

LETTER FROM
CANBERRA

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The Cattle Edition



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* STOP PRESS American and British election forecasts

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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.
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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-practising) 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.

The firm provides the following to clients:

- Two monthly publications
- Events at our offices and elsewhere
- Charts and specialist directories
- Facilitation with business and legal skills
- Training courses
- Mentoring of senior executives



Your editor had less time for Coffee these past three months as he has been tutoring in Sustainable Infrastructure at the Melbourne University's School of Engineering. With fellow tutor Victoria Petrovski.

Now Out

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

Never be at a loss for a name or department again!

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**The multi-pronged election approach**

The multi-pronged approach. First, the Government announces the Innovation and Infrastructure policies, plans and programmes a couple of months before the Budget. Then the Budget on 7 May; Economics, superannuation, medical payments, and taxes for various levels/sectors, budget balancing acts.

Then the Election announcement. Sort of a double announcement really, because the Senate twelve seats in each state are now up for grabs, (four in each of the two territories) which makes the guessing competition as to 'who will win' even really harder. Will one Side win enough, or will we have Another election. PLUS A longer than usual election. Despite the media regularly telling us how long the election is, even the media are finding some other stories to give their viewers and readership a break from the campaign trail.

To the Editor, the Federal election screaming match/debate, for example as we witnessed on Sunday evening, 29 May on the ABC in prime time, did not address facts and objective comments. It was all about avoiding the question from the other side.

The media focus on the polls is sadly, a large part of their act. The medias are licking their lips. Turnbull was put there by the medias to become a large barbecue item in due course, which is now the case. National borders, infrastructure, health and education do not get addressed in a firm way, in the minds of the Australian people generally. As over there, its all very Trumpish.* See below.

Various and many policy-focused groups and communities are continuing to rise in the traditional or social media to make their point and hopefully to bring other thousands with them, including medical, superannuation, pensions and house investments.

It is interesting that with Elections all around us, it is giving those interested some inside viewing of the role of the senior echelons of the union movement. Your Editor is not yet sure if such a view is easier than an inside view or other larger organisations such as big business and government departments and agencies.

Cover. It is not only in Victoria that that cattle graze for various important reasons. City folk are not much aware of the life of their grandparents. The recent Murray Goulburn disaster brings agriculture and small and large businesses and communities and law and culture and ethics together in a fiasco of tragic proportions for some more than others. Victoria is the Dairy state, which has caused such a sad focus.

Changing House. All readers have phone and email addresses for us. And our address at 14 Collins Street will be forwarded to a Melbourne post office Box, as we settle into a new desk nearby. The building where we have been for twenty years is being revamped, perhaps, by the new owner. Our Coffee shops will stay the same.

FEATURE ITEM**Flat Debate Sparks Debate**

The flat debate between **Turnbull** and **Shorten** has cast fresh doubt on the future of what has been an election campaign staple, amid concerns it has become a tired and obsolete format. The first nationally televised Leaders' debate of the campaign was generally judged a fizzer with the ABC being the only free-to-air-network to carry it.

According to *The Australian*, both men declined to give straight answers to questions and focused instead on sticking to scripted lines. A Liberal source said there would be one more debate before July 2 but not like the format on Sunday night.

GOVERNANCE**Bill a true believer in Dan**

The federal Opposition Leader has had a political makeover courtesy of the advertising agency that helped refine **Daniel Andrews'** messages and persona. And Labor's army of volunteers, combined with union true believers, will be used in a similar way to the previous state campaign.

The shift towards direct contact with voters has also been adopted by the Liberals, who changed tactics after the party's 2014 state election loss review identified the need to boost the time spent calling voters and door knocking, as apposed to mail outs.

Liberals have door knocked about 5,000...!.. homes since Easter, and have set up a floor of a CBD office as a call centre and data harvesting hub. Labor will again use its **Campaign Action Network**, and field organisers, headed by ALP assistant state secretary **Stephen Donnelly**, to recruit and train volunteers to spruik the party's' messaged.

The **CAN** operation prior to the Victorian election faces an Ombudsman's probe because of the way it was funded, when state electorate officers paid for by taxpayers were used as field organisers against state parliaments' rules. Federal electorate officers are not bound by the same rules around the jobs they can perform, however, reports the *Herald Sun*.

Knickers in a Knot

Labor has attacked the government and Australia's peak start up industry body **StartupAUS**, declaring the body could no longer claim to be independent. The Government awarded **StartupAUS** a grant worth hundreds of thousands of dollars to conduct research entrepreneurship in Australia, a move opposition spokesman for start-ups and digital innovation **Ed Husic** said meant **StartupAUS** would lose its ability to be an independent voice in the start up community, according to *The Australian*.

Dish Your Dirt

Federal public servants have until June 10 to say what they really think about their agencies, bosses and colleagues. It is not an opportunity to be missed. The annual employee census, conducted by **ORC International** on behalf of the **Australian Public Service Commission**, is a powerful tool.

Not all the boxes they tick will be flattering, be what their bosses want to see or fit the fashion for agility, innovation and mobility. The data will feed into the annual State of the Service report and individual agencies' planning. But not everyone agrees this is enough. Unlocking Potential, the contestability review of the **APSC**

conducted by **Sandra McPhee** said a lack of consistent human resources data hindered a whole of **APS** analysis of human resources metrics and strategic input, according to the *Financial Review*.

Can Census be Trusted

The **Australian Bureau of Statistics** has quietly reinstated a plan dumped a decade ago to retain names and addresses from the census, opening the door for future governments to access sensitive personal information, as per the *Financial Review*.

Done without fanfare, the decision throws the credibility of the \$272 million census into question because the public may no longer trust the government enough to provide full and frank answers to highly detailed personal, religious and financial questions.

NASA against CSIRO cuts

The US space agency **NASA** has appealed to **CSIRO** to abandon plans to cut a key monitoring program that it says will undermine the world's ability to monitor and predict climate change.

Brent Holben, the project scientist in charge of **NASA's Aerosol Robotic Network**, urged **CSIRO** to reconsider any plans it had to cut or withdraw its contribution to the program, according to a letter obtained by *Fairfax Media*.

Immigration Staff Cross Border

The public servants responsible for Australia's border security have given a crushing vote of no-confidence to the 'command and control' culture and 'military-style regime' of their department and of the men in charge.

An internal survey shows 70 per cent of officials in the **Department of Immigration and Border Protection** have no confidence in its boss **Mike Pezzullo** or **Australian Border Force** Commissioner **Roman Quaedvlieg** with some complaining a culture of looking for scapegoats for failure came from the top. The news of collapsing morale in Immigration comes as thousands of its officials prepare to actively campaign for a change of government in the federal election, according to *The Age*.

Two Elections in One Year?

If the Coalition and Labor both rule out forming minority governments or alliances with cross benchers, the only alternative could be a second election according to **Tim Colebatch** in *The Age*.

With the Political Clash

The PM has given Labor's leader a boost with his 'trust me', in *The Australian's* **Graham Richardson**.

Insurers Aspire for Action

Health funds say they have factored lower costs of medical devises into reduced private health premium rises this year, putting pressure on Health Minister **Sussan Ley** to deliver savings from a review of devices such as pacemakers. **Ley** said she had signed off on an average 5.59 per cent rise in premiums from 1 April, which she trumpeted as a four year low reports *The Australian Financial Review*.

Deflation challenge

Central bankers have spent most of the past 30 years trying to lower inflation, but the challenge ahead of **Philip Lowe** as he takes up the position of **Reserve Bank** governor will be how to raise it higher.

Central banking globally confronts unprecedented challenges as its traditional lever roof managing the short term interest rate loses



its effectiveness as inflation sinks towards zero and in many places below it, while much market determined interest rates are at negative levels.

If anyone is equal to the intellectual challenge of guiding the **Reserve Bank** through a time when the traditional role of targeting inflation is under threat, economists say it is **Dr Lowe**. **Scott Morrison** cited the outgoing governor **Glen Stevens** saying **Dr Lowe** was 'the most qualified person to have ever been appointed to the role'.

The benchmark 10-year Australian Government bond yield crashed to its lowest level in 141 years on expectations that more cuts to official interest rates are coming. Investors relying on revenue from bonds and other fixed-income investments, from self-funded retirees to managers of long-term liabilities such as insurance companies and annuity providers are the biggest losers according to the *Financial Review*.

Why can't we shake the habit?

When was the last time Australians genuinely cheered a budget? asks **Jacob Greber** in the *Financial Review*. For the best part of a decade, budget politics has been a litany of failure.

Shorten to block Tax Cuts

Seizing on government stumbles in the fight over the federal budget, the Opposition leader moved to block the tax reforms and grab the proceeds to help pay for Labor spending on schools and hospitals. The bold but risky moves heightened the political dispute over whether to use tax cuts or spending increases to revive the economy, as Labor opposes a \$48 billion company tax cut that would add to growth and help create jobs, according to Treasury estimates.

In addition to blocking government measures, **Shorten** revealed a surprise \$6 ban cut to spending on student loans for private colleges, saying he would 'swing the pendulum' back to public education. 'We might be the underdogs in this election, but we have never sought to be a small target.' **Shorten** told parliament in his formal budget reply speech 'We have learned the hard lessons of the past,' in a reference to Labor's divisions when **Kevin Rudd** and **Julia Gillard** tussled for power. 'We have put forward our positive plans. We are united. We are ready. A Labor Government that will always put people

first'.

Shorten said the budget had delivered 'not one cent' to ordinary working Australians. 'From Tony's Tradies to Malcolm's Millionaires, this is a budget for big business over battlers.' The speech came after a day of political turmoil for **Malcolm Turnbull** and **Scott Morrison**, in which they fended off calls to reveal all the revenue to be sacrificed over a decade by reducing the company tax rate for small business and then extending the benefits to all companies over time.

The Prime Minister stumbled in a television interview over the cost of the tax cuts, while the Treasurer dismissed requests for the 10 year figure by telling a radio host to 'look it up' in the budget papers which only show the cost over four years.

The *Australian* was told that Treasury officials would reveal the cost of **Turnbull's** '10 year enterprise tax plan' that is roughly \$48bn in forgone revenue. The delayed release appeared to be aimed at wrong footing **Shorten**, who claim a \$49bn saving last night by blocking the company tax cut, but the \$1bn difference between the two estimates appears unlikely to cause Labor any significant policy pain.

In a policy that makes superannuation tax increases almost certain after the election. **Shorten** said Labor would support laws to maintain 'fairness and integrity' in the system but would not support retrospective changes.

With **Morrison** under fire from the **Institute of Public Affairs** and others for applying new taxes on existing retirement savings that exceed \$1.6 billion, Labor is poised to exploit those concerns by warning that it would not support retrospective changes.

'This is a matter of principal for us. Labor has very grave concerns about retrospective changes,' The Opposition Leader said, in a commitment that could drag out the reforms well into the next term.

Balancing the books

A state income tax, which was one of the (Prime Minister's) investigations (!) would have produced extremely uneven returns to each state and would have failed to deliver the growth in revenue to fund hospital costs that the

premiers have been seeking.

Turnbull said the first two percentage points of every tax bracket could go to the states and would raise \$14 billion. Western Australia and the ACT would be the big winners and South Australia and Tasmania the big losers, according to modeling conducted exclusively for *The Australian* by the **Australian National University's Centre for Social Research and Methods**.

Using data from the **Australian Taxation Office**, the center examined what a tax following the design suggested by the Prime Minister would have raised in 2013-2014. It found that while the tax would generate income of \$593 per person in the ACT and \$582 in Western Australia, it would have raised only \$333 per person in Tasmania and \$354 in South Australia, reflecting lower incomes and workforce participation.

Turnbull indicated there would need to be special arrangements for Tasmania and South Australia; however, the modeling shows there is also significant variation among the other states. The tax would raise \$465 per person in NSW, which is 8.4 per cent more than the \$429 it would raise in Victoria. Queensland would get 1.4 per cent more per person than Victoria but 25.3 per cent less than Western Australia.

The states have been complaining that the GST is no longer providing the revenue growth to match their spending because a rising share of household budgets is devoted to exempt health and education services, as well as online purchases from overseas. South Australia's Premier **Jay Weatherhill**, the first premier to call for a share of federal income tax, argued that it would deliver better growth than the GST, partly because of bracket creep.

To test this claim, the **ANU's Ben Phillips** modeled how revenue would have grown if a state tax following the design outlined by **Turnbull** had been in place for the past 10 years. He found that the total revenue it raised across all states would have increased by 60 per cent over that period, slightly less than the 63 per cent growth achieved by the GST and barely half the 115 per cent growth in state hospital costs in that period.

This low growth partly reflects tax cuts and

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increases in tax thresholds under the **Howard** and **Rudd** governments, highlighting the exposure of state income tax revenues to federal tax decisions. More significant is the huge variation in growth between the states. Over the past decade, the resources boom brought big increases in average pay and workforce participation in Western Australia and Queensland.

As a result, Western Australia's revenue per person would have lifted by 72 per cent over the decade and Queensland's take would half lifted by 44 per cent. However, Tasmania's gain would have been only 22 per cent. The big states lagged too. Victoria's revenue per person would have risen by only 27 per cent, just ahead of South Australia's 24 per cent.

Even NSW's growth of 32 per cent would be below the national average of 36 per cent. 'It is unlikely that Western Australia would get that growth again, but it shows the tax is not as stable as people might like to think'.

'You don't know which states will fare well or poorly in the future' **Phillips** said. After allowing for inflation, NSW would have gained nothing, and Victoria, South Australia and Tasmania would have been 3-7 per cent worse off over the decade.

Turnbull is making his mark

While the innovation statement late last year was thin on details, it continues to form a major part of the federal government's plans for our cities and transport links to sustainably connect cities in a way that enhances productivity. The cities portfolio has been handed to a star of the future, **Angus Taylor**, albeit in a junior portfolio.

Abbott's Cabinet rejected the Effects Test changes to section 46 of competition law recommended in the **Harper Review**, despite **Bruce Billson**, then Small Business Minister, pushing hard for the change. While **Turnbull** had reservations, the Nationals are strongly in favour of doing so, supported by the like of the **Australian Competition and Consumer Commission** and the **Australian Chamber of Commerce and Industry**.

Cabinet approved the change, backed by the party room. This moment says a lot about the processes under the new PM and his advisers, such as Cabinet Secretary **Arthur Sinodinos**. Firstly, they learned from the mistakes with the way **Abbott** handled the issue. Second, when big and small business interests were pitted against each other they came down on the side of small business, the traditional ally of the Liberal Party, regarded as central to its culture by founder **Robert Menzies**.

That the Nationals were also happy and able to take credit for ushering in the change is no bad thing for the Coalition relationship. Third, the federal government ultimately went with the advice of the experts, including **Ian Harper** and his review panel and the **ACCC**. Senate reforms pursued this week also represent a tangible outcome under **Turnbull** reports *The Weekend Australian*.

Mal-Effects

If innovation changes take place and change legal precedent, it will only be necessary for the **ACCC** to show that the action of, in practice only a big biz, had the 'effect' of reducing competition.

Think how wonderful it would be if applied in criminal law. We could do away with all that

messy business of proving that someone intended to do something; we would only need to show that they had. If a big biz hurts a small competitor, case proved. But that is exactly what every business is trying to do every day of the week, to take customers from someone else.

Do you think **Coles** kicked off \$1 a-litre milk just out of the goodness of its CEO and board of directors' collective heart? No, it did it precisely to hurt its competitors – from **Woolies** to every milk bar and convenience store which would be collateral damage. And if through them, it hurt milk suppliers, so be it. **Terry McCrann** in the *Herald Sun*.

So we will have to see what's actually proposed in detail. If indeed we ever do get to see it, given the way this PM and his rabble of ministers are behaving.

AAA

A Federal Labor Government would release a mini-budget within three months to calm concerns among ratings agencies that Australia is not doing enough to preserve its AAA credit rating, the Australian Financial Review.

Turnbull flies high but storms threaten

Relying on a Coalition-Greens deal that has generated Labor anger and Senate exhaustion. **Turnbull** has won a more transparent Senate voting system, it sets the scene for but does not clinch a July 2 double dissolution election.

Above all, the tactics and abuse during this debate constitute another display of Senate self-obsession, suggesting the sooner this parliament is dispatched into history the better. **Turnbull** is correct to hail this as an improvement for democracy. The current Senate, over nearly three years, has been too prone to abuse its role as a chamber of review.

The two Senate crossbenchers closest to the government, **Bob Day** and **David Leyongjelm**, feeling betrayed, were rattling their sabres.

Shorten in retreat over school claim

Bill Shorten has retreated on Labor's economic pitch for its \$37.4 billion schools policy as another global expert dismisses claims of another 'immediate' boost to grow from an education spending surge.

The Opposition Leader stepped back from

claiming gains would come 'straight away' from a Labor spending increase, arguing instead that Australia would see the benefits today only if the investments had been made years in the past reports *The Australian*.

Pat Dodson to fill Joe Bullock vacancy

Aboriginal leader **Pat Dodson** became Labor's new West Australian senator and will push for Australia to develop 'human capital' in the north as **Shorten's** advisor for Northern Australia. He is set to fill the casual vacancy left by the resignation of Labor Senator **Joe Bullock**, who sensationally told the federal Parliament he would resign because he disagreed with the party's position on gay marriage reports *The Australian Financial Review*.

Up that way Dobson is having a dispute with aboriginal elders about the closing down of a school at **Aurakun**, as a result of students and others being involved in fighting.

Bad over there

Western Australia has unveiled the worst set of books in its history, in a state budget that forecasts weak economic growth, rising unemployment and a drop in iron ore prices that would blow a massive hole in the **Turnbull** government's budget assumptions.

State treasurer **Mike Nahan** yesterday blamed 'the mother of all revenue hits' for a record deficit of \$3.9 billion expected for next year and soaring net debt that will hit an unprecedented \$40bn by 2019-20 reports *The Australian*.

What a time..

The New South Wales **Baird** Government has ignited a storm of protest which could spill over into the federal election campaign with a decision to proceed with 19 council mergers, but has given Deputy Prime Minister **Barnaby Joyce** a reprieve by refusing to proceed with one amalgamation in his seat of New England.

But the State Government has placed a potential bomb under the Coalition's campaign by proceeding with mergers in a number of marginal seats, including the bellwether Eden-Monaro, and Dobell and Robertson on the NSW central coast reports *The Australian*.

Ban Campaigns in Uniform

Public servants campaigning at elections in uniform or using government property, such as



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fire trucks and ambulances should be penalized, a parliamentary committee has recommended. The crackdown is the result of the vigorous union campaigns at the 2014 Victorian state election, which a parliamentary committee said was one of the most 'robust' in history, with allegations of intimidation and harassment according to **Richard Willingham** in *The Age*.

Negative Gearing Concerns

The **Reserve Bank** has expressed concern about negative gearing and the tax concession for capital gains, saying any change that discouraged negative gearing might be a 'good thing' from a financial stability perspective, as reported by *The Age*.

Labor has come under sustained attack from the Coalition for promising sweeping changes to Australia's negative gearing and capital gains tax regime to save \$32 billion over 10 years. But an internal bank memo released under freedom-of-information laws runs counter to Prime Minister **Turnbull's** warnings that Labor's proposal to ban negative gearing except for new properties would deliver 'a massive shock' to the property market.

Leaks, Busts and Mixups

Police raided a Labor office and campaign worker's home as part of a probe into the leaking of secret **NBN** documents. The **Australian Federal Police** executed a search warrant naming two staffers who were working in Labor's election campaign headquarters in Melbourne. The *Herald Sun* revealed that leaks began shortly after the Coalition came to Government in September 2013, but the content had become more serious in recent months.

About a dozen separate leaks have been identified by the **NBN** company, which it believes it has a Labor mole operating in its ranks. Police raided Senator **Conroy's** offices in Melbourne. The raids follow a complaint lodged by the **NBN Co** to the **AFP** late last year relating to leaked **NBN** documents, which allegedly contained commercial in confidence information. Some of the information was used in media reports in February, which claimed that a new national broadband network developed by then communications minister, now the Prime Minister, Malcolm Turnbull was inferior and falling behind in its delivery benchmarks.

It's understood about a dozen **NBN** employees have been interviewed. An **NBN** source said there had been a financial cost to the organisation as a result of the confidential

information being leaked. 'When you're looking at an infrastructure project this size, and it is being undermined from within, there are going to be costs and delays.'

Declare the House

Labor powerbroker and key **Shorten** ally Senator **David Feeney** failed to declare a \$2.31 million Northcote property to the parliamentary register of assets, potentially placing him in contempt of the Parliament. **Feeney** said he 'doesn't know' if the house is negatively geared, despite Labor's proposed changes to property tax rules being a key election issue, while also admitting the renovations he claimed had prevented him from living in the home have not actually begun as per *The Age*.

PARTY HAPPENINGS

Losing Face with Nationals

The National Party has distanced itself from the Coalition's key economic campaign message because it is frightening many of its voters who are clinging to jobs in the so-called 'old-economy.'

Multiple sources said the junior Coalition partner had decided to shun the official campaign slogan: 'The plan for a strong new economy' according to the *Financial Review*.

PUP's Western Surprise

Clive Palmer's embattled **Palmer United Party** has won an endorsement from a most unlikely source, with West Australian Treasurer **Mike Nahan** throwing his support behind **PUP** senator **Dio Wang**. **Dr Nahan**, who is trying to use a horror budget recently handed down to agitate for changes in the way GST revenues are divided according to *The Australian*. Palmer will not be standing again for Parliament, well at least not this time, though his name continues as a the Palmer Party.

Turnbull Leaves Door Open

Prime Minister **Turnbull** has left the door open to a preference deal with the Greens, as a political storm raged over the looming deal in Victoria. **Turnbull** said the decision would be made by federal director **Tony Nutt** 'in consultation with the organisation'.

His comments made on day three of the federal election campaign, leave the way clear for Victorian Liberal Party president **Michael Kroger** to continue negotiations to direct preferences to the Greens in the Labor seats of Batman and Wills in Melbourne's north, and the Greens' seat of Melbourne. In return, the Greens would issue open tickets in outer

suburban seats, likely to include the Liberal marginals of Dunkley and Corangamite and the Labor marginal seats of Bruce and Chisholm.

The Liberals and Greens are also plotting to topple senior Labor figures **Anthony Albanese** and **Tanya Plibersek**, whose NSW seats are under threat from the Greens, according to the *Herald Sun*.

Spit on Sunday's Best

The major parties are preparing to splash up to \$100,000 for a single advertising spot during popular Sunday night television programs, as analysts predict a slew of negative messaging before voters go to the polls according to *The Age*.

Underwater

Former Prime Minister **Tony Abbott** has been drawn into a police investigation into leaked Defence Department documents amid a stoush over claims his successor has delayed the acquisition of Australia's new submarine fleet, as reported by *The Age*. Prime Minister **Turnbull** told Parliament that the head of the Defence Department, **Dennis Richardson**, had ordered an investigation into the leak, which formed the basis of a report in *The Australian* that extensively quoted **Abbott**.

'I don't leak ... If I've got something to say, I say it'.

More importantly, the French are getting their plans for building our 12 submarines in Adelaide and many other places in Australia and even France for some parts.

Popularity on the Rise

Nick Xenophon is set to make a double-dissolution election in South Australia an entirely unpredictable affair, as reported by *The Australian*. The independent South Australian senator, hugely popular in his home state initially over gaming, is widely expected to win three Senate seats, possibly four. But it is the potential outcome of preference deals in some lower house seats that could see Senator **Xenophon** emerge once again as a kingmaker.

Senator **Xenophon** has formed his own political party, the **Nick Xenophon Team**, and will field candidates at the next election with a high likelihood of success particularly in South Australia, given he won almost 25 per cent of the vote at the last election.

Derryn Hinch, broadcaster, aged 72, might join Senate candidates on a tough on crime and in favour of parole and bail reform, with his own

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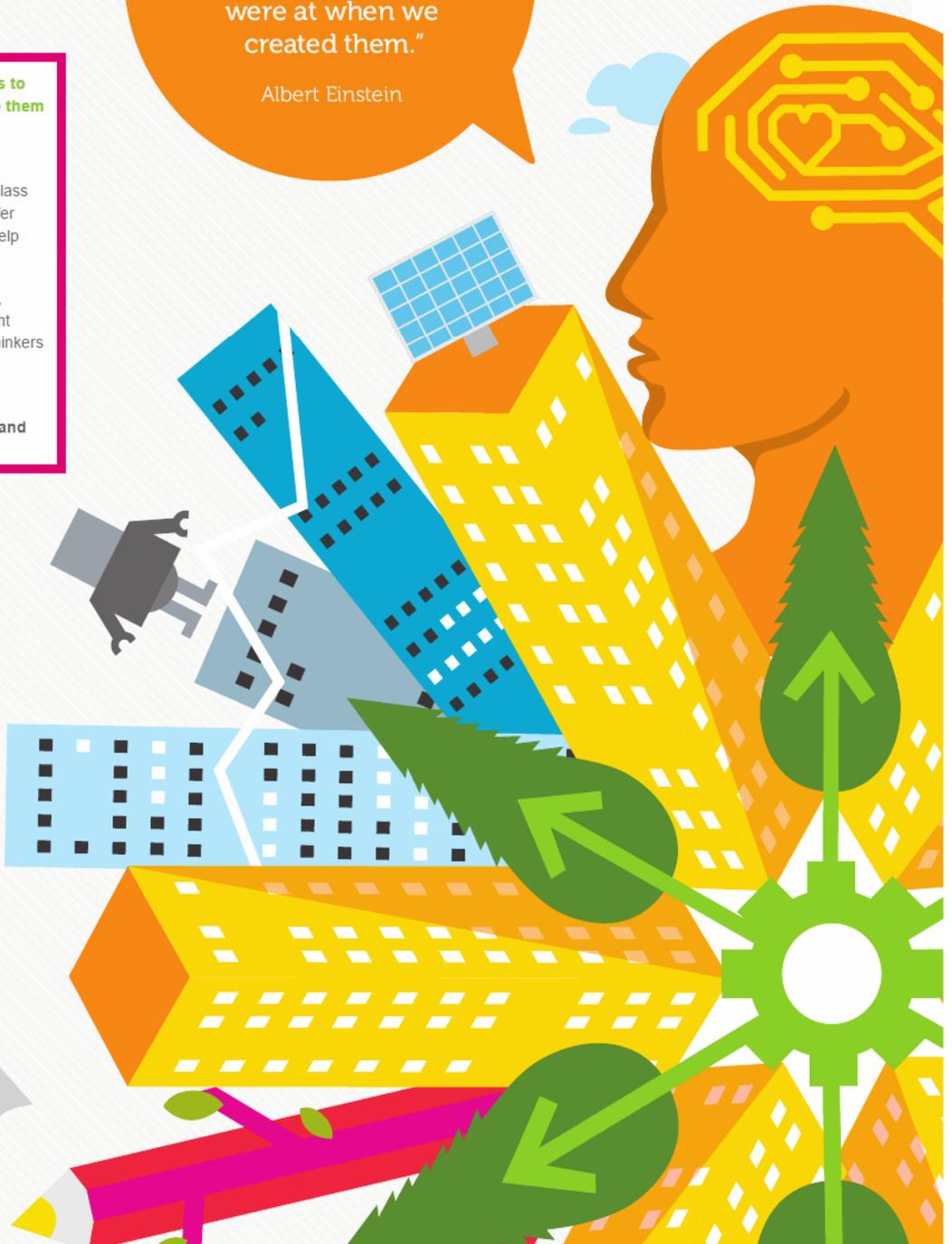
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Justice Party.

Queensland Steady

For the first time in decades, Queensland is unlikely to be a battleground state in this federal election, with political strategists predicting only a few seats will change hands.

The **Turnbull** government is expected to hold the majority of its seats in Queensland, after the state delivered power to **John Howard** and **Kevin Rudd**, and stemmed ALP losses to **Tony Abbott** in 2013.

Currently, the Liberal National Party has 22 of the 30 Queensland seats, with Labor holding six, **Bob Katter** holding Kennedy and businessman **Clive Palmer** representing the Sunshine Coast seat of Fairfax. Strategists predict that the seats in play are the LNP's Petrie, Capricornia and Brisbane, with the latter yet to have an endorsed candidate after the shock retirement of **Teresa Gambaro**, and the Labor seat of Moreton.

Crossbenchers Refuse to Co-operate

The Senate cross bench is just as likely to block the re-establishment of the construction industry watchdog as it was eight months ago, with a list of improbable demands on the government to amend the legislation.

Independent senators refused to be influenced by the prospect of losing their jobs at a double-dissolution election and branded **Turnbull's** call for them to support the government's **Australian Building and Construction Commission** bill an 'ambush' and 'blackmail'.

Without the support of Labor or the Greens, the Prime Minister will need the votes of six of the eight crossbenchers to see the bills become law. Only Family First senator **Bob Day** said he would support it. **John Madigan**, **Glenn Lazarus**, and **David Leyonhjelm** confirmed they would oppose the bill in its current form, as per *The Australian*.

No Green Coalition

Labor has ruled out forming a coalition government with the Greens in the unlikely event of a hung parliament in 2016, as both **Malcolm Turnbull** and **Bill Shorten** traded blows over who might do preference deals with the environmental party in selected seats.

Labor's declaration appears to categorically rule out any post-election negotiation with the Greens to form a government even if the ALP were to win more seats than the Coalition, but fall short of a majority, as per *The Age*.

Liberal Party Amidst Party Deals

The Liberal Party is on the brink of a controversial deal with the Greens to oust Labor

powerbroker **David Feeney** in the heartland seat of Batman. Negotiations between the Liberals and the Greens to marginalise the Labor Party at the July 2 general election would see them preference the minor party in the Labor seats of Batman and Wills, and the Greens' seat of Melbourne, according to the *Herald Sun*.

Lib Turmoil Down South

A major branch stacking row centered on the office of former Defence Minister **Kevin Andrews** has broken out in the Victorian Liberal Party on the eve of the federal election. Andrew's electorate officer had assisted in probing dozens of membership applications in **Andrew's** seat of Menzies.

The claims center on allegations that **Amania Ananievski** signed up dozens of Macedonians, many of them elderly. It is alleged that in some cases, the potential members did not know or did not understand that they were members of the Liberal Party. The *Herald Sun* spoke to a relative of a victim who said his mother had been signed up at a meeting of a senior citizens club in Doncaster by **Ananievski** in March.

Turnbull Spends Large

After two years of repairs and cost blowout, **Ms Turnbull** took a hands-on role finishing off The Lodge when her husband became Prime Minister. **Turnbull** has told colleagues he was astounded that the repair bill for the 1927 Georgian Revival-style mansion had cost taxpayers \$11.6 million, four times the original budget as reported in *The Australian*.

Election is Ours to Loose

Instead of pursuing an aggressive anti-union/Labor campaign, after **Turnbull** said he didn't want to always be 'yelling' at people, the Federal Government was occupied with the tax reform options of raising the GST, changing negative gearing and superannuation taxes. The failure to act on those options has damaged the federal government's image, despite restoration of business confidence.

Some of the decline in support for the Coalition and the Prime Minister personally since the heady post-Abbott days is perfectly explicable and no cause for real Liberal alarm because the losses were expected. But there is no doubt the Liberals are disappointed at the way the initial boost from the removal of **Tony Abbott** has dissipated because of tactical and strategic failures under **Turnbull** reports *The Weekend Australian*.

I'll lead like a unionist

Opposition Leader Shorten says he still thinks

like a union organizer, and if he wins the election he will take a similar approach to the office of prime Minister as he did to leading the **Australian Workers Union**. In a pre-election manifesto penned by the Opposition Leader, **Shorten** says he is proud of his background as an **AWU** organizer, despite Coalition attempts to 'smear' his past through the Royal Commission into trade unions.

Arguing that his tenure at the union, including six years as national secretary, taught him to solve problems and balance competing interests, **Shorten** says he will draw on this experience if he becomes Prime Minister in July.

Mr Mansion

Liberal MP **Warren Entsch** has delivered a stinging rebuke to **Tony Abbott's** former chief of staff, **Peta Credlin**, accusing her of sour grapes and possessing a 'nasty streak' after the political operative turned media commentator labeled **Malcolm Turnbull** 'Mr Harbourside Mansion', as per *The Age*.

Electoral Commission Rejects Liberal Funding

The NSW Liberal Party is facing a continuing cash crisis after being refused \$4.4 million in public funding for a second time. The **NSW Electoral Commission** is not satisfied with the amended declaration the party submitted and has asked for more information, further delaying payment for the party as it has to finance the July 2 federal election.

The **Electoral Commission** met and decided to reject the Liberals' amended submission because it did not have a valid audit certificate, and some donations had not been disclosed. The election commission wants evidence that the money [\$18,000 spent in 2011] was spent on a federal election, according to *The Australian*.

Family First Comes Last

Family First Senator **Bob Day** has lost his High Court challenge against senate voting reforms, removing the last stumbling block to the federal election, according to *The Age*.

Abbott to Steal the Show

Tony Abbott has attached himself firmly to **Malcolm Turnbull's** campaign by declaring the July 2 election will be fought over his legacy as much as that of his successor, according to the *Australian Financial Review*. In the latest development in the awkward relationship between the two men, **Abbott** used a razzle-dazzle campaign launch in his safe northern Sydney seat of Warringah to list his achievements as Prime Minister while at the same time urge the re-election of the **Turnbull**



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government.

Heading for crisis without reform

In modern Australia, an intelligent discussion on sensible reform is almost impossible. Unfortunately, this failure will lock us into mediocrity and complexity and, in the longer term, jeopardize the benefits of the economic reforms of the past 30 years.

The federation is in crisis. The commonwealth has an untreated long-term structural deficit. The states are begging for more money to satisfy the insatiable demand for health services and education. No party wants to increase taxation.

Those states and territories that responded to the **National Commission of Audit** all complained about federal tied grants and the predilection of the commonwealth to use these grants to micromanage the states.

Turnbull suggests that a proportion of the personal income tax collected by the **Australian Tax Office** in each state be hypothecated to the state in substitution for tied grants. The Prime Minister adds that there would be protection for any state that might suffer as a result. There is no double taxation, there is no increase in tax and the states are protected, but all hell breaks loose.

If the new system is proven, perhaps we could then consider that a state be given the power to cut its hypothecated proportion within a small band and reduce the personal income tax in that state. It may be that, in the future, a state could be allowed to increase the personal income tax rate within a small band.

We have a voluntary federation that has served us well for more than 100 years. However, the role of the Commonwealth has grown inexorably. This has led to wasteful and confusing duplication. This proposal is a modest first step to return sovereignty to the estates and territories and substitute tied grants with a portion of personal income tax. The question is whether they have the confidence and capacity, we have an even more serious problem with our federation.

Greens Working with Labor?

Like an embarrassing hipster uncle at a suburban wedding party, the Greens blundered onto Labor's election campaign by raising the spectre of forming minority government with their Left-of-centre comrades in the event of a

hung parliament, as per the *Herald Sun*.

Australia's only House of Representatives Greens MP, member for Melbourne **Adam Bandt**, got the debate going when he told the **ABC**: 'If we do end up in a situation where, like 2010, where no one wins and everyone has to negotiate, then I would like to see Greens working with Labor.'

Labor Candidate Backs Asylum Seekers

Labor is in disarray over asylum seekers after **Shorten** was forced to stand next to and defend a candidate who has been pictured holding a sign demanding asylum seekers stay in Australia, according to the *Herald Sun*. Labor's candidate for the Townsville-based seat of Herbert, **Cathy O'Toole**, is the latest voice to criticise Labor policy on boat turn-backs and offshore processing.

A **Facebook** photo surfaced of her holding a sign saying 'LET THEM STAY!' at a protest outside Liberal National Party MP **Ewen Jones's** Townsville office.

THE BUDGET

Negative Gearing Needs a Home

The **Reserve Bank** has expressed concern about negative gearing and the tax concession for capital gains, saying any change that discouraged negative gearing might be a 'good thing' from a financial stability perspective. Labor has come under sustained attack from the Coalition for promising sweeping changes to Australia's negative gearing and capital gains tax regime to save \$32 billion over 10 years according to *The Age*.

But an internal bank memo released under freedom of information laws runs counter to Prime Minister **Malcolm Turnbull's** warnings that Labor's proposal to ban negative gearing except for new properties would deliver a 'massive shock' to the property market.

Long-Term Please

Two of the nation's most influential company directors have called for politicians to focus more on the long term during election campaigns, with **Citigroup Australia** chair **Sam Mostyn** warning that daily point-scoring was 'ridiculous'. These two people, or similar, said that we need four year terms for our federal parliament. Now that makes solid sense. Yes. It was the Australian Institute of Company Directors who said this.

In a stinging critique of the level of debate, **Mostyn** said campaigns 'and particularly a long

one, tend to get so binary quickly.' 'I would love to see a campaign where we actually thoroughly unpack the long-term issues confidently, without rancour, without blame, and trust that the electorate can actually make a sensible decision' she told the **Competitive Advantage Forum**.

The rallying cry was backed by **ANZ** and **Coca-Cola Amatil** chairman **David Gonski**, who said long-termism is very important for this country. **Mostyn**, who is also a director of **Virgin Australia**, **Transurban** and is an **AFL Commissioner**, said there was a very smart electorate that doesn't need talking down to.

Age Slim Pickings

According to the front-page summary by *The Age*, the Federal Government's budget is a no-frills package that aims to deliver growth and jobs but offers few treats for voters in what promises to be a steady, **ScoMotion** lead-up to the July 2 election.

The budget includes closed loopholes for the wealthy in regard to superannuation, a \$6 a week gain for middle-income earners, subsidies and internships for the unemployed and an optimistic outlook despite a rate cut. 'No winners, no losers ... this is a budget we can afford', Treasurer **Morrison**.

By the numbers: \$37.1 billion projected deficit for 2016-17, 5.5 per cent projected unemployment rate in 2016-17, a \$5.3 billion cost of business tax cuts over four years, \$3.9 billion cost of income tax cuts over four years, \$3.9 billion revenue over four years from multinational tax package, \$2.9 billion revenue over four years from superannuation changes, \$4.7 billion revenue over four years from increased tobacco tax, 2 million low-income women receiving superannuation assistance and 500,000 people receiving tax cuts.

Infrastructure winners include: \$115 million toward a second airport at Badgery's Creek in Sydney, \$594 million toward an inland rail project between Brisbane and Melbourne, \$1.7 billion for the Sydney Metro Rail project, \$857 million for the Melbourne Metro Rail project and other projects including the Parramatta light rail, regional road and freight corridors, NT flood mitigation receive grants from asset recycling fund. Victoria has only got 10 per cent of the national infrastructure funding averaged over the past four years.

It's all about restoring credibility rather than splashing the cash around. 'This isn't a khaki budget from a defence perspective, it's a blue collar jobs budget. Almost every mention of defence is stressing the jobs it will create and the economic growth it will encourage,' according to **Mark Thomson** from the **Australian Strategic Policy Institute**.

'The 2016-17 federal budget is a solid, responsible budget that balances holding the line on spending growth with new initiatives to improve the nation's economic growth prospect' according to **Jennifer Westacott**, **Business Council of Australia**

Work for the Dole will be overhauled and employer subsidies reduced to help pay for an ambitious new program aimed at getting unemployed youth into jobs. From October, the most prepared job seekers will only be able to enter the **Work for the Dole** scheme after 12 months registration with **Jobactive**, instead of the current six months.

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The Federal Government has dumped one of the most controversial measures in the Coalition's politically toxic 2014 budget, the full deregulation of university fees, but opened the door to other potentially unpopular changes such as a new two-tiered fee system.

Education Minister **Simon Birmingham** shelved the plan to allow universities to set their own fees late last year, but has now officially consigned the policy to the scrap heap following an effective '\$100,000 degree' scare campaign by the Labor Opposition.

Sell the Policy as 'Fair'

The Coalition is shifting the focus of its superannuation changes to 'fairness and equality' as it tries to deflect Liberal Party anger over its high income super slug and retrospectivity claims. **Arthur Sinodinos** said the changes announced in the budget were designed to create a more sustainable budget and retirement income system.

Tony Abbott also backed the super reforms, praising **Malcolm Turnbull's** 'gutsy call' to change the super tax rules on high income earners. Labor accused the Coalition of mishandling and mismanaging the policy changes by not consulting with industry before the announcement as the conservative Institute of Public Affairs began a campaign against the 'retrospective changes.'

Shorten to Extend Labor's Outreach

Bill Shorten would extend the reach of government if elected prime minister by creating at least 10 bureaucratic bodies and office holders, as per *The Australian*. It would also increase funding by tens of millions of dollars to key public agencies.

A range of new entities is specified in the Opposition Leader's list of 100 positive policies that is being heavily promoted to contract the 'jobs and growth' rhetoric of **Malcolm Turnbull** with Labor's 'people first' slogan. Labor proposes to establish an independent advocate for young asylum-seekers to the creation of a constitutional convention on an Australian republic.

On manufacturing, a strong traditional policy area for Labor, **Shorten** has proposed a number of bureaucratic innovations to assist local businesses while also proposing new structures to improve education and computer coding outcomes for students.

Morrison Raises the Knife

The company tax rate for all businesses will be cut to 25 per cent within a decade and superannuation tax concessions for the wealthy have been slashed by \$6 billion in a budget the Federal Government hopes will spur economic growth, wipe out the deficit within five years and shield it from claims of unfairness in an election campaign as per *The Age*.

Intern plan may be illegal

A centerpiece of **Turnbull's** re-election platform, the budget's **PaTH** interns program, breaches current minimum wage standards and would require changes that would either blow out its cost or see it stalled in a hostile Senate, according to employment law experts commissioned by the **ACTU**.

The **PaTH** program, (Prepare, Trial, Hire) which proposes to pay under-25-year-old jobseekers a \$200 a-fortnight top up over and above the dole, would leave vulnerable interns languishing below the legally enforceable minimum wage and potentially able to sue for recovery of unpaid wages.

Currently a single childless jobseeker on **Newstart** gets \$263 a week, which would rise to just \$364 a week despite 25 hours of work per week. The \$840 million program forms a central plank of the Federal Government's jobs and growth package reports *The Age*.

Labor to reject retro super plan

Labor will oppose a key budget change that cracks down on superannuation tax concessions for the rich because it breaches the principle that taxes should not be levied retrospectively and threatens the integrity of the entire tax system, Opposition Leader **Shorten** has announced.

In his budget reply speech in which he announced another \$71 billion in savings over a decade and accused the government of putting business and millionaires ahead of families, **Shorten** said Labor would not support the key super change in which retiree's accounts would be limited to \$1.6 million.

Earnings on any principal above that would be taxed at 15 per cent. Although this mimics Labor's policy to tax earnings in retirement over \$75,000 at 15 per cent, Labor's policy is not retrospective in that it would not apply to existing accounts.

Super man powerless

Scott Morrison is at pains to point out that 96 per cent of Australians with super are untouched or better off, and only 4 per cent are worse off. **Turnbull** gave a coherent answer about superannuation on the campaign trail, disputing claims of retrospectively reports the *Herald Sun*. Retrospectivity. Very little.

Labor to end doctors' pay freeze

Labor will use money the Federal government has earmarked for business tax cuts to help fund a \$2.4 billion promise to lift the freeze on payments to doctors to stop them passing on higher costs to patients.

In the first big salvo of the election campaign, Opposition Leader **Shorten** will announce that the freeze on the **Medicare Benefits Schedule** will be lifted on January 1, 2017, and the indexation of the payment restored. The freeze has been successively applied by the Abbott and Turnbull governments and is supposed to run until 2020 reports *The Australian Financial Review*.

GP's to Charge Co-payment

More GP's could start charging patients a co-payment following the Federal Government's decision to extend its freeze on **Medicare** rebates, doctors say.

The federal budget revealed that **Medicare** rebates, which have not risen with inflation for almost two years, would remain static for all GP, medical specialist and allied health services until June 2020, saving about \$925.3 million between 2018 and 2020.

The **Royal Australian College of General Practitioners** President **Frank Jones** told **Fairfax Media** the decision 'will make running a quality practice extremely difficult, with the probability you will have to charge a small fee, which may deter certain patients (who) may present later unwell and require hospital services.'

INDUSTRIAL RELATIONS & EMPLOYMENT

Work Hours Slump

Hours worked by Australians have fallen over the past 12 months in every state other than NSW, raising fears a year-long resurgence in the labour market may be running out of steam. While the headline national jobless rate held steady at 5.7 per cent in April, total hours worked declined 0.5 per cent, the first annual drop in three years as per the *Financial Review*.





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Wharfies Reject Pay Rise

Workers at Australia's docks could be locked out after they turned down an average wage of more than \$174,000, as in the *Herald Sun*. **Patrick** employees voted to reject an offer of a 9 per cent pay rise over four years, in an escalation of a dispute between the company and the **Maritime Union of Australia**.

The company is now threatening to launch the first lockout of its workforce since the infamous 1998 dispute. Under the offer, workers at the East Swanson Dock in Melbourne, now on an average of \$159,372, would have received \$174,000 by 2020.

Tradies Earn Twice Lawyers

Plumbers and electricians are Australia's richest tradies, charging more than double what the average lawyer earns, according to the *Herald Sun*. Research by the job-quote website serviceseeking.com.au reveals the average plumber charges \$78.40 an hour, up 1.9 per cent on last year, and the average electrician charges \$74.61 an hour, up 4 per cent.

The average lawyer, by comparison, earns \$37 an hour, according to **PayScale**.

Government's Intern Plan Could be Illegal

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The \$840 million program forms a central plank of the **Turnbull** government's jobs and growth package, as reported in *The Age*.

Lack of industrial relations reform 'fault of business'

Business must accept the responsibility for the failure of the Coalition and the Labor Party to propose substantive changes to the workplace relations system, a senior **BlueScope Steel** executive says. But industry groups rejected the criticism, saying their case was undermined by the **Productivity Commission** advocating repair of the workplace relations framework, rather than bigger change.

Ian Cummin, who is retiring after 13 years as **BlueScope's** executive general manager for people and performance, will use a speech to say business has only weeks to convince the political parties of the need to propose changes to the **Fair Work Act** reports *The Financial Review*.

7-Eleven dumps independent back-pay panel Billionaire **Russ Withers'** scandal-ridden **7-Eleven** chain has dumped its independent compensation panel after it refused to accept terms that would 'emasculate' the independence of the panel and also threaten workers. A furious **Allan Fels**, who headed the panel and is a former chairman of the **Australian**

Competition and Consumer Commission, described the proposed panel as 'bogus' and a 'triumph' for dodgy franchisees. 'I am appalled at the situation and alarmed at the likely poor outcome for underpaid workers', reported by *The Age*.

Shorten Wants Penalties

Bill Shorten was under mounting pressure on a key Labor campaign pledge to 'keep' weekend penalty rates, after he failed to guarantee they would not be downgraded if Labor won office.

Australian Council of Trade Unions president **Ged Kearney** is pressing **Shorten** to provide greater protections for penalty rates and the Greens are pledging legislation to protect them while campaigning in heartland Labor seats, including **Anthony Albanese's** Grayndler as per *The Australian*.

Shorten held firm to his policy of abiding by **Fair Work Australia's** decision on Sunday penalty rates but pledged to intervene in the deliberations if Labor won office, declaring the case to 'get rid of penalty rates simply doesn't stack up.'

Can't stop dodgy conduct

The **Fair Work Building and Construction** director **Nigel Hadgkiss** said that the agency's success in pursuing court action against the **Construction, Forestry, Mining and Energy Union**, was not acting as a deterrent.

'Clearly the agency is efficient in getting matters to court and winning its court battles but when you consider the comments from the judiciary and the clear trend of increasing numbers of court matters, you have to come to the only conclusion that we have not been effective in changing the culture of the building and construction industry,' he told an **Australian Industry Group** conference in Canberra.

He said the union's dismissive attitude towards the law and 'lack of respect for our industrial relations system is something that the **FWBC** grapples with on a daily basis' reports *The Australian Financial Review*.

The national building watchdog, the Fair Work Building and Construction Inspector director **Nigel Hadgkiss** wants judges to impose personal penalties on 23 construction union officials because he believes the union is toooo financially powerful to be hurt by fines. The controversial strategy is needed because his agency has failed to change the 'culture of unlawfulness' in the building industry.

BUSINESS, ECONOMY, MANUFACTURING & FINANCE

Hydro's solution

Norske Skog, which makes a third of Australia's newsprint, will shut one of its two paper machines for at least a week to ease **Hydro Tasmania's** energy crisis, which has been caused by record low rainfall and the failure of the **Basslink** cable.

Little rain and the failure of the **Basslink** high voltage cable to Victoria's brown coal power stations have pitched Tasmania into an energy crisis that will cost **Hydro**, the state-owned electricity company, ten of millions of dollars each month it continues.

Hydro's damns dipped below 16.5 per cent recently, the lowest level at which they have ever been used to generate electricity. With no rain in sight, and about 1 per cent of dam

capacity being used each week, **Hydro** is importing 200 one-megawatt diesel generators at a cost of \$44 million to keep the lights on reports *The Australian Financial Review*.

Over Panama way

Australians identified in the Panama Papers could soon face criminal charges, according to the Australian Tax Office as reported in *The Age*. The **ATO** is investigating more Australian taxpayers identified in the papers, particularly those with curious tax structures in Hong Kong. The release of a searchable database for the Panama Papers has triggered a global hunt for clients of Panama law firm **Mossack Fonseca**, highlighting one area where Australia tops the world.

Australia has the world's smallest number of **Mossack Fonseca** intermediaries. No one here wants to be a **Moss Fon** middle man. Whereas China lists 40,000 intermediaries feeding their clients into **Mossack Fonseca**, the Australian total list of intermediaries is just 123. This number includes almost all the major law firms, including **Malleon Stephen Jacques**, **Freehill Hollingdale Page** and **Allens Arthur Robinson**, but the accounts are decades old and have long since been suspended.

There are many legitimate reasons to set up shell companies in low-tax jurisdictions, but Australian law firms are understandably reluctant to be listed as administrators, as reported by the *Financial Review*.

Exploding Tin Fears

A popular brand of tinned tomatoes has been pulled from Supermarket shelves because the tins could explode while being opened. **SPC Ardmona** has recalled a single batch of 400-gram Peeled Vine Ripened Tomatoes and says they could be hazardous.

'Due to increased pressure in the can caused by a breakdown in the can lining integrity, these food products may actually cause injury when opening' **SPC** said in a statement reported in *The Age*. The Australian grown tomatoes have been sold in **Coles**, **Woolworths** and other supermarkets that have the code TOM W/P 428580 007CM on the tin's base.

Potato Business Gets Mashed

How could a company with 23 per cent of Australia's \$625 million potato market go bust? Experts point to razor thin margins and the enormous power of supermarket giants **Woolworths** and **Coles** as a large part of the problem for a business which three years ago was making \$36 million in profits when Chinese conglomerate **Chevalier Group** bought a 70 per cent stake.

The transaction valued the business at \$212 million, making **Chevalier's** investment about \$148 million. But it's hard to build a brand in the potato market where the supermarket giants have their own packaged washed potato brands as well as selling loose potato in the fruit and vegetable aisles reports the *Financial Review*.

Departure Silence

AMP Ltd, a vocal advocate for the improved corporate disclosures by the companies it invests in, has refused to shed light on the shock departure of its own chairman, **Simon McKeon**, according to the *Financial Review*.

Suppliers Squeezed to Deliver Goods

Retailers' claims that international food companies treating Australia like treasure island

are a 'fallacy' and unless returns improve, suppliers will be unable to invest to fuel growth, leading food executives say.

As Australia's largest baker, **Goodman Fielder**, said it would close another regional bakery, George Weston Foods CEO **Andrew Reeves** said investment in new equipment was becoming harder to justify as profit margins were squeezed by big retailers, as per the *Financial Review*. 'It just can't be a one-way traffic in terms of who is making the profits,' **Reeves** said.

Interesting standards

Private equity firms have asked **SAI Global's** former parent, **Standards Australia**, if it would agree to the privatisation of the \$800 million company.

Standards Australia owns the 7,000 standards and regulations covering hundreds of industries that are the major profit center for **SAI Global**. Relations between the two have deteriorated in the past few months over terms of a license to publish and sell those standards that ends in 2016 reports *The Australian Financial Review*.

Mass Vehicle Recall

Nearly four million Nissan cars are being recalled in the US because of major safety problems where passenger airbags or seat belts could fail in a crash according to the *Herald Sun*.

Tech leaders and ASX

Shark Tank judge and well-known tech investor **Steve Baxter** has taken aim at the **Australian Securities Exchange** for considering changes to its listing regulations, which would put a stopper in the flow of early-stage tech companies joining the **ASX**.

The stance puts the investor at odds with other high-profile tech industry leaders, such as **Atlassian** co-founder **Mike Cannon-Brookes** and **TechnologyOne** chief executive **Adrian Di Marco**, who have thrown their support behind the **ASX**. **Baxter** said the **ASX** should have fewer listing regulations, not more reports *The Australian Financial Review*.

Hmmm real estate

Citigroup has a confidential blacklist of foreign currencies it will no longer accept as payment for Australian real estate from overseas borrowers because of growing concerns about fraud and possible money laundering. **Matt Wood**, head of the global bank's mortgage

distribution, has written to mortgage brokers with a list of 12 currencies that it will accept and warned that all others are not negotiable reports the *Financial Review*.

MINING

Frydenberg Tackles Disclosure

Federal Resources Minister **Josh Frydenberg** has vowed to tackle the **Australian Securities & Investments Commission** over its controversial changes to disclosure rules for junior resources companies. *The Australian* revealed that the **Association of Mining and Exploration Companies** was preparing to appeal directly to Canberra for intervention over the changes, which restrict what small exploration companies can say about the economic potential of their discoveries.

Victoria to Rehabilitate Mine Sites

Victoria's big brown coal players will each have to stump up tens of millions of dollars as extra security for the clean up of their Latrobe Valley mines, with the State Government agreeing to dramatically increase rehabilitation bonds, as per *The Age*.

TRADE

Deal On the Brink

Former Trade Minister **Andrew Robb** says a long awaited trade deal between Australia and India could be completed in two months if both nations make it a priority according to the *Financial Review*.

Clean coal

Minerals Council of Australia head of coal Greg Evans said there is no evidence China is applying the testing arrangements to domestically produced coal to make sure it is clean to various standards). Unlike the coal that is imported from Australia. He is calling on China to allow Australia's coal sector to conduct quality tests on coal before it is shipped to China. From the Editor's earlier professional experience, Australian coal testing standards are up with the best in the world.

REFUGEES & IMMIGRATION

Will the Vow Be Broken?

Shorten's vow to maintain a hard line on border protection is unraveling as three more Victorian candidates are revealed to have threatened mutiny over Labor's asylum seeker policies.

Stephanie Perri is among seven Labor candidates for Victorian seats who, it has now emerged, have pledged to fight their party's current platform, which includes boat turn backs and offshore processing as reported in the *Herald Sun*.

It comes as **Shorten's** campaign for election was again distracted, with Labor recently fumbling over its defence of weekend penalty rates. Labor's campaign has been plagued by internal divisions over asylum seekers.

Fed misinformation

Asylum seekers stuck in Indonesia because of Australia's tough border control policies are waiting for the boat route to reopen, according to a government report mentioned in the *Herald Sun*. And many of those undergoing processing by **United Nations** refugee authorities believe they will be resettled in Australia.

The report, released on the Immigration Department website, comes as the Labor party's tough asylum seeker stance is in disarray over candidates who personally don't support turning back boats.

UN Shoots Down Under

The **United Nations** has savaged Australia's policy of locking away refugees for years without charge or trial on the basis of secret intelligence assessments according to *The Age*.

An international legal panel at the **UN** has demanded compensation over 'serious psychological harm' done to five men incarcerated for five years, only to be suddenly released into the community in recent months after the secret security finding was reversed.

Labors Refugee Guarantee

Labor Immigration spokesman **Richard Marles**, Corangamite House of Reps, has given an 'absolute guarantee' Labor will not soften its asylum seeker policies and is committed to offshore processing and boat turn-backs.

Declaring the party had learned 'the hard way' after 1200 asylum seekers drowned at sea attempting to reach Australia during Labor's years in government, **Marles** vowed there would be no changes to the policy, before or after the election according to the *Herald Sun*.

The Manus Island Ruling

The Manus Island crisis couldn't have come at a better time for the Federal Government. With the Prime Minister's popularity in free-fall and the Coalition trailing Labor in successive news polls, the ruling from Papua New Guinea's Supreme Court that the islands detention center is unlawful puts the Government's biggest trump card, border protection, back on the agenda.

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achievement. It did what Labor, the Greens and just about every earnest political commentator said was not only fanciful but impossible.

We were told that global forces drove the record number of boat arrivals and no matter what the government did, desperate people would continue to risk their lives, and the lives of their children, trying to reach our shores according to *The Age*.

TAX

This Works for Noone

The Federal Government will delay the introduction of the controversial backpacker tax until after the election in a move some MPs believe could be a precursor to dumping it according to the *Herald Sun*.

Superannuation a Gift from Government

The government has sharpened its stance on superannuation tax breaks and opened a debate about whether creating a national savings pool should remain an underlying goal of the \$2 trillion system.

Superannuation tax concessions are a 'gift' from government and should not be taken for granted, Assistant Treasurer **Kelly O'Dwyer** said as she released a discussion paper inviting contributions on an overarching objective for super, as per the *Financial Review*.

'Google Tax' to Raise Billions

Treasurer **Scott Morrison** will unveil a suite of multinational tax avoidance measures, including a diverted profits tax, commonly known as a 'Google tax', designed to raise billions of dollars over years and heads off claims he is only cutting taxes for business and the wealthy.

A new unit within the **Australian Tax Office** will also be handed more resources and staff to crack down on multinational tax avoidance. Stronger protections for whistleblowers that provide information about artificial tax structures are also in prospect. The government will also adopt Labor's tobacco tax hike of 12.5 per cent per year for four years as foreshadowed by **Fairfax Media** last month which according to the **Parliamentary Budget Office** will raise \$3.8 billion over four years and \$47.7 billion over 10 years.

But in a major blow to the opposition, Treasury modeling of the tobacco tax hike which will be included in the budget papers has called into question Labor's claim the increase will pay for its school funding promises, finding that it will only raise \$2.3 billion over four years, and \$28.2 billion over 10 years.

That, in effect, blows a \$19.5 billion hole in the Oppositions policy costing's on election eve and will put pressure on the opposition to find additional savings or raise extra revenue. The trio of new multinational tax avoidance measure build on the Coalition's first set of multinational anti-avoidance laws, which was passed last December and will raise an estimated \$700 million in the first year through stopping companies arthritically structuring themselves to move profits to low tax countries.

Taken together, government sources said that expected the two tranches to raise more money than Labor's competing tax avoidance laws, which are designed to raise \$2 billion over four years. The changes mean both major parties go into the election advocating a crackdown on multinational tax avoidance, but the similarities do not end there. The Coalition's tightened

superannuation concessions are unlikely to blunt an attack from Labor, which is gearing up for an assault on the pre-election budget as a boon for the well-off, while giving nothing to the majority of the low and poor.

TOURISM

Travellers warned on terror

Australians are being urged to do their research before booking holidays as many of our best loved destinations are now deemed as 'high risk of terror attacks' as per the *Herald Sun*.

Places such as Indonesia and Thailand have long been popular holiday spots for Aussie seeking a cheap holiday a short plane ride away from home. But with worldwide conflicts, holiday makers have been warned by the **Department of Foreign Affairs and Trade** to exercise a high degree of caution in several popular holiday destinations because of the high terror threat. Indonesia, including the popular island of Bali, Thailand, the Philippines and France are all deemed at high risk.

Other countries posing high risks to Aussie travellers include Turkey, Tunisia and parts of Europe. Terrorists continue to call for attacks against Australian interests and those of other countries, including the US, the UK, France, Italy and Germany. The March attaches in the Brussels highlighted the capacity of terrorists to conduct attacks against soft targets in Western countries with little or no warning.

Department of Foreign Affairs and Trade spokeswoman **Amita Muthalaly** advised travellers to do their research before travelling. 'The nature of the terrorist threat, as seen in recent attacks in Europe, also demonstrates the value of subscribing to the country advisories on the Smart-traveller website to be informed of the latest developments'.

CLIMATE CHANGE, ENVIRONMENT & ENERGY

No Change A Coming

Malcolm Turnbull has ruled out early changes to Australia's climate policies, including boosting the 26-28 per cent emissions reduction target, as he moves to set up an election battle with **Bill Shorten** over Labor's commitment to deeper emissions cuts.

US President **Barack Obama** thanked Australia for its contribution to the Paris climate change summit in a phone call to the Prime Minister according to *The Australian*.

Fry Calls on Renewed Efforts

The Federal Government will call on the **CSIRO** to help the government navigate the thorny issue of integrating renewable energy into the grid according to Energy Minister **Josh Frydenberg** according to the *Financial Review*.

National Interest Test Not in Our Interest

If Labor really wanted cheap domestic gas, they would tell their party colleagues in the states to support the new development. Labor needs to think twice before it walks away from market based policies that have delivered sustained economic growth according to **Martin Ferguson**, the Chairman of the **Australian Petroleum Production and Exploration Association** advisory board as reported in the *Financial Review*.

Pipeline Chief Under Scrutiny

APA Group managing director **Mick McCormack** angrily rejected suggestions from the competition regulator that the pipeline owner

is abusing its market power. He said the gas pipeline industry had become the 'whipping boy' for problems elsewhere in the gas sector, as reported by the *Financial Review*.

Shell Reins in

Royal Dutch Shell acknowledges the roll out of its floating LNG technology will occur much more slowly than anticipated a few years ago, leaving its ground, breaking **Prelude** venture in WA as potentially its sold FLNG venture for several years.

Shell had targeted a conveyor belt of huge LNG vessels running of the production line in South Korea, being deployed at remote gas fields worldwide, with several in waters around Asia.

Three of the projects could have used five new LNG vessels have been halted in their tracks, leaving the \$USD 12 billion **Prelude** venture Shell's only one for the foreseeable future. LNG ventures planned by other companies in Australia have also fallen foul to cost and price issues as reported in *The Age*.

AGRICULTURE, CATTLE & WATER

Milking it for All its Worth

Dairy processor **Fonterra** will lift the prices it pays hundreds of farmers for their milk, after an outcry over the sudden drop in payments it announced in early May. **Fonterra**, the nation's second biggest dairy processor, the world's biggest milk exporter and a major player in the Victorian industry, said it would increase payments for milk supplied in May and June by \$2.50 a kilogram of milk solids. In early May, **Fonterra** said it would cut the price paid to farmers for their milk from \$5.60 to \$5 a kilogram according to *The Age*.

MEDIA

Hmahmahma

Councils from Sunshine and Broadmeadows have told the makers of the **SBS TV** show **Struggle Street**: 'We don't want you here.' Hume Mayor **Helen Patsikatheodorou** said a request to film **Struggle Street** in Broadmeadows had been refused. 'While many people in Broadmeadows face challenges, the suburb is home to some of the finest people you'll ever meet' as per the *Herald Sun*.

Fibber

Duncan Storrar, the Geelong man the **ABC** presented as a 'new national hero', has an extensive criminal record over two decades, including threats to kill and unlawful assault. The *Herald Sun* can reveal **Storrar** has gone to prison at least three times over the past 25 years for a string of offences. **Storrar**, 45, captured the nation's attention when he appeared on the **ABC's Q&A** Budget election special, saying he didn't have enough money to take his family to the cinema.

JUSTICE

Private College Will Repay

One of Australia's biggest private colleges, **Careers Australia**, will give up at least \$160 million in government funding after admitting it broke consumer law by using 'false and misleading representations' to enrol students and sign them up to the government loan scheme according to *The Australian*.

AFP Requires More

The **Australian Federal Police** says it doesn't have enough evidence to prosecute former Liberal minister **Mal Brough** for copying former speaker **Peter Slipper's** diary, as reported by *The Age*.

Call to ICAC 'theatre' hearings

The NSW **Independent Commission Against Corruption** would be forced to correct its mistakes and abandon the 'flamboyance and theatre' of public hearings under proposals being considered by the state government reports *The Australian*.

Tell the truth

In late February, **Cardinal George Pell**, the Vatican's third most powerful figure, has continued to maintain that he knew nothing of the crimes being committed by his fellow clergy on hundreds of innocent children across Victoria. Up to 20 survivors, and supporters, from the Ballarat area went to Rome to watch the Cardinal give evidence to the **Royal Commission into Institutional Responses to Child Sex Abuse**. The Royal Commission probed claims **Cardinal Pell** turned a blind eye to sex crimes, was involved in shuffling problem priests between parishes and was complicit in a widespread cover-up of abuse reports the *Herald Sun*.

Dumping Dirty Money

According to **Nick McKenzie**, anti corruption experts in the US and Europe have urged Australia to properly resource and empower its anti-bribery regime as Australia emerges as the 'dumping ground' for dirty money from Asia.

Officials believe that under resourcing, ineffective laws and competing priorities in the federal police and corporate watchdog **ASIC** are factors in the failure to resolve many cases. The Coalition government has focused on fighting union corruption, but has been all but silent on the major mishaps in Australia's anti-corporate corruption regime

Since 1999, when it became for Australian firms to bribe foreign officials to win overseas contracts, the **AFP** has launched about three dozen investigations, but only two have led to prosecutions. Both cases are still ongoing. Earlier in May, the **AFP** launched investigations into **Tabcorp** for allegedly paying a bribe in Cambodia as part of efforts to obtain a gaming license.

Revelations in **Fairfax Media** about the **Tabcorp** payment forced the company's former CEO **Elmer Funke Kupper**, to resign from his role as chief of the **Australian Securities Exchange**, one of corporate Australia's top positions. The call comes after **Fairfax Media** revealed Australian involvement in one of the biggest bribery scandals to ever hit, a scandal that has implicated a number of Australian firms and executives, including the offshore arm of **Leighton Holdings** and **Worley Parsons**.

Senior OECD anti-corruption Head **William Look** said the federal police may not be resourced to handle so many major investigations. 'How on earth will they [the **AFP**] do all these cases they have opened?'. Whether they have the resources is a big question mark. We see a lot of enforcement in the US. But where are the corporate criminal liability cases in Australia?'

The chief of the US **Securities and Exchange Commissions** corporate bribery unit, **Kara Brock Meyer**, said the **AFP's** anti-corporate corruption team had been led by a highly respected, experienced police commander but queried why he had 'so many' other crime types to simultaneously manage. 'You need a discrete unit. That's why you see the big spike [in cases in the US],' **Brockmeyer** said. 'I really want to see Australia change.'

BROADBAND & IT

No NBN Until 2018

Communications Minister **Mitch Fifield** has warned that Labor's pledge to deliver a 'first-rate fibre' **National Broadband Network** risks derailing the roll out for all of next year while prototype technology is fully tested.

As a political stows over the **NBN** erupts, Senator **Fifield** added to concerns about the consequences of ambitious upgrades to the model. 'Labor's **NBN** plan risks stopping the rollout all next year while prototype technology is fully tested' as reported in *The Australian*

TRANSPORT & INFRASTRUCTURE

Reserve It For Fiscal Policy

Former **Reserve Bank of Australia** board member **Warwick McKibbin** has become the latest high-profile economist to call for more infrastructure spending rather than extra interest rate stimulus to spur the economy and lift slowing inflation. 'I don't think the Bank can deal with the problems that Australia faces. It's really up to the government, and its really up to fiscal policy' according to the *Financial Review*.

Scrapped

This is the government agency that was scrapped to force the Double dissolution. The Road Safety Remuneration Tribunal safety body was set up by the Gillard Labor government at the urging of the Transport Workers Union. The order mandates that when people ask self-employed owner-drivers to carry goods for long-haul trips, trips that cross state borders or are part of a supermarket carry chain, they must pay 'safe rates'.

The safe rates are set out in an online calculator on a government website. These rates would have applied only when hiring self-employed owner-drivers or their family members. People can ask trucking companies with employed drivers to carry their goods and the safe rates will not apply. Self-employed drivers would have been forced to charge what the online calculator says they must charge, whereas a company with an employed driver will be able to undercut them and charge whatever they like.

It is said that 76 per cent of all road transport operators use the owner-driver model. Once the order comes into place, the sector is set for radical change. Self-employment will die a quick death. Drivers will become one of two types: employees or employers.

How can a government body force certain businesses to set prices? How in a free country can something such as this occur and who has the most to gain? The safety argument is nonsense; if higher charges equal higher safety, then trucking companies that can undercut the safe rates are going to be more unsafe. So, then, who may benefit from an industry that consists entirely of employers and employees?'

Finally, imagine a union having organised control over all of our road transport activity. Imagine how the costs will spiral out of control, and consider the chaos and disruption from, say, a three-day strike. Imagine how easily the **TWU** would have been/will could be able to bring our country to its knees reports *The Weekend Australian*.

Badger creaking

Leading airlines and cargo freighters have hit out at the possibility of restricting night landings at Sydney's new **Badgerys Creek** airport,

saying this would economically cripple it and render it useless, as reported in *The Australian*.

Let broadband users quit

Optus chairman **Paul O'Sullivan** has called for new law allowing millions of internet users to quit their contracts once they are connected to the national broadband network and for **Telstra** to split its phone line network from the main company. Speaking at a **Trans-Tasman Business Circle** event in Sydney, **O'Sullivan** said there was a lack of sufficient competition in the broadband market thanks to **Telstra's** success and the **NBN** would not fix the problem.

If regulators were to adopt **Optus'** suggestion, it would let every broadband user change to a rival service without any penalties and help **Telstra's** rivals gain market share reports *The Australian Financial Review*.

Your democratic right to Bamboozle

Australia could have their right to obtain cheap digital content from overseas enshrined in law if a key recommendation of the **Productivity Commission** draft report into intellectual property arrangements is adopted. If successful, the move could spell big trouble for local content such as **Foxtel** and Australian **iTunes** and **Amazon** stores.

The 600-page draft report, which was tabled on 29 April, argues Australian consumers have long been ripped off by differential pricing policies and insists the government should move to guarantee people are protected in their efforts to find ways around them.

The primary means by which different pricing is enforced is geo-blocking, whereby consumers in Australia are prevented from accessing licensed distributors of content in counties such as the US and Britain, where that content is often available earlier and cheaper than it is in Australia as reported in the *Herald Sun*.

EDUCATION

Rejects states' plea for schools

Turnbull is spurning state pleas for a \$3.6 billion increase in school funding as he demands the state Premiers accept a divisive tax reform that would give them more power to pay for services, opening a new front in the clash over his radical plan for the Australian federation.

The Prime Minister has antagonised the premiers and chief ministers by offering less than they sought on hospital funding while rejecting their demands for bigger education payments. In a dramatic move to prepare for the federal election, **Turnbull** is seeking to blunt future attacks from state and territory leaders over a shortage of federal aid, insisting they should embrace a new carve-up of income tax.

Western Australia would have been 33 per cent better off after allowing for inflation, while NSW would have gained nothing and Victoria, Tasmania and South Australia would all have fallen behind by between 3 per cent and 7 per cent. A state tax would raise 80 per cent more per capita in Western Australia than in Tasmania as reported in *The Australian*

Paul's strong view

The Safe Schools programme is much more than an anti-bullying program. Most people know an anti-bullying program when they not even pretend to be anything else.

Senior ALP figures **Bill Shorten**, **Penny Wong** and **Kate Ellis** and other politicians stridently

defending the program and attacking its critics are misleading at best and deceptive at worst. The materials, literature, instructions and recommended class activities are pervasive in their ideological content and often extraordinary in the activities they recommend for years 7 and 8 students.

This story is a case study in hijack: how a program of social and sexual engineering was inducted into the school system by a lobby that won huge institutional support. The program is legitimised by a need whose validity is beyond question: preventing the bullying of LGBTI students.

In many ways the program is the purist example of the disruptive cultural and power changes sweeping through Australia. Its content would have been inconceivable 10 years ago. It reflects a transformation in thinking about sex and gender, the collapse of traditional and religious norms, the confidence of the progressive class that its moment has come, and the ability of a minority lobby to seize the ascendancy and command a majority position writes *The Weekend Australian's* **Paul Kelly** on the Safe School program.

see it. But this is something else: a pervasive and radical ideological agenda. Indeed, it does

The decline and fall of schooling

Australian schools are in deep trouble and students will continue to slip behind in reading, maths and science unless there is urgent action from all governments, a new report has warned.

Australia was 'drifting backwards', said report author **Geoff Masters**, from the **Australian Council for Educational Research**.

The decline in the maths skills of students was particularly alarming, **Professor Masters** said. Australia's results in the **Program for International Students Assessment**, an international survey that pits the world's education systems against each other, has declined over the past decade reports *The Age*.

Chinese student influx sets record

Almost 50,000 Chinese students started courses in Australian universities, colleges and schools this year, up 23 per cent on last year, making students from China more important than ever to the booming education export industry.

Federal government data shows a 13 per cent increase in the number of international students from all countries, but by far the biggest number were from China, a record 46,400 in total reports *The Australian Financial Review*.

FOREIGN AFFAIRS

Brexit Could Hurt

If Britain leaves Europe in next month's referendum then the first effects could be felt within Australia within weeks, former deputy **Tim Fischer** has warned. World-wide financial instability would follow in early July, the former trade minister and ambassador to the Vatican said from Rome, where he has been holding meetings with former contacts, according to the *Herald Sun*.

'Australia absolutely does not need this at this fragile time. It would reduce trade efficiency by reinstating protection walls and 'zap confidence' in financial and banking circles. It would torpedo reform of Europe's agricultural policy and it could also reignite nationalist movements'.

United Nations – Australia's Seat?

Bid for UN seat is put in peril over East Timor. Australia's bid for a seat on the United Nations Human Rights Council is under threat due to its refusal to negotiate directly with East Timor over the disputed maritime boundary, the former president of the fledgling state, **Xanana Gusamao**, says. We don't think it's the right time for Australia to be there, according to *The Age*.

Greens Turn Blue on Alliance

Australia is joining a 'regional arms race' and risks putting itself in the middle of a 'proxy war' between the United States and China, Greens leader **Richard Di Natale** has stated in his first major foreign policy speech according to *The Age*.

Foreign Investment

Chinese retailing giant the **Dashang Group** has snapped up one of Australia's oldest herds of Wagyu cattle and a second highly productive farm in the prestigious upper Hunter Valley. In a deal understood to be valued at between 12 and 20 million, the Australian cattle farming and trading arm of north China based Dashang, **Australia Aulong Aunio Wang (AAAW)** announced its purchase of the prized 1100-head Kuro Kin (**Black Gold_ Wagyu** herd owned by the **Bishop** family near **Scone** as reported in the *Herald Sun*.

Kidman Moves as Cash Drops

Foreign investment in Australia slumped to its lowest level in a decade last year, with a new **OECD** report showing Australia is at odds with the rest of the advanced world, where investment flows have surpassed pre-crisis levels for the first time to reach new records.

The Prime Minister declared that the 'unprecedented' size of the **S. Kidman & Co.** cattle empire, said to be about 1 per cent of the Australian land mass, justified the preliminary decision to reject the Chinese bid according to *The Australian*.

Jihadis Foiled

A crew of dumb and dumber Melbourne jihadis led by Islamic State preacher **Robert 'Musa' Cerantonio** who planned to launch a boat in Far North Queensland to get to Indonesia and eventually reach the Syrian war zone would never have made it to water, police say.

With their 7m cruiser on a trailer being towed by their clapped-out 4WD, the five men were stopped just 1km short of a 700km stretch of treacherous dirt road to Cape York, their believed departure point, according to the *Herald Sun*.

DEFENCE

Global Security Contractor

The private security company in charge of protecting the Australian embassy in Baghdad where an employee was fatally shot has a long and growing list of senior vacancies as it struggles to fill key positions. Australian-founded global security contractor **Unity Resources Group** advertised for 10 specific positions, including the integral job of operations 'country director Iraq' and Iraq operations manager. Those key positions have been unfilled for at least several months, *The Australian* reports.

ARTS

Arts Cuts

Literary magazine *Meanjin* and the **Centre for Contemporary Photography** are among 50 arts organisations to have lost funding from the Australia Council as it prepares to announce its

four-year funding round. More than 150 organisations have applied for funding that could secure their future, according to *The Age*.

Limerick

Herald Sun readers have been sharing amusing little ditties from old autograph books, and **Joan**, from Benalla, found this silly limerick scrawled in 1928 in one kept by her husband's grandmother.

*There was a lady in silks,
Who walked across
Scotland on stilts,
Said people, 'How shocking,
To see so much stocking'
And she said, 'what about kilts!'*

SOCIETY

Advertisements Go Dry

Australia's love affair with booze is waning with more than half of us now in favour of alcohol tax raises and bans on advertising during sport, a national poll revealed in *The Age*. Support for regulation has grown despite little change in the consumption of alcohol and a slight rise in people who drink to get drunk to 37 per cent, or about 4 million.

The results of the annual **Foundation for Alcohol Research and Education** survey of 1800 Australians has been welcomed by public health advocates, who say Australians are fed up with problem drinking.

Parliament House Architect Dies

Born in Rome in 1920, **Romaldo Giurgola**, the architect who crowned Walter Burley Griffin's 76-year plan for Canberra with a new Parliament House in 1988, has died in his adopted city, Canberra. He was 95 according to *The Australian*.

No Same-Sex Before Marriage

Australia's most senior Catholic bishops have intervened in the Federal election, warning **Turnbull** and **Shorten** not to undermine traditional marriage.

In a 2016 election statement that threatens to reignite tensions inside the Coalition Government, the **Australian Catholic Bishops Conference** says 'political decisions' can damage the institution of marriage and hurt families. Labor has promised to legalise same-sex marriage within 100 days if it is elected, but **Turnbull** has promised to honour **Tony Abbott's** pledge to hold a \$160 million plebiscite on the issue if re-elected, according to *The Age*.

Australia's Top Restaurants

The nation's chefs and restorers have chosen Melbourne's **Attica** as Australia's top restaurant, with **Dan Hunter**, from regional Victorian Restaurant **Brae**, named as the country's top chef.

The *Financial Review's* Australia's Top 100 Restaurants, presented by **Qantas**, is the only awards in which chefs and restorers from 500 venues across the nation voted for their favourite dining experiences. The Di Stasio restaurant is here, of course.

Church complaint withdrawn

A complaint that the Catholic Church offended and humiliated gay, lesbian and transgender Australians by distributing a booklet supporting traditional marriage has been dropped. Tasmanian transgender rights advocate **Martine Delaney** said she had dropped her complaint against the Archbishop of Hobart **Julian Porteous** as the conciliation process had failed.

The complaint over the booklet, 'Don't Mess with the Marriage', which was distributed to Catholic schoolchildren, had been looming as a test case for freedom of speech ahead of the national same, sex marriage plebiscite as in the *Herald Sun*. **Delaney** said she feared she would have been sentenced for up to two years if she had decided to pursue the complaint in the states **Anti-Discrimination Tribunal**.

Children's Demise in Age of Technology

'Weep, weep' was the cry of **William Blake's** chimney sweeps as they touted for trade on Georgian streets: children sent into the darkest spaces and choked on filth, the dangers blithely ignored by most adults of the time.

Today, in a supposedly more enlightened age, adults turn a blind eye while children are exposed to a different kind of filth on their smartphones and left to roam unsupervised in the darkest places online. We should weep at the damage being done to young minds and the gutlessness of grown-ups to do so much about it.

This year, **ChildLine** in Britain revealed that it is being over-whelmed by victims of cyber-bullying. A study from Glasgow University found that the pressure to 'respond 24/7 on social media accounts can cause depression, anxiety and decrease sleep quality for teenagers'. As reported by Claire Foges in *The Times*.

Rhinos Australia

Rhinos could be grazing the grasslands of Australia as early as this year if an ambitious plan to import an insurance population of the species goes ahead. As poaching continues to threaten the wild population in Southern Africa, plans are under way to relocate 80 white and black rhinos to Australia for safekeeping.

The breeding herd will be an insurance population in the event of the extinction of the species in the wild. Founder of the **Australia Rhino Project**, **Ray Dearlove**, said under the plan 20 animals a year would be imported from South African between 2016 and 2019.

The first family group of six white rhinos will go to Dubbo's **Taranga Western Plains Zoo**, where they will be quarantined as reported in the *Herald Sun*.

OVERSEAS ELECTION COMMENT

Brexit is still undecided. Your editor has recently polled three English-accented holidaying folk in cafes in rural Victoria and none could yet give a clear answer. There are very powerful arguments each way for Exit, also for Staying. Very factually and very passionately presented. An Australian, even an undecided person in the British Isles, could have their mind changed at the last minutes with one good speech or one good article. Unless a new refugee crisis brings the clarity of a decision to a sudden clear conclusion.

Across the Atlantic, Editor remains still a little relaxed. Happily a most senior and most respected person told him that fortunately most Americans do not even know that their Southern Pacific Ally changes its prime minister and Minister for Defence each year or part thereof. Though particular specialists particularly in Washington DC would follow this very closely. The Republican Convention in early July in Cleveland Ohio, will finalise the Republican presidential candidate and his vice-presidential companion.

Though Trump's statements and behavior have gone beyond the bounds of the traditional Republican Party structure, many Republican voters are happy enough.

Hilary still has a couple of hurdles including her perhaps criminal use of emails the other year. Though several voters have mentioned this to the Editor, perhaps this will not break out.

Who will win? Having lived in America through the Goldwater/Johnson election in 1964, we need still wait a few months to be sure. My two hundred classmates from Maryland in 1964 are somewhat undecided. On the Day, some states carry much more weight than others.

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IF Rudyard Kipling

*If you can keep your head when all about you
Are losing theirs and blaming it on you,
If you can trust yourself when all men doubt you,
But make allowance for their doubting too;
If you can wait and not be tired by waiting,
Or being lied about, don't deal in lies,
Or being hated, don't give way to hating,
And yet don't look too good, nor talk too wise:*

*If you can dream - and not make dreams your master;
If you can think - and not make thoughts your aim;
If you can meet with Triumph and Disaster
And treat those two imposters just the same;
If you can bear to hear the truth you've spoken
Twisted by knaves to make a trap for fools,
Or watch the things you gave your life to, broken,
And stoop and build 'em up with worn-out tools:*

*If you can make one heap of all your winnings
And risk it on one turn of pitch-and-toss,
And lose, and start again at your beginnings
And never breathe a word about your loss;
If you can force your heart and nerve and sinew
To serve your turn long after they are gone,
And so hold on when there is nothing in you
Except the Will which says to them: 'Hold on!'*

*If you can talk with crowds and keep your virtue,
Or walk with Kings - nor lose the common touch,
If neither foes nor loving friends can hurt you,
If all men count with you, but none too much;
If you can fill the unforgiving minute
With sixty seconds' worth of distance run,
Yours is the Earth and everything that's in it,
And - which is more - you'll be a Man, my Son!*

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The value of small business lobby in Canberra

The first Morrison Budget handed down on 3 May 2016 acknowledged the small business sector of the economy and cut taxes applied to small businesses.

Small business lobbyists are pleased with this result. It has been a long time coming, but without consistent small business representation in Canberra it would never have occurred. Left to their own devices Governments do not change tax rates or thresholds unless pressure is applied.

Treasurer Morrison announced cuts to the company tax rate for small businesses and a reassessment of the definition of small business for company tax purposes moving up from a turnover of \$2 million per annum to \$10 million. It is a good move; the \$2 million small business threshold had been static for too long. Small business owners will feel relief and will be encouraged to invest, grow and employ.

Unincorporated small business owners are also provided with tax cuts and small business capital gains tax concessions have been retained.

Small business reactions were good:

James Pearson CEO at ACCI supported the change and said; "The government as committed to reducing the company tax rate over the next decade, providing benefits for small and medium enterprises, and at the same time providing practical measures to help people become job-ready and give them a path to meaningful work. With an election looming, this Budget demonstrates that good policy can also be good politics."

Peter Strong at COSBOA said;" Well done to the Treasurer Scott Morrison and The Small Business Minister and Assistant Treasurer Kelly O'Dwyer, the economy is in now a better position to deal with and take advantage of change. The big ticket item is that the threshold for determining what is a small business has been raised to \$10m. This creates a change immediately for government support actions around tax breaks, instant tax write offs and other initiatives. This gives more businesses access to the \$20,000 instant tax write off announced in last year's budget".

The Master Builders CEO Wilhelm Harnisch was also positive; "Measures to cut company tax rates for SMEs and the expanded tax write-off will be an immediate shot in the arm for builders, particular in the equipment intensive building industry," he said.

How are small business owners best represented in Canberra?

The best form of representation comes from within Government, that is, parliamentarians who know of and care about the importance of small business and acknowledge the many positives that small business owners bring to the economy. So, it is important to have a Small Business Minister in Cabinet and strong and vocal support from Parliamentarians. It is the task of small business representatives to communicate well with Parliamentarians and deliver to them credible and factual information that may be relied upon.

Employer associations have gravitated towards Canberra so they can be close to decision makers and generally they take up the running on behalf of small business.

Brand name associations like ACCI, AI Group and the NFF, (now renamed Australian Farmers) are strong advocates of positive small business policies and comment regularly.

Most employer associations have a strong core of members that identify themselves as small businesses. Many small businesses are family owned companies carrying on business in the tradition of their parents and grandparents. They are important to the structure of our communities.

There are also significant numbers of small businesses which remain unincorporated and operate as sole traders or partnerships. For example; the local garage owner, plumber, bookseller, newsagent, etcetera. Associations formed of these groups along the line of a trade guild, continue to operate at the political level and can be very effective, The Pharmacy **Guild** of Australia is a good example.

Small businesses are represented by associations, by ad hoc groups or professional registered lobbyists. Some small business owners have their own say by direct contact with Members of Parliament and scheduled visits to meet with their MPs... good on 'em.

Some associations do stand out as genuine small business representatives:

- **Motor Trades Association of Australia (MTAA)** operates as a secretariat, advocate and lobbyist in Canberra on behalf of the retail motor industry associations. Established in 1988, with offices close to Parliament, MTAA is led by CEO **Richard Dudley**. Over the past 12 months MTAA has been particularly active with submissions to a Senate Committee inquiry into the future of Australia's Automotive Industry. MTAA also represents a

significant sector of franchisees. Franchising relationships and contracts are a continuing issue for small business owners.

- **Master Builders Association of Australia (MBA)** led by CEO **Wilhelm Harnisch**, the MBA is heavily involved in the debate about housing stock, negative gearing and investment in the future of housing. They do not shy away from an argument.
- **Master Grocers Association of Australia (MGA)**, punching above their weight on behalf of independent grocers and liquor stores, the CEO is **Jos De Bruin**, based in Melbourne and very active in the Harper Review submissions over competition policy.
- **Pharmacy Guild**, often quoted as an influential and well organised, a national association with branches in all States and Territories and well engaged small business membership.

Another format of the lobby group is the umbrella group Council of Small Business Associations of Australia; **COSBOA**; formed in 1979, COSBOA consists of association members. It is not a direct member association or a Registered Employer organisation under the Fair Work Act. COSBOA is incorporated as a Public Company Limited by Guarantee.

The COSBOA Office bearers are:

- Paul Nielson – Director and Chair
- David Gandolfo – Director and Deputy Chair
- Peter Strong- CEO (also a former chairman)
- Phil Johns – Director and Treasurer
- Jos De Bruin – Director and Company Secretary
- Mark McKenzie – Director
- Dominic Schipano- Director
- Sandy Chong – Director
- Teresa Mitchell- Director
- Elizabeth Skirving – Director
-

For more information, google COSBOA or go to www.cosboa.com.au

The 31 Association members of COSBOA include a diverse range with convenience stores, Pharmacy, taxi, Family Business Australia and Australian Booksellers Association included.

In a Pre – Budget submissions Budget COSBOA asked for the following:

- Options for minimising tax compliance costs for small business
- Choice of a lower tax rate in lieu of claiming deductions
- Agreed lump sum tax payment for a 3-year period for small businesses
- Sanctions for non-complying businesses
- Removal of businesses from collection of Superannuation
- Changes to GST to remove complexity and create fairness
- Removing FBT on generic benefits such as childcare and health assistance for employees
- Increase the threshold for definition of a small business from \$2m to \$10m
- Training and skills development, employment programs and support Modern Cadetships

Some of these requests were well targeted and accepted by Government. Others may have to wait for another day or an election commitment, ideally before July, 2016.



David Russell
David V Russell & Associates
Public Policy Consultants

Canine Life Rules

If dogs could teach us we would learn such things as:

- ◆ When loved ones come home, always run to greet them
- ◆ Never pass up the opportunity to go on a joyride
- ◆ Allow the experience of fresh air and the wind in your face to be pure ecstasy
- ◆ When its in your best interest – practice obedience
- ◆ Let others know when they have invaded your territory
- ◆ Take naps and stretch before rising
- ◆ Run, romp and lay daily
- ◆ Thrive on attention and let people tough you
- ◆ Avoid biting, when a simple growl will do
- ◆ On warm days, stop and lie on your back in the grass
- ◆ On hot days, drink lots of water and lay under a shady tree
- ◆ When you are happy, dance and wag your entire body
- ◆ No matter how often you are scolded, don't buy into the guilt thing and pout... run right back out and make friends
- ◆ Delight in the simple joy of a long walk
- ◆ Eat with gusto and enthusiasm but stop when you have had enough
- ◆ Be loyal
- ◆ Never pretend you are something you are not
- ◆ If what you want lies buried, dig until you find it
- ◆ When someone is having a bad day... be silent, sit close by and nuzzle them gently

*Applying the above lessons to
your life should make it less rough!*



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- 1 Year ----- \$275 GST Inc _____
- 2 Years ---- \$495 GST Inc _____



Letter from Melbourne & Letter from Canberra

- 1 Year ----- \$385 GST Inc _____
- 2 Years ---- \$770 GST Inc _____



Victorian Government Wall Chart

- \$66 GST Inc Per Chart _____
- OR
- \$130 For 5 Charts for the Team _____



Federal Government Wall Chart

- \$66 GST Inc Per Chart _____
- OR
- \$130 For 5 Charts for the Team _____



Victorian MP Footy Chart

- \$66 GST Inc Per Chart _____



Federal MP/Senator Footy Chart

- \$66 GST Inc Per Chart _____



'Coffee, Minister?' Chart

- \$66 GST Inc Per Chart _____

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