonesian government rebuffed several requests from Australian authorities to return asylum seekers to Indonesia, posing the first big challenge to the federal government's policy of turning back boats. Australian and Indonesian authorities disagreed over how many requests to take back asylum seekers had been rejected by Indonesian authorities. Immigration Minister **Scott Morrison** broke a self-imposed media black-out to clarify a claim by fellow minister **Christopher Pyne** that Australia had already turned back boats carrying asylum seekers.

### New tactics

According to *The Australian*, people smugglers are teaching asylum-seekers how to repel Customs boarding parties to prevent boats being returned to Indonesia, as the government flags a major shift in its border-protection policy from maritime operations to land-based disruption in Southeast Asia. As the government came under sustained parliamentary attack over its border-security policies, Immigration Minister **Scott Morrison** sought to defend the secrecy surrounding the new arrangements, saying the abundance of information previously available fed the smuggling trade.

### Twice

Jakarta has rejected Australian requests to send asylum seekers back to Indonesia on two occasions since the start of Operation Sovereign Borders, the federal government has revealed.

### Contradictions

A senior Indonesian official has directly contradicted the federal government by insisting that a deal to swap refugees is on the table as a way of breaking the impasse over asylum-seeker boats. **Dewi Fortuna Anwar**, an adviser to Indonesia's Vice-President, repeated her claims that a deal was being discussed in which Jakarta would allow asylum seekers stopped at sea to be returned to Indonesia if Australia matched that by taking an equal number of proven refugees.

### High risks

Asylum seekers heading to Christmas Island are at greater risk of drowning if their boats sink, as Jakarta's ban on co-operation with Australia in the Indonesian search and rescue region has not been lifted. According to *The Australian*, Indonesia has withdrawn search and rescue co-operation as a consequence of the (Snowden) spying controversy and a vast area of Indonesia's southern search and rescue zone is now virtually without naval monitoring or assistance for asylum-seeker boats in trouble.

### New centre

According to *The Australian*, plans are under way for a new, high-security "removal centre" on Manus Island that will house asylum-seekers whose claims have failed and who are due to be deported.

### Visa block

According to *The Age*, the federal government is preparing to toughen its already hard-line asylum seeker policies after its attempt to reintroduce temporary protection visas was blocked in the Senate by Labor and the Greens. The as-yet-unspecified changes could see up to 33,000 asylum seekers already in Australia doomed to a state of legal limbo, with limited

or no working rights, no chance of permanency and access to only the most basic aid.

### Freezing

Immigration Minister **Scott Morrison** has "shut the shop" for asylum-seekers waiting in the community for permanent residency, ordering his department not to consider any more refugee applications until temporary protection visas are restored. Mr Morrison's directive means about 33,000 asylum-seekers who arrived by boat before Labor's Papua New Guinea Solution will now languish on bridging visas. According to *The Australian*, the government was forced to act after the opposition and Greens combined in the Senate to scuttle the regulation enabling the reintroduction of TPVs, part of its suite of election promises to "stop the boats". The decision means the Immigration Department will immediately cease issuing asylum-seekers already in the community with permanent visas. "We have shut the shop on onshore protection visas," Mr Morrison said. "Labor and the Greens' theatrics in the parliament have neither served to restore permanent visas for people who have come illegally by boat, or give them a TPV which would have allowed them to work."

### Greater vision

Former chief justice, **Sir Gerard Brennan**, has appealed to both sides of politics to do much better on the "excruciating problem" of asylum seekers who arrive by boat. He has also asked whether policies that punish arrivals are being determined "by a fear that an uncontrolled flood of foreigners will damage the comfortable order of our lives".

### 50 million

Almost 10 million migrants over the next 50 years will swell Australia's population to more than 40 million by 2060 and more than 50 million by 2100, under dramatically higher new projections by the Bureau of Statistics.

## Tax

### Hockey's changes

Treasurer **Joe Hockey** has released the handbrake on Australian companies planning to expand overseas, boosted the prospects of educational institutions and removed an administrative headache facing super funds as part of a spring clean of about 100 tax measures announced by Labor but gathering dust. According to a report in *The Age*, only eighteen of the backlog of 96 tax measures are set to survive; eleven have been dumped, three partially dumped and 64 put out to consultation with the expectation they will be dumped.

### Winners

Tradies, nurses, doctors and teachers are among 174,000 winners from federal Treasurer **Joe Hockey**'s decision to axe Labor's \$2000 limit on tax deductions for work-related self-education expenses. According to *The Age*, it is one of seven taxes Mr Hockey dumped, at a cost of \$2.4 billion, despite declaring a "Budget emergency" before the election. But the Treasurer is keeping 18 other tax hikes worth \$10.9 billion, including a \$5.3 billion increase on tobacco excise over four years that adds \$5 to a pack of 20 cigarettes. The federal Government is also keeping Labor's \$963 million hit on 800,000 people with high medical expenses and an \$815 million grab on unused small super accounts.

### Banking cuts

According to the Financial Review, the federal

government has deferred a promise to adopt Labor's \$733 million tax on bank deposits and, instead, is set to refer the policy to its inquiry into the financial system to be conducted next year.

#### Super fight

National savings will take a \$53 billion hit from the Abbott government's imminent changes to superannuation, according to research that heightens pressure on the Senate to veto plans to be introduced within weeks. According to *The Australian*, escalating the political fight over **Tony Abbott's** agenda, the new findings warn that millions of workers will lose up to \$27,000 each in retirement savings if the Prime Minister insists on overhauling the super regime.

#### Reform reply

According to the Financial Review, trade unions have blasted the federal government's proposal to require superannuation funds to appoint a majority of independent directors, arguing industry funds are well governed and provide superior returns.

#### GST reform

Online shoppers are facing a renewed push to put GST on their purchases as federal officials review the case for change while former Victorian premier **John Brumby** predicts the reform could raise \$1 billion. *The Australian* reported that Treasury is due to receive a new business case for the contentious change from Customs officials, evaluating the cost of applying the tax more widely to imports bought online. Government officials have confirmed that the reform remains on *The Agenda* despite a decision to cancel a Treasury announcement on the matter from January last year.

#### Online GST

The Labor and Coalition states are united in their in-principle support to extend the goods and services tax to more online foreign purchases, putting pressure on the federal government to abandon its neutral stance and facilitate a change. According to the Financial Review, ahead of the meeting of treasurers in Canberra, South Australian Labor Premier and Treasurer Jay Weatherill indicated his preparedness to support the move for change, which is being led by NSW.

#### Spending surge

According to the Herald Sun, online shopping is growing at seven times the rate of bricks-and-mortar retail as customers swap cash registers for clicks. Internet-obsessed Aussies are spending \$14.3 billion a year - an annual surge of 17.4 per cent, latest NAB data shows. About 27 per cent of that was funnelled to overseas sites. The growth comes as retailers and state treasurers lobby to slug consumers an online shopping tax on imports worth less than \$1000.

#### Reforms needed

According to a report in the Financial Review, raising the pension age to 70, limiting superannuation tax benefits and including the family home in the pension assets test would save the budget \$27 billion a year. A Grattan Institute report into how the federal government can fix the budget deficit, due to hit \$60 billion within a decade, finds that subsidies for older people need to be better targeted.

#### Pension age

Unions and seniors groups have reacted angrily to a call from an influential policy advisory body to the federal government to lift the

pension age to 70. In a report released recently, the Productivity Commission suggested the change as a response to the strain that will be placed on the budget by *The Ageing* of the population.

#### Pension (2)

According to the Financial Review, raising the eligibility for age pensions to 70 could be necessary to avoid a budgetary crisis due to Australia's ageing population, according to the Productivity Commission.

#### Online sales

The federal government is leaning towards applying the goods and services tax to more online purchases from overseas but will insist the states lead the public campaign for such a move and bear some or all of the costs. According to the Financial Review, the issue of lowering the \$1000 threshold at which GST applies to international online purchases will be a priority at a meeting between federal Treasurer **Joe Hockey** and his state and territory counterparts. The meeting, which is a precursor to the Council of Australian Governments gathering on December 13 - the first under the Coalition government - is also expected to sign off on a federal and state framework for identifying and funding infrastructure projects, possibly including a second Sydney airport at Badgerys Creek. In 2011, after complaints from retailers, the Productivity Commission examined lowering the \$1000 GST threshold and recommended dropping it to \$100, despite the costs of collecting GST on every parcel outweighing the revenue raised. The revenue-hungry states, led by NSW, have argued for a lower threshold in the belief the rapidly growing rate of online purchasing will soon mean revenue will outweigh collection costs.

## Tourism

#### Uniform unrest

According to the Herald Sun, Qantas staff take to the air in new uniforms soon - but many flight attendants are unhappy with the feel. The navy fuschia and red uniforms designed by Australian designer **Martin Grant** were launched by Qantas ambassador and model **Miranda Kerr** in September.

## Gaming

#### About face

According to the Herald Sun, Labor is under fire for abandoning the poker machine changes it made in government. The Opposition has decided to vote with the government to undo the controversial mandatory commitment technology that would force gamblers to nominate how much they were prepared to lose before playing.

## Climate change, environment & energy

#### 5% cut

According to a report in *The Age*, Prime Minister **Tony Abbott** has hardened his commitment to reducing carbon emissions by five per cent by 2020 but cautioned that any deeper cut would depend on "very serious" and binding reductions from other countries. Speaking on the eve of the introduction of eight bills dismantling the carbon tax, Mr Abbott renewed his opposition to any form of carbon pricing and again taunted Opposition leader "Electricity Bill" Shorten over Labor's likely refusal to back the repeal bills. A coalition of business groups weighed in behind the government, urging the opposition to "axe the tax", saying otherwise business costs would rise.

#### Projects approved

According to *The Age*, several massive resource projects have been approved on the Great Barrier Reef coast by the federal government including the dredging and dumping of spoil near the reef and a new coal export terminal. Environmentalists have hit out at the decision, with the WWF and the Greens saying it further industrialises and threatens the world heritage protected icon. Environmental campaigners Greenpeace, Friends of the Earth and the Australian Marine Conservation Society, dressed as Nemo and turtles, will protest against the approval in Brisbane's CBD. The projects approved by Environment Minister **Greg Hunt** include the dredging of 3 million cubic metres of spoil - which will be dumped in the reef's waters - for the development of three coal export terminals at Abbot Point.

#### Emissions at record

Global greenhouse gas emissions from burning fossil fuels reached the highest levels in human history last year, driven predominantly by Chinese growth, and are projected to surge even further in 2013. According to *The Age*, new data from the Global Carbon Project - a team of scientists who track global emissions - finds carbon dioxide released from burning fossil fuels and making cement grew 2.2 per cent in 2012 from the previous year. In 2013 a further 2.1 per cent rise is expected. But the latest data suggests the world's emissions could be slowing. The approximate 2 per cent growth in 2012 and 2013 falls short of the 3.1 per cent average annual rise since 2000. CSIRO climate scientist Dr Pep Canadell - who is also executive director of the Global Carbon Project - said the emissions rates of the past two years could be the tentative signs of a global slowdown.

#### Green fund making money

Clean Energy Finance Corporation chairman **Jillian Broadbent** has urged the federal government to spare her organisation, saying it is making money for taxpayers and, if allowed to continue, will account for 50 per cent of Australia's 2020 emissions reduction target at no cost. Ms Broadbent, a former Reserve Bank board member, and CEFC chief executive **Oliver Yates** told a Senate inquiry into the abolition of the carbon tax that the CEFC, a \$10 billion loan facility, was exceeding all expectations. It was "delivering substantial abatement while making a return to the taxpayer". Its abolition would cost taxpayers up to \$200 million a year in lost revenue. "It will cost the taxpayer more to shut down the CEFC than it will save," Ms Broadbent said.

#### Project delays

Federal Environment Minister **Greg Hunt** has granted environmental approval to fifteen projects worth about \$160 billion since the federal election in what he says underscores the government's message about Australia "being open for business". Mr Hunt claimed the projects, which include a floating liquefied natural gas (FLNG) platform on the North-West Shelf and Gina Rinehart's Kevin's Corner coalmine in Queensland, had lain idle under Labor, waiting for approval. His Labor predecessor, **Mark Butler**, claimed none of the projects came across his desk before the election was called and the government went into caretaker mode.

#### Death spiral

Falling electricity demand is likely to hit the value of distribution and transmission networks, triggering billions of dollars of financial write-downs, according to the Grattan Institute. The

think-tank is advising governments to review the value of network assets and decide who should pay for any write-downs, among a package of recommendations to avoid a “death spiral” in the electricity market.

*Not popular*

Voters have given the thumbs down to the Coalition’s direct action carbon policy while the Australian Industry Group has raised concerns about its lack of detail and the inadequate time for consultation. According to a poll in the Financial Review, the first since the election, found that while 57 per cent of voters believe Labor should vote to abolish the carbon tax, the most popular alternative is an emissions trading scheme. Support for direct action ranks statistically with having no policy at all.

*Brown coal value*

Experts say the jury is still out on whether a coal seam gas industry can take off in Victoria, but there are better prospects, particularly for shale gas in the Otway Basin. A gas industry analyst, **Graeme Bethune**, chief executive of the consultancy EnergyQuest, said Victoria’s brown coal deposits were not an obvious place to extract gas, and harder black coal deposits, such as those in Queensland, were preferred by industry.

*Exclusion zone*

A Gippsland farmer has called on the state government to declare the area a coal seam gas-free zone, saying Gippsland’s agriculture, tourism and communities are too valuable to be exposed to the controversial gas industry. Dairy farmer Kate Lamb, from Denison near Maffra, has also written to the dairy processor her farm supplies with fresh milk, Murray Goulburn, urging it to help “stop these companies coming on to our land”.

*Radical action*

In the Herald Sun, **Jeff Kennett** wrote: ‘The economic and social condition of Tasmania and its population of 500,000 should be a cause of national concern. Tasmania is a beautiful state with so much in prospect, but today is shrinking because of obscene mismanagement by government over recent years. Increasingly dependent on the Federal Government for revenue, as its own revenue base erodes, the private sector, be it agricultural production, or commerce as we would define it, is rapidly disappearing with public sector becoming the major employer in Tasmania. Worst of all, the timber industry has been castrated overnight, which has not only led to many job losses, but some small rural townships being left without means of meaningful employment for its communities. In Australia’s most over-

governed state or territory, the Government has failed any decent test of success. It is a minority government of the Labor Party and the Greens and makes the recent minority governments in Canberra under **Kevin Rudd** and **Julia Gillard** look professional and responsible.’

*Fossil fuel industry*

Australia’s biggest environmental group will launch a major legal fight against the fossil fuel industry as it shifts its focus to climate change for the first time in its 37-year history. According to *The Age*, and its anger will be aimed at damage caused to Australian environments including WA’s Kimberley and the Canning Basin. The Wilderness Society – which has traditionally campaigned to protect native forests, bush and coastlines – says it can no longer ignore the impact of carbon emissions on the natural landscape.

*Bonanza*

Pollution from the Latrobe Valley could be halved and jobs created under a plan to clean up coal-fired power stations. The project could be one of the first funded by Prime Minister **Tony Abbott**’s Direct Action plan to replace the carbon tax. The CSIRO is a driving force behind the scheme that might also produce a new source of crude oil for cars. Environment Minister **Greg Hunt** says the plan, which would use Victoria’s brown coal and modified diesel engines, is a potential “bonanza”. According to the Herald Sun, the plan looks set to be the first major project the Government backs with its Emissions-Reduction Fund to fight pollution instead of a carbon tax. The CSIRO’s **Dr Louis Wibberley** said the direct injection carbon engine, known as DICE, could reduce emissions by up to 50 per cent from brown coal to generate Australia’s lowest-cost, low CO2 electricity. He said the coal was mixed with water to make a slurry and then heated to produce a micronised refined fuel. It was then sprayed into an adapted diesel engine. “DICE power generation offers the potential for a steep reduction in CO2 emissions from brown coal and a further reduction via cost-effective back-up for increased renewable power,” he said. **Dr John White**, chairman of the DICEnet group of 15 organisations, said the project would not only maintain jobs in the mining and power industry but could mean a “dramatic increase in jobs”.

*Warning*

The head of Australia’s consumer watchdog insists that electricity bills should drop quickly after the repeal of the carbon tax - warning businesses not to claim they are unable to pass on the full savings to consumers. According to *The Age*, Australian Competition and Consumer Commission chairman Rod Sims

said that the ACCC was well prepared to ensure power companies did not profiteer from the repeal of the tax, scheduled for July next year if the federal government can get its legislation passed.

*Storm of controversy*

According to the Herald Sun, Greens senator **Richard Di Natale** says there is a link between climate change and storms such as Typhoon Haiyan as he accused Prime Minister **Tony Abbott** of ‘record stupidity’ in axing the carbon tax.

*No to risk fund*

Prime Minister **Tony Abbott** has rejected a proposal from the 53-nation Commonwealth to establish a fund to help poor and island countries combat climate change. As an extraordinary Commonwealth Heads of Government Meeting concluded in Colombo, Mr Abbott joined Canada in rejecting a decision by the summit to push for a green capital fund to help vulnerable island states and poor African countries deal with rising sea levels, droughts or catastrophes allegedly caused by climate change.

*Camel cull*

The Australian Feral Camel Management Project will deliver a report to the government that concedes the number of camels is 300,000, compared to the one million estimate it published in 2008. According to *The Australian*, the project managers admit that just 135,000 camels have been removed by aerial culling and a further 25,000 by commercial use over the four-year program. This compares to a forecast that 617,000 camels would be culled under its contract, according to Ninti One, a not-for-profit company that seeks to create social and economic opportunity in remote Australia.

*Good job*

The Australian Conservation Foundation is looking for a CEO. Email admin@kathleentownsend.com.au for more information.

**Agriculture, cattle & water.**

*Buying the farm*

**Tony Abbott** has lent support to community concerns about foreign ownership as he confronts a push from senior colleagues to torpedo a \$3.4 billion offshore bid for the nation’s biggest grain handler, GrainCorp. According to *The Australian*, signalling his approach to sensitive foreign investments, the Prime Minister drew a distinction yesterday between deals to “build the farm” and those that instead would sell an existing business to an overseas buyer. He also declared his preference for an Australian company to win the contest

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for Warrnambool Cheese & Butter, the takeover target of two local bidders and two overseas dairy companies.

#### Ma and Pa

Australians want farms run by families, Agriculture Minister **Barnaby Joyce** said as he rejected as “dopey” a call by a union boss to end the nation’s era of “ma and pa farming”.

#### Good read

Edition 36 of Public Administration Today, an 84 page report from the Institute of Public Administration (Australia), was dedicated to ‘Sustainability and the Environment’, putting the Murray Darling Basin Plan in the spotlight. Worth chasing up if interested.

#### Research and development

Private sector investment in rural research and development will be encouraged under proposed changes before Federal Parliament. A trio of bills that passed the lower house change the way rural R&D is funded and managed. They will allow all statutory bodies to undertake marketing if requested by industry. The Government will be able to match private sector investment in rural R&D provided via voluntary contributions.

#### Tax break needed

According to *The Australian*, Agriculture Minister, **Barnaby Joyce**, has called for a review of the tax treatment of farm investments, and declared farm-gate profits must rise if Australia is to double its food production by 2050 and capture growing Asian markets. He has also vowed to continue with plans for dams and irrigation projects in the nation’s north.

## Media

#### Australia Network

According to *The Australian*, the government has been urged to review the ABC’s contract to provide the Australia Network international television service in the wake of the outrage sparked by its revelations of Australian phone tapping in Indonesia. The Gillard government scrapped a competitive tender for the \$223 million, 10-year contract for the right to provide the service, Australia’s most important vehicle for soft diplomacy, in controversial circumstances and handed it to the ABC in a move later lashed by the Auditor-General.

#### Bye BRW

On November 28, the last print edition of the weekly magazine BRW, published by Fairfax Media, will hit the stands. BRW will continue as a free online publication. The Rich 200 list will also continue as part of the Financial Review. Fairfax’s director of business media, Sean Aylmer, a former editor-in-chief of BRW, said the print edition had been discontinued because “it isn’t delivering the financial returns that we needed to continue BRW as a print product”.

#### BRW (2)

The last hardcopy issue of BRW, started by Melbourne’s **Robert Gottlieb** thirty-two years ago, was just published. A digital version is still available.

#### Spy story

Prime Minister **Tony Abbott** appeared to back the ABC’s decision to publish revelations about Australian spying in Indonesia, implying it was a legitimate story. However, he attacked the broadcaster for, in effect, providing free advertising for a private media company,

The Guardian, the primary publisher of the revelations.

#### Odd couple

According to a report in *The Australian*, some have gone so far as to describe the connection between ABC managing director Mark Scott and The Guardian editor-in-chief **Alan Rusbridger** as a ‘bromance’. Certainly the pair are publicly and privately for of praise for each other. They met up the week before their organisations jointly published the revelation that Australian security services had monitored the mobile phone activity of Indonesian President **Susilo Bambang Yudhoyono**, his wife and senior officials in 2009.

#### ABC

According to a report in *The Age*, the federal government has joined the conservative media campaign being waged against the ABC, with Prime Minister **Tony Abbott**, -Communications Minister **Malcolm Turnbull** and Speaker **Bronwyn Bishop** among those upbraiding the national broadcaster. Their attacks were prompted by what they claim was irresponsible reporting by the ABC, in partnership with the Guardian Australia, of the Indonesian spying allegations which soured relations between the two countries.

#### ABC (2)

The ABC will undertake a series of sweeping reviews of its content after chairman **Jim Spiegelman** conceded the public broadcaster needed to address allegations of bias and re-balance the air time it gave to left-wing issues such as gay marriage and focus more on mainstream concerns such as electricity pricing.

## Justice

#### Off the hook

According to a report in *The Australian*, in a stunning legal reversal, Australian businessman **Matthew Joyce** was acquitted in Dubai of bribery charges, under which he had faced a 10-year jail term and a \$25 million fine. A Dubai court also confirmed the acquittal of Mr Joyce’s former colleague, Australian **Marcus Lee**, of involvement in an alleged bribery scam that has seen both men under house arrest for four years in what has become Australia’s most prominent consular case. It was later revealed that Prime Minister **Tony Abbott** personally intervened on behalf of the two men in a special diversionary visit to Dubai as part of a trip to Afghanistan.

#### ICAC raid

The NSW government has lost its third minister in four months as Energy and Resources Minister **Chris Hartcher** resigned over a corruption investigation apparently linked to political donations.

#### King hits

According to a report in *The Age*, “One-punch” or so-called ‘king hit’ assaults have claimed 90 Australian lives since 2000, mostly in booze-fuelled bashings, a new study has found. **Jennifer Pilgrim**, a researcher at Monash University’s Department of Forensic Medicine, said alcohol was involved in almost three-quarters of deaths recorded between 2000 and 2012. Dr Pilgrim said most of the victims were knocked unconscious when they were at a licensed venue, outside the venue or on their way home from the venue.

## Broadband & IT

#### Turnbull’s model

The Coalition’s national broadband network

model will be inadequate for many businesses, is poorly planned and is unlikely to be completed on time, NBN Co’s own analysis for the federal government has warned. According to *The Age*, the analysis casts doubts on the timing and cost-effectiveness of the government’s fibre-to-the-node model and highlights numerous legislative, construction and technical challenges likely to blow out the Coalition’s 2016 and 2019 rollout deadlines. The draft document also slashes revenue projections important for the project’s viability by up to 30 per cent by 2021.

#### Cost blowouts

The chairman of the national broadband network has warned of further cost blowouts in rolling out fibre-optic cables throughout the country, while an NBN Co analysis warns the Coalition’s “cheaper, sooner” network would strip up to \$1.8 billion from its projected revenues. NBN Co executive chairman **Ziggy Switkowski** told a Senate hearing the Coalition’s \$20.4 billion costing for the project could be proved wrong. “When you go out into the field, you talk to contractors, you look at the stats around how the work is being done, [it] confirms that the costs are higher than people had hoped they would be,” he said.

#### Blowouts (2)

According to the Financial Review, the Coalition has dumped its broadband election pledge to deliver a cheaper network to all Australians by 2016 after a review of NBN Co recommended a complete redesign of the network and revealed an \$11.5 billion blowout in the cost of the government’s multi-technology model.

#### No problem

Former Victorian premier **John Brumby**, a director of Chinese telecommunication company Huawei, says the federal government has never suggested there were problems with the global group’s business, which was banned last week for tendering for the work on the national broadband network. Huawei supplies equipment to eight of the nine broadband networks in the world, and has been backed as recently as last month by the UK government for high-tech collaborative projects. Mr Brumby was emphatic at the National Press Club address that the company was still mystified about the federal government’s reason for continuing the ban.

#### Info swap

According to the Financial Review, Communications Minister **Malcolm Turnbull** has pushed Labor to release confidential advice it received on the national broadband network (NBN) while in government, promising to release his own incoming government brief in return.

#### Data vacuum

Australia’s leading telecommunications company, Telstra, has installed highly advanced surveillance systems to “vacuum” the telephone calls, texts, social media messages and internet metadata of millions of Australians so that information can be filtered and given to intelligence and law enforcement agencies. According to *The Age*, the Australian government’s electronic espionage agency, the Australian Signals Directorate, is using the same technology to harvest data flows carried by undersea fibre-optic cables in and out of Australia.

#### Watching more

Law enforcement and government agencies have again widened their access to vast

quantities of Australians' private phone and internet data without judicial permission. According to *The Age*, telecommunications interception under warrant has also grown significantly, with figures released by the federal government revealing police spent more than \$50 million on phone taps last year. Federal and state government agencies accessed private telecommunications and internet data 330,640 times during criminal and financial investigations in 2012-13 - an 11 per cent increase in a year and a jump of 31 per cent over two years.

#### NBN boss

The man hired by Vodafone to turn its business around will now be in charge of turning Australia's largest infrastructure project into a profitable enterprise. **Bill Morrow**, chief executive of Vodafone for 19 months, has been appointed CEO of government-owned NBN Co, in charge of building the national broadband network.

#### Good job

The Telecommunications Universal Service Management Agency is looking for a new CEO. Email [tracy.jones@talentpartnersintl.com](mailto:tracy.jones@talentpartnersintl.com).

## Transport & infrastructure.

#### New powers

The federal infrastructure minister will have unprecedented powers to direct the work of Infrastructure Australia under a bill introduced to Parliament. The legislation specifies new ministerial powers over the infrastructure advisory body and repeals the rule that ministerial directions to Infrastructure Australia "must be of a general nature only". According to the Financial Review, under the new law, the minister will be able to direct Infrastructure Australia not to consider certain matters in its work; define the scope of audits, lists, evaluations, plans or advice; and determine the manner in which Infrastructure Australia works, among other powers.

#### Asset unlocking

The federal government will offer financial help to the states to sell old assets to help pay for new infrastructure, under a landmark deal that will shape decisions in the May budget on projects worth billions of dollars. According to *The Australian*, industry leaders hailed the deal as a "major breakthrough" on infrastructure funding as investors push for the sale of ports, power generators and other state businesses to raise the cash needed for public works.

#### Local roads

Results from a national study commissioned by the Australian Local Government Association (ALGA) to examine the condition of community roads and infrastructure reinforce that more than ten per cent of sealed roads are in poor condition and a large proportion of timber bridges are substandard. The 2013 National State of the Assets Report was launched at ALGA's 14th National Local Roads and Transport Congress being held in Alice Springs, where hundreds of local government representatives are meeting to discuss key issues affecting roads, transport and infrastructure provision in Australian communities. The 2013 Report represents the findings from analysis of data provided by 344 councils, which manage almost \$100 billion worth of transport assets, including sealed local roads, unsealed local roads, concrete bridges and timber bridges. Key findings suggest that \$8.3 billion in sealed roads are in poor or very poor condition, together with a further \$1.9

billion in unsealed roads and \$1.4 billion in concrete and timber bridges.

#### Defence role

Australia's Department of Defence is organising a more comprehensive approach to buy-in of civilian transport services, with specific enlistment of rail transport services as well as trucking firms, and linkages with air and sea transport services. It is extending the range of a Road Transport Standing Offer Panel established in 2009, which has been operating successfully since then. This expires early in April next year. "The Commonwealth is seeking to establish a Land Transport Standing Offer Panel, encompassing land transport more generally - as opposed to road transport only - from which the Commonwealth may from time to time engage contractors to provide the services," the tender website summary says.

#### High speed rail

High-speed rail is a step closer, with Deputy Prime Minister **Warren Truss** committing the Coalition to preserving a land corridor for the train to run between Sydney, Canberra, Melbourne and Brisbane. Mr Truss will write to the three premiers and the ACT Chief Minister, **Katy Gallagher**, seeking their co-operation. He said the corridor was more than just drawing lines on maps and would be a multibillion-dollar commitment.

#### Data wave

According to *The Australian*, the next wave of big data will create smart cities and transport services capable of offering personalised advice to commuters, an international expert says. **Timos Sellis** said that energy data and environmental data would be the focus for smart cities in the future.

#### Inquiry

The Productivity Commission is inviting public participation into ways to encourage private financing and funding for major infrastructure. Visit [www.pc.gov.au](http://www.pc.gov.au).

## Health

#### Disability

The federal government has ordered the National Disability Insurance Agency to overhaul its processes and provide immediate "remedial action" because the flagship disability insurance scheme is running late. This is despite concern that the most vulnerable - those with intellectual disabilities - are being railroaded into accepting decisions that are not right for them and, in some cases, left to negotiate without independent advocates present.

#### Disability

The National Disability Insurance Scheme (NDIS) will ensure that people who live with disabilities and their carers can finally get access to the right assistance. According to *The Age*, the new system will be based on the idea of 'individual choice and control' and recognises that those who require assistance are the very people who are best placed to choose what services they need. In theory, by giving people control over their own funding, their "purchases" will drive a market in disability services that will provide them, and hundreds of thousands of Australians who historically have missed out, with the assistance they so desperately need. But making choices under the NDIS is not as simple as buying fast food. Many of the services will be provided by experienced specialists who take years to develop trusting relationships with clients. Rather than being

bought 'off the shelf', many services need to be developed in a discussion between the service user and the service provider. More fundamentally, not all people with a disability have the same capacity to make good choices about what support they will need.

#### Blowout

The cost of the National Disability Insurance Scheme has blown out by 30 per cent in its first four months of operation. According to the Herald Sun, *The Agency* running the revolutionary new scheme is way behind target, with less than half the promised 2208 plans due to be issued by June 30 completed by that date. Assistant Minister for Social Services Senator **Mitch Fifield** has told the National Press Club the average cost of the 921 plans drawn up to June 30 was \$46,290. The Productivity Commission forecast an average cost of \$34,969 per plan, he said.

#### Medibank

The federal government is taking a look at plans to privatise Medibank Private, with a call for business and accounting advisers to develop a scoping study report (SSR) to weigh up the pros and cons of sales options such as a trade sale against an IPO on the market.

#### Childcare promise

The federal government has thrown the childcare sector into disarray by asking providers to "do the right thing" and hand back \$62.5 million given to them by the former Labor government for wage increases. The Assistant Minister for Education, Sussan Ley, said the government would instead use the \$300 million allocated for professional training and development for childcare workers. Labor's \$300 million was to boost the wages of 30,000 childcare workers in 1100 childcare centres, bolstering the \$19-an-hour wages of certificate III childcare workers by \$3 an hour, and the pay of early-childhood teachers by \$6 an hour.

#### Advisory group axed

According to the December issue of *The Senior*, the Advisory Panel for Positive Ageing chair Everaldo Compton said he had been formally advised by Treasury that key 2013 budget measures adopted as a result of the panel's recommendations had been scrapped. These included establishing an ageing policy institute and a downsizing trial which would allow pensioners to quarantine the proceeds from the family home from the assets test. However, a Treasury spokesman said no spending on these projects had been cut from the 2013-14 budget allocations, and the projects would be reviewed as part of the 2014-15 budget process.

#### Applications

The Australian Health Practitioner Regulation Agency (AHPRA) is looking for community members and health practitioners for appointment to the Victorian Board of the Medical Board of Australia, the Victorian Board of the Nursing and Midwifery Board of Australia and the ACT/Tas/Vic Regional Board of the Psychology Board of Australia. Enquiries to [boardappoint@ahpra.gov.au](mailto:boardappoint@ahpra.gov.au).

## Education

#### Gonski demolition

The federal government faces accusations from a state Coalition colleague of acting "immorally" by recanting on school-funding commitments and effectively punishing millions of school students. According to *The Australian*, as Education Minister **Christopher Pyne** was preparing to face down his state

and territory counterparts over school funding at his first ministerial meeting in Sydney, its chairman, NSW Education Minister **Adrian Piccoli**, accused Mr Pyne of playing favourites.

### Musings

In the Financial Review, **Jennifer Hewett** wrote: 'Business leaders have certainly been bemoaning the way the argument over school funding was handled. They have to fervently hope such lousy political management won't be on show too often as this government faces far tougher decisions and budget challenges which will affect their businesses even more directly.' In *The Age*, **Mark Kenny** wrote: 'Pyne's broken promise set to haunt Abbott. The Prime Minister should remember how broken election pledges damaged **Julia Gillard**, as he reneges on Gonski.'

### Uproar

**Tony Abbott** will pour another \$1 billion into schools over the next four years to quell a political storm over a breach of promise on education while offering a new pledge that no school will be worse off as a result of his actions. According to *The Australian*, reversing the position set out by his Education Minister, **Christopher Pyne**, the Prime Minister outlined new spending deals as he turned the attack on Labor in parliament for cutting the funding before the election.

### Broken promise

Federal Education Minister **Christopher Pyne** has killed off the Gonski model for school funding. Mr Pyne has branded Labor's formula "a shambles" and announced his third major policy shift on funding this year - angering state governments. According to *The Age*, in a decision that threatens to haunt the Coalition, which had promised a government of no surprises and no excuses, Mr Pyne said the government would not be held to its election pledge to ensure that all public and private schools would get as much money under the Coalition's policy as they would have under Labor. Flagging that another major revamp of schools funding would be unveiled before the end of 2014, Mr Pyne walked away from the Coalition's promise, declaring that Labor's six-year Gonski-based Better Schools model would be replaced after just one year. But Victorian Education Minister Martin Dixon told State Parliament that he would stand up for education and for funding that was "rightfully ours".

### Confusion

According to *The Age*, the Coalition's pre-election pledge that "every single school in Australia will receive, dollar for dollar, the same federal funding over the next four years whether there is a Liberal or Labor government" seemed pretty unequivocal. But Prime Minister **Tony Abbott** said there was confusion in the community about the exact shape of his Gonski-related promise. Mr Abbott stuck firm to the government's position that schools as a whole would get the "same quantum of funding" under the Coalition but would not reaffirm the pre-election promise that every individual school would be no worse off under his government.

### Backflip

The sudden U-turn, which effectively erased the declaration that Labor's Gonski-based system was not implementable and "a shambles", came just minutes before the government fronted up for what was shaping as a torrid question time in Parliament. According to *The Age*, it means the four-year funding model is back in place

but with all jurisdictions included – although without the "strings attached" of matched funding, which the Coalition had attacked as the "command and control" aspects of Labor's Canberra-based approach. The late change rescued the government from being forced to admit in Parliament that it had broken a major promise – its relief obvious as frontbenchers tried to turn the attack back on the opposition.

### Record gone

Gonski has been expunged from the official record. According to *The Age*, search for the name of the report on the Commonwealth education department website and you'll get a reply asking whether you meant "lenskyi". Search for it by its official title - Review of Funding for Schooling - and you'll be told your search "returned no results".

### Nannies

Australia's system of childcare rebates and benefits has been singled out as perhaps the world's most complicated as an inquiry begins to investigate adopting a New Zealand scheme to support nannies. The Productivity Commission will look at long day care, family day care, in-home care including nannies and au pairs, mobile care, occasional care, and outside school hours care.

### Maths

A lack of trained maths teachers has been blamed for Australia's declining performance in high school mathe-matics, where the country is down to 17th in the world, according to the latest international comparisons from the Organisation for Economic Co-operation and Development (OECD).

### Funding doesn't stop slide

Australia's teenagers have slipped further behind their peers overseas in international tests assessing skills in reading, maths and science, now ranking behind students in Vietnam, Poland and Estonia. The latest results of the tests of 15-year-olds conducted by the OECD group of industrialised nations, released recently, show that Australia is one of 13 countries to have recorded a significant fall in student performance in maths since 2003, while nine countries recorded a significant improvement. Asian jurisdictions now dominate the ranks of high-scoring students.

### Grand plan

According to the Herald Sun, grandparents are babysitting almost half of Australia's young children while their parents work.

## Foreign affairs

### Vale

**Nelson Mandela**, a 'giant of the 20th Century'. **Tony Abbott** joined world leaders in South Africa for the memorial service for Mr Mandela.

### Air defence zone

Foreign Minister **Julie Bishop** has refused to back down over comments to China regarding its newly declared air defence zone in the East China Sea, despite an angry response from the Chinese government. And Treasurer **Joe Hockey** has supported his Coalition colleague saying she is doing "exactly the right thing". The Chinese delivered an angry rebuke over "irresponsible remarks" made by Ms Bishop regarding its the East China Sea defence zone, in the latest diplomatic headache for the Abbott government in Asia.

### Phone tapping

The fallout over Australia's phone-tapping row with Indonesia has widened, drawing in the \$174 million-a-year live cattle trade, while co-operation between the country's police forces has been suspended. According to *The Age*, as tension escalated, police used tear-gas against hundreds of members of hard-line Islamic groups who moved towards the Australian embassy compound in Jakarta. Some called for Australian blood to be spilt, amid continuing fallout from revelations that Indonesian President **Susilo Bambang Yudhoyono's** phone was tapped.

### Anger on the streets

Indonesian anger about Australian phone-tapping has spread from politicians to the streets with rowdy scenes outside the Australian embassy. According to *The Age*, in a protest outside the heavily fortified Australian embassy building in central Jakarta, about 250 members of two uniformed nationalist groups, the Red and White Brigade and the FKPP, which includes the children of defence force and police personnel, burned small Australian and American flags in protest.

### Playing politics?

According to *The Australian*, there is confusion inside Labor about its handling of the Indonesian spying furore, with some experienced party figures now discussing an offer of private assistance to help **Tony Abbott** deal with the escalating crisis.

### Ambassador recalled

Indonesia has recalled its ambassador to Australia amid fury in Jakarta over revelations that Australian spies tried to tap the phones of the Indonesian President and his wife. According to *The Age*, the position of the Australian ambassador, **Greg Moriarty**, and diplomatic staff in Jakarta will also be "reviewed" as President **Susilo Bambang Yudhoyono** ordered his own security agency to investigate the revelations.

### Military ties

According to the Financial Review, the spying row between Australia and Indonesia has intensified with President **Susilo Bambang Yudhoyono** –suspending joint military co-operation over people smuggling as part of a decision to officially downgrade the status of the relationship.

### But...

The United States and Australia have jointly vowed to strengthen military ties with Indonesia despite an unseemly row with Jakarta over both countries' spying operations.

### Standing firm

According to *The Australian*, Indonesia is considering whether to escalate its spying row with Australia after **Tony Abbott** defied Jakarta's call for an explanation over revelations the Australian intelligence monitored the phones of President **Susilo Bambang Yudhoyono**, his wife and senior advisers. Dr Yudhoyono said the controversy had wounded his country's relationship with Australia, but he stopped short of asking Canberra to apologise.

### Envoy recalled

Australia's relationship with Indonesia is in crisis after Jakarta recalled its ambassador following revelations that Australian spying extended to tapping the phone of President **Susilo Bambang Yudhoyono**. According to a report in the Financial Review, Indonesia's Foreign Affairs Ministry said it would summon

the Indonesian ambassador in Canberra to Jakarta for “consultation”.

#### *Still not happy*

**Tony Abbott’s** parliamentary response to phone-tapping revelations has not satisfied the Indonesian President **Susilo Bambang Yudhoyono**, his spokesman said, adding that they were waiting an official response from the Australian Prime Minister. Dr Yudhoyono’s foreign affairs adviser **Teuku Faizasyah** said that when Mr Abbott addressed the Australian parliament he was “addressing the domestic audience”. “Well, we still need an official explanation ... a formal response,” he said.

#### *First steps*

The federal government has accepted Indonesia’s six-step process for restoring the bilateral relationship in the wake of the Australian spying scandal.

#### *Musings*

In *The Australian*, **Cameron Stewart** wrote: ‘the spy scandal ‘punishment’ is out of proportion to the crime. Everyone knows Indonesia has spies like us.’ Also in *The Australian*, Paul Kelly wrote: ‘concessions are Abbott’s only way to respond.’

In *The Age*, **Hugh White** wrote: ‘As Prime Minister **Tony Abbott** faces two major foreign-policy tests, they both went bad on him last week. One is Indonesia, where we can only hope that Abbott’s mistakes have taught him that just saying you want a good relationship is not enough. You have to make sacrifices to make the relationship work. Time will tell whether his reply to President Yudhoyono’s letter contained sacrifices sufficient to get things back on track. The other test is positioning Australia between America and China, where the stakes are even higher and the trends are even worse.’

#### *Aid conditions*

According to a report in the Financial Review, Australia’s aid program will be tied to mutual obligations by countries which get the assistance, says Foreign Minister **Julie Bishop**, in a bid to more effectively spend the nearly \$5 billion Australia gives every year.

#### *Off to help*

According to *The Age*, a 37-member medical team has been deployed by the Australian government to the east coast of Leyte in the Philippines where survivors are desperate for food, shelter, fresh water and medicine.

#### *New leaks*

New revelations from the stockpile of documents stolen by US security contractor **Edward Snowden** are expected to include evidence of Australian espionage against China and other Asian neighbours and expose the scale of surveillance by Australian agencies against their own citizens. The federal government is bracing for the possible release of more embarrassing material from leaked US intelligence about Indonesia and other Asian nations, as it aims for a “broader and deeper” security relationship with Jakarta. According to *The Australian*, Canberra is aiming to develop a “new process” of consultation with Jakarta as it seeks to limit the damage from the spying crisis.

#### *Iran deal*

World powers led by the United States have reached a landmark agreement that freezes Iran’s nuclear program for six months pending further negotiations on a comprehensive deal. The nuclear accord may have other significant ramifications if it leads to a thaw more generally

between Iran and the US and its allies on a range of global security issues.

#### *Snowden cache*

According to *The Age*, British and U.S. intelligence officials say they are worried about a “doomsday” cache of highly classified, heavily encrypted material they believe former National Security Agency contractor **Edward Snowden** has stored on a data cloud. The cache contains documents generated by the NSA and other agencies and includes names of U.S. and allied intelligence personnel, said seven current and former U.S. officials and other sources briefed on the matter. Snowden, who is believed to have downloaded between 50,000 and 200,000 classified NSA and British government documents, is living in Russia under temporary asylum, where he fled after traveling to Hong Kong. He has been charged in the United States under the Espionage Act.

#### *Boat gift*

Prime Minister **Tony Abbott** has defended giving military hardware to a country the United Nations has accused of war crimes, saying the gift of two ships to stop people smuggling will “preserve lives at sea”. But critics say the offer is “collaboration” with a regime, the Sri Lankan government, that has come under fierce criticism for its human rights record.

#### *Carr’s support*

Former foreign minister **Bob Carr** has described a decision by the federal government to give the Sri Lankan navy two patrol boats as “sound policy” and revealed that Labor contemplated doing the same thing.

#### *CHOGM*

According to *The Australian*, **Tony Abbott** made history at the Commonwealth Heads of Government meeting in Colombo by forcing a statement of dissent on climate change into the leaders’ communique. For the first time in its history the CHOGM leaders’ communique included a statement that some member nations did not support.

#### *Canada Post*

Canada’s postal service will scrap door-to-door mail delivery over the next five years and cut as many as 8000 jobs to offset declining mail volume. According to *The Age*, Canada Post will stop delivering mail directly to individual households and Canadians will instead have to collect their mail from community mailboxes that are to be set up in neighbourhoods nationwide, Canada Post said. The new boxes will be installed over five years, starting in the second half of 2014. Two-thirds of Canadian households - those in newer suburbs, towns or rural parts - already receive mail delivery through community mailboxes or roadside kiosks.

#### *JFK*

The 22nd of November was the 50th anniversary of JFK’s assassination.

## Defence

#### *ANZAC win*

According to the Herald Sun, Prime Minister **Tony Abbott** will restrict the number of Australian politicians going to Gallipoli for the 2015 commemoration of the ANZAC landing.

#### *Marching*

According to the Herald Sun, Afghan war veterans will lead ANZAC Day marches in Melbourne and around the nation on April 25.

Up to 30,000 military personnel have served in the Middle East Area of Operations (MEAO) since 2001 and most of them are expected to march on ANZAC Day.

#### *Fox’s generosity*

According to the Herald Sun, Australia’s largest companies will be asked to contribute millions of dollars to a national fundraising drive to mark the ANZAC centenary. Leading businessman **Lindsay Fox** is spearheading fundraising to ensure the milestone is properly marked between 2014 and 2018.

#### *Jobs in sight*

According to the Financial Review, there are no easy options for the new Defence Minister **David Johnston**. The federal government’s promised budget austerity, and changing strategic interests, are now posing hard financial questions about the future size, structure and equipment requirements of the Australian Defence Force. As Johnston takes over the reins at Defence, he faces two fundamental realities: first, there is a large and widening gap between the \$25.4 billion Defence budget and the costs of personnel, equipment and operations; second, there is little prospect of any significant increase in the Defence budget, which has already been trimmed hard by the former Labor government. At the same time, as Australian troops leave Afghanistan, Johnston will have to consider and clarify how Defence resources are to be allocated in future between distant expeditionary operations in support of United States-led coalitions, and regional maritime operations designed to defend Australia and its direct approaches and secure and stabilise Australia’s Pacific neighbourhood and the wider Indo-Pacific region. The minister will quickly learn the ADF cannot do everything it might like to do in the region and the world, and the government might face tough choices.

## Sports & arts

#### *Missed out*

The National Gallery of Australia is “extremely disappointed” it was blocked from buying two paintings representing the first known depictions of Australian animals in Western art. The two 18th-century artworks by Stubbs will remain in Britain after a £1.5 million (\$2.5 million) donation by billionaire shipping magnate **Eyal Ofer** enabled Britain’s National Maritime Museum to buy the paintings. “The National Gallery of Australia is extremely disappointed with the outcome of this British process,” the gallery said. “The two Stubbs works represent the beginning of Australia’s rich visual culture and the gallery believes they have much greater relevance to the development of Australian imagery and art than to Britain’s maritime history.”

#### *Catholic art*

With its pictures of saints and themes of religious devotion, an exhibition of 100 paintings and drawings from Spain’s Prado Museum could be said to have God on its side. According to a report in *The Australian*, the exhibition, ‘Italian Masterpieces from Spain’s Royal Court’, at the National Gallery of Victoria from May to August 2014, will include a beautiful Holy Family painting by Raphael in the high Renaissance manner. NGV director Tony Ellwood said the gallery would make the exhibition known to Catholic schools and tertiary institutions, given the religious subject.

#### *Film grants*

**Kim Williams**, a one-time head of the Australian Film Commission and founding chairman of

the Film Finance Corporation (now Screen Australia), has compared Australia's film and television producers to farmers and the motor industry, saying they are overly dependent on subsidies for their survival. "Like many assisted industries, this one is unusually conservative and resistant to change in its support fabric," he told producers at the Screen Forever conference in Melbourne. According to the Australian Bureau of Statistics, the film and video production and distribution sector received \$102.7 million of federal government money in 2010-11 and an additional \$118.4 million of assistance from the various state governments.

## Society

### *Council of homeless*

**Tony Abbott's** government will abolish the Prime Minister's Council on Homelessness set up by Labor and overhaul strategy to reduce administration so providers can invest more on the needy. According to *The Australian*, some homeless service providers have been informed by the government the special council will be replaced by a new advisory group that will also deliver advice more broadly on housing issues.

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