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CONTACTS Sydney 9288 3000 Canberra 6270 7000
Melbourne 9292 2888 Brisbane 3666 7444 Cairns 4053 3589
Adelaide 8206 2686 Perth 9326 8412 Hobart 6224 2196
News tips and comment: feedback@theaustralian.com.au

Editor-in-Chief **Chris Mitchell**
Editor, *The Australian* **Paul Whittaker**
Editor, *The Weekend Australian* **Nick Cater**
Managing Editor **Louise Evans**
Deputy Editor **Graham Erbacher**
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Editor-at-Large **Paul Kelly**

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Correction

AN article in *The Australian* yesterday ("Report soon on Trinity mystery", page 21) incorrectly said a \$1 million payment had been made to a former executive of the Trinity property group. In fact, the \$1m payment was made by Trinity to lobbyist Ross Daley.

Doubts on jobs for former lobbyists

Sean Parnell
Andrew Fraser

ONE of the few unresolved issues out of the Bligh government's proposed green paper on political integrity may be the introduction of rules for lobbyists who quit to work in the public sector.

Since announcing her green paper last week, Ms Bligh has made her own policy decisions in some key areas: bans on lobbyists being paid success fees and on Labor's fundraising dinners involving MPs and business donors.

She has also called for bans on political donations nationally and on the business observer programs run at party conferences.

While the Crime and Misconduct Commission has forced tougher rules on MPs and senior public servants leaving the government to join the private sector, and suggested government agencies place departing low-level public servants under greater scrutiny, the Bligh government has also taken on former lobbyists.

Infrastructure Minister Stirling Hinchliffe is a former private lobbyist and Property Council ad-

viser, and Ms Bligh's chief of staff, Mike Kaiser, has had lobbying experience.

Ms Bligh said the issue of lobbyists taking work in government should be addressed in consultation on the green paper, which has yet to be released.

"There is nothing happening in Queensland... that isn't happening in every part of Australia, but I want Queensland to be right ahead of the pack on these issues," she said.

Ms Bligh continued to back Mr Hinchliffe and said his prior dealings had been fully disclosed to the government and presented no conflict of interest.

Asked whether she had any concerns over Mr Kaiser's links to the lobbying industry, she said: "He has been scrupulously advising me about former clients and made it his business to make sure he has nothing to do with any of those matters."

Mr Kaiser was also an adviser to Morris Iemma when he was NSW premier and was a Queensland MP but quit over vote rort allegations.

Bligh hits internal roadblock

Sean Parnell
Natasha Bita

QUEENSLAND Premier Anna Bligh has already struck resistance within the Labor Party for her political integrity drive, unable to ban ministers from attending business observer programs held during state conferences.

While Ms Bligh has banned Labor MPs from attending party-organised breakfasts, lunches and dinners with business donors, she is allowing the party organisation to decide the future of business observer programs, where company and lobbyists pay thou-

sands to raise their issues directly. Ms Bligh is campaigning for a national ban on political donations and the programs have been combined with that issue.

While Ms Bligh yesterday conceded there was no ethical difference between private meetings over a meal or those at a conference, she said uniform national reforms were a better way to deal with the issue.

Ms Bligh insisted her ministers could exercise their discretion not to meet business observers, although she would not ban them from attending. ALP state secretary Anthony Chisholm said the

branch would be communicating to all members the Premier's decision that MPs refrain from fundraising activities with the business community.

Ms Bligh is more transparent about her involvement and that of her ministers in the programs than other leaders. She has allowed meeting details to be released under Freedom of Information laws — the federal and NSW governments have fought to keep their secret — and yesterday released lists of attendees at the two recent conferences in an attempt to force the opposition to do the same.

Ms Bligh also released details about her involvement in Labor's private fundraising dinners with business donors, and again called on the Liberal National Party to reveal who attended a \$20,000-a-head dinner with Lawrence Springborg during the election campaign.

Opposition Leader John-Paul Langbroek claims to have no knowledge of his party's business fundraisers — the LNP ran an observers program at its state conference only last month — and yesterday said no one in the party would have asked businesspeople to pay to meet him.

Ms Bligh and Mr Langbroek are also fighting over his use of the opposition's taxpayer-funded allowance to pay for eight roadside billboards across Brisbane promoting him and the LNP as an alternative government. Ms Bligh insisted they breached guidelines and would not be funded by taxpayers, but Mr Langbroek claimed to have prior approval.

Malcolm Turnbull expressed a willingness to work with Labor on political integrity reforms, saying he believed there should be no donations to political parties other than from individuals subjected to a low annual cap.

"I do not believe businesses and companies or trade unions should be allowed to donate to political parties," the federal Opposition Leader said.

Kevin Rudd, when asked if he would replicate Ms Bligh's initiative federally, said his government had already released a green paper discussing enhanced disclosure of donations, bans and caps as well as limits on campaign expenditure. The paper also examined public funding rates for candidates and whether further regulation was required for third parties and others.

Opinion — Page 10

Island tale of politics and prime property

Andrew Fraser

ANYONE who's taken a four-wheel-drive holiday on Fraser Island would be familiar with Inskip Point, the peninsula bordered by sea on one side and Hervey Bay on the other, with a ferry leaving from the tip of the peninsula to Fraser Island.

It's a lovely place, prime beachfront land about four hours from Brisbane and just north of Rainbow Beach, a boom seachange destination growing so quickly that some call it the "new Noosa".

But it's also at the centre of the current drama surrounding lobbyists, the Bligh government and business. It's a story of politics, property, and perceptions.

The land north between Rainbow Beach and Inskip Point is owned by the Swiss-based Krauchi family who are also owners of the existing Rainbow Shores development.

The existing development is on Stage One of the division and consists of about 50ha of beachfront land — but the real prize is stage two, which has about 200ha of beachfront land.

In 2004, Rainbow Shores lodged an application under the Integrated Planning Act for a mixed-use development which would have allowed 6500 people to live there — a massive development for the area given that Rainbow Beach, the closest town, has a permanent population of fewer than 1000.

Rainbow Shores managing director Andreas Krauchi was aware that governments would scrutinise the development closely, given that there was strong local opposition to it.

Back in 2003, before the application was lodged he engaged former ALP state secretary Mike Kaiser as his lobbyist to liaise with the mass of government departments with an interest in the matter — bodies such as the Environment Protection Authority, Queensland Transport and the local council.

But politics beckoned for Kaiser and, in August 2003, he went



Flexible: Andreas Krauchi agrees to talk about a land swap, despite it being his 'second option'

to Canberra to become assistant national secretary of the ALP.

He turned some of his clients over to his old friend from university days and another former ALP staffer, Ken Macpherson, who was setting up his own lobbying business.

Subsequently, another lobbyist with good ALP connections, Stirling Hinchliffe, who is now Queensland's Minister for Infrastructure and Planning, took on the task of liaising with government departments in 2005.

Hinchliffe had been a long-time staffer for the speaker of the Queensland parliament but left in 2003 to work as a research officer for the Queensland branch of the Property Council of Australia, the peak body of property developers.

But he kept his ALP ambitions intact and after being preselected in September 2005 as the ALP's candidate for the safe seat of Stafford for the 2006 election, resigned from the Property Council job and set himself up as a lobbyist, picking up various clients from other ALP-aligned lobbyists.

Kaiser handed over to him Petrac, the developers of the north shore of Noosa.

When Hinchliffe was elected in 2006, Krauchi turned to another ALP-aligned lobbying outfit, CPR Communications, whose Brisbane chief, Kirby Anderson, was a long-time ALP staffer. CPR also employs Brett Murphy, who was a long-time staffer to Desley Boyle, who had been the state's

minister for planning and infrastructure before Hinchliffe.

Both Krauchi and his various lobbyists were aware that the proposal would have some hurdles to clear, and informally proposed the idea of a land swap — that is, turning all of Stage Two into crown reserve, and in return giving them other beachfront land. In the event, that's what's happened. Later this year, the Inskip Peninsula Management Plan will be published, and this will set out which land can be developed and which will not be.

The *Australian* spoke yesterday to Krauchi, who was in Switzerland. He said that while a land swap was very much his company's second option and they would lose beachfront, at least

there was some chance a land swap could get approved.

"This was not our preferred option, but we have told the government we're prepared to work with them."

Hinchliffe only declared his interest in the project in June this year after asking the Integrity Commissioner for advice.

"I made it public in the most public place — a statement to parliament," he said.

Hinchliffe and Kaiser have both declared their interest and Hinchliffe will not take part in any cabinet discussion on the matter. The department that he heads, however, will do all the work with Rainbow Shores to see what eventually happens.



Kaiser



Hinchliffe



Boyle

'Culture' claims land in PM's lap

Matthew Franklin
Chief political correspondent

CLAIMS of a "mates culture" within Queensland Labor have spilled into Kevin Rudd's office, with the opposition querying taxpayer assistance awarded to a company that hires the Prime Minister's campaign manager as a lobbyist.

The *Australian* revealed yesterday that mortgage provider FirstMac, represented by lobbyist Nev Conway, was last year awarded \$500 million in taxpayer-funded backing under the federal government's Residential Mortgage-Backed Securities scheme, overseen by Treasury.

Mr Conway managed Mr Rudd's election campaign in his Brisbane seat of Griffith in 2007.

As FirstMac said on Sunday night that its lobbyists had nothing to do with its application for assistance under the RMBS, Mr Rudd said he was confident all of his government's dealings with lobbyists were above board.

Opposition justice spokesman George Brandis said Wayne Swan, however, had questions to answer over the issue. "They go to the integrity of government," Senator Brandis told *The Australian*.

"Notwithstanding Mr Swan's explanation, anyone with experience of Queensland politics over many long years knows that there is a mates culture within the Labor Party which has only recently had the spotlight thrown upon it by Tony Fitzgerald, but is deep and endemic."

Queensland's state political scene has been shaken in recent weeks with revelations of former politicians, bureaucrats and staffers using their political links to secure massive income as lobbyists as part of a Labor network. Yesterday, *The Australian* asked Mr Rudd whether Mr Conway, who works with lobbying company CMA Group Australia, had lobbied him on behalf of any of his clients.

According to the government's register of lobbyists, established last year by Mr Rudd, CMA's other clients include The Doctors Co, Gladstone Pacific Nickel, Wingate Properties, Cape Alumina, Sunshine Coast airport and Sekisui House Development Services.

Mr Rudd's spokesman said last night the Prime Minister was unwilling to divert the resources of government to a general inquiry but would happily investigate any specific allegation of wrongdoing. The spokesman said Mr Rudd received thousands of representations and items of correspondence each year.

"This number of representations and correspondence significantly increase when considering all representations made to all commonwealth government ministers," the spokesman said. "The Prime Minister's office is confident all of these dealings have been proper and appropriate."

The Treasurer said the government had nothing to do with the decision to provide assistance to the Brisbane lender FirstMac by the independent Australian Office of Financial Management.

"All decisions about investments in RMBS are taken by the AOFM completely independently of government, according to strict and consistent criteria," the Treasurer said through a spokesman. "The AOFM does not consult the government about its individual investment decisions."

A FirstMac statement said that while it employed lobbyists, they had nothing to do with the AOFM tender process. "FirstMac was successful because it lodged a thorough tender response which met all criteria," the statement said.

The *Australian* was last night seeking Mr Conway for comment.

Bolkus headhunted for connections

From Page 1

any fundraising dinners, lunches or breakfasts with businesses".

This came after former Queensland anti-corruption commissioner Tony Fitzgerald told a conference in Brisbane last week that access to government could be bought, Labor mates were appointed to high-paying positions and retired politicians were exploiting their political connections for "success fees".

Following Tasmania's announcement a fortnight ago that it would set up an independent anti-corruption commission, South Australia and Victoria became the only states without such a body. SA has also left lobbying activity unregulated, unlike most of the rest of the country, which has moved to establish registers of lobbyists or codes of conduct.

Mr Ferguson yesterday refused to disclose how much Mr Bolkus was paid as a director of ABA, saying the information was "confidential", but said he had not been paid at any point as a lobbyist. But he said he had attended SA Progressive Business functions organised by Mr Bolkus, including boardroom lunches hosted by Planning Minister Paul Holloway, and was a regular at the Premier's annual end-of-year drinks.

"We do this because we operate on government leases and it is important to us to know what the government is doing and it is important for the government to know what we are doing," Mr Ferguson said. "I don't think there is anything improper in it. We do not expect any favours, but we put it down to doing

Rann on the run as problems become transparent

Michael Owen
Comment

THE Rann government passionately hates the public knowing its realpolitik approach to state affairs.

The sensitivity was on display yesterday when *The Australian* approached Premier Mike Rann outside Parliament House to try to speak to him directly about political transparency issues in Queensland, the implications of which are rapidly engulfing his government.

This newspaper also wanted to ask about his government's links, if any, to an aquaculture company and one of its directors, ALP fundraiser and lobbyist Nick Bolkus.

But Rann only speaks one on one with selected journalists in this town, and even that is rare enough. He prefers his closest

advisers to weave their spin, approved by him, in sarcastic emailed replies to written questions from journalists. If he does not like the subsequent article, he uses Twitter to attack.

It was therefore unsurprising that Rann, despite having just spoken to one television news reporter about political donations, saw *The Australian* approaching yesterday and did a runner back inside his parliamentary office while refusing to answer any questions from this newspaper. The cracks are starting to show.

Rann has been under increasing pressure for weeks over how his two-term government, which goes to the polls next March seeking another four-year term, deals with the important matters of weeding out corruption in public administration and allowing for

transparency in how it gets its millions of dollars to fight its election campaigns.

The growing influence of lobbyists in how the government does its business with private firms, and property developers in particular, has long been a matter of concern raised by many people in this state. Rann's response has always been the same: we are different in South Australia and there is no problem, politically, for the Premier, in that most South Australians have stopped believing him.

Many wonder why, if the Rann government has nothing to hide, it is so strident in resisting doing what every other state bar Victoria has done and establish an independent commission against corruption.

business in SA."

Mr Ferguson, a former Sydney lawyer who was appointed chief executive of ABA in February 2005, said he was "tasked to put together a list of possible independent directors" a few years ago and settled on Mr Bolkus.

A former South Australian Labor senator and federal minister, Mr Bolkus is a close factional ally to state minister Patrick Conlon, the parliamentary leader of the Left.

Mr Bolkus was appointed as a director of ABA on July 1, 2007, because "Nick is very well respected and you tend to look for well-respected people to sit on

your board", Mr Ferguson said. "Certainly you always choose directors who have a good network — that never hurts (in doing business)."

ABA was placed into voluntary administration on July 1 and administrator Sam Davies of McGrathNicol has called the next creditors meeting for September 9. ABA in May had hoped to raise \$20m to \$25m by selling shares in its farmed abalone venture near Elliston on South Australia's Eyre Peninsula, but had been forced instead to make 27 employees redundant.

Sources close to the administration process said that while

people had invested millions into four sites, no projects were ever harvested. Administrators are now investigating a grower-funded solution, recapitalisation or whether to wind up the schemes and sell the assets.

ABA directors have blamed several factors for the company's problems, including deteriorating business conditions and "issues surrounding the managed investment scheme industry".

Mr Bolkus, speaking from Greece yesterday, said he remained a director of the company and refused to comment on any aspect of the political donations or lobbying issues.

States back away slowly from premier's party fundraiser ban

Imre Salusinszky
NSW political reporter

LABOR governments in NSW, South Australia, Victoria and Tasmania have no plans to imitate Queensland and ban MPs from attending fundraising events with business donors.

Queensland Premier Anna Bligh announced the ban on fundraising functions with busi-

nesses on Sunday amid widening concerns in her state over alleged secret deals between the public and private sectors.

A spokesman for NSW Premier Nathan Rees said yesterday that, although reform of political donations was necessary, it had to be done at a federal level, while South Australian Premier Mike Rann said change was not needed.

"People know that, for years, parties have had to do fundraising; there's nothing wrong with that," Mr Rann said. "The key thing is to disclose everything and so that people can see who are making donations."

Mr Rees's spokesman said: "The NSW government welcomes debate about electoral and donations reform. We started in 2008 a package of reforms which

... makes NSW one of the most robust disclosure regimes in Australia.

"The Premier has repeatedly said he's committed to further reform. But for it to be effective it needs to be driven at a national level to apply to all states and territories and all political parties."

Ms Bligh has urged the other states and the Rudd Labor gov-

ernment to follow her lead and ban fundraisers.

However, federal Special Minister of State Joe Ludwig, who has carriage of electoral reform, warned on Sunday it was pointless to ban one form of political donation while permitting others.

A green paper released last December by his predecessor in the portfolio, John Faulkner, flagged reform options including

a ban on all donations and taxpayer funding for parties.

In the six months to December 31, Labor in NSW disclosed \$3,517,977 in donations, including \$1,792,349 raised at 12 separate fundraising events.

In Western Australia, Premier Colin Barnett believes current rules about donations are adequate but has vowed to make the work of lobbyists more visible.

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