

Inside Canberra

Rob Chalmers - bringing you the latest business intelligence from inside Federal Government

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From the Gallery

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- WikiLeaks reports a local intelligence assessment has declared the al-Qaeda terrorist network a failure, and its regional offshoot – Jemaah Islamiah – has been broken in Australia. The head of Australia's intelligence analysis agency, the Office of National Assessments, told US diplomats in October 2008 that al-Qaeda 'ultimately has failed to achieve the strategic leadership role it sought within the Islamic world'.

- Well that's a relief. We can now pull our troops out of Afghanistan as they were there, according to Rudd as PM and now Gillard, to stop al-Qaeda using the country as a training base. We can also pull down the absurdly costly domestic security arrangement which sprang from an over-reaction to 9/11, which was set up by John Howard with political motives very much in mind.

- Airline travellers see at first hand the elaborate screening at most airports - which all adds to the cost of an airline ticket. And then there is the heavy security around Parliament House. The AFP patrols outside the Parliament day and night, whether there is anyone in the building or not.

- Pass holders who have worked in the Parliament for years and are well known to security staff, not only have to show their photographic pass every time they enter the building, but also succumb to X-ray screening. Lindsay Tanner (as Finance Minister) wanted to make security savings, but unfortunately he quit politics.

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Xmas Wishes 2010 – this is our last issue for the year, and we take the opportunity to wish our readers a very merry Christmas and a happy and prosperous New Year. We will be back in January.

Boat people racism policy exposed by WikiLeaks

Julian Assange is our 'personality of the year' for providing the secret US cables which showed the deep hypocrisy of John Howard in dealing with boat people, and the timidity of Kevin Rudd – and then Julia Gillard – in their so called "more humane" approach. The cables confirm that Howard ran the boat people issue knowing the powerful impact it made on many Australians' deeply ingrained racism. According to one cable obtained by *WikiLeaks*, an unnamed "key Liberal Party strategist" told US diplomats in November 2009 that the issue of asylum seekers was "fantastic" for the Coalition, adding "the more boats that come, the better".

We told you so

This will come as no surprise to our readers. Two days after the 2001 election (which Howard won), we wrote – "John Howard on Saturday won what was undoubtedly the most significant election for the Liberals since Menzies defeated Chifley in 1949. Yet it is tainted by the playing of the race card. Howard is attempting to rewrite history by suggesting his policy on asylum seekers was not the dominant election issue. Why then - throughout the campaign - did he confine himself almost solely to the issues of leadership in dangerous times, and the protection of Australian borders? In the last desperate week of campaigning, without any evidence for saying so, he constantly asserted Labor would renege on its support of his policy on refugees". The cables from the US Embassy also expose Rudd's weakness on boat people, and accuse both Labor and the Coalition of playing partisan politics with the issue. Federal Labor MP, Michael Danby, told embassy officials that Rudd had "played the politics badly" and "completely misread" the issue.

Rudd far too cautious on asylum seekers

The cables also said in October 2009, that "Rudd's former foreign policy/national security adviser in opposition, Peter Khalil (protect) – *meaning protect his name* – confided to us that Labor Party MPs were very anxious about the asylum seeker issue due to the events of 2001. In opposition, he (Khalil) advised Rudd to attack the amount of money spent on the Pacific Solution, but this was vetoed by senior party figures". Khalil suggested a better approach was for Mr Rudd "to use the power of government to calmly and rationally put the issue in perspective." Specifically, there were about 60,000 cases of visa over-stayers per year, while only 1,000 asylum seekers entered Australian waters by boat by that stage in 2009. US embassy officers agreed, noting that "in terms of overall migration, the surge in asylum seekers is a drop in the ocean". But they reported Kevin Rudd was "not mentioning this, or lauding his government's more humane approach to asylum seekers". The *WikiLeaks* revelations on boat people might provide the right moment for Gillard to drop her version of the Pacific solution altogether, and bring all boat people to Darwin. After

Gillard's error of judgement

security checks were completed, they could be released into the community while their applications for refugee status were examined, which was what happened in the Keating government. The boat disaster at Christmas Island may also now have sparked some public sympathy for boat people.

Julia Gillard's foolish reaction to the *WikiLeaks* cables stemmed from her anxiety to at all times defend our close allies, the United States. "I absolutely condemn the placement of this information on the *WikiLeaks* website; it's a grossly irresponsible thing to do, and an illegal thing to do," was her initial reaction. She later backed off to the point of saying it was the theft of the US cables that was the illegal act, while Assange's role was "grossly irresponsible". It is now clear that public opinion is not nearly as condemnatory of Assange as is the PM's, and many prominent Australians have been prepared to put up bail money for him in the alleged Swedish rape case.

Coalition in a quandary

Meanwhile, the Coalition doesn't quite know what to do. Like Gillard, Abbott is at pains to avoid any criticism of the US. Shadow Attorney-General, George Brandis, says Gillard is out of her depth, adding "The Prime Minister has been extremely clumsy in her language, and in the way in which she has - in a clumsy and confused way - addressed this issue." Abbott has not said what should be done about the leaks. An army of senior media professionals, including the heads of major newspapers, television networks and websites, have expressed their support for *WikiLeaks* in a letter to the PM. The letter was initiated by the board of the Walkley Foundation, Australia's professional journalism organisation. "In essence, *WikiLeaks* - an organisation that aims to expose official secrets - is doing what the media have always done: bringing to light material governments would prefer to keep secret," the letter said. Despite Gillard's view that Assange acted illegally, no charge has been laid.

Cancun deal corners Abbott

A lot more progress was made at the UN Cancun climate summit than was expected, according to Erwin Jackson of the Climate Institute. He points to the Summit producing a formal UN decision anchoring pollution limitation and reduction targets covering over 80 percent of global emissions. He explained, "This is the first time we've seen the US together with China and all other major emitters anchoring their national pollution targets in a formal UN agreement - the significance of this should not be underestimated. Without a domestic pollution limit and price, Australia can't cooperate fully internationally as it cannot meet the commitments made in Cancun. Without a domestic pollution price, we will continue to be left behind by countries dominating the emerging low pollution economy, and the agreements at Cancun leave no excuse for inaction in 2011".

Abbott's absurd position

This further adds to the difficulties of climate denier, Tony Abbott, in maintaining his position against setting a price on carbon, which Julia Gillard will do next year. Climate Change Minister Greg Combet, following Cancun, said a carbon price was "the most important thing" the Australian government could do to reduce greenhouse gas emissions. There are many in the Liberal partyroom who privately disagree with Abbott, and we believe one of those is the spokesman on climate change, Greg Hunt, who is in the awkward position of having to support the attack on a carbon price. The Government should begin a program to educate the public right away (while exposing the absurdity of Abbott's position). Hunt and Abbott include pensioners among those who will face massive increases in electricity prices.

Govt needs to explain facts

Apart from the fact that any price increase will not be massive, pensioners are fully protected by indexation. Why can't Julia Gillard explain these simple truths? Despite Cancun, Gillard is still faced with the problem of the Greens, who continue to insist the government must lift its greenhouse gas reduction target. Christine Milne said this week, "The Australian government has no choice but to leave behind the inexcusably weak 5-25 per cent target range, and lift it to the Bali roadmap agreement of 25-40 per cent." Milne added, "Australia introducing an ambitious carbon

Will Australia attack Iran?

price in the second half of 2011 will help deliver a solid agreement in Durban (next year).” She is right. The Greens have agreed to put the issue of reduction targets to one side, as they work with the Gillard government to end the impasse on a mechanism for putting a price on carbon next year.

Constitutional crisis in PNG

Phillip Dorling wrote in Monday’s *Canberra Times* that Australian intelligence agencies fear Israel may launch a strike against Iran’s nuclear capabilities, and “could draw the United States and Australia into a potential nuclear war in the Middle East.” Australians should ask, why us? We should under no circumstances join in a war on behalf of Israel and the US against Iran. Yet from the effusive public support for Israel from both Julia Gillard and Kevin Rudd, it is a real danger. It seems to have escaped the notice of Australian politicians that there is a constitutional and political crisis underway in Papua New Guinea, which is very much in our patch, both in terms of our regional responsibilities and in our national interest. PNG is not some little quaint island with palm trees swaying and warm lagoons. It has all that, as well as six million people with over 90% living in villages.

To put this in perspective, Fiji – which gets a lot of attention – has less than 900,000 people. PNG male literacy is 57.3%, females 50.9%, and on average their share of the GDP is \$2,300 a year. This makes it the 182nd poorest country in the world. Because of agriculture, unemployment is a mere 1.8%. The country is now in the grip of a constitutional crisis. A week ago, the PNG Supreme Court ruled that the appointment of the Governor-General, Sir Paulius Matane, was unconstitutional and invalid because he was not selected after a secret ballot was held in Parliament - as required by the constitution. The court also found the Speaker, Jeffrey Nape, acted unlawfully by presiding over Parliament at the time when he was in fact the acting Governor-General. The court declared Sir Paulius was no longer head of state from last Monday. Nevertheless, the court ruled he will take on the role of acting Governor-General. On top of that, Prime Minister Sir Michael Somare, initially tried to prevent a leadership tribunal from hearing allegations of his failure to lodge financial statements.

Somare 'voluntarily' stands aside

On Monday, Somare said he was “voluntarily” standing aside to allow the inquiry into his conduct. Newly-appointed deputy, Sam Abal, will assume full function and responsibility of the office of the prime minister, while the tribunal hears the allegations against Sir Michael. In a statement, Sir Michael said he was the victim of a “gross injustice”, because there had not been a judge available to hear his application for an injunction in the last few days. The former deputy Prime Minister, Don Polye, maintains he has not been sacked in a cabinet reshuffle. He was axed as deputy prime minister at a hastily convened ceremony overseen by the Governor-General at a tourist resort. Polye says he spoke to Somare, who said media reports of his sacking were just speculation. But the Governor-General’s official secretary, Tipu Vuatha, has confirmed former foreign affairs minister, Sam Abal, was signed in as the new deputy PM. We have explained all this to make the point that it would be no surprise if Australia was called in by the PNG government (or the United Nations), to assure security if a break down of law and order was threatened. To do this, we would need a lot more troops and helicopters than our token force of 1,500 in Afghanistan.

Troops needed at home, not Afghanistan

WikiLeaks has a cable which revealed Kevin Rudd told visiting members of the US Congress that the national security establishment in Australia was deeply pessimistic about the long-term prognosis for Afghanistan. Rudd believed the European nations involved in the Afghan war had no common strategy for winning the war, and told US politicians that the outlook “scared the hell out of him”. He is also quoted as saying the US, Canada, UK, Australia and the Dutch were doing the “hard stuff”, while France and Germany were “organising folk-dancing festivals”. All of which, we contend, is a strong argument for getting out of a region that is not our problem, and return our troops to where they might be called upon to act in the direct interest of Australia and PNG.

Emerson's free trade mission

The Member for Rankin (Qld) since 1998, and now Trade Minister, Dr Craig Emerson, is an opinionated fellow, but he deserves to be. He is one of the minority in the Parliament who were noted achievers before they came to the Parliament: It is no surprise that as an ex-ANU economics student, he is an enthusiast for free trade. The ANU has been churning them out for decades, but alas, still no free trade. According to *The Australian*, Dr Emerson plans further tariff reductions and a return to the Hawke doctrine of putting trade liberalisation at the centre of economic reform. He will also decouple trade policy from the nation's geo-political concerns and reject special trade deals and free trade agreements unless they deliver genuine economic benefits. That's good news, as a new Productivity Commission (PC) report states there is little evidence that Australia's six free-trade agreements have produced "substantial commercial benefits".

Howard's trade deal a flop

Remember how proud John Howard was of his free trade agreement with the US? According to the PC, the copyright provisions in the deal could eventually cost Australia as much as \$88 million per year, courtesy of the extra 25% each year in net royalty payments. Dr Emerson would no doubt contend that any free trade deal he did would increase our living standards. Maybe, but we agree with that economic iconoclast, Ross Gittins – the admired economics editor for the *SMH* – that the ordinary voter is not that wound up about an ever-rising living standard. He concludes that the loss of enthusiasm for economic reform by both sides of politics "merely reflects the public's lack of commitment to the pursuit of ever-greater, ever-faster material acquisition." Having said that, motorists do get angry when petrol prices rise, and although the welfare of most of us is not tied to the future of the Murray-Darling Basin, there is great public support for the rivers to be saved – probably the "reform" that could dominate politics, together with climate change issues, for the next decade.

Pay rise for MPs looms

One of the delicate issues Julia Gillard and the Parliament will face next year is an increase in the pay & allowances of MPs. The Government set up the Belcher committee to make appropriate recommendations, and has been sitting on its report (submitted in April), when Kevin Rudd was still PM. We completely agree with Paddy Gourley, former Dep Sec of Defence (*Canberra Times - Public Sector Informant*, 7 Dec) that there is a requirement for a complete re-think of how MPs' salaries and allowances are set. The pollies' arbitration commission, the Remuneration Tribunal, fixes the level of perks, such as the electoral allowance, travel and the Gold Pass – which the Parliament can disallow, but rarely does. There have been leaks that the base rate of pay will be raised from \$135,000 to \$170,000. We have long advocated rolling the pay and allowances – such as the electoral allowances, Gold Pass and car – into one lump sum with no separate entitlements. Broadly, this is what the Remuneration Tribunal's submission to Belcher recommends.

Remuneration Tribunal's role

At present, the Remuneration Tribunal fixes the level of entitlements which the Parliament can accept or reject. In a round about way, it also fixes the level of the base salary, which can also be accepted or rejected by Parliament. The government sets the level of ministerial salaries. We agree with Gourley, that the best way to get politics out of all this is to remove entirely the right of Parliament to pick and chose what it accepts and doesn't. It should have no power to overturn a decision of the Tribunal. The Tribunal should make all decisions on pay and allowances, including for the Governor-General and ministers. All hearings of the Tribunal should be in public, and all submissions to it published. The present disparity between private sector reward for service and the public sector is wildly out of whack. Sir Ralph Norris, CEO of the Commonwealth Bank, receives \$16 million a year; Reserve head Glenn Stevens, \$1,045,000; Stephen Gumley, CEO of the Defence Materiel Organisation, \$730,000; and Terry Moran, head of the PM and Cabinet, \$419,000. Compare this to Julia Gillard, \$330,356; Tony Abbott, \$235,061; and a Cabinet Minister, \$219,179. This is cockeyed.

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