

LETTER FROM CANBERRA

Saving you time for eight years.
A More Business-Like/Autumn Edition



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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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Letter from Canberra

A monthly digest of news from around Australia.
Saving you time; now in its eighth year.

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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.



The editor at work.

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.

The firm provides the following to clients:

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Contact alistair@affairs.com.au for more information.

Editorial

All Quiet of the Home Front, Mostly

Did the media get so tired and over worked during the Christmas/New Year break? Could they see that the Parliamentary Coalition parties were not going to move definitively on a new leader? That there was no one contender for the top position, of Prime Minister? Did the poll in February slow or show the media down, that it had been unsuccessful to date, with those that read newspapers and the ABC/Etc, and those that don't, and do not forget the interests of the non-parliamentary at a federal and state level, especially in New South Wales where there is an election at the end of March.

There is no doubt that media were presented with a feast of ideas. Prince Phillip's appointment, the relationship with the Queensland election. Use of the word holocaust in Parliament.

And this past week, when he said Aborigines should have a choice of how and where they individually and family-wise should live, his acknowledged personal positive interest in Aborigines has been mistaken by even some Aborigine leaders as a negative.

We have included some items that, as time goes by, have become historical, but a sense of history is mostly good.

It is worth a muse as to who and when and where and how and what the various levels of power including government were and are doing behind the scene. In the meantime, let's get on with running the country for the good times and also for a rainy day.

If we will, which I am pretty sure we will, have our current prime minister for some time to come, talking quarters and half years and years now, I reckon the new May budget will be something clear, to clearly look forward to. We/they have had the practice run. Let policies be clear and words be firmed up.

Our cover features Australia's best-known historian, Geoffrey Blainey. Your editor first related to him in about 1965 whilst reading *The Tyranny of Distance*. At about that time, editor was learning the Spar Spangled Banner and other songs, as an international exchange student in Maryland, just near that Nations' capital. He returns there in early May this year, with Letter Jacket and photographs in his suitcase to meet again some of the cleverest young people in the US fifty years on.

It made him proud of two great countries in only one year. Then he returned to Australia to read more of Geoffrey's books. His newest book rewrites Australian history, with different knowledge and reflections from his writings fifty years ago, with all of the subsequent information about the geography including the Australian coastline, the landscape and habitat, and who and what had come here and why.

Elsewhere in this Edition. A couple of col-

leagues have kindly let me include their own professional articles.

Feature: Introducing the "First Business Grant" idea.

By Neil Slonim

Politicians and business leaders are exhorting Australians to have a go at starting their own business but lack of finance holds many back. The banks only seem prepared to lend to existing small businesses where they can get property security so how do would-be first time business owners get a start especially if they don't have property security?

Here is our new idea that could solve this problem - the First Business Grant.

What is it?

The First Business Grant is the business equivalent of the First Home Owner Grant scheme that helps Australians achieve their dream of buying their first home. This is a national scheme funded and administered by the states. Last year in NSW and Victoria alone 7,100 grants were made for \$185m (average \$10,800 each). This scheme has a social benefit but any economic benefits are less apparent.

The First Business Grant would enable Australians to achieve their dream of establishing their own business and in addition it would generate clear economic benefits. This is hugely important given changes in our society such as younger people looking for more autonomous, flexible working arrangements, the increasing number of older Australians needing to work longer, the impact of technology and industry restructuring causing significant job losses.

How would it work?

Just like the First Home Owner Grant, people looking at starting a business for the first time could be eligible for a one-off government funded grant of up to say \$10,000 to assist getting their business up and running. This sum could be used to cover costs such as building a website and purchase of equipment like a computer or a vehicle.

Whilst the sum available to each new business owner under the scheme might be limited to say \$10,000, to encourage employment growth this could be increased by \$1,000 for every full time employee taken on by the new business to a maximum of \$15,000.

Governments could authorise banks to approve applications based on agreed eligibility criteria. Every new business owner needs to open a bank account so when they come to do this they can also apply to the bank of their choice for a grant.

When the new business owner approaches the bank to open an account and apply for the grant, they would also be free to negotiate additional bank facilities subject to normal terms and conditions. The banks say they are keen to support start-ups and SMEs so we can expect them to

jump at the opportunity of winning more new business customers.

Eligibility

Eligibility criteria might include:

1. Proof of establishment of new business such as registration of business name, incorporation of company etc.
2. Australian citizenship and a tax file number.
3. Financial and business literacy. Certain minimum requirements in terms of understanding key issues in starting and running a new business. For instance, satisfactory completion of government tools such as Starting Your Business Checklist and writing a Business Plan
4. The recipient must work in the business and have no other paid employment.
5. Undischarged bankrupts would be ineligible and only one grant can ever be made to the same individual.

Whilst sorting is always a possibility, controls ought to be able to be implemented to mitigate this risk.

Benefits

The major benefits of the First Business Grant include:

- Facilitates more Australians having a go at starting their own business.
- Creates new jobs, adds to GDP and tax base.
- Reduces the nation's reliance on big corporates and industries like mining.
- Gives banks more reason to engage with and support new businesses.

Cost

If 100,000 new businesses nationally each year were to receive \$10,000, the cost would be \$1b pa. This ought to be able to be justified in terms of the benefits outlined above. By way of comparison, the recently shelved Paid Parental Leave Scheme was projected to cost \$5.5b. If growing the SME sector really is a priority of our governments, we can't just talk about it, we need to commit the resources to make it happen.

Call to action

The First Home Owner Grant has helped thousands of Australians achieve their dream of home ownership and the First Business Grant can do the same for those who dream of owning their own business and it would also benefit the economy.

If you think this could work, please share this idea with your business colleagues, friends, clients, advisors and politicians. Clearly there are some challenges but we have to do something different to give the SME sector the kick start it so desperately needs.

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Empowerment through Employment

Neil Slonim is a banking advisor and founder of theBankDoctor the world's only specialist source of independent and free SME banking advice.

Feature: Primary Production Managed Investment Schemes

By Neil Slonim

Timbercorp has been featuring in the news lately and I'm amazed at the amount of finger pointing that has occurred. While I agree that companies like Timbercorp, Great Southern and their ilk were irresponsible and greedy in allowing too much investment to be poured into schemes that could never cater for the amount of land and management required, some of the blame should be with the financial advisers and accountants that happily took investor money without explaining the risks involved in such investments.

My involvement in the alternative managed investment market was in the compliance space. I was employed within a research house from 2002 to 2006 to assess the viability of Managed Investment Schemes (MIS) specific to the primary sector including Forestry, Horticulture and Viticulture. I left in 2006, just before the height of the boom, when investment into the sector grew to over one billion dollars. At the final stages of my employment, the reports written included the risk that the responsible entity may not be able to perform their duties due to the extensive offerings being provided to the market.

Our assessments never evaluated the tax benefits gained from investing into these alternative investments. Our role was to assess each project on face value, basically to scrutinise the documentation against the reality of what the project was trying to achieve. This included on-site assessment of the property and field management.

The company that I worked for was paid by the responsible entity not the financial services sector, even though the research was required by the financial sector as part of their due diligence. Therefore, while the responsibly entity could see and comment on the draft report, the executive summary and rating would be withheld until full payment was made. Once released, animated discussions would occur as the responsible entity would always expect better ratings than what they received. However, as they required the research report to market the product into the financial sector, these project managers would always come back the following year regardless of how vocal they were of the assessment.

During my time at the research house, projects like Timbercorp's bluegum scheme would only ever rate three and a half stars out of five due to the risks involved. This was not only because of the timber volumes expected but also the supply chain and infrastructure that still had to be established. There were several other risks associated with these projects relating to climate, geology and geography that needed to be considered. This was without looking into the company offering the investment, the management behind the investment and the product that was to be grown.

Given a rating of three and a half stars, I was always amazed that these projects would be oversold on an annual basis. In fact, many other investments that only received three stars or less were also hotly sought after. Many investors took the opportunity to invest in these investments even though the money invested would be tied up for the life of the investment with no guarantee of a return. There was also the strong possibility that further investment would be required prior to the project's conclusion.

Most of the projects assessed did offer tax benefits that were associated with the primary production component of the investment. While

this probably enticed most investors into the asset class, the generous commission structure associated with their sale provided easy money to the financial planner and/or accountant that recommended the product.

Some commissions offered were over 10% of the money invested, which although the investor was entitled to be reimbursed, most were unaware that \$10,000 of their 100,000 invested was being pocketed by the person across the desk. Hence why the agribusiness MIS market went from raising approximately \$200,000 in 2002 to over a billion dollars in 2007 and why some forestry companies diversified their offerings into horticulture and viticultural investments.

This diversification into alternative primary production was undertaken by many companies within the MIS sector including Timbercorp. As the name suggests, Timbercorp was originally a timber company, but diversified into horticulture production. At one stage, they offered the market managed investments in avocados, mangos, tablegrapes, truss tomatoes, almonds, olives and bluegum. The main reason for this diversification was the market demand within the financial sector. This is where some of the blame should be directed. Those financial and accounting organisations that took the commissions being offered and wrote as much product as they could get their hands on.

In 2003, the Australia Securities and Investment Commission (ASIC) released a report about the issues associated with high commissions being paid within the primary production MIS sector. ASIC, who is the regulator and where all MIS schemes are registered, found that high commissions correlated to poor advice being provided to investors (ASIC, 2003). ASIC reported on this very same issue in 2014, when they reviewed the life insurance sector (ASIC, 2014).

ASIC did investigate the collapse of Timbercorp, including whether inappropriate advice was provided. ASIC found that there was no systemic mis-selling of Timbercorp's schemes by financial advisers. However, ASIC did find that there were schemes promoted by other responsible entities where there were indications of potential inappropriate advice. In this case, ASIC did take action including client notification, procedures to make a complaint and AFS licences being reviewed (ASIC Website, 2015)

Primary production MIS if managed correctly is a good way of being part of the farming sector. It is also an ideal way of putting city money back into rural communities. However, it does need to be properly monitored and not incentivised. The managed investment scheme industry is now very small. The companies that currently exist in this market may have been dented by association but there are some good operators out there who are delivering on their product offering. This may not mean much to those investors that lost millions, but it does show that there is a place for agribusiness as an investment avenue. Unfortunately, as this asset class is not widely understood and the blame game continues to be undertaken, past failings may inhibit future investment into this sector.

Majella Hamilton completed a Bachelor of Agricultural Science at the University of Melbourne in 2002. After working for over 5 years within the agribusiness sector, Majella moved into business facilitation focusing on offshore growth and development, strategic planning, sales and marketing. She is currently Head of Business Development, Relationships & Project Management at Vocam Group.

Governance and politics

Abbott's Survival Guide

The *Herald Sun* reports that the next budget will need to be a no-surprises, modest offering that doesn't over-reach. In regards to higher education reforms and the Medicare co-payment, the government will have no choice but to drop its proposed changes. After repeated Senate de-

lays, the government split two controversial social services bills into four parts, hoping thereby to achieve passage for some of the budgetary measures which need to be negotiated with the other parties. Finally, the government needs to rebuild relationships with the Senate.

Let's Upgrade our Politics

Social Services Minister Scott Morrison has made a plea to 'upgrade' the quality of political debate in Australia, arguing that unless it is improved, reform in his portfolio will not be possible. As reported in *The Age*, Mr Morrison told the National Press Club that debates around Australia's \$150 billion welfare system and \$7 billion childcare payments should not simply be about 'whether we are better or worse off as a result of any individual measure. It's about, 'will the next generation be better or worse off?.'

Thrifty Fan

As reported in *The Age*, the new head of Australia's Treasury is a fan of the Ronald Reagan tax cuts in the US, believes austerity has had bad press and is wary of using government spending to stimulate the economy. Meet John Fraser, until a few weeks ago the head of UBS Global Asset Management in London. The Federal Government appointed him in December to replace the long-serving public servant Martin Parkinson, who stepped down after being told that he didn't have the confidence of the Prime Minister.

Up Queensland way

Queensland Labor leader Annastacia Palaszczuk is the state's new premier after the final results were finally declared on 13 February. Governor Paul de Jersey took many by surprise soon after by swiftly inviting Ms Palaszczuk to become the state's new premier, after the final results of the cliffhanger 31 January election were revealed. She has now formed a minority government with the support of independent MP Peter Wellington.

Deficit and Housekeeping

To work out how to close our deficit we should look to the successful examples of the UK and New Zealand, according to Dan Tehan in the *Financial Review* on 23 February. As every household and business knows: living within your means over time is not austerity, it is common sense.

Consequences for Naughty Terrorists

Australians who engage in terrorism could have their citizenship revoked or suspended under a dramatic strengthening of counter-terrorism measures extending to border control according to *The Age*. Dual nationals could be stripped of their Australian citizenship, and sole citizens could have certain citizenship rights – including the right to enter the country – suspended, leaving them unable to move if they are already abroad.

Triggs Offered an Illegal Deal

The Age has reported that the federal government has been accused of breaching the criminal code by offering Gillian Triggs an incentive to resign as president of the Human Rights Commission. It came after the Prime Minister and the Attorney-General, George Brandis, stepped up their attacks on Professor Triggs, whom they accused of having orchestrated a political stitch-up and losing the confidence of the Australian people.

Subsidise Our Children

The Productivity Commission's report into child care has proposed scrapping the existing childcare benefit and rebate in favour of a single means-tested payment. Under the commission's recommendations, childcare payments would be subsidised by between 20 and 85 per cent of total costs, depending on a family's in-

come.

But the move could see benefits paid to many families eroded, as reported by the *Herald Sun*, depending on how much their particular childcare centre charges. Childcare bodies say that most families would be left with less cash if the new method was adopted. Head of Early Childhood Australia, Samantha Page, said the system would not particularly benefit most families, particularly in major cities.

Political Stabs for The Children

Tony Abbott has rejected a call for a wide-ranging public inquiry into children in detention following the release of a disturbing human rights report saying that the detention programme is a 'transparent stitch-up', but the matter may still be examined by the Royal Commission into Child Sexual Abuse. Abbott rejected the Australian Human rights Commission's recommendation for a royal commission into the treatment of children in mainland and offshore detention.

The commission's report, *The Forgotten Children*, revealed alarming rates of physical and sexual abuse in Australian centres as reported in *The Age*. A spokeswoman for the sex abuse royal commission said that it was considering the findings of the report, although its jurisdiction was limited to Australian territory. Australian Human Rights Commission president Gillian Triggs repeated the call for a royal commission, while angrily responding to Mr Abbott's claim that the report was an attack on the government.

The 15-month inquiry involved interviews with more than 1000 children and their families. In releasing the report, Professor Triggs said both Labor and the Coalition policies had failed the children. The United Nations rushed to the defence of Dr Triggs, urging the federal government to 'respect the rule of law' in the protection of human rights and the Australian Human Rights Commission president's 'high reputation' as reported in *The Age*.

Senate Committee Activities Update

The Senate committee activities were published on an early page of *The Australian* on 4 February, to encourage public involvement and submissions from interested persons and organisations. The Environment and Communications Committee; the Economics Committee; the Education and Employment Committee; the Select Committee on Wind Turbines and the Community Affairs Committee are conducting several inquiries.

Ageing ABS Ill-Equipped

In an exclusive by *The Australian*, it emerged that the troubled Australian Bureau of Statistics' labour force survey is being compiled using computer code which is 30 years old. Newly appointed Chief Statistician David Kalisch has complained that the institution's ageing infrastructure is contributing to errors and difficulty in responding to the information demands of government and other users. While making a pitch for government funding to overhaul its systems, Mr Kalisch, 55, has warned business users that they can no longer expect to receive reams of ABS data free of charge.

Rapid Adviser Back flip

The former Howard government adviser who put a GP co-payment on the political agenda has called for the Abbott government to scrap its plan to introduce an 'optional' fee to visit the doctor. Policy consultant Terry Barnes, whose 2013 submission to the Commission of Audit kick-started debate about Medicare fees, said that controversy about the government's proposed \$5 co-payment was getting in the way of more substantial reform of the health system.

'These issues need to be set aside to make progress on broader fronts, maybe the time has come to consider doing so,' he observed. In December, the Prime Minister announced plans to

cut the Medicare rebate for GP visits for non-concessional patients by \$5, and give doctors the option to recover the lost income by a fee of up to \$5. He also announced an extension of a freeze of Medicare rebates through to 2018, as reported in *The Age*.

Expanding Budget Black Hole

The hit to the budget from collapsing commodity prices and the measures held up in the Senate could well mean that the budget may never get back to surplus, Treasurer Joe Hockey has told the Liberal party room. An independent assessment of the budget since May put the damage at \$46 billion to \$56 billion.

Major measures on hold include cuts to the Medicare rebate associated with the introduction of a co-payment for higher education (\$4 billion), the cuts to higher education (\$4 billion), the cuts to the Pharmaceutical Benefits Scheme (\$1.3 billion), the reintroduction of the fuel excise indexation (\$2.1 billion), various welfare cuts (\$4.3 billion), and a slide in commodity prices (\$35-40 billion). *The Age* reported that these sums would amount to a \$46 billion to 56 billion dollar hole in the budget period until 2017-18.

Federal Government Remains Steady

Joe Hockey has vowed to plough on with his plan to give the states \$5 billion to encourage them to sell their businesses, despite the rejection of electricity privatisation in Queensland, as reported in *The Australian*.

Spending Probe

The Health Services Union will expand its case against Kathy Jackson after uncovering further allegations of unauthorised spending by the union's former national secretary, who may also soon face a fresh criminal probe. WATCH THIS SPACE.

Minister of the People

Social Services Minister Scott Morrison appears to be backing away from his predecessor's plans to abolish the well-regarded Australian Charities and Not-for-profits Commission, amid sector opposition and an unsympathetic cross bench. The national charity watchdog was set up by the Gillard government in December 2012 following two decades of policy advocacy by the sector, but its abolition was an election commitment of the Abbott government, as part of its move to get rid of 'red tape.'

Moves to axe the regulator, prompted by lobbying from Cardinal George Pell's office, have been widely criticised by the sector, who say that keeping the Commission intact would improve transparency. Chief executive of World Vision Australia Tim Costello said that Mr Morrison's decision to put the bill on hold highlighted the fact that this is a minister for social affairs who actually listens to the sector.

Chances of an Abbott Resurrection?

According to Phillip Coorey in a *Financial Review* opinion piece, John Howard in 2001 climbed out from a deep hole, where Tony Abbott has neither the political nous nor the strong economy from which his old boss benefited. Howard knew when he was in trouble and went out of his way not to exacerbate things. Abbott returned after Christmas to announce the Prince Philip knighthood.

An Evaluation of Conservative Politics

According to Chris Earl in *The Age*, the deepening crisis in conservative politics runs deeper than just leadership tensions, and knighthoods. For the Liberal Party, the unfolding crisis is more than bad polls, poor campaigning and unwise decisions, or even the performance of leaders. When governments sacrifice all for the accountant's bottom line, they will surely lose.

The current federal government is putting itself into that very position; blaming the previous administration is no excuse to whack people harder. Australians voted in a new government to manage the country responsibly, with vision, not with slash, burn and harm.

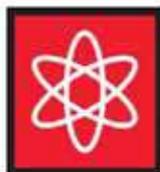
They certainly did not want a government full of surprises. Conservative governments have lost the ability to speak with plain honesty and explain the journey required for sound management, not just of the economy in general but of assets and services, to a significant proportion of the election: the Gen Ys, who mostly have never experienced tough economic times as did their parents.

The disconnect with people on the ground has produced a myopic approach to policy within conservative ranks. Such an approach has been strengthened by MPs reinforcing the view of heartlessness on their part, with their fondness for daily social media rants sledging opponents, instead of for putting in the hard yards and articulating an alternative vision.

Electoral success is driven by firm but fair leadership, sharing and mirroring the aspirations of voters and delivering policies that reflect core beliefs. Mr Earl is a rural and regional affairs consultant, a former editor of the *Ararat Advertiser* and a former member of the Liberal Party's Victorian Division administrative committee.

The Age

Tony Abbott's troubled leadership is simultaneously a symptom and a cause of his Government's problems. True, he has made a botch of his prime ministership for all the reasons that have filled the newspapers and news services for the past few weeks; the broken promises, the shock announcements and the highhanded attitude of his office. That is down to him. He takes the responsibility and has to bear the consequences.



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But the seeds of the government's political weakness were sown before Mr Abbott took over the Liberal Opposition leadership in December 2009. As Prime Minister he is a manifestation of that weakness. When the party room elected him leader a little over five years ago it soon discovered, to its relief, that he was exactly what it wanted. The government must work out what it is in office for, whether that be politics or policy.

She Continues

Health Minister Sussan Ley's first choice as top adviser was rejected by Tony Abbott's controversial chief of staff, Peta Credlin. *The Age* has confirmed that Rowena Cowan, who had been a senior staffer during the Howard government, was also knocked back. Ms Credlin is a member of the so-called Star Chamber that vets Abbott government staff.

The group includes ministers Kevin Andrews and Michael Ronaldson, communications director Andrew Hirst, Liberal Party Federal Director, Brian Loughane, and David Whitrow, who is chief of staff to Deputy Prime Minister Warren Truss. Her micro-management of staff choices has been a sore point among Coalition MPs.

Watch here

Brian Pontifex, a Perth barrister who is the current chief of staff to WA Liberal Premier Colin Barnett, has been recommended by Foreign Minister Julie Bishop for the post of ambassador to a peak international economic body, the Paris-based Organisation for Economic Co-operation and Development.

Abbott Staffer Causing Friction

Peta Credlin has attracted criticism from ministers and MPs for being too 'controlling' and not allowing the Prime Minister's cabinet colleagues to speak directly to him. *The Australian* reports that some cabinet ministers have also claimed that Ms Credlin is present in Cabinet too much.

Nationals Seek Written Guarantee

According to *The Australian*, Liberals are split over Malcolm Turnbull's suitability as a potential leader. Conservative MPs warn that his stance on climate change and social issues could reignite old divisions if a challenge to the current PM were to be mounted. Nationals MPs would demand a written guarantee that he will not pursue an emissions trading scheme, the legalising of gay marriage, or any back-tracking on asylum-seeker policy if he topples Tony Abbott to become Prime Minister.

Some members of the party's conservative wing said that Mr Turnbull could not secure the numbers to become leader if the agitation for change was brought to a head, and they viewed Julie Bishop or Scott Morrison as being in better positions to succeed.

Made in China

China's unknowing contribution of more than \$12 million to Clive Palmer and his Palmer United Party, combined with a further \$14 million injected by companies controlled by him, make the three remaining PUP seats the most expensive in federal parliament, at roughly \$9 million a head. Australian Electoral Commission figures have disclosed] show that Mr Palmer's tilt for power in the 2013 federal election and the subsequent Senate re-run had come in at a price of about \$26 million. Almost half of that amount was funded by China, which accuses Mr Palmer of dishonestly siphoning \$12.167 million of Beijing's cash, as reported in *The Australian*.

Recommend Crowd Funding

Laws to facilitate equity crowd-funding are set to become the first recommendation of the financial system inquiry adopted by the federal

government, with Minister for Small Business Bruce Billson saying it is 'a clear goal of the government to put a [crowd-funding] framework in place' and legislation should be introduced in the Spring session of Parliament.

Crowd-funding allows multiple investors to make small equity investments in a company through internet platforms and is being pushed by the government as an alternative to bank funding for small businesses struggling to access capital. Financial system inquiry chairman David Murray said in December that he worked closely with Mr Billson when he recommended the government 'graduate the fundraising regime to facilitate securities-based crowdfunding' according to the *Financial Review*.

What Are You, Abbott, Now?

Tony Abbott has junked his most controversial personal policies, has promised no changes to the GST without Labor backing, and has pledged to lead Australia's most consultative government in the future as he attempts to head off a further challenge to his leadership. Yet some Liberals remain hostile in the wake of mistakes, of the Queensland election result, and of polling which shows that voters expected Mr Abbott to be dumped before the next federal election anyway. Unveiling plans for a comprehensive families package, a new tax cut of at least 1.5 per cent for small business, tighter restrictions on foreign investment in the housing market, and stronger national security laws according to *The Age*]

Data Evokes Top Dog

The head of the nation's main spy agency has strongly defended proposals to require phone and internet providers to store customer metadata for two years, telling Fairfax Media that this was the 'minimum' which the Australian Security Intelligence Organisation would consider acceptable. Appearing before a parliamentary committee, ASIO director-general Duncan Lewis rejected calls from Privacy Commissioner Timothy Pilgrim for the period for which companies must store the information to be reduced to one year.

Royal Silence Stands

Buckingham Palace has maintained silence on the knighthood bestowed on Prince Philip even though technically, the Queen herself is knighting her husband. In response to a list of questions submitted by Fairfax Media, the Palace even refused to confirm whether the Queen would personally hand Prince Philip the insignia of the Knight of the Order of Australia. The previous two dames and the recently knighted Peter Cosgrove, since the order was reinstated last year, were all 'invested' in the order by the Queen in person.

More Bugs

One of the most senior police commanders in NSW, Nick Kaldas, returns to work in February as a parliamentary inquiry begins into a bugging scandal that threatens to split the force and could influence the choice of successor to Commissioner Andrew Scipione. Former NSW Premier Barry O'Farrell has backed Mr Kaldas, one of three deputies to Mr Scipione, for the top job, saying he was 'one of the most experienced police officer anywhere in this country and he could certainly go on to be a great commissioner.'

Whu? Why? Why?

The Campbell Newman state government's electoral rout – the dumping of a second first-term government in four months – was confirmation of 'unprecedented' volatility in the electorate, according to Attorney-General George Brandis. But Opposition Leader Bill Shorten has disputed this analysis, saying that it was a political system out of touch with voters which was responsible for the shock January result in

Queensland.

Meeting the Big Boys

After attending the World Economic Forum, Assistant Treasurer Josh Frydenberg says he is more concerned about the state of the global economy and is determined to reinforce the case for budget repair. In Davos, Switzerland, Frydenberg met officials from the International Monetary Fund and the World Bank, as well as various political and economic leaders from other major economies. In *The Age* he says that the prevailing view about prospects for global growth was 'less sanguine' than he had expected, with the United States being the 'one shining light.'

Mis-step Made in Isolation

When confirming his decision to honour the Prince of Edinburgh with an Australian knighthood, Prime Minister Tony Abbott conceded he didn't consult colleagues before his announcement. Mr Abbott praised Prince Philip as a 'great servant' of Australia. 'He is the patron of hundreds of organisations. He's the inspiration and wellspring of the Duke of Edinburgh's Awards, which have provided leadership training for tens if not hundreds of thousands of Australians over the years,' he said.

AAA to OOPs

Queensland is Australia's biggest state debtor, quadrupling its government borrowing between 2004 and 2011 as it struggled to keep up with population growth and became the first state to lose its AAA rating. Despite being a resource state with a shining new LNG (Liquefied Natural Gas) export industry, Queensland sits in the bottom half of state economic performance tables as housing, coal and tourism earnings sag.

Mounting debt was the reason that former ALP Premier Anna Bligh ambushed voters with an unannounced privatisation program, shortly after Labor won a fifth term in 2009. The backlash against that program paved the way for the Campbell-Newman-led Liberal-National Party landslide in 2012 and it still inhibits Labor now from saying anything sensible on debt and the future state economy, according to the *Financial Review*.

NOT For Sale

Joe Hockey has been giving evidence at a Federal Court trial beginning in March over a series of stories in *The Sydney Morning Herald*, *The Age* and *The Canberra Times* in May last year under the headline 'Treasurer for sale'. The stories claimed that annual fee-paying members of the North Sydney Forum could meet with Mr Hockey at special events. Hockey's legal team argued that the publication of the articles was reasonable as they contained information concerning government and political matters.

Increased Premiums Expected

The private health insurance industry expects Health Minister Sussan Ley to approve increases in premiums as high as 7 per cent this year. The 11 million Australians with private health cover will likely be hit by rises three times the rate of inflation from 1 April, because of increased use of services, rising care costs, and more expensive medical technology as reported in the *Financial Review*.

Party happenings

'Black' Laws Not Funny

In *The Age*, Rob Jackson contends that calls to amend section 18C of the Racial Discrimination Act would invite unfettered freedom of inflammatory opinion. Tony Abbott introduced a bill in May 2014 which was shelved the following August, due to fears of a 'complication' to relations with Australia's Muslim community. The existing 1975 Act outlaws racial discrimination in employment, accommodation, and goods and services. Section 18C was not added until 1995

to extend the reach to outlaw racially offensive behaviour in public reasonably likely to offend, insult, humiliate or intimidate.

Notably, religious faith was, and remains, excluded. Section 18D acted as a counter-balance to protect any fair comment or report in the public interest, and for any genuine artistic or academic purpose. Mr Jackson is a workplace relations lawyer whose practice includes discrimination law.

In the meantime, the Prime Minister is facing a rebellion in the Senate on the subject of 18C, with up to half a dozen of his own senators having indicated that they could cross the floor in favour of changing race-hate laws. West Australian senator Chris Back and Queensland Liberal National Party senator Ian MacDonald have told *The Age* that they will vote in favour of a bill designed to water down the Racial Discrimination Act.

South Australian Senator Sean Edwards has indicated that he could join them, arguing the Act in its current form suppresses free speech. Mr Abbott pledged before the 2013 election to repeal section 18C of the act after conservative commentator Andrew Bolt was found to have breached the Act, through his articles about 'fair skinned' Aboriginal people.

But the Prime Minister abandoned his pledge last year, following a fierce backlash from religious leaders and many Liberal MPs. Family First Senator Bob Day has now proposed removing the words 'insult' and 'offend' from the act, meaning it would no longer be a prosecutable offence to insult or offend someone based on their race.

The Controversial Credlin

Peta Credlin has decided to remain as Tony Abbott's chief of staff, rejecting calls from within the Liberal Party for her resignation. The 43-year-old has become the invisible woman of Australian politics, and her role has caused tension between the Prime Minister's office and his ministers, as reported in *The Australian*. She is clearly dedicated to the Liberal Party, not least via her 15 years of accumulated service. The difficulty for Ms Credlin is that every story and every press conference which is dominated by questions about her doings becomes another occasion where the PM cannot get his message across.

Thinking is Not Illegal

According to Greg Sheridan in *The Australian*, the revelation that Tony Abbott may have privately canvassed the possibility of sending more than 3,000 troops to northern Iraq, and may have talked privately of the possibility of doing so unilaterally, reveals nothing to the Prime Minister's discredit. In terms of national security, a government must always be judged on what it does, not what thoughts were expressed in private situations when it is thinking its way through a situation.

In the comment section of *The Age*, Fergal Davis says Abbott speaks the tough language of the post-9/11 era as he pushes for laws we simply don't need. He claims that the PM's terrorism talk is all rhetoric, with no new vision.

Family detail

A dispute about the Liberal Party's finances has caused a split in Tony Abbott's inner circle, with the party's federal (non-parliamentary) treasurer threatening to, then resigning over transparency issues, and also with alleged conflicts of interest involving Peta Credlin and her husband, Liberal Party federal director Brian Loughnane. In two emails reported by *The Age*, Phil Higginson wrote of being 'overwhelmed by the sheer vitriol' within the party at present and his unease at seeing his 'good friend' Mr Abbott being 'brought down this way.'

Mr Higginson explained in one email that he had

only signed off on the party's 2013-14 accounts because of a 'significant delay in obtaining the information I sought' from Mr Loughnane and the party's secretariat about expenditure. The email is a culmination of a lengthy stand-off between on the one hand Mr Higginson, a long-time friend and important fundraiser for Mr Abbott in his Warringah electorate, and on the other hand Mr Loughnane (as well as federal party president Richard Alston), over the direction and governance of the Liberals.

Mr Alston, who was a minister in John Howard's cabinet, has moved to change the role of federal party treasurer from being an honorary one to a contested position later this year. Higginson wrote that such a move 18 months out from an election would discourage donors and referred to what he believed was already a 'lack of trust within our donor base.'

Abbott Requires Personal Reform

Tony Abbott has done nothing to salve discontent on his backbench with his dismissive party-room 'slap-down' of MPs who advocated a less combative approach to the issue of children in immigration detention. They recommended that he tell voters how successful the Coalition had been in reducing the number of minors locked up. One MP referred to a 'cavalcade of complaints' in the meeting, and described Liberal parliamentarians as having pushed back against the Prime Minister's 'aggressive' style, his method of decision-making, and his public presentation.

Abbott had previously told Liberal MPs that his uncompromising approach would not change. He rejected their advice to go positive, and he told them that he would always call out a political stitch-up when he saw it, in relation to Professor Gillian Triggs. He also faced strong criticism from his backbench over the broken promise of future submarine construction in South Australia and on the 'captain's call' decision to dump veteran ex-minister Philip Ruddock as chief whip.

Whip Gets Whipped

Philip Ruddock, the longest-serving MP in the parliament, refused to comment on concerns about his removal as the government's Chief Whip. But he did say that complaints about his performance should have been raised with him. The replacement whip, 46-year-old Queensland Scott Buchholz, is the owner of a 65-hectare cattle property, and, as reported in the *Financial Review*, was elected as the first member for Wright (a constituency south of Brisbane) at the 2010 poll.

Abbott Loyalists Demand More

Two Liberal loyalists of Prime Minister Tony Abbott have called for new rules to prevent destructive leadership spills between elections. They have in mind similar reforms adopted by Labor in 2013.

Abbott Not That Unsteady

Some worried Liberals urged Malcolm Turnbull to declare his intention to challenge Tony Abbott before the attempted leadership spill in early February, to give the party a clear choice between staying with the Prime Minister or opting for a new direction as reported in *The Age*. Although erstwhile Howard government minister Peter Reith says that the Prime Minister is battling a grassroots parliamentary party member revolt, *The Age* disagrees with this sentiment.

Political analysts say that a Turnbull-led Coalition government would be a more attractive option to Victorian voters than Abbott. Meanwhile Howard has urged the Liberal Party to give Abbott more time to improve his performance.

Where Is Good Policy?

According to Laura Tingle in the *Financial Review*, Tony Abbott's personal political struggles are distorting major policy decisions in defence

and health-care. The Prime Minister nevertheless says that everything will now change. An early test of his resolve will be the government's families policy, with the new Social Services Minister Scott Morrison promising some bipartisan packages.

Internal Organs are Dysfunctional

The Prime Minister's leadership challenge revealed internal dysfunction. Even as those responsible for the challenge have enjoyed strong tail-winds from a slathering media, a supportive business community and an unprecedented period of leadership instability, revelations that have emerged in the wake the spill about the way the government's internal policy processes don't work – from submarines policy to health policy – are truly alarming reports the *Financial Review*. The fact that Tony Abbott did not make more radical changes in 2014 also caused business alarm to be more dubious about his judgement and less confident for his prospects in 2015.

Tony's Holocaust Blunder

Tony Abbott labelled questions about his office staffers as 'impertinent' amid pressure on the PM to remove his chief of staff, Peta Credlin. Mr Abbott also made a rare gaffe in Parliament, likening Labor job losses to the Holocaust where 'there was a holocaust of jobs in defence industries under members opposite,' he said. He made the comment in the middle of defending the government's policy on the topic of whether the Adelaide-based shipbuilder ASC would be able to bid for work on Australia's next generation of submarines. The PM apologised immediately for his remark, as reported in *The Australian*.

Industrial relations & employment

Give Me a Job

Australia's highest unemployment rate in over a decade has jolted the Australian economy, according to *The Age*, and increased the pressure on the Reserve Bank to order yet another interest rate cut when it meets in coming months. The national jobless rate jumped from 6.1 to 6.4 per cent in January. This increase means that we now have the highest level of unemployment in this country since 2002, and, with 800,000 people now officially out of work, we also have the highest aggregate jobless number since 1994.

Create 100,000 Jobs, Give Cash

Employers who hire young, old or retrenched workers for a minimum of just three months will be eligible for taxpayer-funded rebates of \$1,000 per capita, under legislation tabled in the Victorian Parliament in February. But the measure, announced by Labor in the lead-up to last year's state election as part of an ambitious pledge to create 100,000 jobs in two years, has sparked opposition claims the scheme could be rorted by unscrupulous employers.

Airline Secures Manpower

Qantas has secured a wage deal with one of its most outspoken industrial foes after more than two-thirds of Transport Workers Union members voted to approve of a new enterprise agreement. This deal, involving 2,600 workers, means that of the three unions which were involved in the 2011 Qantas grounding, only one – namely, the organisation responsible for long-haul pilots – has yet to sign a formal agreement. The decision, reported in *The Australian*, was supported by 70 per cent of TWU workers who voted for the deal. It reveals that the airline has now come to arrangements (including an 18-month pay freeze) with no fewer than 11 employee groups covering more than 7,000 staff in total.

Work More for Less, Fair Work

Business groups will use the leverage of a Fair Work ruling to seek penalty rate cuts across a

range of industries and awards, without the need for any new legislation. According to *The Australian*, the industrial umpire moved last year to reduce Sunday loadings for low-skilled casuals in the restaurant and catering sector. This year the Fair Work Commission will consider submissions to alter penalty rates across nine industry awards, with peak groups from the retail, pharmacy and restaurant sectors all pushing hard for a cut in Sunday rates. Industries which are affected by the issue range from amusements and events to hair-dressing and dry-cleaning.

True Blue Minimum Wage

The minimum wage is threatened, but the arguments against it are thin, said Peter Martin in an *Age* article recently. He argued that there's nothing more Australian than the minimum wage. Victoria, prior to Australia's federation, was among the very earliest parts of the Western world to introduce such a wage. Britain, the United States, and other lands did so only later.

Even now, those lands' minimum wages are nowhere near as generous as ours. It's why Barack Obama used his State of the Union address to call on Congress to lift the US minimum wage. And it's why Australia's Productivity Commission raised the prospect of dumping it.

A Victorian view

The effects of the Abbott government's attack on penalty rates have been revealed, with hundreds of thousands of Victorian workers set to suffer. As the Productivity Commission continues its review of penalty rates, the Victorian Government has released new figures showing how many Victorian workers rely on penalty rates. They include:

- 374,000 employees who usually work Saturdays in their main job
- 213,000 employees who usually work Sundays in their main job
- 328,000 employees who usually work paid overtime in their job
- 157,000 employees who usually work between 7pm and 7am

Case studies show that a Victorian machinery operator could lose up to \$428 a week, an effective pay cut of 32.8 per cent, while a retail employee could lose up to \$300 a week, a 24.5 per cent cut. Victoria's Premier said that the true effects of changes to penalty rates would form part of the Labor Government's submission to the Productivity Commission.

'If Eric Abetz says penalty rates are off the table, then why did the Abbott Government ask the Productivity Commission to look into pay and conditions for employees? This is just an attempt to sneak a revival of WorkChoices through the backdoor.' 'With the threat to penalty rates combined with high national unemployment, the Abbott Government is further dividing the workforce into the haves and have nots.'

Jobs of the Future

Department of Employment and Australian Bureau of Statistics figures show the industries with the best opportunities for job security. Hudson's Employment Trends report that these areas are health-care and social assistance; education and training; construction; administration and support services; and professional, scientific and technical services. All these areas are predicted to grow in terms of employment, as reported in the *Herald Sun*.

Attacks on Hockey's Super Planning

Joe Hockey's notion that Australians should in future dip into their superannuation, if they want to buy a first home, has been denounced widely, not least by a former Prime Minister. Paul Keating was quoted by *The Age* as saying: 'This idea is not responsible enough even to be

considered as a thought bubble.' Mr Keating, PM 1991-96, demonstrated characteristic aggression: 'I have never expected the Liberals to believe in much but as a conservative party you would expect them to believe in thrift. But the Liberal Party of Australia does not even believe in thrift. It is always trying to pull the plug out of the bath of Australia's universal superannuation pool.'

Stop Thrashing a Dead Horse

Industry superannuation funds have urged banks and the federal government to call off further efforts to change the default fund arrangements. Representatives for those funds, as reported in *The Australian*, said that a series of reviews had already endorsed existing arrangements. Industry Super Australia chief executive David Whiteley asserted that the warring sides of the superannuation industry – industry funds versus bank-owned retail super funds – needed to abandon quarrelling with one another over issues that, in any case, had been largely settled. Instead, he remarked, they should focus on other matters, including possible changes to concessional tax rates for retirement savings.

Superannuation Frustration Persists

Assistant Treasurer Josh Frydenberg is seeking to reduce union influence on the great bulk of superannuation funds, to make the industry more equitable, according to *The Australian*. He also said that there should be genuine competition in the choice of those funds, which pick up the big majority (some 80 per cent) of super contributions from newly hired employees in Australia. The real problem is that the people who are doing the choosing of these default funds are going to keep choosing what they've always chosen. You could say that 95 per cent of employers will stay with their existing list of default funds. Even then, it would be difficult for such providers to compete against well-established industry funds.

Big Brother Productivity Rebuff

In the *Financial Review*, the Fair Work Commission has relied on precedents stretching back to 1921 to rebuff an Abbott government bid to make Commonwealth public servants work the 38-hour week that is expected of most Australians in full-time roles today, rather than their 36.75 hour standard. The decision came a day after the Productivity Commission queried whether the uniquely complex and bureaucratic Australian workplace relations system suited the competitive challenges of the 21st century economy.

'As to the ordinary hours of work, we see no reason to depart from that which has applied for over 90 years,' vice-president Jo Catanzariti and commissioners Greg Smith and Leigh Johns wrote in their decision in *Commonwealth of Australia v the Community and Public Sector Union*. Business community representatives have welcomed the Productivity Commission's plan to re-examine whether minimum wages and other traditional features of the labour market help the poor and unemployed, or disadvantage them in a mobile and fiercely competitive modern global economy.

Revisiting Radioactive Relations

Penalty rates, the minimum wage, and the workplace flexibility of 11.5 million Australian workers: these three things will come under the microscope in a sweeping review of the industrial relations system. In an interview for *The Age* to mark the launch of five issues papers that set out the key areas which the inquiry will put under the microscope, Productivity Commission chief Peter Harris has promised that the review of Australia's workplace laws will 'bust myths' in the broadest review of industrial relations in over a decade. The editor wishes these claims could be true.

Financial Review columnist Jennifer Hewett says workplace 'reform' has been regarded as politically radioactive for close to a decade, during which the Coalition spend the last two elections distancing itself from associations with John Howard's WorkChoices. The long-awaited review of Australia's workplace laws will examine the effect of the minimum wage on employment, how penalty rates are set and what economic effect the loadings have on business and employees.

Business, economy, manufacturing & finance

ASIC and Poor Compliance

The Australian Securities and Investments Commission recently released a report into the quality of advice and of disclosure provided for primary production managed investment schemes. Entitled *Compliance with Advice and Disclosure Obligations: ASIC Report on Primary Production Schemes*, the report examines the correlation between the receipt of high commissions by financial advisers on the one hand, and on the other hand the provision of inappropriate or misleading advice, that advice being intended to encourage investors to place their money in such plans.

Airbnb Making Renters Money

Entrepreneurs are running networks of sublet apartments on accommodation sharing website Airbnb, allowing tenants to offset their rental costs and to return a property yield potentially double what the properties' owners can earn as reported in *The Age*. Rob Beck, general manager of Strata Community Victoria, called for owners corporations to be given the power via legislation to impose minimum rental terms for apartments in their buildings.

Worth it.

Woolworths is joining forces with eBay – one of its largest competitors – to make it easier for shoppers to collect online purchases. In the signed deal, eBay customers will be able to pick up their online orders from parcel pick-up points and lockers in more than 90 Woolworths supermarkets and Big W stores.

Network Upgrade at the Bus Stop

Bus stops and billboards across the country could soon become makeshift mobile towers. This is thanks to a global push by outdoor advertising giant JCDecaux. At present, Telstra, SingTel-Optus and Vodafone Hutchinson Australia are spending billions of dollars every year on building mobile towers and systems to expand their networks and attract more customers to boost revenues. But JCDecaux has signed on with Vodafone Group to push for a cheaper solution that installs 'small cells' into ad shells to give stronger high-speed 4G mobile phone signals to dense concrete jungles. The *Financial Review* says this could result in full-strength services in places that are now blackspots due to tall or dense buildings.

Japanese Toll Bid

Japan Post's shock swoop on Toll Holdings is part of a global reshaping of postal businesses. This dramatic change has been spurred by the rise of internet shopping. Toll Holdings recommended that investors accept a cash takeover offer of \$9.04 a share from Japan Post – a 49 per cent premium to the stock's standing price of \$6.08. Toll's board will consider any competing bids that emerge, but has unanimously recommended the offer and has not held talks with other suitors.

Toll's biggest single shareholder, according to *The Age*, former chief executive Paul Little, backed the proposed deal, whereby he will make about \$340 million from his 5.2 per cent share in the company.

Telstra's Data Stream

The Age announced that surging data usage has

helped Telstra record its strongest mobile revenue growth in three years as the telecommunications provider increased half-year profits to \$2.1 billion. According to Jennifer Hewett, the chief executive of Telstra, David Thodey, sees a revolution in people's behaviour at work and at home, and envisages options for better services delivered at lower cost across every industry, from mining to agriculture to education to health. However, customers really don't care how their obsession and their needs for connection and data happen. Whether it's mobile, fixed broadband or Wi-Fi, they just want communicating to be easy and seamless.

Incoming Telstra chief executive Andy Penn will replace Mr Thodey on 1 May, when the latter retires. Mr Penn joined Telstra in 2012 and also runs the telco's Asia strategy. He was formerly chief executive at AXA Asia Pacific, where he worked for 20 years before it was divided between AMP and AXA French SA in 2011 as per *The Age*.

Future Fund Green Light

Top health chiefs have thrown their support behind the Abbott government's proposed Medical Research Future Fund, saying that it could have an enormous impact on patient outcomes. The high-profile team includes the heads of some of Melbourne's leading medical research institutes, including Burnet Institute CEO Professor Brendan Crabb, Walter and Eliza Hall Institute Director Professor Doug Hilton, Peter MacCallum Executive director of cancer research Professor Joe Trapani, and Melbourne Health chief executive Dr Gareth Goodier. The \$20 billion fund, included in the 2014 budget, was linked to the controversial \$7 GP fee known as a 'co-payment', according to the *Herald Sun*.

What's the Price of a Letter?

Australia Post customers face a swag of price rises as the company continues to suffer massive losses. Prices are predicted to increase by up to 9.6 per cent. Blame for this outcome is being placed upon a combination of factors: a decline in the letters business, allied to higher delivery and transport costs. Australia Post's profit was pummelled last year, slumping by 34.5 per cent to \$116.2 million. Its letters division lost \$328.4 million.

Deliver at What Cost?

Australia Post would introduce a two-speed mail service with an increase in stamp prices of up to \$1.50 for its priority service and \$1 for regular mail, under a federal government rescue plan reported in the *Financial Review*. 'Either we get a massive injection from government to keep the business going or they give us permission to manage the business and no subsidy is required and the business can continue,' Ahmed Fahour, Australia Post's CEO, announced.

Research Funding Drought

Highly trained medical researchers are seeking to build careers for which there are too few grants to support them. The situation is leading to a ridiculous level of competition. As previously reported by *The Australian*, researchers are estimated to be spending a collective 614 years of work time every year finessing their grant applications. 'A full-time, lifelong career in research can only ever be available to a few,' National Health and Medical Research Council chief Warwick Anderson warned in a statement to the sector.

Global Slowdown Deadly

Australia's growth-focussed G20 agenda is at risk of failing as a result of worldwide slow-down in the pace of economic reform in rich countries, a slow-down fuelled in part from fears of growing inequality, the OECD has warned. In *The Australian*, the Paris-based organisation once again urged the Abbott govern-

ment to cut the company tax rate and broaden the base of the GST in its latest stock-take of the global reform. The OECD added that Australia's level of innovation activity was 'comparatively low' and universities and businesses needed to work together more closely.

Budget Could Explode, Any Time

Reserve Bank of Australia governor Glenn Stevens says that Australia's budget deficit could hit \$90 billion 'in a heartbeat' if there is a serious economic slow-down. The *Financial Review* says Mr Stevens's caution is a warning to Parliament that the budget is in a far more fragile position than most Australians realise. There are also warnings of volatility in global financial markets, as the United States starts moving its interest rates back to more normal levels while Europe and Japan continue their aggressive monetary policy easing.

Let the Navy Decide

Tom Elliott contends in a *Herald Sun* opinion piece that politicians are probably the worst people to decide the Royal Australian Navy's next-generation submarine purchase. But senior naval officers know what combat capabilities Australia requires; they also, Mr Elliott argues, have a pretty good idea which nation is best situated to construct those vital vessels. Experts should have the final say over our future under-sea warfare strategy.

Metadata Will Kill

Hundreds of small internet service providers are at risk of collapse under proposed new metadata laws. As the government ramps up pressure on Labor to support its new legislation, telco industry leaders warned that the 'half-baked' scheme would burden business with red tape according to *The Australian*.

Meta data is the from whom to whom and Mega data is the content inside, That is your editor's understanding.

International Monetary Drain

More than half of Australia's trade is money being sent offshore by companies to their overseas arms, with almost a third of it now going to Singapore and Switzerland. Australian companies sent more than \$100 billion to related parties in the low-tax nation of Singapore and another \$15.6 billion to 'hubs' in Switzerland, new tax office figures reveal in *The Age*.

The data, contained in the Australian Tax Office submission to the federal inquiry into corporate tax avoidance, gives a fresh insight into how commonly multinational groups shuffle money between countries.

Give Me a Woman

Superannuation funds representing \$1.8 trillion in retirement savings are threatening to vote against director and chair elections at companies with below-par female numbers. This move is part of a campaign to lift representation to 30 per cent by 2017. According to *The Australian*, The Australian Council of Superannuation Investors said that the rate of new appointments of women to boards was not high enough, and that it needed to accelerate to reach the 30 per cent target within three years. Female representation on the 200 biggest ASX-listed companies has grown from 8 per cent in 2009 to 19.6 per cent by 2014.

Nu NuFarm director

Doug Rathbone, veteran chief executive of agricultural chemical giant NuFarm, has been pushed from the helm of the company which he has effectively run and part-owned for the past 33 years. Chairman Don McGauchie decided that it was time for Mr Rathbone, 69, to leave the \$1.6 billion company where he had worked since 1973, according to *The Australian*. The company specialises in crop-protection chemicals.

Legal Poppy Processing Investment

The nation's only Australian-owned poppy processing company, TPI Enterprises, is planning to list on the Australian Securities Exchange according to *The Australian*, with a market value of over \$200 million after a capital raising backed by its biggest investors. Those investors include Washington Soul Pattinson and the Ashok Jacob-led Ellerston Capital.

RBA Talk

The Reserve Bank of Australia, according to *The Australian*, has punctured doomsday scenarios of a recession causing widespread mortgage defaults and bank collapses, with financial stress-testing of households showing that over the last decade they have become more resilient than they were.

Hot Property Fears

Bankers and mortgage industry veterans have moved to dispel fears that the Reserve Bank's interest rate cut will further ignite already hot property markets like Sydney. These veterans insist that regulators are still keeping a tight leash on lenders to head off a housing bubble. 'APRA is in there talking to all the banks and having a very, very good look at what they are doing ... so overall I'm very comfortable where the housing market in Sydney is starting to behave more sensibly,' said Aussie Home Loans founder John Symonds to *The Australian*.

Reserve Bank Cuts Confidence

The Reserve Bank has joined the world-wide trend to ease monetary policy, cutting official interest rates for the first time in 18 months in early February. This move casts doubt on the health of the Australian economy and paves the way for official interest rates below 2 per cent by Christmas.

As reported in *The Australian*, after holding rates at 2.5 per cent for 17 months in a row – the longest period of stability since the mid-1990s – the Reserve Bank Board, in its first and likely most controversial meeting of the year, cut the cash rate to 2.25 per cent, dragging the Australian dollar down to a new six-year low of US76.5c. The prospect of cheaper money, which blindsided the 90 per cent of market economists who expected no change, sent local stocks soaring.

Westpac chief economist Bill Evans, who was the only major chief economist to predict the decision, said that the Australian economy had been slowing more quickly than the RBA had anticipated and expected the RBA to cut again next month.

Family Violence Victims Excluded

Australia's consumer watchdog has warned energy retailers that if they try to transfer utility debt to family violence victims, they could be breaking the law. According to *The Age*, the caution from the Australian Competition and Consumer Commission was triggered by a report which found that in many instances, domestic violence victims were being pursued for utility debts incurred in the name of their abusive partner for shared accounts. This procedure is illegal, but it still happens.

Baida Fowl Play

The competition watchdog is reviewing allegations of price-fixing involving Australia's biggest chicken supplier, Baiada. The Australian Competition and Consumer Commission probe comes as *The Australian* revealed complaints from a large processor that Baiada sold chicken that was bruised, unsellable or quickly went off. Roast chickens coming from Baiada have been sold at Coles as simultaneously RSPCA-accredited and kosher, which is not possible, after an error made by the retailer.

Frydenberg Seeking Restoration

New Assistant Treasurer Josh Frydenberg

wants to restore confidence in the scandal-ridden financial advice industry, to lift the number of Australians seeking financial advice, and to launch a public financial adviser register by March. He is considering a controversial proposal to give product intervention powers to the Australian Securities and Investments Commission. Mr Frydenberg wants to 'maintain integrity' in the sector without blowing out compliance costs and red tape. 'We need proper regulation but it needs to be efficient and stress-tested, proportionate to the risk and international best practice,' he said.

Central Bank Dilemma

Alan Mitchell writes a compelling column in the *Financial Review* stating that monetary policy easing around the world is making it harder for the RBA, where the economy requires one interest rate for the economy and the real estate market requires another.

Cheap Petrol Helping Hand

Cheaper petrol prices are providing more support for the average Australian household than an interest-rate cut would, according to Fitch Ratings in the *Herald Sun*.

McLeod's Bi-Lo Exit

Former Coles boss Ian McLeod, who engineered a turn-around of the ailing retail giant, will leave the Wesfarmers Group to become president and chief executive of Bi-Lo Holdings, one of the biggest supermarket chains in the US.

Trade

Biggest Kept Trade Secret

The Trans-Pacific Partnership is the biggest free-trade agreement hardly anyone has ever heard of. Below the radar for half a decade, it's set to deliver much more money and power to United States pharmaceutical companies, to criminalise the use of technology in ways that don't presently attract jail time, and to set up outside tribunals to reconsider Australian court decisions. Taking part are countries which together amount to almost 40 per cent of the world's economy.

They include the industrialised nations of Australia, Canada, Singapore, Brunei, New Zealand, Chile, Mexico, the US, and Japan, and the less-developed nations of Malaysia, Peru and Vietnam. If China joins later, as expected, it will be nearly 50 per cent. In each negotiation, the U takes 80 specialists, Japan 120 and Australia 22 where the agreement is secret, where even the negotiators know little more than the chapter they are working on, where there are more than 20 chapters.

The agreement is expected to address regulations on medications and vaccines, the establishment of a nationally independent court of review and higher intellectual property demands.

Have Some Sugar

Trade Minister Andrew Robb is pushing for

greater access to the US market for Australian sugar exports, as expectations mount that the giant 12-nation Trans-Pacific Partnership could be wrapped up by May. *The Australian* understood that access for sugar to the US market has been a key focus of the government's final push on the TPP. Sugar was not included in the US free-trade agreement when it was signed a decade ago, and sugar exporters were disappointed with the outcome of last year's trade deal with Japan.

Damaging Australian Deal

According to Shiro Armstrong in the *Financial Review*, the critics were right. Ten years after the Australia-Free Trade Agreement (AUS-FTA) came into force, new analysis of the data shows that the agreement diverted trade away from the lowest cost sources. Australia and the United States have reduced their trade by \$68 billion and are worse off than they would have been without the agreement. However, the cost of any political gain derived from the deal has not been trivial, although substantial economic damage may ensue.

Secret International Outsourcing

Need a new liver? Why not head to France? A hip replacement? Japan could be the place for you. According to a leaked document to *The Age*, the highly secretive Trade in Services Agreement (TiSA) negotiations in Geneva includes discussion of wide-ranging reforms to national public health systems to promote 'off-shoring' of health-care services.

Tax

What's Happening with Tax Reform?

The Coalition is moving towards the introduction of a two-tiered corporate tax system for the first time in 40 years. This comes after Social Services Minister Scott Morrison confirmed that the levy originally designed to fund the now abandoned Paid Parental Leave scheme would not be redirected to childcare.

The Australian understands that the proposed PPL levy of 1.5 per cent, which would have been paid by the nation's 3,000 biggest companies, will be dropped, but that the government will revoke a promised cut in the corporate tax rate from 30 per cent to 28.5 per cent to ensure there is no impact on the federal budget. Small companies outside the top 3,000 will still see a cut in their corporate tax rate to at least 28.5 per cent, creating a two-tiered corporate tax structure last seen between 1948 and 1972.

The future of the \$4 billion levy has been uncertain since Tony Abbott used his National Press Conference speech in early February to announce that the PPL scheme would be ditched in favour of a new childcare package.

Hockey Threatens Bracket Creep

Joe Hockey has warned that if Labor continues to block savings measures in the Senate he will not be able to stop Australians' income tax burden increasing through bracket creep. The Treasurer told *The Age*, 'we have been warning

about bracket creep and we want to deliver tax cuts, but the Labor-controlled Senate continues to block savings measures that would help pay for those tax cuts, which will inevitably fall on middle Australia.'

Tourism

Biking in the Alps

High across the roof of Australia, the alpine country is quietly being transformed, as ski resorts hurl their businesses off-piste and into the gravity-fed world of mountain biking. The one-in-a-century drought that broke several years ago left resorts from Thredbo in NSW to Mount Buller in Victoria trying to manage increasingly unpredictable weather, forcing ski managers to draw from the North American and European experience.

In the northern hemisphere, skiing destinations have for years been supplementing once-meagre summer income with mountain biking, which is best conducted in the dry weather, when trails are accessible and least likely to be damaged. To the uninitiated, mountain biking is to alpine country what surfing is to the ocean: an often rhythmical pursuit that rewards with sweet moments of downhill riding after climbing at times more than 1000m in one ride.

Qantas Warns Bogans

Qantas has warned that from 1 April, lounge managers will exercise their right to refuse right of entry to those who don't meet minimum sartorial standards. Its move comes in response to feedback from customers unhappy about poorly dressed fellow flyers. The *Herald Sun* reports the requirement is for 'smart, casual dress standards to apply at all times.' Singlets, rubber thongs and midriff-baring tops are not acceptable.

Climate change, environment & energy

Cheap Solar Panels Burn-Out

Australians are buying cheap roof-top solar panels that fail long before their promised lifespan. Those failures have prompted allegations that a federal rebate scheme needs to be overhauled, so as to prevent dodgy systems receiving public subsidies. Solar industry experts say that lax rules covering the scheme, which provides incentives of up to \$4,350 for a \$5,500 rooftop system, mean that solar power is not always delivering the environmental benefits promised.

According to *The Age*, an explosion of cheap, mainly Chinese-produced solar panels has flooded the market over the last five years, and these products are failing to provide 15 years of clean power.

Fuel Security Questioned

Department of Industry and Science officials were admonished by senators from all sides of politics at an inquiry into fuel sustainability. The officials initially claimed that Australia had 55 days' worth of fuel in reserve, but then they

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changed their tune by conceding that they did not know the exact time-frame, and by saying that stocks could actually be closer to 34 days than to 55.

Countries including Japan and the US have mandated a 150-day minimum fuel supply in storage, and they have also mandated bigger supplies still when crude oil stocks are considered.

But Australia now imports 91 per cent of fuel as refined petrol, after local refineries were shut down. Industry Department associate secretary John Ryan acknowledged that there was no government policy on keeping a minimum fuel reserve in Australia. Nor was there a government policy on determining any level of refining capacity that must be retained. Australia relies on a single mega-refinery in Singapore for half of its unleaded petrol supply.

Cyclone Marcia Rips Through

Queenslanders were left reeling after Tropical Cyclone Marcia tore through the state's central coast. Only five previous recorded Category Five storms have ever hit the Australian coastline, including Cyclone Yasi in Queensland in 2011. Initial claims from property and car owners in areas hit by Cyclone Marcia have risen to 4,350, but insurers have conceded the figure is likely to rise when residents return to their homes and assess the damage. The Suncorp bank has fielded over a third of the queries so far, as reported in the *Financial Review*.

Cutting Edge Power Production

Australia's \$16 billion in thermal coal exports could be protected from climate change pressures by ultra-low emission power stations, of the sort that Japan's electricity industry is seeking to export through Asia. On a tiny island in Japan's inland sea near Hiroshima, Osaki Coolgen Corp is building a \$US900-million experimental high-tech power station which turns coal into gas generating steam to drive turbines.

According to the *Financial Review*, this leading-edge technology has the potential to transform coal-based power, which has been slighted by critics but remains the major source of electric power for most of the world, especially in developing economies.

Support Us, Don't Bring Pain

Australia's coal sector contributed \$66.2 billion to the East Coast economy in one year, a figure which top miners warn is at risk from 'unsupportive' governments stifling growth. The coal exporting states of Queensland and NSW provided that significant boost to their economies in 2013-14 through direct and flow-on contributions. Economic research compiled by Lawrence Consulting also highlighted another fact: that the sector in those two states employed, directly and indirectly, 381,815 full-time employees.

Coal has become the chief enemy to a growing chorus of groups that are determined to shut the industry down, but ministers also fear that quite apart from those protests, current regulatory policies are hurting jobs and growth. Anglo American's chief executive of coal, Seamus French, said that the figures reported by *The Australian* confirmed the mining industry's significant contribution to the economy. He warned that unsupportive regulatory environments put future investment and sovereign wealth at risk.

Pursue Affordable Energy

Shell Australia chairman Andrew Smith has warned that turning away from affordable energy will have serious consequences for the economy and for people's lives. Mr Smith was making the call in response to the Global Divestment Day, which aimed to have institutions and individuals dump investments in fossil fuels. Over the years, Mr Smith said, energy com-

panies had become solid investments and were often the best performing companies. Green campaigner 350.org said that Australians joined people in 48 countries spanning six continents to participate in the Global Divestment Day, which called on institutions and individuals to 'break up with fossil fuels', according to *The Australian*.

Plans Drafted to Sell Assets

Former NSW Labor Premier Morris Iemma has endorsed the logic of the Baird Liberal-National government's proposed sale of the state's poles and wires to fund \$20 billion in infrastructure. Mike Baird's proposal to lease 49 per cent of NSW's state-owned electricity transmission and distribution businesses for 99 years – and the Labor Party's opposition to any such sell-off – will be the central issue at the state's 28 March election, the *Financial Review* noted.

Renewed Attitude to Industry

The federal government is working behind the scenes to end its damaging row with the renewable energy industry, by increasing the level of mandatory renewable energy which it is prepared to accept. Industry sources have told the *Financial Review* that the government has lately shifted from its original position of allowing a maximum production of 27,000 gigawatt hours of renewable energy a year by 2020, to as much as 33,000 GWh. The industry was thrown into uncertainty a year ago when the government commissioned businessman Dick Warburton to inquire into the RET.

Hydro Caught Red-Handed

Snowy Hydro is to seek a change to market trading rules after being hit with a \$400,000 fine for breaches of rules prices in the wholesale electricity market over a 45-minute period. According to *The Age*, the Australian Energy Regulator launched legal action against the electricity company in mid-2014, alleging that there was a series of moves by Snowy Hydro to manipulate prices in the wholesale electricity market in 2012 and 2013.

Energy Companies Don't Need Help

Santos chief executive David Knox has insisted the oil and gas producer has no need to raise equity, despite the plunge in crude oil prices having forced upon the company a \$2.4 billion asset write-down. The large cuts to the carrying value of Santos assets across Australia and Asia add to the mounting toll from the sinking oil price across the sector, with Woodside Petroleum and Oil Search having already admitted to \$738.5 million worth of impairments between them, as reported in *The Age*.

Protect the Barrier Reef

Queensland's new minority Labor government is being pressured from all sides to deliver on promises to boost protections for the Great Barrier Reef. According to *The Australian*, Federal Environment Minister Greg Hunt called for state legislation to outlaw any future coal and port development at Keppel Bay in central Queensland. Meanwhile, Green groups are demanding that the state ALP hold firm on its promises (which it made when it was still in opposition) not to fund infrastructure for the Abbott Point coal expansion. These groups have called for a full inquiry into the financial affairs of Galilee Basin developer Adani. Mr Hunt confirmed that he had put any decisions on Abbott Point on hold pending advice from Queensland on how it planned to proceed.

Waste Dump, SA

Former Prime Minister Bob Hawke has backed siting a waste dump in South Australia after that state's Premier, Jay Weatherill, revealed that he would hold a royal commission into the state's deeper involvement in the nuclear industry. The commission's findings could also open the door to opportunities for nuclear generation and con-

struction of nuclear powered submarines in the state, said nuclear physicist Ziggy Switkowski, who led the 2006 Commonwealth government inquiry into the viability of a domestic nuclear power industry.

Uranium on the Table, Again

Jay Weatherill has revived the politically volatile issue of whether Australia should use its rich uranium resources to found a nuclear industry by calling a royal commission into the possibility. The *Financial Review* reported that this initiative by South Australia's ALP Premier threatens to split the Labor Party, at a time when its political fortunes around the country are rapidly recovering from the 2013 low point after the Rudd-Gillard government lost power and most states fell to the Coalition.

Meanwhile the Labor party is resorting to mission creep over nuclear power as pressure builds for it to abandon its 50-year opposition. Prime Minister Tony Abbott has backed the 'common-sense' initiative.

When the issue of nuclear power was raised by Mr Weatherill in early February, Green activists quickly pointed out that nuclear power is more expensive than almost any other form of energy in Australia. Mark Lawson in the *Financial Review* says that such activists should not start throwing stones in glass greenhouses, especially in relation to trading off costs against emissions, and when it comes to working toward a reliable production of electricity.

For those interested in the costs of different sources of energy, both the US Energy Information Administration and the Australian Bureau of Resources and Energy Economics have produced what are known as levelised Cost of Energy comparisons.

Power Handover Challenged

NSW and Queensland's plans to sell their electricity network companies could be undermined by a looming battle with the pricing regulator, a Senate inquiry has been warned. The Australian Energy Regulator issued a draft decision in late November. This decision urged that NSW's four network power companies slash prices by up to 36 per cent, cutting average household power bills by \$300 per year *The Australian* reports.

That was welcomed by consumers, but the Electricity Networks Association, whose member companies will have to cut costs, has slammed the announcement in a submission to the inquiry. It has warned that the decision, were it to be implemented, could reduce revenue to state budgets from the planned long-term lease of 49 per cent of NSW and Queensland's electricity network firms. The Association said that excessive cuts to NSW and Queensland network businesses could hurt the privatisation transactions.

Calculated Climate Confusion

According to Alan Moran in a *Herald Sun* opinion piece, world growth is resulting in a doubling of the atmospheric composition of carbon dioxide and other 'greenhouse gases'. Present concentrations are at near-record lows and a doubling of greenhouse gas concentrations is harmless to health.

The concerns revolve around the knock-on effect on climate. Some point to the unusually warm temperatures of 2014 as evidence of climate change, but on the whole global temperatures have remained unchanged for the past 18 years. Across the world the issue has led governments to pour some \$100 billion into research and more into renewable subsidies. The bottom line is that although the IPCC overstates the economic costs from its own predictions of global warming, these costs are small.

A Climate Luke-Warmer

In *The Australian*, Matt Ridley writes a per-

suasive opinion article, claiming to be a climate lukewarmer. He thinks that recent global warming is real, mostly man-made and will continue, but no longer believes that it is likely to be dangerous. Rather, he now considers it to be a slow and erratic process which should be expected in the future too.

He concludes that he has never met a climate sceptic, let alone a lukewarmer who wants his opponents silenced. He wishes he could say the same of those who think climate change is an alarming prospect.

Glencore Investigated by Church

The Uniting Church has revealed in *The Age* that it hired a private investigator in a bid to uncover information about Glencore's dozens of coal subsidiaries in Australia and their tax affairs. In its submission last February to a Senate committee inquiry into corporate tax avoidance, the church has raised a series of questions. Its Victorian social justice spokesman, Mark Zirnsak, said that Glencore had been on the church's radar over tax transparency for several years, but that the case study on the trading group was 'not a witch-hunt.' The Uniting Church is a member of the Tax Justice Network coalition, several other members of which have filed submissions.

Agriculture

We Want to Be Statistics

The Australian Bureau of Statistics should be stripped of its role as the official agricultural number cruncher. That's according to the Australian Farm Institute, which believes that the statistics body is failing the sector, its budget cuts having made the compiling of agricultural statistics a low priority. The ABS reported a 'bumper barley crop' from the 2013 harvest in a media release on 21 January 2014 – almost a year after the harvest wound up. And it came 11 months after the Australian Bureau of Agricultural and Resource Economics and Sciences' estimate of the same crop according to the *Weekly Times*.

AFI executive director Micky Keogh said that *The Agencies* also had differing formulas for calculating other significant data. 'ABARES and ABS don't even classify farmers the same, so you get vastly different numbers about how many farms operate in Australia.' He called for the ABS to hand over its role as the official agricultural statistics agency to ABARES, demanding a system that was 'operated and managed by personnel who have expertise in agriculture.'

Tales of Bureaucracy

Food ministers have rejected advice from Australia's food standards agency that hemp be allowed for use in food. Hemp is a species of cannabis, but unlike marijuana it contains no or very low levels of the mind-altering chemical tetrahydrocannabinol (THC). It is currently used in Australia for clothing and building products, but cannot be used in food. In 2012, Food Standards Australia New Zealand approved an application to include hemp in food. Food ministers asked *The Agency* to review its decision, but instead *The Agency* reaffirmed it, noting that foods derived from hemp seeds did not present any safety concerns.

Nevertheless, at a meeting in Auckland on Friday, food ministers resolved to reject the decision. As a consequence of their resolve, the sale of foods containing hemp remains banned. Ministers were concerned about how foods containing hemp would affect roadside drug testing, and also that the marketing of hemp in food may send a confusing message. Hemp is used in other countries, including in Europe, Canada and the United States in foods such as health bars, salad oils, non-soy tofu and non-dairy cheeses.

In New Zealand, hemp seed oil can be sold as a food under certain circumstances as reported in *The Age*.

Organic Sale Costa Lot

Frank Costa says that his Costa Group could be the latest agricultural company to be sold to overseas interests after Australia's largest grower and distributor of fruit and vegetables confirmed that it was for sale, according to the *Financial Review*.

Media

Free Sex, Nudity and Swearing

Commercial networks, according to *The Age*, would be able to broadcast sex, nudity and swearing from 7.30pm under new guidelines proposed by Australia's free-to-air television industry body. They would also be able to air ads for alcohol from 7.30pm. Under the existing code of practice, such material – classified M or MA – cannot be aired before 8.30pm (for M) and 9pm (for MA).

Media Given up Honesty

Jonathan Holmes says that the case for genuine reform has barely even been made in recent years, with media outlets being unremittingly hostile to any options on the table. Wouldn't it be nice, Mr Holmes observed, if the media rewarded politicians for telling the truth, and punished them for telling porkies and fairytales? Wouldn't it be nice if the media held politicians accountable?

Digital ID Not Appropriate

A digital ID for all our official details is a security risk and a treasure chest for business according to Adam Henschke in *The Age*. Communications Minister Malcolm Turnbull has been given the job of creating a new Digital Transformation Office. In part this will oversee the development and introduction of a single digital identity to access an integrated range of government services.

An online ID substantially reduces individual privacy; it gives increased power to government departments over people; it is a lure for future privatisation; it is a massive cybersecurity risk; and if past experience is indicative, it will be dramatically more expensive than expected. From an ethical and a practical standpoint, such a program is quite worrying. Dr Henschke is a research fellow at the Australian National University's National Security College.

Easy as ABC?

The ABC's most senior programmer has claimed that the public broadcaster has achieved 'highly competitive' ratings, despite new data showing a dramatic drop in key audience groups. Director of Television Richard Finlayson, who reports to ABC boss Mark Scott, is fighting claims that the public broadcaster is losing viewers in the over-55 age bracket during prime time, according to *The Australian*.

Justice

Take This Mess Elsewhere

The High Court threw out a bid by the Victorian construction union to delay a long-awaited trial over allegations that it imposed a cement boycott on Boral. Judge Kenneth Hayne said that the Construction, Forestry, Mining and Energy Union should have gone to the Supreme Court to seek a stay on the trial over the union being in contempt of a Supreme Court injunction, as reported in the *Financial Review*.

Coming by the Boatload

Boatloads of asylum-seekers continue to be intercepted and prevented from reaching Australia, including one such boat which was discerned after Peter Dutton assumed the immigration portfolio in late December. The revelation that three boatloads have been returned to Indonesia and Sri Lanka since September came as

the High Court upheld the government's legal authority to detain refugees at sea.

Fifteen boats have been returned to their countries of origin since the Abbott government assumed power in September 2013, according to *The Australian*.

Government Actions Not Illegal

The Australian government acted legally when it detained 157 Tamil asylum-seekers on the high seas for a month last year, the High Court has ruled. In a 4-3 majority decision, the court found that the 157 asylum-seekers were lawfully held by Australian authorities on the Customs vessel Ocean Protector and the asylum-seekers, now in Nauru, were not entitled to any compensation.

Lawyers for the asylum-seekers had argued, during a two-day High Court hearing in October, that the government could have sent the group straight to Australia or Nauru once the asylum-seekers had been rescued from their boat which had suffered a pump failure 16 nautical miles off Christmas Island on 29 June 2014, according to *The Age*.

Metadata Vanishing into Eternity

The Age announced that Australian internet firms are wiping some customer metadata immediately or within days, causing problems for law enforcement, including an investigation into a potential child rape that had to be abandoned. As the federal government steps up its contentious push to force internet providers to retain metadata, it has provided examples of how metadata is used by the police, including a case in which the Australian Federal Police had to drop an investigation into an internet user who had said online that they planned to sexually assault a baby.

Judge Caught Red-Handed

As noted in *The Age*, former NSW Attorney-General and Supreme Court justice John Dowd resigned as chairman of a construction company after the federal police charged two of his fellow directors with bribing Iraqi officials to win a multi-million dollar contract. Mr Dowd was Liberal Opposition Leader in the NSW Parliament from 1981 to 1983, during the late Neville Wran's ALP premiership.

Broadband & IT

Stop Fighting Over the Phone

NBN Co is ramping up its assault against TPG Telecom's moves to cherry-pick its most lucrative customers. It has now unveiled plans to connect about 6,000 apartments with its fibre network by the middle of this year. In a move devised to protect NBN's business case and revenue from competitors, the company will connect 43 blocks (containing 5,930 apartments in NSW, Victoria and the ACT) to its super fast fibre network in July. TPG has been NBN's main competitor in the battle to connect apartment buildings with fast fibre connections, but the telco was forced during March to withdraw its fibre-to-the-basement product from sale, following regulations put in place by the government to protect the NBN monopoly from competitive threats.

According to *The Australian*, the telco's withdrawal came after Communications Minister Malcolm Turnbull late last year ratified changes to the telecommunication carrier licence. Those changes compelled companies offering high-speed broadband networks to provide wholesale access on a non-discriminatory structurally separated basis, ensuring the ability of customers to choose from multiple retail service providers. The rules requiring TPG to split its wholesale and retail divisions were introduced in order to make certain that the telco would charge rivals the same price which it charges its own retail division.

But the deadline to comply with the new wholesale conditions was not being met by TPG, and the company has temporarily withdrawn the sale of its fibre broadband services to apartments.

Transport & infrastructure

Pay More for Australian Roads

Car owners could be forced to pay more for vehicle registration as a direct result of Australia's rapidly vanishing capacity to refine crude oil. The warning, made in a state government submission to the Senate inquiry into the nation's fuel security, is that the dwindling output from local refineries will mean that bitumen for road making, a by-product of oil refining, will have to be 100 per cent imported according to *The Age*.

It Takes Two to Tango

Federal hopes of boosting infrastructure spending are being frustrated by the poor financial position of state governments, which, as reported by *The Australian*, are cutting back as fast as the federal government increases its contribution. Government spending on engineering and construction work this year will be 19 per cent less, in its entirety, than the peak reached in 2012-13. And a total public-sector investment will be down by almost a third.

Estimates by the consulting firm BIS Shrapnel show that there will be some recovery over the next four years, however, as a share of GDP spending will remain far below the average of the past decade.

Education

Where good editors are trained

Odgers Berndtson Executive Search has recently placed a newspaper advertisement headed 'Vice-Chancellor and President.' The ad continues: 'For one of the most significant roles in Australian higher education, we seek a person of recognised academic distinction and high professional standing who can provide visionary academic leadership for an internationally renowned research-intensive university.' 02-9460-4505 or ANUVC@odgersberndtson.com. Applications close on 13 April.

Universities Seek Lifeline

The Age reports that the nation's universities are pleading with the Abbott government to abandon its threat to axe funding for major programs – programs which are at present supporting 30,000 researchers – if the Senate refuses to support the deregulation of university fees. Peak body Universities Australia warns in its budget submission that researchers on the verge of major breakthroughs in health, climate science and manufacturing will move overseas if Commonwealth funding for the Future Fellowships Scheme and the National Collaborative Research Infrastructure Scheme (NCRIS) expires.

Government Wipes \$2 Billion Debt

The federal government will write off more than \$2 billion in debt, pushed up partly by a big increase in the number of students in vocational education courses eligible for income-contingent government loans. As revealed by *The Australian*, about 40 per cent of all money lent to students in vocational education courses will never be recovered. This statistic comes from Grattan Institute modelling submitted to the Senate inquiry into the private vocational training sector.

Modified Reforms Presented

The modified version of Education Minister Christopher Pyne's reforms abandon the planned interest rate hike to the higher education loan program, commonly known as HECS. Instead of applying the 10-year bond rate to HECS loans (which would have meant that the government would get back the cost it would pay for the money), Mr Pyne is going to continue to charge students the CPI interest rate,

which will not increase the real value of their debt, as reported by the *Financial Review*.

Pearson's Steps to the Side

Indigenous leader Noel Pearson is stepping back from day-to-day duties at his path-finding organisation Cape York Partnership. The new co-chairs of the organisation are the writer and academic Marcia Langton and national law firm boss Danny Gilbert. Mr Pearson, the founding chairman, will stay on as an executive director of the organisation. He will concentrate on driving the introduction of direct instruction teaching through his Good to Great Schools program, and also on the campaign to secure constitutional recognition for Aboriginal and Torres Strait Island people.

Restrict Public Funding Now

Public funding for private training colleges should be capped amid soaring profits, which are encouraging rogue operators to flood the higher-education market, according to *The Age*. The vocational education and training sector has ballooned under the market-driven funding model at the expense of TAFE programs and students, according to the report, with the number of for-profit higher education providers doubling across Victoria in a five-year period.

Some private colleges are now making 30c from every taxpayer-provided dollar, without addressing serious quality issues, according to the University of Sydney's Workplace Research Centre report.

ACCC Power Amidst Deregulation

The elite Group of Eight universities have sought to hose down a Labor-fuelled backlash against the deregulation of fees. They are doing so by backing a government proposal to give the Australian Competition and Consumer Commission powers to crack down on excessive charges. Key independent senator Nick Xenophon, from South Australia, says that he is unconvinced by arguments that fee increases would be modest under deregulation. According to him, a law that would prevent universities charging local students more than international students would still see fees increase by up to 300 per cent.

Minister Pyning For Approval

Christopher Pyne has confirmed that the Abbott government is willing to negotiate over almost \$2 billion in higher education cuts to win support for the deregulation of university fees. The Education Minister told the ABC that the government was committed to allowing universities to set their own course fees, an important enough goal to compromise on \$1.9 billion of university funding cuts.

Currently the government is determined to get the package passed in some form, with the Prime Minister declaring that the package was front and centre of its 2015 agenda. Meanwhile Mr Pyne has set himself a two-month deadline to pass higher education reform, while warning that he will not 'adulterate' his proposals to the point of their becoming meaningless.

Federal Advertising Spending Spree

The federal government, according to *The Age*, plans to spend almost \$15 million on its taxpayer-funded higher education advertising campaign, roughly twice as much as had been previously disclosed. At present the government's higher education package is stalled in the Senate, with key cross-benchers saying that they will not vote for fee deregulation even if the government were to make major concessions, such as scrapping a planned 20 per cent cut to university funding.

Greater Admissions, Quality Concern

Two out of every five students with a tertiary admission rank of 50 or lower who applied for university last year were offered a place, ac-

ording to *The Australian*. Back in 2009 the figure was much smaller: one student in 10. The trend can be expected to continue, given that school leavers are usually showing little or no resistance to applying for university in the wake of the federal government's proposals to deregulate fees next year.

A 2014 report of university applications and acceptances also shows that more than 80 per cent of students who applied for university who had an ATAR of between just 50 and 60 were offered a place, up from 56 per cent in 2009. While critics say that the influx of poorly prepared undergraduates is compromising the quality on offer in some universities, others say that the current setup gives students opportunity to benefit from higher education which would be otherwise unavailable to them.

Foreign affairs

Increasing Homeland Threat

More than 30 fighters have returned to Australia as the threat of terrorism continues to rise, a review of Australia's counter-terrorism co-ordination has found. There are at least 90 Australians who are at present fighting with and supporting terrorist groups in Iraq and Syria, and at least 140 people in Australia actively supporting extremist groups. The latest details according to the *Herald Sun*, was part of a National Security Statement to be delivered by the Prime Minister.

Bishop Offers Healing

Julie Bishop appealed directly to Indonesia's President Joko Widodo and the Indonesian government to show the same mercy to Andrew Chan and Sukumaran it sought for Indonesian citizens who faced the death penalty in other countries.

At the same time the ALP's Tanya Plibersek made a very personal plea, mentioning the jailing of her own husband 30 years ago as a convicted heroin dealer, on charges similar to those levelled against Chan and Sukumaran. Both politicians argued that the two men had found redemption in the Indonesian jail where they have languished for the last nine years. Chan completed a theology degree and provides religious counselling, while Sukumaran has almost finished a fine arts degree, according to the *Financial Review*.

PM and Indonesian Diplomacy

Tony Abbott has thus far, according to the *Financial Review*, 'refused to be goaded by Indonesia into a full-blown diplomatic brawl over the fate of two Australians on death row. Nevertheless, he has promised that Australia will respondif Indonesia's government does in fact put the pair in front of a firing squad.'

Australia is Killing Hundreds

Hundreds of Islamic State militants have been killed in Australian bombing raids since the start of air operations in Iraq, a senior defence chief has claimed. Chief of Joint Operations, Vice-Admiral David Johnston, said the Coalition air campaign had successfully reduced the areas controlled by the militant group, which wants to create an Islamic Caliphate across Syria and Iraq.

Asked how many had died in the Royal Australian Air Force Super Hornet bombing missions in Iraq, Admiral Johnston said he 'would expect it's in the hundreds.'

Back to the Future

As Rowan Callick predicts the year ahead in a 31 December half-page article in *The Australian*, the fight against the Islamic State, economic decline at home, and commentary on global leadership are discussed with insight into what will dominate *The Agenda*. The editor has a copy available upon request.

Defence

Sub. Subs.

Tony Abbott was wrong to suggest that Swed-

ish shipbuilder Saab Kockums lacked recent submarine building experience, when he excluded it from the government's \$50 billion design-and-build partnership for the next fleet, according to *The Australian*. South Australian Defence Teaming Centre chief executive Chris Burns said that, contrary to government assertions, Saab had delivered six submarines since 1996 and was well advanced in the design and delivery of Sweden's next generation of submarines. The Prime Minister has also vowed that at least 500 jobs will be created in Australia under a \$50 billion submarine program, in which local industry partners with shipbuilders from Japan, Germany or France.

Subs 2

The competition rules which the Abbott government is following to choose a new submarine were the subject of an auditor's probe, this probe having been demanded by the Coalition itself when the rules were used by Labor to buy military transport planes in 2012. This revelation came as pressure mounted on the government over its submarines plan after Defence Minister Kevin Andrews struggled to explain how its 'competitive evaluation process' would work.

Meanwhile a South Australian Coalition MP back-pedalled on the initial claim that Tony Abbott had promised a 'full competitive tender'. Mr Andrews said that there were 'more effective and efficient ways to run a competitive evaluation process ... than just open tender', and he commented that he was not aware of any submarine project in the world which had been put to open tender. He said that the Defence Department would look at 'capability ... cost, and value for money', as reported in *The Age*.

According to columnist Tony Wright, Kevin Andrews is the perfect Minister for Submarines. He can talk under water, leaving nothing but a stream of bubbles.

Big Boys Competing for Big Toys

Three of the world's biggest defence companies are competing to supply Australia with a new submarine fleet for between \$20 billion and \$30 billion. With the current Collins Class boats due to retire from 2026, time is running out for a government that is said to favour a sole-source buy from Japan, but is being urged by experts to run an open competition for the most important defence contract in the nation's history.

The submarine project will dwarf every other national endeavour, including the Snowy Mountains Scheme (\$10 billion) and the RAAF's new Joint Strike Fighter (\$16 billion). It will be the most expensive and complex defence project ever undertaken, and will provide the nation with a vital deterrent for the next 50 years, according to the *Herald Sun*.

Sports & arts

Give Me My Marbles

The Elgin Marbles should not be repatriated – and they're not even Greek, says the British Museum director, according to an opinion piece published by Richard Morrison in *The Australian* on December 2. The editor has a personal letter from former prime minister Malcolm Fraser (whom he respects) which says otherwise.

Society & welfare

Is the 1911 Census Out of date?

The federal government is considering abandoning the whole concept of the Australian Census, and replacing it with a sample survey in the upcoming budget. An Australian institution since 1911, the Census surveys every household in the nation once every five years on the second Tuesday in August. The most recent census, in 2011, marked 100 years of data collection, providing a century's worth of information about where Australian's came from, where they lived, what type of families they had, and how

they worked. Preparations for the next census – the first paperless one in Australia's history – have been under way for seven years, according to *The Age*.

The 2011 census cost \$440 million, and the 2016 census was shaping up to be even more expensive, because of the information technology requirements of moving to primarily electronic lodgment. Over time the change would save money as fewer collection agents and data entry staff were needed. Britain's current Conservative / Liberal Democrat coalition government announced plans to axe its census five years ago, arguing that the procedure was outdated and that better information could be obtained in cheaper ways. Canada cancelled its compulsory census in 2010 and moved to a shorter voluntary survey.

Statisticians testing the new data have described it as 'garbage.' New Zealand is considering replacing its own national census, using administrative data from organisations such as the country's tax office to determine its population. It is also considering conducting the census only every 10 years instead of the present, Australian-style, five years. The Australian Bureau of Statistics is required by law to conduct the census every five years, so any change would require legislation.

Indigenous Welfare Card

The Federal Government will push ahead with the controversial healthy welfare card to address indigenous disadvantage, along with all but one of the 27 recommendations of Andrew Forrest's sweeping blueprint for welfare reform as reported in *The Australian*.

SA Lagging Behind, Literally

The state of South Australia has embarked on a bid to join the eastern seaboard by proposing to ditch its central standard time zone, according to *The Australian*. Premier Jay Weatherill recently lamented that the way in which his state lagged 30 minutes behind NSW, Victoria, and Tasmania – not to mention, in winter, behind Queensland as well – was causing confusion to South Australians themselves across the spectrum of their daily lives, from sporting fixtures to public service administration and business transactions.

Campaigning for Four Decades

Natasha Stott Despoja, former Australian Democrats senator, has been advocating for gender equality and against domestic violence for four decades. 'There is a momentum that is building in the community,' the Australian Ambassador for Women and Girls says; 'people are sick and tired of the statistics.' Ms Stott Despoja, who is also the founding chairwoman of the Foundation to Prevent Violence Against Women and their Children, says that Rosie Batty's selection as Australian of the Year was a 'momentous moment'.

Denying Last Dying Wishes

Most Australians die in hospitals and aged-care homes, despite the vast majority wanting to spend their final days at home. They do so because there is not enough support for, or availability of, community palliative care packages, according to researchers in *The Australian*. Grattan Institute health program director Stephen Duckett and visiting fellow professor Hal Swerissen said that death in Australia had become 'highly institutionalised', counter to the wishes of 60 to 70 per cent of Australians.

Berry Concerning Situation

A class action lawsuit is looming over the Hepatitis A food scare linked to imported frozen berries by Patties Foods, with law firm Slater and Gordon encouraging anyone who ate the berries and developed the virus to come forward. The number of people diagnosed with Hepatitis A linked to the consumption of ber-

ries from 1-kilogram packets of Nanna's Frozen Mixed Berries remained at nine, including three in Victoria. The Red Cross said that more than 110 blood donors had contacted it recently to report their consumption of Patties frozen berries products that have been recalled because of the scare, according to *The Age*.

Where's Wally?

About 38,000 Australians go missing every year, where up to 12 people are severely impacted by each disappearance. In the most recent statistics from 2006, the national missing persons rate was 1.7 per 1000 in the population, with the highest rate of 3.3 in the ACT. More than 90 per cent are found within 48 hours, whereas 2 per cent are still missing after six months.

Although police play the main role in searching for missing persons, organisations such as the Red Cross and the Salvation Army also help. In *The Age*, Major Sophia Gibb has headed the Salvation Army's family-tracing service in the southern and western states for nine years. The Privacy Act has made it difficult to trace such persons.

Incoming Revival?

The Church of Scientology has spent more than \$70 million expanding and upgrading its property holdings over the past decade as it works to kick-start a 'golden age' for the movement Down Under, as reported in the *Herald Sun*.

Simplify Our Welfare

Australia's \$150-billion welfare system should be radically simplified to include just five primary payments, with up-front investment in people having been put at risk of long-term unemployment, a major review has recommended in *The Age*. The review, which was ordered by the federal government in 2013, also recommends the introducing of personalised 'passports to work', to tell welfare recipients how their payments will be affected if they start work or increase their hours. It is hoped that this measure would reduce fears about taking a job. The final report of the review was conducted by former Mission Australia head Patrick McClure.

Health

Fluoride, Good or Bad?

Australian health authorities are reviewing the case for fluoride in drinking water amid concerns that scientific evidence supporting the benefits and risks to people's health may have shifted as reported in *The Age*. While most Australians have been regularly consuming low amounts of fluoride since it was added to drinking water in the 1960s and 1970s to prevent tooth decay, several controversial studies in recent years have suggested that such use of fluoride may be linked to low intelligence in children and to thyroid problems that can cause weight gain, fatigue and depression.

Saint Bill Now a Hollow Man

According to Ellen Whinnett in the *Herald Sun*, Shorten has promised that 2015 would be a year of ideas. To date, this has not happened. Consider, Ms Whinnett wrote, Labor's response to the government's botched attempts to introduce a Medicare co-payment. When the latest iteration, which would have seen a cut in the Medicare rebate of \$20 for appointments under 10 minutes, was made public, Labor sat back and sniffed the wind.

When it became clear that the Australian Medical Association was going to run hard on a massive scare campaign, Labor joined the pile-on 24 hours later and denounced the policy. It has opposed almost every Budget savings measure the Government has proposed. Worst of all, it has opposed about \$5 billion of savings measures that were actually its own savings plans put in train before it lost government in 2013.



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