

LETTER FROM  
**CANBERRA**

Saving you time for nine years.

**The Yellow Submarine Edition**



In the town where I was born  
 Lived a man who sailed to sea  
 And he told us of his life  
 In the land of submarines

So we sailed up to the sun  
 Till we found the sea of green  
 And we lived beneath the waves  
 In our yellow submarine

We all live in a yellow submarine  
 Yellow submarine, yellow submarine  
 We all live in a yellow submarine  
 Yellow submarine, yellow submarine...

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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.

### About the publisher

Affairs of State

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

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

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- Two monthly publications
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- Training courses
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The Editor walked a good friend Fred Cullen, from the steep steps up from the Parliament Station, and past the Excello Cafe on Spring Street, to catch the Bourke Street tram, just near another good coffee place, the European. Fred was on his way to an Artillery Lunch, to catch up with old Mates. As we walked and talked, we reflected upon thinking and planning ahead, as Fred did during the Second World War with his artillery.

## Now Out

The Affairs of State parliamentary charts for the 2015 Federal and Victorian governments are now available for sale.

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Our coffee chart – your guide to the best coffee shops on and around Spring St, Melbourne – will also soon be available.

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## EDITORIAL

### Our borders and theirs

Your editor is watching closely the American and British politics.

Back in 1964, as a young Australian boy living with an American family in the outskirts of Washington DC, by some serendipitous movement, I was in the polling booth in Potomac, Maryland with my American mother for that year, and I knew what my Mom wanted as I pressed the buttons and pulled the lever squashed beside her, to register her vote for Barry Goldwater. Times move on and much of what Goldwater promised was in fact enacted by the guy who beat him, Lyndon Johnson, including massively increasing the American involvement in the Vietnam War.

Sorry to see Jeb go, as the Editor's money was on him. We will know the American Republican result at the Republican Convention in Cleveland on 21 July. The Democratic National Convention will be in Philadelphia the following week.

On the other side of the Atlantic, the Editor guesses that if the Prime Minister can carefully get out his message to the people of Britain, as to his negotiations last week with the European Community where he got some Freedoms (less bureaucracy) and other Extras for his people, then they will vote in July to stay within the European Community. There are some pretty powerful arguments for and against. The Refugee Issue at the very time of the plebiscite/Brexit vote might concentrate voters' thinking. The blond-haired chap, Boris Johnson, has chosen the Brexit view, which will lead to further confusion in the Conservative government, and people who might yet be deciding which way to vote.

On a random poll in Barwon Heads on 13 March, the British will vote to stay within the Community.

Have to say that Abbot might have been a bit sharp but he did have that decisiveness towards the whole Australian people that his successor does not. In particular with taxes, Abbot just about went down fighting whereas Turnbull might negotiate forever. Vitally, the prime minister has a sufficient team to vote successfully for a referendum to change the Senate voting system. Its immediate purpose is to pass some industrial relations legislation.

Much closer to home, sadly, we almost have a stop/start button of some decisions/projects/programmes that should be taken more seriously. Including a **submarine building** programme, which is an appropriate type of armoured vehicle for us guys down here in the Pacific and plenty of other player sharing the same Ocean. What shocked your editor most was reading an article on Defence about the length of the decision-making line for deciding what to do and some of the (non) people who are in it. And that the Sub process might be delayed.

Political distraction is not slowing down the three submarine tenderers from working hard towards their goal. Fortunately.

The submarines are a part of the newly released Defence White Paper, which covers much more than just submarines though subs are the biggest expenditure/programme within it. Moving away from submarines for a moment, The Australian Infrastructure Plan has just been released (the same week as the Victorian Infrastructure Plan).

The Cover. A Yellow submarine. And the Song! The Beatles must have started singing this in about 1966, when your Editor spent a year on the killing floor of a large abattoirs in Brooklyn, Melbourne. He would sing the song along with the hundreds of others as they butchered sheep and cattle carcasses.

Best wishes with some reflective Reading.

## FEATURE ITEM

Infrastructure Australia is an independent statutory body with a mandate to prioritise and progress nationally significant infrastructure. It provides research and advice to governments and the community on the projects and reforms Australia needs to fill the infrastructure gap. The Australia Infrastructure Plan was published on 17 February this year. An Australia Infrastructure Audit was published 22 May 2015.

Chairman **Mark Birrell** Former Victorian government minister, Chairman of Port of Melbourne Corporation.

CEO **Philip Davies**

Board members

**Julianne Alroe** CEO and managing director of Brisbane Airport Corporation, and before that 25 years at Sydney Airport.

**Gerard Blood.** Engineer in major infrastructure, and much elsewhere around the world

**Michael Carapiet.** Superannuation, salary packaging, novated leasing

**Peter Corish** Formerly managing director and CEO of PrimeAG and a member of the Council of Australian Governments Reform Council.

**Colin Duffield** Associate professor in civil engineering project management at the University of Melbourne

**John Elice-Flint** Petroleum geologist formerly CEO and managing director of Santos.

**Nicole Lockwood** Lawyer, director of Horizon Power a shire president

**Daniel Norton AO** Chairman of Tasmanian Ports Corporation

**Kerry Schott AO** Formerly CEO of Sydney Water

**Gabrielle Trainor** Lawyer, newspaper journalist, public and private sector boards

**Peter Watson** Former CEO of Transfield Services.

Each of the above have many other qualifications.

## GOVERNANCE

### Quiet Power Shift

Generational watershed means our golden years are receding into the mists of history, according to columnist **Terry Barnes**. In **Turnbull's** snatching of the Prime Ministership from **Abbott** and his Italian-style making of two new ministries in the past six months, much has been made of the increased representation of women and of young up-and-comers, personified by 25-year-old parliamentary

secretary **Wyatt Roy**.

Almost undetected, **Turnbull** has ushered in a generational change at the top, transferring political dominance from baby boomers to generations X and Y. Even new Deputy Prime Minister **Barnaby Joyce** was born in 1967.

**Turnbull** has totally reversed the age balance of **Abbott's** last cabinet. When **Abbott** fell last September, 12 of 19 cabinet ministers were aged 50 or older, with the then Treasurer **Hockey** having just turned 50. Since then however, no fewer than seven over-50 ministers have left the government, voluntarily or otherwise as reported in *The Australian*.

### A Good Budget Commentary

The PM and Treasurer must take risks if they want to rescue our economy.

The **Turnbull/Morrison** aspiration was initially apparent, to run on a major tax reform package that includes a higher GST, reforms to superannuation concessions, significant personal income tax cuts, lower company tax and compensation for welfare and low income workers.

Whether they take the high road of courage and risk depends, above all, on the government's standing over the next few months and the authority of the Prime Minister in the country against ALP leader **Shorten**.

The changing tax debate has unnerved some government back benchers. But if the early 2016 polling reveals **Turnbull's** lead sitting at 53-54 per cent of the two-party preferred vote, the greater risk will be damage to his authority by retreat to a 'safety first' agenda.

That would leave a re-elected **Turnbull** government devoid of any meaningful mandate to confront the immense challenges facing Australia, a recipe for post election weakness and misery.

'Changes to the GST are certainly part of the tax debate and certainly were being actively considered by the government as it should be,' **Turnbull** said. He said the argument for a change to the GST was a tax system that better boosted growth and jobs. It is also the Treasurer's mantra.

### Uphill Battle For GST

**Turnbull** has faced a significant challenge to convince voters to accept a higher GST as a central plank of any tax reform plan, with **Newspoll** revealing that a majority of voters oppose increasing the rate, even if it came with across-the-board tax cuts and compensation for low-income earners and welfare recipients, as reported in *The Australian*.

## Chasing the Facts

This year Letter from Melbourne will have a regular feature on an area of public policy, focusing on the particular facts of an issue or circumstance. For example, South Australian Energy sources. Victoria's water resources. Public servant numbers in Victoria, where are they all. All details that Professor Google and others can provide. However, we write this magazine for very busy people, who have particular professional or business or personal or community interests so that is just a Quik Flick Through for these people, perhaps a little bit more.

### GST Appetite Dampened

The realisation that about half the extra revenue from a GST rate increase would have to be spent on compensation is fuelling misgivings in the government over whether the tax change is worth it.

With the government contemplating increasing the rate from 10 per cent to 15 per cent and spending the proceeds on income tax cuts and compensation as part of its tax package to take to the election, sources have told *The Australian Financial Review* that even Treasury is lukewarm on the idea, given so much of the revenue would have to be churned back as welfare and transfer payments.

### Early Election Possible

The federal government is considering quickly changing voting rules to stop micro parties gaming the preference system to win senate seats, opening the option of an early election. Prime Minister **Malcolm Turnbull** canvassed voting changes directly with Labor, which is split on the issue, according to *The Australian Financial Review*.

**Turnbull** and **Morrison** both have said they prefer a full-term, say a September/October election. Only senate irresponsibility on the industrial bills might force them to rethink for a winter poll (the real early election option).

The major/final tax package is more likely to be unveiled closer to the election.

With **Tony Abbott** and **Joe Hockey** liquidated because their courage was not matched by their political skill, **Morrison** knows he must find a path that unites policy and strength and political success.

### The Opposition election View

The Opposition has warned that the election is only question times away, and has set out the issues it wants to talk about: the GST, health, education and unease with the Coalition, according to *The Age*.

Treasurer **Scott Morrison** said 'Labor's plan is to spend more and to tax more. This is a reckless position given these uncertain global economic times'. According to **Paul Kelly**, for *The Weekend Australian*.

### Pointless Plebiscite

Same-sex marriage reform advocates within the **Turnbull** government have reacted angrily to the plans of some hardline conservatives to vote 'no change' in parliament even if a future plebiscite votes yes.

The move represents two direct challenges to the authority of Prime Minister **Malcolm Turnbull**, who has publicly stated that the decision of voters, in a yet to be finalised A site, would be reflected absolutely by the government and Parliament, according to *The Age*. Arrangements for the plebiscite are still being worked through.

### Marriage Reform Now

Voters in Prime Minister **Malcolm Turnbull's** own electorate overwhelmingly want same sex marriage legalised and the vast majority would prefer a free vote in parliament to an expensive plebiscite, according to *The Age*.

### PM Determined For Plebiscite

The campaign against the same sex marriage plebiscite waged by the Labor party, the Greens and the same sex marriage lobby has not deflected **Malcolm Turnbull** and his cabinet from commitment to the plebiscite and the calculation it is a bonus for the government, according to *The Australian*.

### Plebiscite Not Popular

A poll of three Nationals' heartland seats shows fewer than one third of voters support **Malcolm Turnbull's** plan to hold a (costly) public vote on the fate of same sex marriage, according to *The Age*.

Victorian Nationals' senator **Bridgette McKenzie** would vote down any move to legalise same sex marriage, regardless of the outcome of a national plebiscite, as reported in the *Herald Sun*.

### Don't Damage Marriage

**Tony Abbott** has urged policy makers to pass on undamaged the institution of traditional marriage to future generations.

### Senate Alliance

The Greens' *de facto* Senate alliance with **Malcolm Turnbull** against minor parties has aroused the ire of the ALP, prominent figures in

which – as reported by *The Age* on February 26 – have invoked memories of what happened (2004-07) when a Coalition government last controlled the Senate. During those years **Prime minister Howard** insisted on the electorally unpopular WorkChoices reforms.

At the 2007 election, Howard paid the price by losing not merely office but his own solid Sydney seat. Mindful of this, ACTU secretary **Dave Oliver** has written to **Richard Di Natale** – the Greens' Senate leader – pointing out that the current government had hopes of calling an early election and that it was planning Senate changes through its desire to facilitate such an election.

The last time the Coalition had control of both houses of parliament, 'Australia went backwards in a whole range of areas of common interest.'

### Republic Push On Backburner

**Malcolm Turnbull** reflects the public mood by putting the republic issue aside for now. We need to thrash out the various models in an ongoing debate, according to **Chris Kenny**, Associate Editor for *The Weekend Australian*.

### Zip

28 year old Deputy Director of the Institute of Public Affairs, **James Paterson**, based in Collins Street, has been pre selected for the Senate place vacated by Michael Ronaldson. He takes his position imminently.

### Ruddock Passes Baton

When the 30-year-old **Philip Ruddock** entered the Federal Parliament at a 1973 by-election, **Gough Whitlam** had lately become Prime Minister, almost nobody had heard of **John Howard**, and several of today's cabinet ministers were not even born. Ruddock's recent decision to leave the House of Representatives at this year's election brings to a close a legislative career longer than that of any other MHR in Australian history except the nonagenarian **Billy Hughes**, who clocked up half a century from Federation in 1901 till his own death in 1952.

Until he formally retires, Ruddock – Immigration Minister from 1996 to 2003 and Attorney-General from 2003 to 2007 – will serve as

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Australia's Special Envoy for Human Rights. Clearly political achievement has been a family trait; his father, **Max Ruddock**, had held various portfolios in New South Wales Liberal governments during the 1970s.

#### WA MPs Exit

Retiring veteran MP **Gary Gray** is pessimistic about Labor's election chances. **Melissa Parke** and **Alannah MacTiernan** are quitting too, according to the *Financial Review*.

#### Let's Separate

**Bob Hawke** has called on the Labor Party and the **Australian Council of Trade Unions** to consider cutting ties with the scandal-plagued **Construction Forestry Mining and Energy Union**, while **Paul Keating** has warned that trade union influence inside the party must be reduced as reported in *The Australian*.

The two former Labor prime ministers, who forged a historic partnership with unions to transform the economy a generation ago, have told *The Australian* they were appalled by the evidence of systemic union corruption, and urged union leaders to refocus on the national economic interest.

**Hawke**, who as prime minister deregistered the rogue **Builders Laborers Federation** in 1986, said Labor and the **ACTU** must embrace reforms to improve governance and transparency. The CFMEU, a union with a criminal record and that has been fined for multiple breaches of the law, had 12 present and former officials referred to authorities for possible corruption, intimidation, breaching official duties and knowingly giving false information.

#### Goldstein

Human Rights Commissioner **Tim Wilson** was going to give up his \$400,000 salary to seek pre-selection for retiring trade minister **Andrew Robb's** safe Liberal seat of Goldstein. Wilson was unsuccessful.

#### Now You See Them, Now You Don't

Those gone to the backbench recently include: **Tony Abbott**, **Eric Abetz**, **Ian Macfarlane**, **Kevin Andrews**, **David Johnston**, **Jamie Briggs** and **Bob Baldwin**, and Tony Robert. Those already gone include **Joe Hockey** and **Brett Mason**, while those going include **Warren Truss**, **Andrew Robb**, **Bruce Billson** and **Michael Ronaldson** according to *The Australian*.

#### Voters Say No

Seven out of 10 voters do not want an early election and believe **Malcolm Turnbull** should wait until later in the year to send the nation to the polls, but Australians are divided about whether **Tony Abbott** should remain in parliament or retire from politics, according to *The Australian*.

#### What is secret

The **Turnbull** government has refused to give Labor access to 'secret volumes' of the Heydon Royal Commission report on trade unions, declaring it would not be in the public interest. Employment Minister **Michaelia Cash** raised concerns yesterday that information about several witnesses could be leaked and investigations compromised if it granted Labor's request to provide all sides of the parliament and other interested parties with the documents.

The rejection will outrage opposition employment spokesman **Brendan O'Connor**, brother of Construction Forestry Mining and Energy Union national secretary **Michael O'Connor**, as Senate crossbenchers prepare to view the chapters in full under strict confidentiality provisions once parliament returns next week, according to *The Weekend Australian*.

#### Malcolm's Pitch Won't Fix Budget

The government's narrative is too good to be true, according to **Judith Sloan**, Contributing Economics Editor at *The Australian*.

#### In From The Cold

The big chill is over. Its end was sealed over a cup of tea, poured by **Malcolm Turnbull** from his bright red teapot in his Parliament House office, for **Gillian Triggs**, the woman his predecessor had vilified, tried to remove and finally banished.

Hostilities began in January 2014 when **Triggs' Human Rights Commission** produced a report that condemned the detention of asylum seeker children under the policies of the **Abbott** and **Rudd– Gillard–Rudd** governments as a clear violation of international law.

After sitting on the Forgotten Children report until the last possible moment, senior **Abbott** government ministers dismissed the evidence gathered during eight months as out-of-date and partisan, and they turned on the messenger.

But the end of **Triggs'** period as outcast is significant, not least because it reflects the end of the ascendancy of ideology over civility and

**Turnbull's** less combative, more engaging, everything-is-on-the-table attitude to public discourse, according to **Michael Gordon**, in *The Age*.

#### Robb Rejects World Bank Study

(Former) Trade Minister **Andrew Robb** has questioned a **World Bank** study showing only modest benefits for Australia from the **Trans Pacific Partnership** trade deal as some member countries embarked on a new effort to get the agreement ratified this year, according to *The Australian Financial Review*.

#### No Fist-Full-Of-Dollars Campaign

The government has placed tax reform ahead of budget repair as an economic priority in this election year, with **Turnbull** declaring that the senate remains an obstacle to tackling a persistent and structural deficit.

Making his first public comments on the economy for the year, ahead of parliament resuming mid-February, **Turnbull** acknowledged that the budget deficit was structural, meaning it would not be fixed by a lift in economic growth. What we've got at the moment is, frankly, a structural deficit and we do need to address spending and we are seeking to do that but obviously we can only legislate with the concurrence of the Senate, he said, as reported in *The Weekend Australian*.

#### Ley's Budget contribution

The unpopular health insurance industry is an easy target in an election year. Health Minister **Sussan Ley** has written to every insurer, even though 2016 premium announcements are imminent. While writing that she will allow premium increases 'unless I am satisfied that it would be contrary to the public interest', **Ley** requests insurers to rework their applications to propose a premium increase lower than previously submitted.

It's a generic request. Insurers haven't been given a critique of their premium bids. Publicly, the minister is positioning herself as the consumer's champion, according to **Terry Barnes**, in *The Australian*.

#### ABCC On Shaky Ground

The Coalition is struggling to secure parliamentary support for the **Australian Building and Construction Commission** bill, with Senate crossbenchers criticising the government's tactics and calling for a broader anti-corruption body to be set up. **Turnbull** says if the bill does not pass, a double dissolution is an option. Crossbenchers criticised the PM's

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threats and 'bullying', according to *The Australian Financial Review*.

#### Public Debt Bomb

Debt is building to explosive levels, and the government cannot control world interest rates which may trigger the blast, according to **John Stone** in *The Australian*.

The explosion will depend on two factors whether the volume of Commonwealth debt being created by our budget deficits and how rapidly world interest rates return to normal. The government only has control over the latter. The only guarantee is that it will happen.

#### After Hours Activity

**Jamie Briggs** resigned as minister for Cities and the Built Environment on December 29, after **Malcolm Turnbull** agreed that his late night antics during an official visit to Hong Kong a month earlier were inappropriate. A consular staffer alleged **Briggs**, a married father of three, acted inappropriately towards her at Stormies Bar, giving the staffer a kiss on the cheek or neck, according to *The Australian*.

#### Scales can balance badly

**Federal minister Stuart Robert** has admitted to having accepted two designer watches from a Chinese billionaire firm, but then he returned them. So reported the *Herald Sun* on February 9. The Human Services Minister received the gifts while the Liberal Party was still in opposition, and gave them back after the Liberals had won government in 2013.

Foreign Minister **Julie Bishop** sounded laid-back on the subject. The same *Herald Sun* issue quoted her as saying: '[The trip was] perfectly acceptable ... I don't know how you can make a secret visit to China anyway.' Treasurer **Scott Morrison** described the controversy over Mr Robert as 'a massive over-reach and it's a shocking beat-up.'

Labor bosses remained unconvinced. **Shorten** said that 'These are very serious matters. **Turnbull's** judgment is under question now.' 'There is a prima facie case,' stated Opposition defence spokesman **Stephen Conroy**, 'of a breach of the ministerial code of conduct ... If all of the facts are that Stuart Robert has used his position as a minister to promote a company that has made major donations to the Liberal Party, and that he's a personal investor in, then he has to go.'

In the meantime, the Prime Minister ordered **Martin Parkinson**, secretary of the Department of Prime Minister and Cabinet, to begin an investigation of Robert's Beijing trip. When in

China's capital, Mr Robert met Liberal donor **Paul Marks**, who was securing a business deal. Mr Robert has owned shares in two of Mr Marks's firms.

#### Robert's Rules Of Order? Hardly

Columnist **Alistair Nicholas** told readers of *The Australian* on February 9 that 'The issue of Human Services Minister **Stuart Robert's** private visit to Beijing is instructive. Every federal and state minister should take note of it. They need to be wary of the cultural differences between Australia and China to ensure engagements with the Middle Kingdom do not become scandalous entanglements ...

'Take the 2008 scandal that engulfed **Kevin Rudd, Wayne Swan** and **Tony Burke**, all of whom had travelled to China while in opposition on the tab of businessman **Ian Tang's** AustChina Technology. Should they have been surprised when Tang came calling after Labor won government? What did they think Tang wanted them for when they were in opposition?'

'As with the case of Robert, there was nothing illegal or unethical about their trip when they sat on the opposition benches. Like Robert, they were all guilty of extreme naivety.'

#### Other Awkward Moments

As Former Liberal minister **Stuart Robert** organised a dinner in his Parliament House office with **Tony Abbott** and a Chinese business mogul at the request of his donor, **Paul Marks**. **Robert** hosted the dinner three months out from the federal election in 2013 so businessman **Li Ruipeng** could meet Senior Liberals including shadow resources minister **Ian Macfarlane** as revealed in the *Herald Sun*.

The Prime Minister sacked his besieged Human Services Minister, **Stuart Robert**, for breaching ministerial rules relating to conflict of interest. He was found to have behaved in a way that way 'inconsistent' with the ministerial standards by accompanying his friend **Paul Marks**, a millionaire businessman Liberal Party donor, to a contract-signing ceremony and related functions in China in 2014.

His departure, which follows the resignation of Cities Minister **Jamie Briggs** and the standing down of special minister of state **Mal Brough** was accompanied by the own choice resignations of **Warren Truss** and **Andrew Robb**.

#### New Deputy Prime Minister

Frustration had been growing at continuing uncertainty over Nationals leader **Warren Truss's** retirement plans, with party figures

concerned about its impact on election fundraising and the party's image as it prepares to go to the polls, according to *The Age*.

Truss has resigned/retired from parliament as from the next election, and was replaced as Nationals leader and therefore deputy prime minister by **Barnaby Joyce**. As we go to press, Barnaby Joyce is being challenged in his seat of New England by its previous incumbent Tony Windsor.

#### Poll Gap Narrows

The favorable opinion poll ratings that the Coalition was scoring in **Turnbull's** first month as Prime Minister have largely been dissipated by subsequent events. On February 15, *The Age* cited an IPSOS survey which found that although the Prime Minister's personal popularity remains (at 64 per cent) substantially greater than that of **Shorten**, the Coalition's approval rating had sunk four points to 52 per cent – well below what **Abbott** achieved with his 2013 victory – and that Labor's approval rating had climbed by the same amount to 48 per cent.

Exactly a week later, *The Australian* had still worse news for the government, citing a Newspoll finding that the Coalition and the ALP were neck-and-neck at 50-50. This poll, too, found Turnbull to be more personally popular among voters than Shorten, but more narrowly so than IPSOS had done: 55 per cent as opposed to IPSOS's 64 per cent.

Coalition ministers can draw some comfort over the electoral problems that have faced the ALP since Mr Shorten took over, and that *The Sunday Age* emphasised on February 14. Of the 55 House of Representatives seats the ALP holds, it retains 11 with margins of less than 3 per cent.

#### First-Class Travel

Ministers in the Federal Government have now been granted permission to fly first class when they make overseas trips, according to *The Australian* on February 22. But they are forbidden to do so at the taxpayer's expense. **Dennis Shanahan** reported: 'The new conditions for travel follow the dumping of restrictions imposed by Tony Abbott that banned all first-class travel and in most cases limited the entourage to one or two staff members.'

#### Renovations costly

The Lodge renovation was supposed to cost \$3.2 million and ended up costing \$9.4 million. But bureaucrats insisted there was no blowout. The work was completed within budget, the original work, but then we increased the scope of the project' says the **Department of Prime**

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**Minister and Cabinet's** deputy secretary, **Elizabeth Kelly**, as reported in *The Age*.

#### No republic yet

Prime Minister **Turnbull** has warned that he has no interest in leading the Republican cause to another heroic defeat after Australian of the Year **David Morrison** helped thrust the issue back onto the national agenda, as reported in *The Age*.

Although not a signatory, Prime Minister **Malcolm Turnbull**, a founding member of the ARM, told the *Herald Sun* 'my commitment to Australia having an Australian as head of state is undiminished.' But **Turnbull** is conscious of not further inflaming relations with his Conservatives colleagues. He reflects the public mood by putting the republic issue aside for now. We need to thrash out the various models in an ongoing debate, according to **Chris Kenny**, Associate Editor for *The Weekend Australian*.

#### Turnbull Quashes Hopes

**Turnbull** has quashed hope of a new political consensus for an Australian republic, warning that the timing for change is wrong and attempts by Labor to force the issue risk a second referendum defeat, according to *The Australian*.

**Abbott** has countered **Turnbull's** view that a republic should be pursued at the end of the Queen's reign, saying that support is growing for the monarchy because of interest in the young royals, according to *The Australian*.

All but one state and territory leader has declared support for an Australian head of state. All but West Australian Premier **Colin Barnett**.

#### Young Fogies

The republic has become the poor child of progressive politics. Newspoll tells the story and the bell rings of a tale of woe. Young people are old fogies on the republic. Perhaps they like the new royals. Maybe they only care about same sex marriage. But they are less republican than the baby boomers. Anybody who thinks the republic is inevitable needs a dose of reality.

Republicans might rejoice that Newspoll taken in late January shows overall support for the republic running at 51-37 per cent over the monarchy. Such rejoicing is unjustified. This figure is almost identical with the 51-35 per cent recorded before the defeated referendum in 1999, according to *The Australian*.

#### Currency Getting a Makeover

The **Reserve Bank** has chosen the 50th anniversary of decimal currency in Australia this year to start replacing Australia's 20 year old colorful polymer banknotes with new versions that are even harder to counterfeit.

A different species of wattle will feature on each of the new notes, so the **RBA** has chosen September 1, **National Wattle Day**, to start distributing the new \$5 bills. Other denominations will follow next year according to *The Australian*.

### PARTY HAPPENINGS

#### Questioning GM

Greens leader **Richard Di Natale**, a medical practitioner risks a split in the party's ranks by moving to soften the Greens' hard line opposition to genetically modified food and crops. **Di Natale** told *The Australian* he did not have an ideological or philosophical objection to the use of the technology and did not believe eating foods produced from genetically modified crops posed a risk to human health.

The views of the moderate Greens leader, who is trying to broaden community support for his left wing party, contradict longstanding Greens' party policy that calls for a moratorium on growing any crops and organisms that have been genetically modified. It states that 'genetically modified organisms (GMOs) have not been proven safe for human health', according to *The Australian*.

The National's member for Gippsland **Darren Chester** was elevated to Cabinet as Minister for Transport and Infrastructure, replacing **Warren Truss**. Liberal Senator **Scott Ryan** was sworn in as Minister for Vocational Education and Skills and MP **Dan Tehan** was promoted from the backbench to Minister for Defence Materiel and Veteran's Affairs.

**Alan Tudge**, who represents the seat of Aston in Melbourne's outer east, was sworn in as Human Services Minister. There are now eight Victorians in the ministry, where there were only two under the Abbott ministry.

#### Palmer MP

Galaxy Poll reveals **Clive Palmer's** primary support in the Queensland seat has hemorrhaged to just 2 per cent, down from the 26.5 per cent that saw him narrowly win on preferences in 2013, according to the *Herald Sun*.

#### Bob Brown Arrested

Former Greens parliamentary leader **Bob Brown** has been released on bail after being arrested during a community protest over logging in north-west Tasmania, as reported in *The Age*.

#### G'day USA

**Joe Hockey** has had a chilly reception in Washington DC as he starts his new job as Australia's ambassador to the United States. **Hockey** has arrived in the US capital to take up the desired diplomatic job, as reported in *The Age*.....

#### Turnbull Being Undermined

As at 20 January, **Turnbull's** authority over the Liberal Party is being undermined by factional power brokers, who are defying the Prime Minister's call for stability and pushing ahead with plans to remove sitting members.

As the Liberal Party opened nominations for 22 government held seats in NSW, MPs warned that attempts to oust incumbent members risked an internal 'civil war', stoking factional divisions within the party still raw from the change of leadership from **Tony Abbott** to **Turnbull**, according to *The Australian*.

#### Mansplaining

New Labor senator **Katy Gallagher** used the Senate estimates hearing to accuse senator **Mitch Fifield** of 'mansplaining' when her line of questioning hit dead-end. Since **Turnbull** rolled **Abbott**, the ALP has taken to accusing him of 'mallsplaining' during question time.

'Sitting here and saying to a male senator you're mansplaining. If I said to a female senator that you are 'womansplaining' there would be an uproar. Stop being a hypocrite' senator **Gallagher** declared as reported in *The Australian*.

#### Coalition 'Defector' To Go Independent

Liberal MP **Bob Baldwin** is considering defecting from the coalition to run as an independent in the nationals-held-seat of Lyne,

as he scrambles to find a safe seat and retain his position in parliament, as the fallout from the NSW intellectual redistribution continues to rock both sides of politics, according to *The Australian*.

#### Union Greenshift

Unions are moving to widen their political influence before this year's federal election by pouring cash into the Greens, a strategy that is infuriating Labor and sparking accusations of disloyalty against union officials who are formerly aligned with the ALP.

The unions have already given the Greens more than \$600,000 and are tipped to go further this year, just as the minor party tries to defeat Labor candidates in marginal electorates that will be crucial to **Bill Shorten's** campaign, according to *The Australian*.

#### The Rudd Trap

The ambition of **Kevin Rudd** to be United Nations Secretary-General is fanning angst in the Liberal Party, with sharp differences emerging between the former **Abbott** government and the view of the **Turnbull** government, according to *The Australian*.

#### Integrity anywhere

The resignation of the head of the New South Wales ALP has thrown the party into turmoil and is likely to disrupt its preparations for a possible/probable early federal poll. NSW ALP general secretary **Jamie Clements** was blasted out of the position after senior Labor figures, led by **Bill Shorten**, called for him to go. Insiders have likened the multiple scandals engulfing the boss of the Labor Party in the nation's largest state to a slow moving train crash, as reported in *The Australian*.

#### Liberals Play Game Of Thrones

The New South Wales Liberal Party tussle is more complex than moderates vs conservatives. At first glance, the internal party tensions in NSW threatening stability within the Liberal Party appear to be a simple showdown between moderates and conservatives: between one time supporters of former prime minister **Tony Abbott** and those backing his replacement, **Malcolm Turnbull**.

But the situation is more complicated than that, and the differences between the warring parties are as much driven by personality clashes and deals under pressure as they are by differing ideological outlooks. In fact, power sharing is at the heart of the looming pre selection showdowns across the state, but not everywhere.

Mixed in with the fractional clashes between fiefdoms within the NSW division of the Liberal Party are genuine pre selection contests that Liberal members should philosophically welcome. But this is not a simple struggle that picks moderates against conservatives. There are three fractional groupings within the NSW division of the liberal party: the moderates, the centre right and the hard right, according to **Peter Van Onselen** in *The Australian*.

#### Fine balance elsewhere

Up Queensland way, **Premier Palaszczuk's** vulnerabilities stand exposed. There is a widely circulating rumour that one of her parliamentarians **Rob Pyne** was threatening to quit Labor. At the January 31 2015 boil over election, Labor secured 44 seats to the LNP's 42 in the 80 seat unicameral parliament, and was able to form minority government with the

support of independent **Peter Wellington**, who was rewarded with his appointment as Speaker. **Billy Gordon** now sits as a Labor-supporting independent. According to **Michael McKenna** in *The Weekend Australian*.

#### Labor Seats In Lib Sights

The Liberal Party has set its sites on the federal Labor seats of Chisholm and Bruce, claiming **Shorten** is now weighing on Labor's Victorian vote almost as heavily as **Abbott** did for the Coalition, according to *The Age*.

#### Election Battle lines Emerge

The federal election has begun as a race between the big spending social policy and a tax overhaul, after federal Labor put education on the agenda with a promise of an extra \$4.5 billion for schools by the end of the decade, as reported in *The Australian Financial Review*.

#### Fraser Review

The superannuation fund lobby has indicated it may shy away from full disclosure of any findings from former Reserve Bank governor **Bernie Fraser's** review of governance in the sector, as reported in *The Australian Financial Review*.

The former PM told **UN** diplomats and officials in New York that policy makers should not be judgmental and there should be more respect in dealing with same-sex marriage but the erosion of the traditional family could not be ignored, according to *The Australian*.

#### Fundraising On Ice

**The Free Enterprise Foundation**, the Liberal Party fundraising body accused by the **Independent Commission Against Corruption** of washing illegal property developer donations for the party's NSW division, has been put in deep freeze. Donations records released by the **Australian Electoral Commission** show the Foundation raised just \$845 in 2014/15.

The previous year it had been one of the biggest contributors to the Liberal coffers, raising \$1.4 million, comparable to a small union. The decline of **The Free Enterprise Foundation** came as Liberal fundraising in general plunged during the troubled reign of **Tony Abbott** as Prime Minister. The party took \$75 million in donations across all divisions, state and federal, a marked decrease from \$125 million in the 2013/14 financial year.

It is normal for donations to fall away outside an election year and Labor also recorded a fall in receipts from \$78 million the previous year to \$66 million in 2014/15, as reported in *The Age*.

#### Deep Pockets Benefit Party

Almost \$10 million from **Clive Palmer's** struggling business empire was channeled into the Palmer United party in 2014-15, including donations of nearly \$6 million from **Queensland Nickel**, which sacked 237 workers before falling into administration, as reported in *The Age*.

#### Labor Boss Quits Over Sex Claims

Labour leader **Shorten** has interrupted a major campaign and pressured the general secretary of the largest branch of his party, **Jamie Clements**, to resign over sexual harassment allegations. **Clements** resigned saying he had done nothing wrong but had stood beside in the interests of the party and his family, according to *The Australian Financial Review*.

#### Abbott Set To Run Again

**Tony Abbott** has confirmed he intends to re-contest the next election and remain in parliament in a move designed to fend off a purge of the conservative base of the Liberal party. Ministers **George Brandis**, **Josh Frydenberg**, **Peter Dutton** and **Christian Porter** are all believed to be backing **Abbott's** decision, as reported in *The Herald Sun*.

#### Abbott's Demise - Feature

**Aaron Patrick** is deputy editor (print) of *The Australian Financial Review* and author of *Credlin & Co., How The Abbott Government Destroyed Itself*. **Niki Savva** has burst into the headlines with her new book on the Abbott/Credlin relationship, *The Road to Ruin*. **Andrew Bolt** and many other columnists and politicians and others are having a feast. Perhaps **Credlin** comes out in front on this one. **Savva** is after sales.

#### Crossing Rhodes

Former Australian PMs **Tony Abbott** and **Bob Hawke** were among the nine Australians who have been selected for a **Rhodes** scholarship each year, so too current Prime Minister **Malcolm Turnbull**, and other political alumni **Kim Beazley** and **Geoff Gallop**. Since **Rhodes** (after whom Rhodesia, now in Zimbabwe, was named) died in 1902 there have been 7,688 recipients of the scholarship setup from his estate, much of its wealth was accumulated from his **De Beers** diamond company.

**Ntokozi Qwabe**, from KwaZulu-Natal province in South Africa, is a one of those Rhodes scholars studying civil law at Oxford. **Qwabe** has led a campaign for the statue's removal, **Rhodes Must Fall**, insisting **Rhodes** was a racist genocidal maniac akin to **Hitler**, and that the statue at Oxford glorifies an international criminal through its uncritical, deeply violent, iconography.

Worth more than \$100,000 a year, and insisting he was simply 'the beneficiary of the resources and labour of my people which Rhodes pillaged and enslaved', he added 'we can never be hypocrites for taking back crumbs of the colonial loot of **Rhodes** and his colonial cronies'. Racism is a dreadful evil, but we all know that now. It's hardly virtuous to be against racism today. Real virtue would have been to oppose racism when it was difficult to do so.

**Oriel College**, steeped in history since **King Edward II** established it in 1325, is now seeking opinion as to whether the statute should remain. It has already sought to remove a clock near the college entrance at 6 High Street commemorating **Rhodes'** time at the college in

the 1870s, but has yet to determine the fate of the statue.

After a 72 tonne statue of **Rhodes** on a horse at the **University of Cape Town** became central to South Africa's debate about the lack of educational progress in the post apartheid era, it was removed earlier this year, around the time as protests about 'feesmustfall' was politically successful. **Turnbull** has declined to comment. But **Abbott** now finds himself in the midst of a heated verbal exchange over issues of race, privilege and historical interpretation, along with former South African President **FW de Klerk**.

But the future of the statue raises complex issues that cannot be resolved quickly, the college believes, and instead it has launched a six-month listening exercise, as reported in *The Inquirer*.

#### INDUSTRIAL RELATIONS & EMPLOYMENT

##### Push For Penalty Cuts

Business groups are pushing for **Fair Work Commission** president **Iain Ross** to take into account the **Productivity Commission's** call to cut Sunday penalty rates as part of his election-year review of penalties across key industries, according to *The Australian Financial Review*.

##### Inside the Civil War

For evidence of why Australian unions are losing members, look no further than the **Finance Sector Union**, a dysfunctional organisation purporting to represent the interests of thousands of workers across the banking, finance and insurance sectors.

Insiders describe the environment at the union's Melbourne headquarters as 'poisonous' as revealed in the *Financial Review*.

##### CFMEU Spared Delisting

The looming merger of the **Construction Forestry Mining and Energy Union** with the **Maritime Union of Australia**, creating what **MUA** national secretary **Paddy Crumlin** boasts will be 'the most powerful' union in the nation, has frustrated any push from within the Coalition to deregister the scandal plagued construction union.

*The Australian* has learned that the government will not move to deregister the **CFMEU** despite evidence of widespread corruption and criminality but will instead seek to transform the perverse culture and mindset across the construction industry, as reported in *The Australian*.

##### Law Firms Lead the Way

Mid-sized law firms have emerged as the



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leading providers of part-time work opportunities for lawyers, outstripping efforts by the large and international firms to foster flexible work, according to *The Australian's* partnership survey. Law firm **Madgwicks** topped the league table, with 25.6 per cent of all fee earners working part time.

#### It'll Leave Us Bust

A union-backed plan to allow the transfer of long service leave between employers has angered business groups. Businesses claimed a proposed national portable long service leave scheme would be a \$10 billion a year burden.

#### Boss Back Heydon Reforms

The head of Western Australia's biggest union has backed the findings of the Heydon royal commission and called on **Malcolm Turnbull** to go even further by revoking barriers that stop workers from joining the union of their choice.

**Mark Olson**, state secretary of the **Australian Nursing Federation**, which has more than 28,000 members in Western Australia, said competition between unions would be an effective tool in killing off corruption in the movement, as reported in *The Australian*.

#### Chamber In IR Push

The president of the Australian Chamber of Commerce and Industry has vowed to put industrial relations reform high on the lobby group's list of election year demands as it looks to replace Chief Executive **Kate Carnell**.

**Ms Carnell**, a former Australian Capital Territory Chief Minister, and pharmacist, will stay at the small business group until March, before taking up the five year appointment as the inaugural Small Business and Family Enterprise Ombudsman, according to *The Australian*.

#### MUA Strikers Bullied

A new crisis has deepened the **Turnbull** government's election year battle with the union movement after five crew were pulled from the **MV Portland** in an after dark raid, in February, ending a 60 day industrial standoff over coastal shipping rules.

It was past midnight when aluminium giant **Alcoa** moved to bust the strike, with up 230 security personnel removing the **Maritime Union of Australia** crew members and replacing them with foreign crew, an action that freed the vessel to sail to Singapore after being held hostage in the Port of Portland for two months.

The **MUA's** conduct has been slammed as illegal after it appeared to openly defy orders from both the Federal Court and the **Fair Work Commission** to cease its industrial action and allow the vessel to sail, as reported in *The Australian*.

#### Further Shipping Strikes

The **Maritime Union** increased pressure on stevedore **Patrick**, announcing further strikes in late February. **Patrick** employees nationally walked off the job for 24 hours, forcing the company to divert ships to other competing stevedores and change shipping schedules. It was the first national stoppage since the 1998 waterfront dispute and is estimated to have cost the company millions of dollars.

In another blow to the stevedore company, which is looking at selling its operations, the **Maritime Union of Australia** announced that

more strikes are planned, according to the *Australian Financial Review*.

**The Australian Chamber of Commerce and Industry** told a Senate inquiry it did not support expanding long service leave beyond current terms. 'If the entitlement...is no longer dependent on long service with an employer, its character will fundamentally change because no longer will employers be guaranteed the benefit of long, faithful and productive service of experienced employees in return for the long service leave payments they make' it said.

Australia is one of only a few countries to offer long service leave, which typically consists of 2 months paid leave for every 10 years of service to the same company, according to *The Herald Sun*.

#### Gov Takes IR Chill Pill

Eight years on from the **Work Choices** election, the politics of industrial relations is slowly emerging from the realms of being an absolute no-go area for political debate, but it is very slow awakening. In the first flush of election victory, the then **Abbott** government commissioned the **Productivity Commission** to have a look at the industrial relations system at a time when it was under intense pressure from the business community to more aggressively embrace workplace reform.

Things have moved on considerably since then. The commission's final report is refreshingly pragmatic, rather than rabidly ideological as the coalition may once had anticipated, in its assessment of the state of the system. Set against that background, Australia's workplace relations system is not dysfunctional, it's needs repair not replacement. Nevertheless, several major deficiencies need addressing.

Employment Minister **Michaelia Cash** refused to endorse the push for a reduction in penalties, instead outlining a process of consultation with peak bodies, and deference to the **Fair Work Commission**, before the government comes up with a policy to take the election.

The penalty rates issue is a tricky one for any government, according to **Laura Tingle**, political editor at the *Australian Financial Review*.

#### Shorten In Crosshairs

**Bill Shorten** will face the political blowtorch for his former leadership of the scandal plagued Australian workers union after **Malcolm Turnbull** vowed to use the damning signs of the Haydon royal commission to make union corruption a frontline election issue.

The cover of *The Australian* lists 14 key points and recommendations, five are mentioned here: Criminal or civil action recommended against 37 individuals including former **AWU** Victorian secretary and current Victorian Labor MP **Cesar Melhem**, former **HSU** National secretary **Kathy Jackson**, former **NUW** and NSW secretary **Derek Belan**, former **CFMEU** Queensland secretary **David Hanna** and Cbus chief **David Atkin**.

Criminal or civil action recommended against the **AWU** and the **CFMEU**. Criminal or civil action recommended against **John Holland**, **Chiquita Mushrooms** and **Winslow Constructors**, plus 11 individuals including the current executive at **Downer EDI**. **Shorten** obtained an advantage when a construction

company paid for a campaign worker in his office. But no findings of wrong doing against the Opposition Leader.

The **AWU**, of which **Shorten** was national secretary from 2001 to 2007, was an institution more concerned with gathering members than servicing them.

#### Bring Back The ABCC

**Terrence Cole**, whose royal commission under the **Howard** government paved the way for the **Australian Building and Construction Commission**, has warned opponents of its revival that they risk entrenching unlawful union conduct and inflicting billions of dollars of extra costs on the economy. The rare intervention from **Cole**, who says the **ABCC** saved the economy up to \$6.3 billion a year by reducing unlawful union action before it was axed by Labor in 2012, comes as the government uses the resumption of parliament to reintroduce its legislation to restore the controversial industry watchdog, according to *The Australian*.

#### Business Blasts IR Blueprint

Business has blasted the Productivity Commission's proposed blueprint for the nation's workplace system as an opportunity lost, with **BHP Billiton** leading the charge to urge **Malcolm Turnbull** to seek a mandate for more ambitious policy changes at the next federal election.

But as unions promised a multimillion dollar marginal seats campaign on workplace work place relations, the coalition refused to commit to supporting any of the recommendations in the commission's final report into the workplace relations framework, saying it will consult further before considering whether to seek voter backing for sensible and fair industrial relations changes.

*The Australian Financial Review* understand the government is proposing a two-pronged workplace policy to take to next year's election. The first component were drawn from the trade union royal commission findings and advocate tougher union governance rules and a renewed push to reinstate the **Australian Building and Construction Commission**.

The second component is likely to propose what business will regard as incremental change picking up some changes proposed in a recent report including changes on what can be contained in workplace agreements, rules for new projects, alterations to the operation of individual flexibility arrangements and adverse action.

But the government is believed at this stage not to favour other contentious proposals in the report such as the stripping of key responsibilities from the **Fair Work Commission**.

#### Shorten Targets Dodgy Bosses

Federal Labor leader **Bill Shorten** has unveiled a suite of new policy measures designed to protect Australian workers from being ripped off by dodgy bosses. Those measures are strong penalties for employers who underpay workers, stronger legal protection for workers entitlements and increased penalties for sham contracting, greater powers for the Fair Work Ombudsman to pursue companies that go into liquidation and do not pay out entitlements, and greater protection for overseas workers to stop them being underpaid, according to *The Age*.

**Judgement**

**Turnbull** is happy to campaign against **Bill Shorten** on union corruption. **Turnbull** has taken a hammer to **Bill Shorten's** political future. That comes in the form of **Dyson Heyden's** incendiary report into union corruption. **Turnbull** was laying a political trap to wedge shortened over his trade union links, according to the *Inquirer*.

**New Model To Cut Unions Down To Size**

Reading the final report of the trade union royal commission, **Shorten** must consider himself a lucky man. His successor at the **Australian Workers Union, Cesar Melhem**, is singled out on many occasions. It is recommended that he be referred for prosecution for various civil and criminal offences.

But here's the rub. The misconduct and potentially illegal behaviour of **Melhem** is connected with the number of deals that **Shorten** had initiated. **Shorten** may not have been responsible for the final details but he knew the broad parameters of the arrangements that involved secretly dudding the workers but benefiting the union.

But the real story of the commission's final report is the combined impact of the recommendations on destroying the current business model of the trade unions and, with it, the steady and substantial flow of funds to the Australian Labor Party, as reported in *The weekend Australian*.

**Ex ACTU boss backs cuts**

Former **ACTU** president and Labor minister **Martin Ferguson** has backed the **Productivity Commission's** call to cut 'excessive' Sunday penalty rates, describing it's stand as a 'victory for common sense.'

**Ferguson**, chair of **Tourism Accommodation Australia**, renewed hostilities with former union colleagues, expressing hope that the proposed cut to penalties would be embraced by the **Fair Work Commission** as reported in *The Australian*.

**Small Business Loses In Fallout**

Small businesses, unions, book sellers and taxis are among the losers from the federal government's response to the Harper competition review after the coalition accepted 44 of the report's 56 recommendations, including deregulating retail hours and reforms

to planning, human services and road pricing. Used car dealers and pharmacies breathe a sigh of relief after the **Turnbull** government decided not to go ahead with plans to reduce parallel import restrictions on second-hand cars and called for an independent review into pharmacy location rules, not due until March 2017.

But small business groups, unions and the Greens criticised the announcement by Treasurer **Scott Morrison** to embark on a further round of consultation over the so-called fracture test, which **Ian Harper** recommended should provide the competition regulator with greater powers to take on big companies that misuse their market power.

A discussion paper is due by February 12 and the response is not due until the end of March. 'The big business groups should hang their heads in shame that lobbying by the supermarkets and a powerful few have derailed such an important reform for the broader business community', chief executive of the **Council of Small Business Peter Strong** said in *The Australian Financial Review*.

**A Holiday Sickie Rash**

Calls for workers to take the day off on Monday 21 January to turn the Australia Day holiday into a long weekend getaway angered employers. **The Tourism and Transport Forum** has urged Australians to dip into their annual leave to create a four day weekend and recharge their batteries for the year ahead, according to *The Herald Sun*.

**BUSINESS, ECONOMY, MANUFACTURING & FINANCE**

**Dick Smith Kept Quiet**

The full scale of **Dick Smith's** problems only became public on January 5, when it informed the **Australian Securities Exchange** that it had gone into voluntary administration under **McGrathNicol**. Bankers appointed receivers to the group on the same day. Customers who bought gift cards or paid deposit on goods have joined the list of unsecured creditors owed \$250 million out of total debt pile of about \$390 million. The retail also owes its 3300 employees about \$50 million, covering entitlements such as annual leave, as reported in *The Herald Sun*. **Dick Smith** has replaced its chief executive, strengthening speculation that a buyer for the chain can be found. Former **Retail Fusion Brands** boss **Don Grover** as interim CEO.

**Grover** is a 30 year retail veteran, as reported in *The Australian Financial Review*.

**Grants Up For Grabs**

About \$30 million of grants for businesses affected by the closure of Australia's car manufacturing industry will be opened for companies to invest in manufacturing projects by technological innovation, advanced processes and skilled workforce. Industry, Innovation and Science Minister **Christopher Pyne** said the **Turnbull** government was committed to a strong and sustainable manufacturing industry that would lead to job growth, as reported in *The Herald Sun*.

**Price Sharing Resolved**

The **Australian Competition and Consumer Commission** has resolved Federal Court proceedings against **Informed Sources (Australia) Pty Ltd (Informed Sources)** and for petrol retailers in relation to the petrol price information exchange service, including: **BP Australia Pty Ltd (BP), Caltex Australia Pty Ltd (Caltex), Woolworths Ltd (Woolworths), and 7-Eleven Stores Pty Ltd (7-Eleven)**.

**Alphabet Ousts Apple**

**Alphabet**, formerly known as **Google**, surpassed **Apple** as the most valuable company in the US. **Apple** surged past **Microsoft** in market value in 2010. **Microsoft** in turn eclipsed **IBM** two decades ago, as reported in *The Age*.

**KPMG Top Donor In Big Four**

Political donations from the nation's four largest accounting firms plateaued at more than \$500,000 in the 2014-15 financial year, with most of them made to the Liberal Party, as reported in *The Australian Financial Review*.

**Got A Problem**

Hundreds of aggrieved **Slater & Gordon** shareholders have signed up to a class action organised by rival law firm **Maurice Blackburn**, according to the *Herald Sun*.

**Dick Smith Looks To Asia**

Receivers of collapsed consumer electronics retailer **Dick Smith** are hoping to attract interest from cashed up Asian buyers in an attempt to maximise returns to creditors owed \$400 million, according to *The Age*.

**Cairns Defends Private Equity**

**Woolworths** Chairman and corporate director **Gordon Cairns** has come out swinging in

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defence of the private equity industry following mounting anger over the demise of retail chain **Dick Smith** so soon after it was flipped by private equity group **Anchorage** in its ill-fated \$520 million share market float, as reported in *The Australian*.

#### Shine Shares Plunge

Shares in ASX-listed law firm **Shine Corporate** have plunged by 78 per cent after the company cut its earnings guidance in half following a review of its accounting policies, according to *The Age*.

#### Internet Behemoths Our New Masters

Global power is shifting from a society of nation states towards a society of global online companies. Many of the traditional roles of government, such as the redistribution of wealth, the creation of public infrastructure, and competition regulation, are being tested by a growing constellation of planetary sized online businesses including **Apple, Facebook, Alibaba, Tencent, Google, and Amazon**, according to *The Australian Financial Review*.

#### DIY Disaster

**Woolworths** will either shut down or cell it's struggling hardware chain **Masters**, putting an end to the supermarket giant's disastrous foray into the home improvement market, according to *The Age*.

#### Burger Wars

A US fast food chain noted for its raunchy ads and unconventional culinary combinations has entered Australia's burger wars, opening the first of 300 planned local stores, according to *The Age*.

#### Economic Outlook Bleak

Treasurer **Scott Morrison** faces a bleak economic outlook framing his first budget with the leading economists warning of weakening growth and stagnant wages through the rest of 2016. More than two dozen economists from leading the banks and universities have warned that Australia will face below trend economic growth this year, further collapse in mining investment, and a lacklustre 12 months on the share market, according to *The Age*.

#### CBA Exec Exits

One of the **Commonwealth Bank's** most senior executives, chief risk officer, **Alden Toevs**, is stepping down from the role to be succeeded by Head of Corporate Affairs, **David Cohen**, according to *The Age*.

#### Elliott Driving ANZ Forward

New ANZ chief **Shayne Elliott** has opened the door to cutting the bank's dividend and flagged a greater overhaul of its financial targets, as he firmed up his senior team in preparation for the more challenging environment, according to *The Australian Financial Review*.

#### Swipe At Review Integrity

An industry sponsored review of boards in the non-profit super sector, led by former **Reserve Bank** boss **Bernie Fraser**, arguing it lacks independence, transparency and proper process. The **Australian Institute of Company Directors** prefaced a formal submission to the review by taking a swipe at its integrity. **AICD** chief executive officer **John Brogden** said the process was neither independent nor its terms of reference appropriately broad, according to *The Age*.

#### Power Push In Trouble

Former competition leader **Graeme Samuel** says consumers could miss out on cheap milk, bread and other deals if his successor, **Rod Sims**, is allowed to sue big business for taking any action that might reduce competition. **Samuel**, who led the **Australian Competition and Consumer Commission** from 2003 to 2011, said adopting **Sims'** plan to abolish the 'take advantage' test would give an unfair advantage to start-ups and small businesses at the expense of regular Australians, as reported in *The Australian Financial Review*.

#### Big Secret Of Online Economy

Technology is delivering a considerable economic dividend that is yet to appear in GDP report. They call it the Uberisation of the way we live. It's having a drastic impact on the economy only no one knows what's really going on, according to **Jacob Greber**, in the *Australian Financial Review*.

#### Vale Ditch Div

Investors fretting over the future of **BHP Billiton's** dividend have been given fresh reminder of the challenges facing big miners, with **BHPs** joint venture partner **Vale** indicating its dividend will be cut to zero this year, according to *The Age*.

#### Industry Captains Sports Skippers

Take a quick look at the governance driving Australian sport and at almost every turn you see the growing influence of business leaders. Sailing Australia, Basketball Australia, Netball Australia and Rowing Australia, according to *The Weekend Australian*.

#### New Business Watchdog

Businesswoman **Kate Carnell** will head a new national independent watchdog for small businesses. **Ms Carnell**, a former chief executive of **beyondblue** and current head of the **Australian Chamber of Commerce and Industry**, will be named as the inaugural Australian Small Business and Family and Enterprise Ombudsman according to the *Herald Sun*.

#### Keen For Big Build In North

As the country looks to the far north for a new wave of economic prosperity, business leaders at the frontier of development say the government has much work to do. More people and foreign investment, greater land and water security, and less than red tape are among the developer demands, with high hopes the federal government's focus on the north will spur some long overdue action.

As revealed in *The Australian*, the federal government has widened the scope of its \$5 billion northern Australia plan, pushing ahead with new federal loan guarantees it hopes will supercharge investment in economic infrastructure. Meetings in January discussed projects that need funding.

### ECONOMY

#### Tax D b cle Saps Business

A *Financial Review* article on February 26 announced that the Federal Government's tax d b cle has drained the 'glass half full' optimism which Australia's business community had before the summer holiday period. **Peter Nash**, chairman of KPMG Australia, said that this result had sapped business confidence and cruelled the pitch for growth-boosting tax reform for another parliamentary term.

Now that the government has backed off increases in GST and super taxes, business leaders feel disappointed. Fifteen days earlier the same newspaper had reported that the government 'is considering phasing in a large corporate income tax over a decade after the decision to dump changes to the GST left it with less revenue to pay for bigger reductions up front.'

On February 15 **Andrew Bolt** devoted his *Herald Sun* column to deploring the government's apparent stasis, under the headline 'A timid Turnbull hits reset button.' 'The big picture for voters is this: the government has lost five months while Turnbull flossicks for the economic plan he promised.'

The same day, yet another *Financial Review* report, this time from columnist **Tony Walker**, contemplated **Turnbull's** tax back-down. Mr Walker asked: '[G]iven Turnbull's foray into north Queensland: is the man all hat and no cattle? In other words, are we observing someone who is all talk and little action? ... By any reasonable judgment, the Turnbull government has mishandled the tax debate by allowing it to continue unstructured to the point where confusion prevails.'

No more complimentary about the Prime Minister was **John Roskam** of the Institute of Public Affairs. 'Voters,' he wrote, in his February 26 *Financial Review* column, 'are not dumb. They can sense when a politician is talking about something they believe in and when they're not. ... There's usually trouble when a Malcolm Turnbull-led Liberal Party has a policy indistinguishable from Labor's.'

#### On Tax

*Herald Sun* columnist **Terry McCrann** concentrated, in his February 9 article, on **Turnbull's** tax manoeuvres. 'After spending nearly six months soothingly telling us that "everything's on the table," refusing to rule anything on tax "in or out," the PM has now all but ruled out the one "elephant in the (tax reform) room": increasing the GST ...

'There really is no way back to making a bigger GST the centrepiece of the government's election campaign.' But **Bill Shorten** and **Julia Gillard** didn't emerge unscathed from Mr McCrann's column either.

'Now he and assorted ideological operatives in the media are going to try to claim that what Shorten wants to impose is not a carbon tax but an "Emissions Trading Scheme, or ETS." Up to a rather pointless point, they are right: it wouldn't be like a "normal" tax ...

'As I've pointed out before, a carbon tax is a form of GST. But instead of being at a flat rate on everything that's taxed, it's a flat rate on the energy embedded in everything.

'Gillard's carbon tax was in fact worse than the GST as it really was A Great Big New Tax on Everything – including things like health and education which escape the GST net. An ETS would be itself even worse than a carbon tax for two reasons.

'At least with Gillard's carbon tax the billions of dollars raised from ordinary Australians flowed to Canberra. With an ETS, much of the money you would pay would flow to Nigerian-style scammers – it'll be "Open Sesame" for them – and even when paid legitimately (sic), will flow overseas.

'Further, unlike money flowing overseas to buy real things, all we will get back for billions of dollars each year will be pieces of paper saying: you have permission to run your coal-fired power stations. The second critical thing is that that upper price of these ETS permits will be completely out of our control and potentially open-ended.'

Other pundits unimpressed by the government's recent actions have been **David Crowe** and **Maurice Newman**, both at *The Australian*. Mr Crowe said on February 26: 'Having gained the job at **Joe Hockey's** expense, Scott Morrison now finds that establishing an economic narrative is harder than it looked.' For Mr Newman (also on February 26), 'When Malcolm Turnbull goes to the polls this year he will campaign largely on the Abbott government's achievements. There will be little else.'

A similar admonition had come from *The Australian's* Dennis Shanahan on February 9. Mr Shanahan counseled: 'Malcolm Turnbull has to be careful he doesn't become the other Malcolm. **Malcolm Fraser**, that is, with a reputation as a do-nothing leader who squandered reform opportunities when the Coalition had big majorities and control of the Senate.'

'In 1975, Fraser took the biggest risk of his life and expended enormous political capital in becoming Prime Minister. but after becoming the nation's leader, Fraser became cautious, conscious of his unpopularity and spooked by Labor's improved political support once **Gough Whitlam** had left the scene.'

#### Negative Gearing Still Considered Positive

According to the *Herald Sun* on February 25, the role of negative gearing in Australia's tax system 'is again dividing the Federal Government as **Malcolm Turnbull** faces calls to kill off any planned changes. The Prime Minister faced warnings from conservative elements within his own ranks against any reform yesterday as he ponders his options ahead of an election-year Budget.'

Those parliamentarians whom the *Herald Sun* identified as wanting to keep the present negative gearing system included **Michael Sukkar**, **Senator Cory Bernardi**, and **Senator Zed Seselja**. Two days before the *Herald Sun's* article, the *Financial Review* devoted a front-page story to the subject: 'Malcolm Turnbull has whittled back the Coalition's tax reform options by slamming the door on adopting Labor's proposed crackdown on capital gains tax breaks and hinting strongly the government may leave negative gearing untouched altogether.'

#### Kroger Condemns BCA Leader

**Jennifer Westacott**, chief executive of the Business Council of Australia, found herself recently on the receiving end of an attack by the Liberal Party's Victorian president, **Michael Kroger**. He urged the BCA to dismiss her, and – the *Financial Review* reported on February 9 – asserted that the peak business group had 'no idea' how to influence public opinion in the GST debate.

Various prominent business figures condemned Mr Kroger's words. **Graham Kraehe**, former board member at the Reserve Bank of Australia, called the attack 'way out of line.' Others who came to Westacott's defence included the BCA's former president **Tony Shepherd**, who, as noted in *The Australian* on February 10,

called Westacott's tenure 'smart, firm and resilient.'

#### Super Cap Could Produce \$16b In Savings

If **Scott Morrison** were to impose drastic limits upon the amount of pre-tax earnings that Australians can pump into superannuation annually, he could save \$16 billion over four years. This is the finding voiced by the *Financial Review* on February 9, and derived from a Grattan Institute research project.

'By reducing the annual contributions limit to \$15,000, the Treasurer could save more than \$10 billion over the forward estimates. The \$16 billion saving would require the annual contributions cap to be lowered to \$11,000 from the current \$30,000 that applies to most Australians, according to modelling by the Grattan Institute. Restricting annual pre-tax contributions to \$20,000 a year would result in \$6 billion of savings over four years.'

#### Tax Commissioner Slams Multinationals

On February 11 the *Financial Review* described **Chris Jordan**, the federal Tax Commissioner, as lashing out at foreign-owned multinationals, including tech giants, for deliberately thwarting Australia's tax collection efforts. 'Their clear tactic,' he told a Senate committee meeting, 'is to delay and obstruct. They game the system. Enough is enough.'

#### Big Job Losses at South32

*The Australian* on February 26 revealed that South32, the Perth-based mining company, will be slashing more than 750 jobs around Australia, and its coal operations in the Illawarra region of New South Wales are at risk of closure. This follows the commodity price slump that has pushed the miner to a \$US1.7 billion first-half loss.

#### Bad Times At BHP

A *Herald Sun* report on February 24 quoted BHP Billiton chief **Andrew Mackenzie** as having said that 'the miner has ammunition to go on the hunt for acquisitions after dropping its commitment to never let dividends fall. The mining titan yesterday cut its dividend for the first time in 15 years and dropped its payout policy after posting the biggest loss in its history. ...'

'BHP reported a net loss of \$US5.7 billion (\$AUS7.8 billion) for the six months to December as the rout in commodity prices dented revenue and the group took an immense write-down on the value of its US on-shore oil and gas assets. The miner declared an interim dividend of US16c – will down on the US62c it paid for the same period a year ago.'

#### Ideas Boom Boomed

'Welcome to the Ideas Boom.' This is the phrase, in huge upper-case lettering, which dominates an advertisement in *The Age* on February 9 from the National Innovation and Science Agenda ([#ideasboom](http://www.innovation.gov.au)). It is part of a more general campaign that has included advertising at railway stations and other public places.

#### State Governments Accused Of Insufficient Tax Initiative

*The Australian's* contributing economics editor **Judith Sloan** complained on February 20 that 'one of the reasons the tax reform debate has been so damned confusing is the absence of an agreed list of objectives that must be met to justify changing various taxes ... The states continue to mention the \$80 billion funding gap -

\$50 billion for health and \$30 billion for schools – across the decade beginning 2017-18 and the need for the Federal Government to "do something".'

Further: 'Both **Malcolm Turnbull** and the Treasurer have pointed out, correctly, that running hospitals and schools is the responsibility of the states. Moreover, the states have plenty of scope to raise more of their own tax revenue, including by increasing several very efficient taxes, most notably land tax and (reformed) payroll tax. The states remain unenthusiastic about wearing the political consequences of raising state taxes ... Paperwork is ill-directed and out of control in too many hospitals.'

Somewhat similar views had already emerged from **Laura Tingle's** *Financial Review* column of February 8. 'Malcolm Turnbull's move away from a 15 per cent GST might resolve one political problem, but it has created a host of new ones ... The Prime Minister is telling the states that, if they have a funding shortfall, they should raise their own taxes to meet it.'

#### Take Your Pick

**Richard Denniss**, chief economist for the Australia Institute, has recently released a book entitled *Econobabble*, published by Redback Quarterly. In an *Age* column on February 15, entitled 'Econobabble: how the "experts" set out to fool us,' Mr Denniss argued that 'Politicians use economics as a tool to exclude us from the conversation ... through cryptic nonsense and belittling elitist language. I call that "econobabble".'

'Unfortunately,' he goes on, 'the primary role of economics in Australian political debate has become the narrowing of the choices we face and scaring the public into doing things we don't want to do ... It's up to you if you want to call bullsh\*t, or "econobabble", when you hear it.'

#### MINING

##### Projects Shelved, Business Slows

With Woodside Petroleum officially going cold on another Australian mega-project, **Browse LNG**, recent global oil and gas project deferrals have now gone past the \$US400 billion mark. Intuitively that should be good for the long-term oil price. But the fact that the oil super majors are changing course is a sign for some that the big players think there is a good chance prices may not come back to previous levels according to *The Australian*.

Santos also capped off a horrid season for big oil and gas producers, reporting a \$2.7 billion loss to follow **Origin Energy's** \$254 million loss and **Woodside Petroleum's** meagre \$US26m profit.

Between them, the results of the three big local LNG players included about \$5.7 billion of mainly non-cash losses, predominantly asset impairments, with **Santos** writing down the value of its assets by a whopping \$3.9 billion.

For **Santos** and **Origin**, the big influence on the extent of the red ink flowing through their finances was the timing of the developments of their massive debt-funded export-LNG projects in Queensland, which have come on stream in the context of plunging oil prices.

##### BP to Start a Fight

Oil giant **BP's** planned deepwater drilling in the Great Australian Bight is building as a major environmental confrontation, with a Senate inquiry set to probe the potential risks and

quality of federal oversight according to *The Australian*.

The petroleum industry welcomed the inquiry as an opportunity to highlight the economic benefits of oil and the long track record of environmentally safe operations in Australia. But environment groups want to highlight **BP's** lack of thorough risk assessment so far, and its disastrous **Deepwater Horizon** oil spill in the Gulf of Mexico.

#### Battle For Minerals Council

Gender diversity and the future of coal have merged as key determinants on who will take over the chairmanship of the mining industry powerful lobby group, the **Minerals Council of Australia**. The **MCA's** current chairman **Andrew Michelmore** is due to step down in June. **Michelmore**, chief executive of the Chinese state-controlled base metals producer **MMG**, will have served three years in the position.

It has been assumed that the **MCA's** senior vice-chairman, **Glencore's** head of coal **Peter Freyberg**, would rotate into the position, and that the **MCA's** vice-chair, uranium developer **Toro Energy's** chief executive **Vanessa Guthrie**, would become vice-chairman.

**Glencore** is Australia's biggest thermal coal producer and the ginger group is worried that the **MCA**, which has previously absorbed the **Australian Coal Association**, could be seen to be more of a coal lobby than anything else, according to *The Australian Business Review*.

#### Coal Mine Cleared.....

The Queensland government has granted the final environmental authority for **Adani's** controversial \$16.5 billion Carmichael mine. But final approvals, including the mining lease, could be held up for months after a legal challenge by an indigenous group and another appeal by an environmental group over the mega mine in the Galilee Basin, according to *The Australian Financial Review*.

#### Environment Rules Eased On Coal

Numerous large Australian coal mines have had their environmental regulations relaxed, in changes the federal government hopes will make life easier for the struggling industry. Certain coal mines owned by **Glencore**, **BHP Billiton** and **Whitehaven Coal** have received favourable changes to their approval conditions within the past month, which in some cases reduce the environment ministers ability to demand changes and reduce public oversight of miners compliance with approval conditions, according to *The Age*.

#### AGL Abandons Gas Venture

**AGL Energy** has ditched divisive plans for a \$1 billion coal seam gas production venture in the Gloucester region of NSW in a decision that delighted green activists but sharpened worries in business about high prices and shrinking supplies. The biggest electricity and gas retailer will also close down its operational Camden coal seam gas project south of Sydney in 2023, 12 years early, as part of a broader decision to shut down its gas exploration into production business.

The decision means **AGL** has turned its back on aspirations to produce at least some of the gas it sells to its 1.5 million customers for fuel. Coal seen activists are now redoubling pressure on **Santos** to abandon its NSW coal seam gas project at Narrabri in the state's central north according to the *Australian Financial Review*.

#### Nickel Injection Needed

**Clive Palmer's Queensland Nickel** will require a capital injection of tens of millions of dollars to avoid liquidation unless there is a rapid improvement in the price of nickel, a joint administrator of the company said, as reported in *The Age*.

It went into administration, and might be being bailed out as we go to press. The cost of shutting down and rehabilitating the toxic lands and ponds of **Clive Palmer's** strifetorn nickel refinery was estimated by its previous owner **BHP Billiton** at \$1.4billion.

Should the money not be raised, and the company collapses, Queensland taxpayers could be left with an unprecedented environmental clean-up bill. The federal government would also be landed with a \$30 million bill in workers' entitlements, and creditors most likely would lose their money, according to *The Weekend Australian*.

**Clive Palmer's** cash strapped companies **Mineralogy** and **Queensland Nickel** donated nearly \$10 million to his political party in hundreds of instalments, according to *The Australian*.

#### Taxpayers Left With Clean-Up

A cash injection of 'tens of millions of dollars', most likely from **Clive Palmer's** bank accounts, will be needed to stop his **Queensland Nickel** refinery going into liquidation as soon as April.

#### Coal In Trouble

Australia's embattled coal exporters are in deep trouble because of their reliance on foreign markets, political activism and environmental regulation, a study funded by the Norwegian sovereign wealth fund shows. A report by **Oxford University's** Smith School of Enterprise and the Environment says the coal industry is exposed to uncertainty, according to the *Australian Financial Review*.

#### Insurers Next Battlefield

Insurance companies are shaping as the next battlefield in the local fossil fuels divestment fight.

#### AGL To Abandon Coal-Seam Gas

The NSW government hopes a pipeline from the Northern Territory will fill any gaps in the supply of gas following the decision of **AGL** to abandon coal-seam gas and stop production at Camden, outside Sydney, by 2013, according to *The Australian*.

#### Outback Rail On Track

When a 300 km section of the Northern Territory's Stuart Highway was closed by floodwaters from Christmas and into the New Year, Australia's newest transcontinental railway line remained open and was able to continue shipping supplies into Darwin. The 2200 km line could be used to manage waste, according to *The Weekend Australian*.

#### Expensive Iron Ore Mistake

West Australian Treasurer **Mike Nahan** summed up the perils of managing the state's finances by lamenting that it was hard to run a government when 'you get pushed into replying on iron ore royalties.'

A perfect storm of falling iron or prices, a softer economy and lower GST income was blamed for **Nahan** said was the biggest cut to revenue any government had seen since the Great Depression. One of **Nahan's** biggest problems is forecasting. The government has got it

consistently wrong, as have scores of analysts, economists and commodity forecasters according to *The Australian Financial Review*.

#### TRADE

##### Relief from Import Squeeze

The days of cheap tinned tomatoes are over, with the federal government backing a decision to impose duties on two Italian giants that account for half of imported tinned tomatoes in Australia.

The Anti-Dumping Commission found **La Doria** and **Feger di Gerardo Ferraioli** guilty of 'dumping' and causing 'material damage' to the local industry. Industry Minister **Christopher Pyne** said the two face dumping duties: 8.4 per cent on **Feger** tomato products and 4.5 per cent on **La Doria** imports. 'This ruling will ensure that Australia's only canned tomato producer, **SPC Ardmona**, can now compete equally in Australian stores and supermarkets' he said. The decision means all 105 canned tomato exporters from Italy will now be affected by dumping duties according to *The Age*.

##### Sweet for Wheat

Indonesia remains king of Australia's wheat customers, buying more than the next three big buyers put together.

Indonesia imported 4.14 million tonnes of Australian wheat for the 12 months ending September 30 2015, according to the **Australian Bureau of Statistics**, as reported in *The Weekly Times*.

#### REFUGEES & IMMIGRATION

##### Love Not Visa Essential

Love is not essential for a de-facto relationship and fundamentally flawed couples should still be eligible for partner visas, according to two court cases undermining the traditional concept of romance. Two courts this week broadened the definition of relationships for partner visas, with the Federal Court ruling romantic love is not necessary for a de-facto relationship and the Circuit Court ruling deeply dysfunctional relationships can be genuine.

**Singh** told the **Migration Review Tribunal** that his sponsor had been violent towards him and he obtained an intervention order against her. The tribunal found his evidence indicated the couple's relationship was characterised by conflicting expectations, demands and mutual distress. But the Federal Circuit Court sent the case back to the tribunal, saying it was mistaken in the view that a fundamentally flawed relationship cannot be a relationship in which the parties have a mutual commitment to a shared life to the exclusion of all other.

There is clearly a significant percentage of marriages in which the parties have an appalling relationship, Judge **Heather Riley** found. These marriages are nevertheless genuine, according to *The Australian*.

##### Remove Barriers For Foreign Students

Cheaper housing, transport and health care, plus a better path to a post-graduation job for international students, would help grow Victoria's \$5.74 billion international education industry, according to **VECCI** chief executive **Mark Stone**, as reported in *The Herald Sun*.

##### 456 Misinformation

Business is reigniting its campaign for reform of 457 visas, declaring it time to dispel misinformation about the scheme for skilled foreign workers. In a move likely to inflame

tensions with unions over the 457 visa for temporary skilled migrants, business groups are lining up to say the government should abolish Labor-era labour market testing arrangements in the scheme, as reported in *The Australian*.

### Babies Face Deportation

Prime Minister **Malcolm Turnbull** has vowed the government's hard-line border stance is unshakable after the High Court ruled offshore detention was unlawful, but moral questions remain over the suffering of asylum seekers under Australia's care. In a 6-1 verdict, the court ruled that federal government has the power under the Constitution to detain people in other countries, clearing the way for the return of more than 220 asylum seekers to Nauru, as well as 37 babies born in Australia.

Immigration Minister **Peter Dutton** had signaled the government's intention to move quickly, declaring last month that the transfer would leave only seven children in mainland detention, but **Turnbull** is under pressure from church and advocacy groups and some Liberal MPs to be cautious.

Victorian backbencher **Russell Broadbent** appealed to the Prime Minister to gradually transfer those on Nauru and Manus Island to Australia, while continuing with the policies that have stopped the boats: boat turn-backs and the policy of processing any future arrivals on Nauru and Manus Island, according to *The Age*.

### Sanctuary for Deportees

The Anglican Dean of Brisbane, **Peter Catt**, has proclaimed Queensland's most prestigious cathedral sanctuary for about 270 men, women and children facing deportation to Nauru, after the High Court entrenched the legal basis for offshore processing, as reported in *The Australian*.

### Anglicans Can't Help

Melbourne's Anglican churches say they cannot offer sanctuary to asylum seekers facing immediate deportation to Nauru because they are not equipped to provide accommodation. It puts the Melbourne Anglican diocese at odds with their counterparts around the country, who are willing to face police raids and possible charges to shield asylum seekers.

Anglican and Uniting churches and cathedrals in Brisbane and Sydney have taken the extraordinary step of offering sanctuary to 267 asylum seekers. 'Where the state is causing grievous harm, churches can provide sanctuary and immunity from arrest by authorities' said Dr **Peter Catt**, Anglican Dean of Brisbane, as reported in *The Age*.

### Churches Could Face Criminal Sanctions

Australian church officials offering sanctuary to asylum seekers have no legal basis for their actions and could face criminal sanctions. Ten Anglican churches and cathedrals have invoked the ancient Christian tradition to offer protection to the 267 people, including 37 babies, facing imminent transfer to Nauru, according to *The Age*.

### \$100 Million Welfare Bill

The **Turnbull** government is considering boosting English, education and employment services for refugees amid new research showing only 7 per cent of a group of 2013 arrivals have jobs and budget estimates that welfare payments for new arrivals will exceed \$100 million a year, according to *The Age*.

### Migrant 'Slave Labour'

Our cheap Italian tomatoes come at a cost, according to **Paola Torato**, in *The Weekend Australian*. The labour camps and work gangs strip workers of their very last traces of humanity, said **Yvan Sagnet**, activist and labour advocate.

### Double Refugee Intake

**Tony Shepherd** and a cohort of leading humanitarian figures have called on the federal government to more than double the intake of 12,000 Syrian refugees, claiming an intake of 25,000 represents our fair share as the humanitarian crisis unfolds, according to *The Australian Financial Review*.

### Baby Asha Can Stay

The asylum seeker baby who inspired protesters to stage a hospital vigil to stop her from being sent back to Nauru will be released into community detention in Australia as reported in *The Age*.

Immigration Minister **Peter Dutton** confirmed that once the baby girl and her family's refugee claims were finalised, they would be sent back to Nauru, their home country or to a third country such as Cambodia.

### \$9bn Budget For Refugees

Australia is poised to join Europe in a \$9 billion humanitarian effort to support Syria and its refugee filled neighbours, at a time when public empathy for non-Syrian migrants has nosedived.

Britain, Germany, Kuwait, Norway and the UN are co-hosting a conference in London to help fill the UN 2016 budget of \$7.7bn for Syria and a further \$1.2bn for countries neighbouring Syria, according to *The Weekend Australian*.

### Asylum Policy Abusive

A leading international human rights group has blasted Australia's asylum seeker policy as abusive and says a serious rethink is needed to restore the country's standing globally.

**Human Rights Watch**, one of the world's most prominent rights campaign organisations, has said in its yearly report that Australia, while having a solid record on civil and political rights, was failing to respect international standard for asylum seekers and this was taking a heavy human toll, according to *The Age*.

### Firm Position

The *Age* devoted most of its February 9 front page to the news that some of the 267 asylum-seekers waiting to be flown back to Nauru are suffering from cancer and terminal illnesses. This news came from **Michael Pezzullo**, chief of the Immigration Department.

Pezzullo warned against 'moral lecturing' by those who fail to comprehend the consequences of softening Australia's tough border protection regime. But the government's top medical advisor on immigration detention has admitted that keeping children behind wire has a 'deleterious' effect on their mental health. Pezzullo himself conceded that prolonged detention 'is in no-one's interest.'

At present the government faces intense pressure to allow the group of asylum-seekers and refugees, including 37 babies, to remain in Australia. Two state premiers, Victoria's **Daniel Andrews** and NSW's **Mike Baird**, have offered to take in the group, whose members face being sent back to Nauru after a recent High Court ruling.

## TAX

### The Good, Bad And Ugly

Short of a 'Back to the Future' visit from future generations of tax payers, Australians could not have received a better warning about our budgetary circumstances than the one delivered by Treasury Secretary **John Fraser** in late January. 'Why should the living standards of future generations be compromised?' he asked in a **Sydney Institute** speech, 'just because we are not willing to make sacrifices to address the unsustainable growth of government expenditure?'

**Fraser's** sobering message sought to draw the public's attention, and the focus of politicians, to our unsustainable levels of government spending and the downside risks of not getting on top of the debt and deficit situations. Even with interest rates at record lows (keeping debt servicing costs relatively low) the return of net debt close to the post World War II highs of the early 1990s recession could see the Triple A credit rating at risk.

This rating is dependent on credible fiscal consolidation and a smooth transition to a more diverse economy, **Fraser** said, in *The Weekend Australian*.

### Beware the State Tax

Now that a GST rise is off the table, expect state governments to do the tax reform that the federal government won't. By denying the rise, the Commonwealth has taken away \$80 billion out of state budgets over the next 10 years as reported in *The Age*.

### Keating Slams GST

**Paul Keating** has weighed into the politically incendiary argument over the GST, slamming a possible 15 per cent increase to 15 cents in the dollar as fiscal folly and tax penury, which would only feed the bad spending habits of a political system that cannot be trusted as reported in *The Age*.

### Watch Out

Tax Commissioner **Chris Jordan** has vowed that the **Australian Taxation Office** is prepared to take more companies to court in the coming year, rather than settling cases with the top end of town. The tax office struck deals worth almost \$3 billion with 81 large businesses rather than heading for court last financial year. But **Jordan** said they are changing their strategy. The **ATO** would now move fast to claw back revenue, emboldened by recent wins against **Chevron** (now under appeal) and **Orica** as reported in *The Age*.

### War On Tax

The push for cuts to company tax is politically fraught. **Scott Morrison** has stressed the government wants to maintain an open dialogue on tax and would put proposed changes before the next election without a formal white or green paper on the issue, according to *The Australian*.

### GST Hike Riskier Prospect

A GST hike will be a riskier prospect this time around. Unlike 1998, consumer confidence is lower and a rise will have more impact on voters, according to **David Uren**, Economics Editor at *The Australian*.

### Super Choice Back On Agenda

A new clash is looming over rules that can ban millions of workers from choosing their own retirement fund as the government tries to increase choice in the \$2 trillion superannuation industry. Despite fears it will be accused of

running an ideological campaign against funds that are backed by unions, the Coalition will move to scrap a key part of the industrial relations regime that gives unions and employers the right to limit fund choice for up to 4.7 million workers, according to *The Australian*.

#### Revocation.. paperwork.. etc.

The **Australian Charities and Not For Profits Commission** is warning thousands of charities yet to compete that 2015 annual information statement that there are serious consequences for not meeting this core obligation. This group includes around 30,000 registered charities, however 19,000 had yet to submit with less than three weeks to go, according to an email media release by the **ACNC**.

#### Non Profit Funds Under Threat

Health Minister **Sussan Ley's** crackdown on health insurance premiums threatens the viability of smaller non-profit funds and may force industry consolidation that favours big players such as **Medibank** and **Bupa**, according to *The Age*.

Australia's big four banks were the main targets last year, but activist groups say insurance companies are as important as banks in divestment, and fossil fuel companies cannot operate without them, according to *The Age*.

#### Tariff Reform

An overlooked decision by the Victorian government has made smart meters a waste of money and is increasing consumer power bills.

Australia has national energy markets and cooperative federalism should mean that governments implement agreed reforms in the national interest.

Our politicians need to be brave and explain the benefits of reform commitment to consumers and businesses, according to **Tony Wood**, energy program director at the **Grattan Institute**, in *The Australian*.

#### Don't Waste Budget Crisis

**Malcolm Turnbull** and **Scott Morrison** won't get a better chance to fix the budget than in 2016.

**Turnbull's** great challenge is whether he has the guts to confront a budgetary shortfall that is deeply structural. In simple terms, the country is not generating enough revenue to meet obligations baked into the system, and no amount of wishful thinking can suggest otherwise.

What is clear is there will be no return any time soon to the fool's paradise of the commodities boom. And perhaps more concerning, rather than talking about a boom, we might be contemplating a bust. Don't forgo a moment in our history when people are ready for some straight talk in an election. In other words, don't waste a crisis.

**Tony Walker** is *The Australian Financial Review's* International Editor.

#### Vow To Change Tax

Treasurer **Scott Morrison** has vowed to pursue strong changes to the tax system and emphasised the importance of cutting company tax in some of his first comments on the subject in election year, as reported in *The Australian Financial Review*.

#### Hard Choices on GST

Boosting consumption taxes would conflict with encouraging consumers to spend more, according to **David Uren**, Economics Editor at *The Australian*.

#### Super Breaks Cost Less

Treasury has sliced nearly \$30 billion from the estimated cost to government of providing superannuation tax concessions over the four year period to 2017-18.

The adjustment ostensibly improves the budget bottom line. But it also suggests the government will have less money to play with if it decides to pare back super tax concessions to fund its tax reform package, according to *The Australian Financial Review*.

#### Time for Bold Tax Reform

Remember several facts: Corporate taxation provides 22 per cent of federal revenue; Personal taxation provides 50 per cent; Of this, the top 2.3 per cent of income earners pay 26.1 per cent of all personal income paid. The top 16.8 per cent of tax payers paid 63.5 per cent of tax paid by individuals. The bottom and 27.3 per cent of income earners pay 3.7 per cent of all personal income taxes paid. The GST collects 15 per cent of federal revenues, but this is paid out in full to the states.

Indirect taxes excluding GST provide the Commonwealth with 13 per cent of its revenue. Further, any increase in taxation removes from federal or state governments the pressure to adjust their own levels of spending. For Australia to avoid the abyss we're quickly approaching, we need a combination of reviewing and reducing government expenditure and also instigating a taxation system that, while providing incentives, is fair and provides the revenues to governments to meet the country's or states' most basic needs.

Because of my past political life I have some understanding about the need urgent reform. Is this is why I strongly believe a broader taxation base that reflects the personal choices we as individuals make on the things we buy is one of the necessary and fair ingredients of reform. Maybe on many items the greater the value of the product the greater the percentage of GST applied, if that is not too difficult to administer. Written by **Jeff Kennett**, a former Victorian Premier, as published in *The Herald Sun*.

#### Labor Cigs Tax Plan Risky

Leading budget experts say Labor's plan to use higher tobacco taxes to pay for fast growing social programs is misguided and potentially unsustainable, according to the *Australian Financial Review*.

#### Do It Myself

The Federal government has rejected Labor's policy to restrict negative gearing to new properties and will move ahead with its own plans to target high-end investors by either capping the number of properties that can be geared or limiting the annual tax deductions that can be claimed as reported in the *Financial Review*.

Now the Small business community is concerned about the impact of potential changes. Peter Strong, chief executive of the Business Council of Australia, said there had been little consultation on the proposal and compared the potential outcomes to those of the carbon tax, where some businesses escaped

unscathed, while others faced significant additional costs.

#### Fresh Push For GST Billions

NSW Premier **Mike Baird** has rebooted his pitch for an increase in GST with a consensus plan that aims to plug billions of dollars in immediate health and education funding gaps for the states and satisfy commonwealth calls for tax cuts to fuel economic growth.

**Baird** said he was still proposing no change to the goods and services to which GST is applied, but believed an increase in the rate to 15 per cent before reassessment in 2020 would satisfy the needs of the states and Commonwealth, according to *The Age*.

#### TOURISM

##### Backpacker Tax Bad For Jobs, Tourism

Taxing backpackers will hurt regional jobs and tourism, according to Australia's main farming industry lobby, the **National Farmer's Federation**, which will launch a national campaign urging the federal government to dump its proposed 'backpacker tax.'

In a bid to raise \$540 million over four years, the federal government wants to hit backpackers and people on working holidays in Australia with higher income tax bills.

New rules announced In last year's federal budget, which will take hold from July, will scrap the tax-free threshold for people on 417 visas, as reported in *The Age*.

#### GAMING

##### Partnership Angers Government

The government is fuming over a **Tennis Australia** partnership with a bookmaker that offers in play betting on matches, which is illegal online. The organiser of the **Australian Open** is facing a barrage of criticism over its multi million dollar **William Hill** deal. The Australian Federal Police is examining a complaint about the bookmakers in play betting service.

Placing in-play bets online is illegal in Australia, but **William Hill** has found a loophole, with a mobile phone app that places bets using VoiceOver IP calls, similar to **FaceTime** or **Skype**. The Government is furious at seeing Melbourne's logo next to **William Hill** signage on worldwide TV coverage of the Open, according to the *Herald Sun*.

#### CLIMATE CHANGE, ENVIRONMENT & ENERGY

##### Nuclear Options Abound

Momentum is growing for the construction of a nuclear waste facility in Australia to store and dispose of spent nuclear fuel rods and other waste from around the world a project which would deliver \$275 billion in revenue with signs of a bipartisan approach from the major federal political parties on the issue.

**Kevin Scarce**, a former South Australian governor who spent almost 12 months taking evidence from 128 witnesses, handed down his preliminary report from the **Nuclear Fuel Cycle Royal Commission** which examined if South Australia should expand from being a uranium miner into enrichment, waste storage and power generation.

The **Nuclear Fuel Cycle Royal Commission** in South Australia debunks the rainbow warrior and Midnight Oil mythologies of the hard left about anything nuclear. It sets the scene for Australia to become involved in all aspects of

the nuclear industry according to the *Financial Review*.

### Fight Spreads To Wider Environment

Environmental groups have a new plan to challenge key developments.

For the people in Canberra who like to pretend that the environment doesn't matter, they underplay how central public policy on environment is to the economy, according to the *Inquirer*.

### Don't Miss Nuclear Opportunity

Only political dysfunction can prevent us from profitably processing uranium, according to Foreign Editor **Greg Sheridan** in *The Weekend Australian*.

### Debt Spirals

The former boom state of Western Australia is set to record a \$3.1 billion operating deficit this financial year, and decline to unprecedented net debt levels, rising to \$39 billion in three years.

The dramatic fall in the iron ore spot price has caused havoc with the state government's anticipated mineral royalty income stream, said it's mid-year budget review, and it's AA+ rating will come under pressure, according to *The Australian Financial Review*.

### Snowy Hydro Saved

**Snowy Hydro** chief executive **Paul Broad** says the company's \$800 million dollar-plus of acquisitions over the last financial year are now proving their worth, but further M&A is off the agenda for now as the focus has shifted to achieving targets and embracing the new technology.

The Colongra gas-fired plant bought from the NSW government for \$234 million saved **Snowy's** retail business from a squeeze in the market after a transmission outage, while savings from integrating the **Luno Energy** retail business are running ahead of forecast, he said, according to *The Age*.

### Climate Change Needs Practical Action

The national science agency has been accused of walking away from climate science after it announced it would refocus from trying to understand it to practical measures to deal with it.

**CSIRO** chief executive **Larry Marshall** said climate change had been well modeled and it was time to start doing something about it, according to *The Australian*.

### Fishy Business

Carp is such a pest in Australian waterways that its opponents want to wage biological warfare to eradicate the species forever. An unlikely coalition of anglers, farmers and conservationists have declared that the destructive feral fish must go. Some of the nation's biggest fishing, farming and green groups say government has a once in a generation opportunity to eradicate the fish, and should connect the funds, as reported in *The Age*.

### A Lot of Green Tape

Queensland farmers are being threatened by the federal government with fines of up to \$900,000 for clearing land under permits granted by the state government. The threat of the fines has sparked anger within the Coalition as Nationals accuse the federal Environment Department of overreach.

Queensland Nationals senator **Barry O'Sullivan** said the bureaucratic bungling undermined the **Turnbull** government's policy for developing northern Australia, however, Environment Minister **Greg Hunt** blames Queensland authorities. Landholders with properties as small as 10ha who have been granted land clearance permits by the state government received letters in December from the federal Environment Department warning them that their activities may still have the potential to impact on matters of national environmental significance, according to *The Australian*.

### US Gas Industry Squeezed

Houston | Plummeting oil and natural gas prices have whipsawed the energy industry, forcing cancellations of billions of dollars of projects, late payments on loans and more than a quarter of a million layoffs worldwide.

With domestic gas prices hitting their lowest level since 2001, **Cubic Energy**, a company that produces natural gas and oil, became the latest of several dozen US producers to file for bankruptcy protection this year. Even a company the size of **Chesapeake Energy**, one of the nation's biggest producers, is struggling to reduce its \$US11.6 billion (\$16 billion) debt load, according to the *Australian Financial Review*.

### Carbon Abatement

New Australian Chief scientist **Alan Finkel** has backed the federal government's \$2.5 billion Direct Action scheme to buy carbon abatement saying that it is 'economically effective.' The Direct Action buy-back plan is often criticised as too costly and economically inefficient compared with a carbon pricing scheme.

'The end result is for \$20 for \$30 or spent, do you get a tonne of carbon monoxide emissions removed from our emissions accounting? The Direct Action plan can do that.' **Dr Finkel**, an electrical engineer, neuroscientist and entrepreneur who took over from former chief scientist **Ian Chubb**, is a strong campaigner for a carbon free economy, according to *The Age*.

### Rise Raises Doubts

Australia's annual greenhouse gas emissions have increased for the first time in 10 years and are not expected to peak until after 2030, according to a new report. As speculation mounts on whether the **Turnbull** government will top up its \$2.4 billion emissions reduction fund, a report by Melbourne consultancy **RepuTex** said Australia's annual emissions were forecast to increase by 6 per cent through to 2020 despite the government's Direct Action policies.

Federal Environment Minister **Greg Hunt** has said Australia was on track to reach its 2020 emission reduction targets early, but this has been mostly due to slow economic activity and the closure of some big industrial plants, according to *The Age*.

### Climate Change To Hit Bush

There will be no choice but to accept permanent changes to Victoria's beloved bushland as climate change worsens, some of the states leading environmental scientists say.

Excepting those changes could force a re-think of how some areas are protected and restored in order to give Victoria's threatened wildlife species the best chances of survival in warmer conditions.

The results of the symposium, held last year, has been turned into a series of 10 measures that scientists say should be taken to lessen the climate blow on nature, which will be released online under the title **VicNature 2050**.

They include ramping up many traditional conservation efforts, such as eradicating pest threats, ban on habitat clearing, and the protection of reserves. But there are limits, and another recommendation says we will have no choice but to accept more changes in natural areas that we are accustomed to.

There is no simple answer but excepting that some things are going to change is something that has not quite got across to a lot of people yet, Professor **Ary Hoffmann** from the Bio21 Institute at the **University of Melbourne** said, according to *The Age*.

### Gases To Keep Rising

Australia's greenhouse gas emissions are set to keep rising well beyond 2020 on current trends, with the projected growth rate on of the worst in the developed world, an analysis has found. An assessment of recent government emissions data by carbon consultancy firm **RepuTex** says that in the 2014-15 financial year Australia's carbon pollution rose for the first time in almost a decade when compared with the year before.

**RepuTex** said this trajectory would make Australia's absolute emissions growth among the highest for developed nations. Only Finland, Sweden and Estonia are forecast to do worse between 2000 and 2020, with emissions falling in countries such as the US, Germany and Britain, according to *The Age*.

### World's Best Minister

**Greg Hunt**, federal Environment Minister, has been singled out at 'the Best Minister in the World' by the World Government Summit, which met recently in Dubai and which *The Age's* February 10 issue reported on. It is understood that Hunt's work on Great Barrier Reef policy was part of the reason he received the accolade.

### Unlocking Gas Reserves

The Australian Pipeline and Gas Association recently revealed to *The Australian* its desire for state governments to unlock existing gas reserves. It has endorsed to this end a report that emphasises the importance of the energy industry to the national economy.

Ultimately, according to this report, gas supplies almost twice the amount of energy that electricity supplies to the nation's manufacturing sector. 'With such a valuable commodity,' as the association's chief executive **Cheryl Cartwright** put it, 'it is disappointing that some state governments are delaying or blocking the development of gas reserves.'

'Although the main focus on the value of Australia's gas, has been on the tremendous opportunities for LNG exports, its critical role in providing energy to Australia's manufacturing, commercial and domestic users deserves more attention.' The report itself is by the Industry Department's Office of the Chief Economist, and it found that the production of renewable energy continues to grow, with 17 per cent of households having solar panels installed by October 2015.

### CSIRO Research Cuts Paris

If the CSIRO goes ahead with its existing plan to cut back its research programs, it will involve Australia breaking a commitment which its government made at last year's Paris climate summit. That's the verdict of a leading CSIRO scientist, **John Church**, in *The Age* on February 6.

Church is an international expert on sea levels and one of the organisation's most decorated researchers. He said that CSIRO chief **Larry Marshall** had misled the public by his allegation that there was now less need for climate research than there had been because the problem had been 'proven.' Nine days afterwards, the same newspaper ran another CSIRO-related story. This time it reported that executives within the organisation are being accused of claiming credit for achievements of a science unit which had been recently axed, and of possibly misleading senators over plans for a key climate monitoring site of global renown.

The organisation last week trumpeted its contribution to the discovery of gravitational waves – predicted a century ago by **Albert Einstein** and now detected for the first time. In a media release hailing "Aussie innovation" on Friday, CSIRO cited its key role – while omitting the fact [that] it had made the researches involved redundant last year.

The coatings [on the mirrors], which were developed and applied at CSIRO, are among the most uniform and precise ever made, **Cathy Foley**, science director of CSIRO Manufacturing, said. "We really are world leaders in this area."

### The Costs Of Nuclear Power

A column by **Angela Macdonald-Smith** in the *Financial Review's* February 16 edition discussed nuclear costs. It noted that 'South Australia's nuclear royal commission has exposed the high cost of nuclear power for the state but has delivered fresh ammunition for those arguing it should be kept on the table as a valuable future option for low-emissions electricity supply.'

'Numerous factors stack up against nuclear power in South Australia, including flat demand for grid-based power, rising use of solar and wind power, and its relatively limited availability to ship power to and from other states, the commission's interim report found. Combined with the high costs of nuclear reactors, that means nuclear is uneconomic for the state for "the foreseeable future.'

Nevertheless, the report did not altogether rule out change down the track on this matter. '[A]t the same time, the commission argued that the controversial technology should be kept as an option to help meet the challenge of reducing carbon emissions from energy generation to zero by 2050.'

### Radioactive Waste

The Federal Government's Department of Industry, Innovation and Science placed an advertisement in *The Australian's* February 26 edition for its National Radioactive Waste Management Project. It seeks to carry out a survey of sentiment and to extend an invitation to comment.

### Battery Revolution

An article in *The Australian's* February 10 issue discussed the growing excitement around electric vehicles and home power storage. It

said that this excitement is now spilling over into the junior resources sector, with numerous players joining the hunt for lithium.

Lithium is the key ingredient in the new-generation batteries that are changing the way in which the world looks at energy. But it isn't cheap. Lithium carbonate prices have more than doubled in the past few months, climbing from \$US7,700 per tonne to more than \$US16,000 per tonne.

Whilst this price increase is a recent thing, it's part of a wider trend. For some time, according to *The Australian*, 'momentum has been building in the lithium space ... amid the hype around Tesla, electric vehicles and other emerging lithium-ion battery applications.'

### Queensland's Solar Blowout

According to the February 8 *Financial Review* edition, Queensland's electricity users will continue to cross-subsidise households with rooftop solar systems to the tune of \$3 billion over the next decade. This is a figure \$1 billion higher than previously predicted, and it comes from the refusal of the government led by Premier **Annastacia Palaszczuk** to scrap the generous solar benefits scheme put in place by an earlier ALP Premier, **Anna Bligh**.

The government has refused to close down the scheme, notwithstanding a scathing report issued early in February by the Queensland Productivity Commission. As a consequence, more than 200,000 households will be paying next to nothing for electricity until 2028.

## AGRICULTURE, CATTLE & WATER

### Good job

**Forestry Tasmania** is a **Tasmanian Government Business Enterprise** with the principal purpose to manage and control the approximately 800,000 hectares of permanent timber production on land in Tasmania and to undertake forest operations on this land for the sole purpose of selling forest products. Its forest management activities are independently certified under international systems for sustainable forest management. You can contact **Linda Dewar** on 9828 6545

### Beekeepers Hit Back

Australian beekeepers have reacted strongly to international research claiming local honey was contaminated with high concentrations of natural poisons linked to disease. **The Australian Honey Bee Industry Council** says the results of the Irish research were based on out-dated information about the amount of honey produced from the **Paterson's curse** plant, according to *The Age*.

Australian honeys are the most contaminated in the world with natural poisons linked to chronic disease including cancer, according to international research published in the **Food Additives and Contaminants Scientific Journal**.

The research said The Australian Food Code bans the use of poisonous weeds such as Paterson's Curse (also known as Salvation Jane) and Fireweed in human food, according to *The Age*.

### Tomato Wars

Growers concede that competitive tension has long run high between Australian and Italian tomato growers as Italian tomato prices pushed down those paid to local growers. However, the level of friction between the two nations has ramped up significantly since December when Italy threatened to block or disrupt the

impending start of free trade agreements negotiations between Europe and Australia if Australia moved to impose higher import taxes in a bid to protect local producers.

Executive officer of the **Australian Processing Tomato Growers Association**, says farmers are happy to compete with their Italian counterparts but insist on a level playing field to do so, according to *The Australian*.

### Vision Lacking

When the Single Vision report was released 11 years ago. It was lauded by then **Grains Council of Australia** president **Keith Perrett** as ambitious but achievable. The **Grains Research and Development Corporation** backed the single Vision plan, agreeing to fund it for 2 years. The aim was to simply lift growers' share of the grain dollar from 19 cents to 25 cents through industry efficiencies.

The Single Vision report predicted Australia would need 74.8 million tonnes of cereal for emergent uses in 2015. In reality, Australia's 2015-16 cereal crop is estimated to be less than half that, at 36.5 million tonnes, according to *The Weekly Times*.

### Dollar Draws Manufacturing Back

Manufacturing is rebounding as a low Australian dollar makes locally made goods more competitive with their overseas rivals. **The Australian Industry Group** says some companies that had sent operations offshore as the Australian dollar soared above parity with the US dollar are considering returning manufacturing to Australia, as reported in *The Australian*.

### Say Cheese

**BEGA** Cheese investors have been left with a sour taste after the group was dumped by **Coles** as its house-brand supplier. The new arrangement will see cooperative **Murray Goulburn** supply a range of **Coles** branded cheeses including tasty, Colby, mild and light cheese from next January as reported in *The Age*.

### Tour UK

Learn about the latest in agriculture innovation and visit industry-leading farms as part of a *Weekly Times* Travel Club tour of the UK in July 2016. *Weekly Times* editor **James Wagstaff** will accompany the 28-day tour through England, Scotland, Ireland and Wales, [theweeklytimes.com.au/country-living/travel](http://theweeklytimes.com.au/country-living/travel).

### Inquiry Into Marine Fisheries and Aquaculture

The Australian government has asked the Productivity Commission to undertake a public inquiry into the regulation of the Australian Marine Fisheries and Aquaculture Sectors within 12 months, according to a regular e-letter from the *Productivity Commission*.

### Morrison Defends Dairy Sale To Chinese

Treasurer **Scott Morrison**, according to a *Financial Review* article from February 26, has sharply condemned critics of his decision to permit the same of a Tasmanian dairy to privately-owned Chinese firm Moon Lake Investments. He argues that if he had blocked the transaction, it would not only have smashed investor confidence at a critical time for Australia, but have bordered on outright corruption.

Critics of his decision have included independent Tasmanian parliamentarian

**Andrew Wilkie** and various newspapers. The dairy farm is of 17,800 hectares and has in fact been foreign-owned for almost two centuries.

## MEDIA

### Regional Media Shakeup

(New) Communications Minister **Mitch Fifield** is close to achieving a breakthrough with the Nationals on local content in regional television that relies on a 'point system' to guarantee production of authentic local stories, paving the way for long delayed changes to media ownership rules.

The proposed content points system would see regional television operators required to produce 900 points of local content every six weeks, equating to around 30 minutes a day.

Because of concern that regional television already centralises supposed regional coverage in one centre, and provides so-called 'rip and read' coverage of press releases, there would be different points weightings for different forms of news, with locally produced television gaining three points compared to one point for reading out a 'rip and read' press release as per the *Financial Review*.

Media laws presently limit deals between print, radio and TV companies, while stopping metropolitan TV networks broadcasting to more than 75 per cent of the population, according to *The Australian*.

### ABC Hits the Spot

A mini series rejected by the **ABC** has become the highest-rating Australian TV drama in two years. **Molly**, about **Molly Meldrum**, the host of the seminal ABC series **Countdown**, averaged 1.793 million viewers in the five capitals, 2.636 million viewers nationally on 9 February 2016 as reported in *The Age*.

### Push To Reform ABC

The **ABC** board would have to include two members living outside the major cities and the broadcaster's charter would be amended to include a commitment to regional Australia, under sweeping changes being pushed by National Party MPs. The ABC would also be required to broadcast at least five radio bulletins a day consisting mostly of local news, according to *The Age*.

### Cleo Losses Revealed

The boss of German publisher **Bauer Media** has broken his silence over his controversial decision to close *Cleo* to reveal the celebrated young women's magazine's had been racking up huge losses for years, according to *The Australian*.

### Packer Loses Right Hand

**Jacque Murray** had served as **Packer's** indispensable jack-of-all trades executive assistant for more than two decades, but is believed to have left the **Consolidated Press Holding** empire last month. Ms **Murray** was also assistant to **Packer's** father, **Kerry**, who died in 2005, as reported in *The Australian*.

### The Australian

*The Australian* has lifted its total paid sales, showing resilience in a tough operating market to be the country's best performing major newspaper for the December quarter. **Audit Bureau of Circulation** figures reveal the **News Corporation** publication shed just 2.6 per cent of its Monday to Friday print circulation to 102,068 compared to the same time in 2014. But with strong growth in digital sales, *The*

*Australian's* total paid sales grew 2.5 per cent to 168,678. Digital sales jumped 14 per cent over the period to 75,014.

Rival metropolitan newspapers **The Sydney Morning Herald** saw net paid sales fall by a more severe 9.1 per cent to 104,155, while the Saturday edition slipped by 7.6 per cent to 194,207 sales. New's **Herald Sun** in Victoria held the biggest Monday to Friday circulation with 338,384 average paid print sales, which was down 6.7 per cent year on year.

### Netflix A Threat Without Reforms

**Netflix**, which competes with **Stan**, a joint venture between **Nine** and **Fairfax Media**, did not have the same regulatory burden as local players, including tax liabilities, content quotas and advertising restrictions. In less than a year, **Netflix** had hit 8 per cent of Australian homes, reaching 1.89 million people aged over 14.

**Nine** chief executive **Hugh Marks** said the regulations limited and constrained Australian free-to-air networks while **Netflix** and advertising giants such as **Google** and **Facebook** operated more freely, using the Internet to broadcast to the entire population.

## JUSTICE

### Coalition On Charm Offensive

The federal government has started a charm offensive on key senators to pass industrial relations changes for a third time, hoping the findings of the **Royal Commission into Trade Union Governance and Corruption** will sway the handful of votes it needs, according to *The Australian Financial Review*.

### Following on

The present **Royal Commission into Trade Union Governance and Corruption** has recommended the **Australian Securities & Investments Commission** consider whether **David Atkin**, the chief executive of one of Australia's largest industry superannuation funds, **Cbus**, breached the Corporations Act. It recommends ASIC review the conduct of **Atkin** and two former employees as reported in *The Age*.

### CBA Fraud

**Commonwealth Bank** staff were allegedly complicit in a \$76 million Ponzi scheme and receive secret commissions for their role in the alleged fraud, which was ignored by the bank's management for almost 5 years, until police were alerted. The alleged architects of the scam, professional poker player **Bill Jordanou** and accountant **Robert Zaia**, will face court in February 2017 and have indicated they will plead not guilty to almost 100 fraud and deception offences.

**Jordanou** and **Zaia** are accused of using forged documents to borrow millions of dollars for several property developments that never got off the ground. Funds were allegedly siphoned from clients' accounts without their consent, according to *The Age*.

### Anti Corruption Allegations Dropped

Two of the top targets of the **NSW Independent Commission Against Corruption**, a senior federal minister and a businessman who played a key role in the downfall of the then NSW premier **Barry Farrell**, have had major allegations against them dropped by the anticorruption body.

*The Australian* can reveal Secretary **Arthur Sinodinos**, who stepped aside from his

previous ministerial post in March 2014 amid an investigation into whether funds from **Sydney Water** were fraudulently donated to the Liberal Party by **Australian Water Holdings**, has been advised that no corruption findings have been made against him. The news comes almost 2 years after Senator **Sinodinos's** political career was derailed when he was a witness to the ICAC investigation, despite the fact no direct allegations of impropriety were made against him.

### Net The Big Fish To Curb Corruption

The Coalition should go after the employers who bribe unions. The reality is that businesses fund the union via dodgy deals that rip off workers of, then the unions fund the Labor Party, and then the business sector complains about both of them and looks to the Coalition for help. It is an absurd pantomime and the Coalition needs to cut the income off at the source by acting against the businesses that make the payments. This action will be politically palatable and strike at Labor from the left

The policy recommendations in the report have the potential to provide widespread and enduring public benefit. The report contains 79 recommendations, but three jumped out as crucial.

To criminalise the giving or receiving of corrupting benefits in relation to officers of registered organisations (unions), with a maximum term of imprisonment of 10 years.

To make it a criminal offence for an employer to provide, offer, or promise to provide any payment or benefit to an employee organisation or its officials. Certain legitimate categories of payment should be permitted, subject to strict safeguards. An equivalent criminal offence should apply to and person soliciting, receiving or agreeing to receive a prohibited payment or benefit, punishable by a two year maximum term of imprisonment.

To require an organisation that is a bargaining representative to disclose all financial benefits, direct or indirect, that would be expected to be derived by the organisation, an officer or a related entity as a consequence of an enterprise agreement.

A short, simple and clear disclosure document should be provided to all employees before they vote for an enterprise agreement.

The royal commission has recognised that where workplace corruption occurs, union officials and employers are together complicit in it, to the detriment of workers and consumers.

The report says 'it is inherently very hard to identify most types of misconduct by union officials. So far as it is typified by hard-core corruption, there is no 'victim' to complain, and the parties to the corruption have a strong incentive to keep it secret.'

Although the report notes that many unions employ people who act as 'louts, thugs, bullies, thieves, perjurers, those who threaten violence, errant fiduciaries and organisers of boycotts', it concedes there are two parties to every transaction, according to **Grace Collier** in *The Australian*.

### Royal Commission A Witch Hunt

Dismissing the Royall Commission as a politically motivated witch-hunt, Australian Council of Trade Unions secretary **Oliver** hit out

at the characterisation of union officials as "louts, thugs, bullies, thieves, perjurers" by commissioner **Dyson Heydon** in his final report. 'Extreme language', said **Oliver**. And it highlights to us the political nature of this royal commission, as reported in *The Australian*.

#### Police Handed Confidential Reports

Following a two year inquiry, including 46 days of private hearings, the commission's six volume final report referred 45 individuals and organisations to police.

One confidential volume will not be made public over concern for witnesses' safety.

A police task force set up to investigate matters arising from the commission is expected to use findings in the secret volume to investigate more union officials over alleged criminal activity.

Outspoken Senator **Jacqui Lambie** has called on the Federal government to provide senators with the secret volume, saying that there was no legitimate reason to keep it a secret. 'If all state premiers have the ability to read all of the royal commission volumes, including those marked confidential, then all senators should have the same rights,' Senator **Lambie** said, according to the *Herald Sun*.

### BROADBAND & IT

#### Nationalisation By Stealth

Private sector rivals to the **National Broadband Network** have warned of nationalisation by stealth through proposed rules for superfast internet infrastructure in new housing estates.

While the government's policy is to foster competition among network providers in newly built estates, the group says that government officials have never abandoned the monopolist model for the national broadband policy promoted by the **Rudd** and **Gillard** governments, according to *The Australian*.

#### NBN Worth \$29b Less Than It Costs,

PricewaterhouseCoopers maintains that when the National Broadband Network – devised by the 2007-13 ALP government – is complete, it will be worth \$27 billion, less than half of what it will cost to put it into place, the *Financial Review*.

The same article also quoted Infrastructure Australia as having called the previous day for the NBN to be sold off. This agency hired PwC to model its recommendations.

### WELFARE

#### Crackdown On Fee Hikes

Private health funds have been ordered to open their books and justify their bid to increase premiums, in what the insurance industry last night described as an unprecedented departure from regulatory process. In an effort to secure a better deal for members, Health Minister **Sussan Ley** yesterday wrote to insurers formally requesting they either seek a lesser premium increase or provide the financial statements to prove it was necessary to pass on higher costs, according to *The Weekend Australian*.

#### Kick 'em Out

**Medicare** and other health benefits would be outsourced to the private sector under an ambitious cost-cutting plan by the Federal Government. The move, understood to be an option ahead of May's Budget, would see office work now done by bureaucrats transferred to the private sector according to the *Herald Sun*.

#### Pharmacists Fight Codeine Plan

Pharmacists are rolling out a new reporting system for codeine based painkillers such as Panadeine and Nurofen Plus in a fresh bid to convince drug regulators there is no need to make them prescription only.

The **Therapeutic Goods Administration** made an interim decision last year to make about 150 codeine products available only to people with a prescription, amid concerns the drugs are being misused and abused, according to *The Sunday Age*.

#### Lets Get a Review Going

Outgoing **Medibank Private** chief **George Savvides** has put medical procedures that have no clinical benefit firmly in his sights, after leading the debate on overhauling the Prostheses List. **Savvides**, who delivered a 58 per cent half-year profit jump to \$227.6 million, is confident there are more levers to pull to address affordability concerns, which he says will lead to lower premium rises.

With six government reviews under way into the healthcare system, including one into the private health insurance sector, **Savvides** said there was momentum to improve transparency and remove waste. 'A constructive reform agenda can support improved quality and affordability and take pressure off future rate changes'.

#### Billion Dollar Blowout

The bipartisan goodwill behind the **National Disability Insurance Scheme** is souring after revelations of a billion dollar cost blowout during the trial period. The problems could have been averted if the **Gillard** government had placed greater emphasis on governance and outcomes in its design, according to *The Australian*.

#### Safety Net Changes Postponed

The **Turnbull** government is putting off plans to change the **Medicare** safety net until after next year, after failing to attract enough support on the Senate crossbench. The plan was to lower the threshold needed to access benefits for out of hospital services, while capping the amount payable for individual services once these have been reached.

Psychiatric, oncology and IVF groups have fiercely opposed them because of concerns they will make services unaffordable for some patients, according to *The Age*.

#### Health System Going Digital

Imagine a health system where hospitals could liaise with each other to maximise space, patients could receive their results on the go and long wait times would be a thing of the past. There is every chance this is what the sector will look like thanks to mobile devices, and Australian company **Chamonix** is helping hospitals make the transition. This shift towards mobility has been kick started by new legislation which digitise Australians' health records. The industry will be worth an estimated \$21 billion by 2018, as reported in *The Australian Financial Review*.

#### Millions To Fall Through Net

The massive national disability insurance scheme may have trouble providing one of the most crucial parts of its service within budget because it is still being built, sources say.

Last month, the agency running the \$22 billion scheme released a second tier of support for the NDIS to help millions who miss out on the 460,000 places that will receive uncapped help

based on need. This second tier of support, which the **Productivity Commission** forecast would affect 4 million people with disabilities, was imagined as a sort of clearing house for everyone who isn't eligible for an individual support package, as reported in *The Australian*.

#### Work For The Dole

A revamped, more flexible work for the dole scheme has the capacity to transform remote Indigenous communities by tackling the major driver of social dysfunction, according to Indigenous Affairs Minister **Nigel Scullion**.

Activities that meet the work test will be expanded to include volunteering at school canteens, delivering meals on wheels and learning to drive, but non compliance breaches will be immediate under new legislation, according to *The Age*.

#### Indigenous Drive At 'Dead End'

Decades of failure to deliver substantial improvements in the wellbeing of indigenous Australians have left two of the nation's senior Aboriginal leaders calling for radical new approaches of the type not seen since the Northern Territory intervention. **Turnbull** is understood to be urgently seeking novel ideas to break the deadlock ahead of what is expected to be another damning Closing the Gap report, due to be released after parliament resumes in January, according to *The Australian*.

### EDUCATION

#### The End Of TAFE?

The federal government would take over **TAFE** funding from the states under a radical plan to be presented to the states and territories at a high-level meeting. Under the **Turnbull** government proposal, obtained by **Fairfax Media**, **TAFE** fees will be deregulated and **TAFE's** would receive the same levels of funding as a private colleges in a bid to increase competition in the sector, according to *The Age*.

#### Labor Promises Gonski Funding

Labor has set up an election year school funding battle by promising to pump \$4.5 billion into the nation's schools by for the funding the **Gonski** funding agreements it struck when last in office, according to *The Age*. It's a real plan for our schools: it means that every child in every school, no matter their background, will be able to get access to the tools they need for a quality education now, so they can drive our economy into the future, according to **Julia Gillard** in an *Australian Labor* email.

### FOREIGN AFFAIRS

#### Hello cousin

Almost half of the 140,000 New Zealand-born Kiwis who have been living in limbo in Australia since 2001 could be eligible for citizenship after leaders on both sides agreed to defrost some of the visa rules according to *The Australian*.

**Malcolm Turnbull** and his New Zealand counterpart **John Key** announced that Kiwis who arrived after February 26, 2001, holding special category visas would be able to become citizens if they earned enough and had lived here longer than five years.

#### Coalition Hits Clinton

On his first day as Trade Minister, Steven Ciobo accused the frontrunner for the US Democratic Party Presidential nomination, Hillary Clinton, of conducting a union-backed misinformation campaign against the Trans-Pacific Partnership, trade bloc championed by Australia. Despite calling it the 'gold standard' in Australia four

years ago, Clinton broke with the Obama administration and opposed the deal after she decided to run for president again. She argued it would harm American workers and hit wages, a position that threatens its passage through the US Congress if she is elected President this year.

#### Economics Will Stop Conflict

Prime Minister **Malcolm Turnbull** said China's integration into the global economy paired with strong American involvement in the Asia-Pacific will reduce the risk of military conflict between the US and China, according to *The Australian Financial Review*.

#### Shortage of Guards In Iraq

The private security company in charge of protecting Australia's embassy in Iraq admits it has so far failed to recruit enough staff to fill the elite protection detail guarding the compound in Baghdad, according to *The Australian*.

#### US Still Leader

**Barrack Obama** has used his final State of the Union address (given yearly in January) to remind his critics at home and abroad that the US remains the world's most powerful nation, leading to fight against the 'killers and fanatics' of Islamic State and setting 'the rules' in the Asia-Pacific region. **Obama** took issue with the Republicans portrayal of the US as a nation in decline, according to *The Australian*.

He tried to reconcile an optimistic assessment of the nation's progress with the anxieties he conceded have gripped Americans during his tenure, to try to burnish his record and frame the campaign to succeed him. But he acknowledged that many Americans feel frightened and shutout of the political and economic system they view as rigged against their interests, even as he offered an implicit rebuke of Republicans who are playing on those insecurities in the presidential race, according to *The Australian Financial Review*.

#### Abbott's Pushed To Stop Rudd

**Tony Abbott** sought an exchange of letters with **John Key** to support former New Zealand Prime Minister **Helen Clark** for the top job at the UN to head off **Kevin Rudd's** push to get Australia's backing for the post. Both the then Australian Prime Minister and the New Zealand Prime Minister agreed that **Clark**, the former New Zealand Labour leader and No 3 at the UN, would be a better candidate to replace outgoing UN Secretary General **Ban Ki-moon**.

Revelation of the agreement has highlighted policy and personal differences between **Abbott** and **Julie Bishop**, and revealed **Abbott's** refusal to back **Rudd** while the Foreign Minister had been prepared to consider supporting him, according to *The Australian*.

#### Warming Up

**Malcolm Turnbull** and **Barack Obama** had two hours together over lunch in the White House. Observers said both sides felt their personal chemistry had improved since a November meeting in the Philippines when they were yet to quite figure each other out, according to *The Australian Financial Review*.

#### Terrorism Here To Stay

The bombings and suicide murders in Jakarta are exactly what every counter-terrorism official in South East Asia, and in Canberra, has been fearing for months, if not years. They are also, very likely, the shape of things to come, in South East Asia and perhaps in Australia. These

attacks will have significant consequences for Indonesia and for Australia, according to *The Australian*.

#### Every Aye To Be Dry

MPs and peers were told that they are likely to have to move out of the Palace of Westminster for at least six years to allow the £4 billion (\$8bn) overhaul of the crumbling neo-Gothic pile. Along with waving farewell to the mice and asbestos, parliamentarians will leave behind at least 10 licensed bars and restaurants, each well stocked with competitively priced drinks.

Their proposed new home is on 79 Whitehall. The Richmond House complex, just north of the existing parliamentary estate, can easily be taken within a security cordon and could comfortably accommodate a temporary debating chamber.

However, the Whitehall building was quietly transferred to finance an Islamic bond scheme two years ago, and a condition of its lease is that it cannot be used for purposes not sanctioned by Sharia.

A Whitehall official said that, under the terms of the deal agreed with the Treasury, the sale of alcohol was among activities explicitly forbidden, according to the *Weekend Australian*.

#### Cautious US Gives Japan Edge

Serious doubt that Washington will be willing to provide the US Navy's most advanced combat systems to Australian submarines if they are built by Germany or France is emerging as a trump card for Japan in the three-way battle to construct the new boats. Australian officials at the most senior level believe Canberra could experience significant difficulty getting the most advanced US combat systems for between eight and 12 new submarines unless Japan wins the lead role in the project, which is expected to cost more than \$50 billion.

The German manufacturers have counted this view by pointing out that Germany is a member of **NATO** in good standing, and that numerous German built subs have elements of American weapons systems, as reported in *The Australian*.

#### Cameron Will Respect Brexit

It would not be the right answer for Britons to vote to leave the **European Union**, but the government would have to make it work if they do, British Prime Minister **David Cameron** said. An opinion poll published in January showed that the majority of Britons who have made up their mind would back leaving the EU in a referendum due by the end of 2017.

**Cameron** said that he hoped voters would back staying in the EU if he achieves his planned reforms to Britain's relationship with the bloc. 'The British public will make their decision', in *The Age*.

#### No Brexit In A Crisis

**David Cameron** should hurry up and hold that referendum on British membership of the EU. If the UK Prime Minister does not get a move on there might not be an EU left to leave. **Anuel Valls**, the French Prime Minister, said recently that unless Europe gets a grip on the migration crisis, 'the European project can die, not in decades or years but very fast.' Even allowing for a degree of hyperbole in that statement, there is no doubt that **Cameron** is negotiating with an organisation that is in grave trouble, according to *The Australian Financial Review*.

#### Would the Brexit Work?

In terms of trade, Britain can have a free trade deal with the EU and bilateral trade deals with growing export markets in the EU, or lose its main trading partner with about 50 per cent of trade worth \$1 trillion a year if it opts out. In regard to the economy, being out of the EU would save billions a year in the New British contribution to the EU, while being in the EU has increased exports by 55 per cent.

In regard to jobs, there would be less regulation outside of the EU, and membership will be adverse to British industry. Also, with regard to immigration, outside of the EU Britain can use visa restrictions on EU migrants to exert less pressure on public infrastructure, while membership allows access to cheaper labour and EU regulated work visas.

On the global stage, membership of the EU will only serve to diminish Britain's global voice as a nuclear power, member of **NATO** and on the **UN Security Council**. In terms of the law, an exit would allow the British parliament to regain sovereignty, while losing protection from EU laws and protection as reported in *The Australian*.

#### Push To Swap Failed Asylum Seekers

Every migrant entering Greece across the Aegean Sea would be returned to Turkey, under plans being drawn up by European countries. In exchange, the EU would accept up to 250,000 documented asylum seekers a year from Turkish camps to be resettled in their territories, according to *The Weekend Australian*. If the German-led resettlement program can be agreed upon, ferries will begin returning all migrants, including refugees, from the Greek islands of Lesbos, Chios or Kos to Turkey. A coalition of countries supporting the plans, include Austria, Belgium, France, Finland, Germany, Greece, Italy, Luxembourg, The Netherlands, Portugal, Spain and Sweden.

#### H-Bomb Test Fury

The **UN Security Council** held an emergency summit after North Korea claimed to have tested its first hydrogen bomb just weeks after it promised to work more peacefully with its regional rivals and neighbours, in *The Australian*.

#### Keeping Venice Afloat

Mayor of Venice **Luigi Brugnaro** initiated what he dubbed Operation Truth, a mission aimed at confronting the shaky state of this canal riven city's finances. Venice is all-out broke. It maybe a dream for tourists, but keeping up the centuries-old floating masterpiece is a nightmare for its government.

For years, a special law required the national government to cover Venice's extra costs, and Rome duly handed about €143 million a year to Venice between 1993 and 2004. Meanwhile, the popularity of online gambling has contributed to a plunge of more than 80 per cent in proceeds from Venice's city owned casino since 2008.

So the cash-strapped city is scrimping on essential services. For instance, water erosion means Venice must restore its buildings as often as every decade compared with at least 50 years to normal cities. 10 years ago, the city spent €150 million annually to restore its own buildings and revamp privately owned ones.

The most contentious is **Brugnaro's** idea to sell some of the art treasures in its museums' collections, such as the **Klimt** painting Judith II,

that he says don't belong to the city's history and tradition, as reported in *The Australian Financial Review*.

#### Over Dinner

**Tony Abbott** has met US president **Obama** in Washington in a move bound to further frustrate Prime Minister **Malcolm Turnbull**. Sources at the function, perhaps a larger dinner, said the two had a very warm and intimate discussion. It was obvious **Obama** was pleased to see him, one said. A day earlier **Abbott** met US Director of National Intelligence **James Clapper**. The meetings came just two weeks after **Turnbull's** visit to Washington, where he also met **Obama**, **Clapper** and other intelligence officials according to the *Herald Sun*.

#### DEFENCE

##### Abbott's Secret Subs

Many industry insiders are convinced that **Tony Abbott** when he was Prime Minister was extremely close to signing a secret deal in late 2014 with the Japanese Government and Prime Minister **Shinzo Abe** where 12 submarines would have been built in Japan, with only a routine amount of maintenance carried out in Australia to service them.

That plan was overturned after internal Liberal Party functions and a volley of protests, with a 'competitive evaluation' process subsequently put in place in which bids from the three countries are being assessed against a shifting political backdrop where the pressure is on to ensure construction happens in Australia. All three bidders lodged their proposals late in 2015 under the timetable set by the federal government, with a decision expected by mid-2016 according to the *Financial Review*.

##### Exercising Freedom

Australia is likely to conduct a freedom of navigation exercise in the South China Sea in the coming months after the US revealed that it has carried out a similar operation, in *The Australian*.

##### Costly Combat

The **Department of Defence** is pressing on with the detailed specifications for what will be by far the largest single defence acquisition for land warfare that Australia has ever seen, of advanced combat vehicles costed at \$10 billion-plus, according to the *Australian Financial Review*.

##### Defence spending boost

According to a *Financial Review* report of February 26, expectations – already battered – for a return to budget surpluses by the next decade were all but obliterated by a \$30 billion boost in future defence spending. The Defence White Paper called this development 'a sign that Treasury has essentially lost the fight within the government to keep a lid on military spending over the next decade to help reduce debt and deficits.'

Writing in the same *Financial Review* edition, **Jennifer Hewett** was more complimentary. '**Turnbull** can't say it often enough. The government's approach to defence will create jobs, growth and innovation.' According to **Laura Tingle** in the same newspaper: 'Torrid debates over Senate voting rules and tax dominate Canberra this week. But the Defence White Paper proved a success.'

Meanwhile *The Australian* announced, likewise on February 26, that the government 'will spend

almost \$50 billion in the next decade to fund the biggest expansion of the naval power since World War II. Apart from doubling the submarine fleet to 12, the White Paper foreshadows a substantially more powerful surface fleet, including much larger anti-submarine warfare frigates and large multi-role offshore patrol vessels.'

A third newspaper, *The Age*, supplied further details (again on February 26) of what expenditures are involved. It described the relevant White Paper as 'outlin[ing] Australia's plans to defend itself for the next 20 years. On submarines, the White Paper commits to a "rolling acquisition" which means that by the time the final boat is built the first one will be ready to retire, creating a continuous build indefinitely.'

Nor is cyberspace neglected. *The Age* says: 'Concern about future threats of cyber-attacks has been dramatically underscored by the White Paper's announcement that there will be 800 new personnel committed to cyber-defence and a further \$300 million to cyber-hardware. And the regional instability sparked by China's rise features strongly in the government's thinking, with the White Paper noting that "as China grows, it will continue to seek greater influence within the region."

Similarly, the aforementioned issue of *The Australian* commented that 'threats ranging from terrorism and an escalating risk of cyber-attack to the uncertainties posed by China's increasing assertiveness in the South China Sea have driven the new \$195 billion blueprint for the defence of Australia.' Uniformed personnel are to increase by 4,900 to 62,400, and the White Paper envisages an extra 1,200 civilian jobs, mostly in cyber-security and intelligence. To quote from the same front-page *Australian* article:

'The ADP will gain much greater reach through the region, and much further abroad, through new manned and unmanned aircraft, the P-8 Poseidon maritime patrol aircraft and the massive Triton unmanned surveillance aircraft, which can patrol for a day or more without refuelling. As information becomes an increasingly crucial weapon, the more sophisticated submarines, surface warships and surveillance aircraft, as well as the addition of 900 uniformed ADF personnel and 800 defence civilians to work in the intelligence processing and broader cyber-protection areas, will greatly increase Australia's ability to gather intelligence.'

##### Connections>>>

**David Morrison**, former chief of the Australian army who was recently awarded the title of Australian of the Year, now has a \$200,000-a-year job as a diversity advisor to a major defence contractor, Deloitte Australia. According to the *Herald Sun* on February 9, his duties will be light: only 25 days' work per annum. **Bruce Relph**, NSW president of the Australian Peacekeeper and Peacemaker Veterans' Association, expressed scorn towards the move. 'It's jobs for the boys. It's disgusting that he can land a job like that when ex-servicemen and women are left on the scrap heap.'

##### Fight IS

Former cabinet Minister Eric Abetz has joined former defence Minister **Kevin Andrews** in challenging the **Turnbull** government's decision to refuse a United States request for increased military efforts in the campaign against Islamic

State, saying it is the role of backbenchers to speak their mind, as reported in *The Age*.

#### HEALTH

##### Can't Afford A Doctor

Struggling to get into GP when you need one? Data shows you're not alone. Last year, one in five Australians waited longer than they thought was acceptable to get into a GP and one in 20 said they delayed or did not go to a GP in the previous year because of cost.

While the data published by the Productivity Commission shows 85 per cent of GP visits were bulk billed last year (meaning patients faced no cost), the **College of General Practitioners** has warned that more Australians will face private GP fees this year because of the federal freeze on **Medicare** payments for GP services as reported in *The Age*.

##### Blitz On Prosthetics

*The Age* announced on February 9 that doctors, insurers, and medical device companies have been asked to overhaul the way in which the government sets the price of prosthetics, such as pacemakers, and guarantee consumer benefit from the changes. This review of the prostheses list will be led by health administration veteran **Lloyd Sansom**, University of South Australia emeritus professor, in a process that federal Health Minister **Susan Ley** has fast-tracked.

##### NDIS Plan Slammed

'After years of behind-the-scenes work, angst from early intervention advocates and concerns about cost blowouts and fudging of support for vulnerable children, the agency running the \$22 billion National Disability Insurance Scheme has released a six-page plan slammed as "a watered-down, softly-softly approach".' This is how *The Australian* on February 26 reported the latest development in the NDIS.

The agency's 'Early Childhood Intervention Approach' contains no detail about how many hours of therapy it believes is required for children with autism or other developmental delays. Also, it describes no mechanism by which children will be separated in the 'two-speed' system, and it contains no figures on funding either.

A much longer document, the agency's 90-page research report, does recommend a gold standard of 20 hours per week early intervention for children who have been diagnosed with autism. According to Centrelink data, there are currently more than 73,000 children in the country, aged up to 15, who have that diagnosis.

Autism Awareness Australia chief executive officer **Nicole Rogerson** declared herself to be 'absolutely appalled' by the report. She maintains that it 'cherry-picks research, glosses over what is widely considered as international best practice, and lands in a wishy-washy world of watered-down options for families of children with autism.'

##### \$5bn Hit As Fund Dwindles

**Scott Morrison** is under pressure to find savings of at least \$5 billion a year in this year's budget to pay for the National Disability Insurance Scheme, as a fund set up by the former Labor government to finance the scheme will start running down from next year and be depleted by 2019-20, according to *The Australian*.

### Praise For Nation's Health System

Under the headline 'Trimming fat to save billions' in *The Age* on February 13, **Jessica Irvine** reported that overall, 'Australia's health system is cheap and effective when compared internationally.' She quoted health analyst **Stephen Duckett** as having said that 'By and large, Australia has a great health system.'

One problem identified with the system is the taxpayer-funded rebate for private health insurance. Even with that rebate, only 47 per cent of Australians have private health cover, an extraordinarily low figure by American standards. Economist **Saul Eslake** is convinced that the rebate should be junked. So is the Australian Council of Social Service (ACOSS).

'Subsidising people to do something they would do anyway,' according to Dr Eslake, 'is a waste of taxpayers' money. The rebate reduces the discipline on health insurance funds to keep their premiums under control. And it's a form of middle-class welfare that the country can no longer afford.'

### SPORTS & ARTS

#### Tickets Rile Fans

Footy fans say the **Australian Football League's** restructure of ticket prices for this season is about maximising revenue and risks taking the game away from supporters according to the *Herald Sun*.

The dynamic ticketing scheme grants clubs more freedom to set their own ticket prices, allowing them to increase the cost by \$1-\$3 a time, up to four times (an effective \$12 price-rise cap).

#### Shock Departures In Tennis

**Tennis Australia** has denied that the sudden resignations of one third of its board, including it's only two female directors, are connected to the match fixing controversy or has any whiff of gender bias, while declining to explain the reasons behind the shock multiple departures, according to *The Age*. **Tennis Australia** will begin interviews for new board members as controversy continues over a series of board resignations on governance issues in the past six weeks, as reported in *The Australian Financial Review*.

#### Racing Wants Live Betting Ban

The horse racing industry has called for a complete ban on in-play betting, both telephone and online, warning that live wagering fosters corruption and will hurt the sport's share of the gambling dollar. **Racing Australia** chief executive **Peter McGauran**, in an interview with *The Australian* likened *in-play* betting to mindless poker machine gambling and said it should be banned for all sports, including horseracing.

At last year's Melbourne Cup carnival, bookmaker **William Hill** heavily promoted live betting on races. **William Hill**, **Ladbrokes** and **Bet365** are also offering online live betting on sports through a system they say complies with the act, apparently by emulating a telephone call using a voice over-internet protocol or similar technology.

The **Racing Australia** submission to the O'Farrell review takes aim at these companies betting systems, urging the government to eliminate loopholes currently being exploited by certain Australian based operators to circumvent the existing prohibition. **William Hill** insists it's

system is legal. The other two British operators have never commented publicly on these matters.

#### Drugs Punishment Unfair

Calls for the **AFL** to break away from the **World Anti-Doping Agency** and establish its own drug code have reignited over the suspension of 34 current and former Essendon players.

Greens leader **Richard Di Natale**, a medical doctor and former elite level footballer, hit out at the current system for disproportionately punishing the players, calling on the Federal government to launch an independent inquiry in light of the long running scandal. The fact that an outcome had taken three years pointed to a substantial problem with the current anti-doping framework, **Senator Di Natale** said, as reported in *The Australian*.

#### Foundation Crumbles

The **Shane Warne Foundation** will cease to operate as of March 18, but **Consumer Affairs Victoria's** audit of its books will continue according to the *Herald Sun*. Excessive spending on non-charitable activities!

#### Doping Bombshell

The greatest scandal in Australian sport will wreak traffic across the **AFL** as the Season soon starts, with **Essendon** scrambling to field a team.

### SOCIETY

#### Old-Fashioned Anti-Catholic Sectarianism

In a column for *The Australian* on February 20, **Gerard Henderson**, executive director of the Sydney Institute, has compared the recent attacks on **Cardinal George Pell** to the 'rampant anti-Catholic sectarianism' that dominated Australian politics between 1917 and 1921. This sectarianism came about through the debate over conscription during World War I. The Cardinal, Dr Henderson maintained, 'appears to be carrying the burden for child sexual abuse in his other institutions.'

The same newspaper on the same day quoted the 74-year-old Cardinal Pell himself as having called for a public inquiry into the Victoria Police. He has accused the force of undermining the work of the royal commission by leaking 'spurious' and 'false' allegations of involvement on his part in child sexual abuse. For medical reasons, he has been given permission to supply his evidence via video-link, rather than face the health risks of a long-haul flight all the way from Rome.

Ex-bishop **Ronald Mulkearns** of Ballarat, now aged 85, presided for a quarter of a century over a diocese where, as *The Australian* put it on February 26, 'paedophile priests were moved from parish to parish, enabling them to abuse hundreds of children.' Like Cardinal Pell, he supplied his evidence to the royal commission via video: in his case from Nazareth House, a nursing home where he has been confined through poor health during recent years.

#### Neglect: Clergy Culpable?

On February 23 *The Australian* devoted a front-page story to investigations that Victoria Police has been carrying out against certain senior Catholic Church figures, with the idea of charging them with child neglect or endangerment. Task Force Sano is the Victoria Police subdivision that deals specifically with child abuse matters.

#### Next.

Former supermodel **Jerry Hall**, 59 and her new boyfriend, 84 year old media mogul **Rupert Murdoch**, are set to make things permanent, according to *The Age*. Hello Magazine has Rupert wearing a smart dark suit, and brown shoes, at the Wedding!

#### Thrust Into Unexpected Fight

Australian of the Year **David Morrison's** famous **YouTube** video of 2013, in which he warned that the treatment of women in the armed services needed to change, catapulted him to international attention, according to *The Weekend Australian*.

Australian of the Year finalist and transgender military officer **Catherine McGregor** has swiftly apologised on Twitter after branding the appointment of her former boss **David Morrison** to the position as a 'weak and conventional' choice. She also told the *Star Observer* that **Morrison** still had a lot to learn about lesbian, gay, bisexual, transgender and intersex (LGBTI) issues.

Group Captain **McGregor** previously worked as General **Morrison's** speech writer and wrote much of the famous 2013 video address in which he told sexist soldiers to 'get out' of the army after sex scandal revelations, according to *The Age*. The 2013 speech went viral on YouTube, with over 1,675,924 views at the time of reporting.

Morrison is the son of one of Australia's most distinguished generals, **Alan 'Alby' Morrison**, as reported in *The Weekend Australian*.

#### Over there

London | **Lynton Crosby** has been named Australian of the Year in Britain for steering **David Cameron** to an unexpected and emphatic victory in May 2015. **Crosby**, who was given a knighthood in the **Queen's** New Year's Honours list, was named Britain's Australian of the Year during a dinner at Australia House in London.

The award was presented by High Commissioner **Alexander Downer** and the winner was chosen by the **Australia Day Foundation**, a body that promotes Australia in Britain, according to the *Australian Financial Review*.

#### Choirs Striking A Chord

Christmas means many things for people, but for Australia's thousands of choristers, it is likely to mean **Handel's** Messiah and quite a lot of Christmas carols. Choirs have become big in Australia in recent years, the **Australian National Choral Association** alone lists more than 1000 choirs, ranging from small community choirs, from the relaxed sing-along to the ambitious semi-professional performance.

But it is the opening up of opportunities for people who don't normally sing, or who don't think they have time to commit to regular rehearsals. 'It nourishes the soul. It is a privilege to feel the response from the audience' says **Phil Crenigan**, according to *The Australian Financial Review*.

#### Quiet Streets In Nanny State

Freelance chief executive **Matt Barrie** has posted a scathing article on Sydney's lockout laws, taking to task the state government, and labeling New South Wales the nanny state.

The post on social networking site **LinkedIn** comes just hours after a new report into the lockout laws by the City of Sydney found that foot traffic in King's Cross and Oxford Street at 11pm on a Friday night, before the 1:30am lockout and 3am last drinks, was down 58 per cent. By 4am foot traffic had fallen 80 per cent on 2012 figures.

**Barrie's** article, titled 'would the last person in Sydney please turn the lights out' said New South Wales Premier **Mike Baird** had turned Sydney into Detroit, as reported in *The Australian Financial Review*.

#### Out of Puff

Government efforts to stamp out smoking have become so successful Treasury has been forced to downgrade its estimates for future tobacco excise revenue, raising doubts about whether planned Labor hikes will deliver all of a hoped for tax boost.

Round after round of excise hikes since 2010, plain packaging laws in 2012, and a flood of anti smoking advertising campaigns show signs of accelerating the number of smokers who are giving up or switching to the black market, according to *The Australian Financial Review*.

#### More on the Marriage Bill

A marriage equality bill would pass if it were presented in federal parliament this week, opposition leader **Bill Shorten** said. Unlike the Coalition which wants a plebiscite (referendum) on which every voter votes, not just the parliamentarians

Speaking at Melbourne's annual Midsummer Gay pride march, the Labor leader called on the Prime Minister to go back to being the old **Malcolm Turnbull** who believed in marriage equality.

**Shorten** said about 95 per cent of Labour MPs, a sizeable number of Liberal MPs, as well as the Greens and non aligned MPs would all vote for gay marriage. He said marriage equality could happen under a Labor government without wasting \$160 million on a plebiscite according to the *Herald Sun*.

#### Plebiscite Collapse as Coalition Splits

Advocates have responded to a growing number of Coalition MPs declaring they won't abide by the outcome of a plebiscite on marriage equality. **Australian Marriage Equality** National Director, **Rodney Croome** said 'A plebiscite was meant to smooth over

divisions in the Coalition but clearly it is having the opposite effect.'

We call on **Malcolm Turnbull** to allow marriage equality legislation to be debated in parliament as soon as possible so reform can pass and Australia can move on.' Croome went on to say that he is appalled by reports that the **Australian Christian Lobby** chief, **Lyle Shelton**, has boasted that a plebiscite would succeed in 'kicking the issue into the long grass' and 'blunting' momentum for reform according to a media release from the *Australian Marriage Equality Coalition*.

#### Political Family Feud

Former Prime Minister **Tony Abbott** has told a conservative Christian group in the US that allowing same-sex couples to wed will contribute to the erosion of family, a stance that drew a swift rebuke from his gay sister, **Christine Forster**, as reported in *The Age*.

#### Push To Suspend Anti-Hate-Speech Laws

The Australian Christian Lobby, the leading advocate for a 'no' vote in any referendum on the topic of same-sex marriage, is calling upon the Federal Government to override existing anti-discrimination laws during the pre-vote campaign. According to *The Age* on February 16, the ACL wants this in order to ensure that representatives of the 'no' camp can speak freely during the relevant debate.

Those denouncing the ACL's call have included **Gillian Triggs**, president of the Australian Human Rights Commission, who described it as 'outrageous' and 'based on a failure to understand the way the law works.' She told *The Age* on February 17 that 'the right to freedom of religious views was one of the best-protected rights in Australia because it was entrenched in the Constitution, adding [that] there was no federal law against vilification on the basis of sexuality; and only Queensland, NSW and the ACT made it unlawful to incite hatred on the basis of sexual orientation.'

#### Freedom Doesn't Defend Itself

The principles some people take for granted, like freedom of speech and freedom of religion, seem every day to be challenged at home and abroad. Freedom of speech is not just a philosophical principle. Without freedom of speech it's impossible to participate in public debate.

What's happening in Tasmania at the moment, whereby the Catholic Church has been forced to



appear before the state Anti-Discrimination Commissioner because the Church distributed a brochure supporting the traditional view of marriage, has the potential to silence one side of the debate in an upcoming plebiscite on the issue.

It's Orwellian to think that if the complaint against the Catholic Church succeeds, it will be illegal to advocate in favour of the current legal definition of marriage. That is why as the very real threats to freedom of speech have emerged in recent years I have ensured that the defence of freedom of speech is at the forefront of both the **IPA's** public voice and the **IPA's** research and analysis, according to an end of year letter from the desk of **John Roskam**, Executive Director of the **Institute of Public Affairs**.

#### Women Lagging In Nominations

Women were lagging in nominations in some categories in the 2016 Australia Day Honors. In the Community category, there were 164 males nominated and only 88 females. In Medicine, 37 males and 12 females, according to *The Age*.

#### You Are One in 24 Million

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#### Sometimes Yes

**Jeremy Sammut**, a research fellow at the Centre for Independent Studies in Sydney, told readers of *The Australian* on 20 February that too often social workers are 'turning a blind eye to neglect of indigenous children.' Dr Sammut argues that in an over-reaction against the Stolen Generation controversies of yore, genuine threats to child welfare are now being minimised through a 'culturally aware' approach.

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