

BUDGET 08

THE FALLOUT

FOCUS

Change planned for detention centre

The decrepit Villawood detention centre in Sydney's south-west may be closed and rebuilt elsewhere as the Federal Government spends \$1.1 million investigating its future. The spending, revealed in the budget, comes after advice from the Immigration Department in January recommended the centre be abandoned and rebuilt on Commonwealth land elsewhere in the city. Another \$170 million previously allocated to the redevelopment was withheld until its feasibility was studied further. The "prison-like" centre was deemed Australia's worst this year by the Human Rights and Equal Opportunity Commission.

Yuko Narushima

Wages yet to match inflation growth

Workers are not yet demanding higher wages as compensation for higher inflation, offering hope that the Reserve Bank may not have to lift interest rates again. Economists reacting to Labor's first budget said, on balance, that it would mildly tighten the economy.

But figures released yesterday by the Bureau of Statistics are likely to provide even greater reassurance to the Reserve that its previous interest rate rises are working to slow the economy. Wages rose just 0.9 per cent in the first three months of the year, for an annual rate of 4.1 per cent. Wages also grew more slowly in the parts of the economy more sensitive to an economic slowdown, such as retail, hospitality and construction.

Jessica Irvine

New line for job seekers commended

Welfare groups have welcomed the Federal Government's decision to take a more compassionate approach to job seekers. The budget committed \$3.7 billion to the most radical overhaul of unemployment services since the Job Network was set up. Changes include classifying job hunters according to the amount of retraining and education they will need in order to stay in a job as well as revamping "work for the dole" conditions.

"The previous regime of penalties has proved to be counterproductive and has exacerbated the poverty of too many job seekers. The Government's changes strike a good balance between being tough [and] appropriately resourcing disadvantaged job seekers," the executive director of the Brotherhood of St Laurence, Tony Nicholson, said.

Stephanie Peatling

Tourist visa rise under fire

International holidaymakers would be deterred from visiting a country they already saw as an expensive destination due to budget tax rises, the Tourism and Transport Forum's managing director, Christopher Brown said yesterday. He said the budget jacked up tourism taxes to bleed \$640 million from an industry already struggling with high fuel costs and a strong Australian dollar.

The passenger movement charge, a processing fee charged at international airports and ports, will go up from \$38 to \$47 per passenger, and tourist visa processing fees will increase from \$75 to \$100 from July 1. The taxes would raise \$638.7 million over four years, budget papers said.

"The increase to the fees means tourists are hit coming into the country and hit again when going out ... at a time when holiday visitors to Australia haven't grown in seven years," Mr Brown said.

Yuko Narushima

Foreign office staff move defended

The Government has defended a movement of staff in the Department of Foreign Affairs and Trade from security and trade to "cultural diplomacy", saying the shift is due to changed accounting practices. The Opposition seized on the changes yesterday, saying Australia's role on the world stage would be undermined and that more than 305 employees had been cut from the department. The Minister for Foreign Affairs, Stephen Smith, said there was "no difference to what our staff will actually be doing".

Jonathan Pearlman

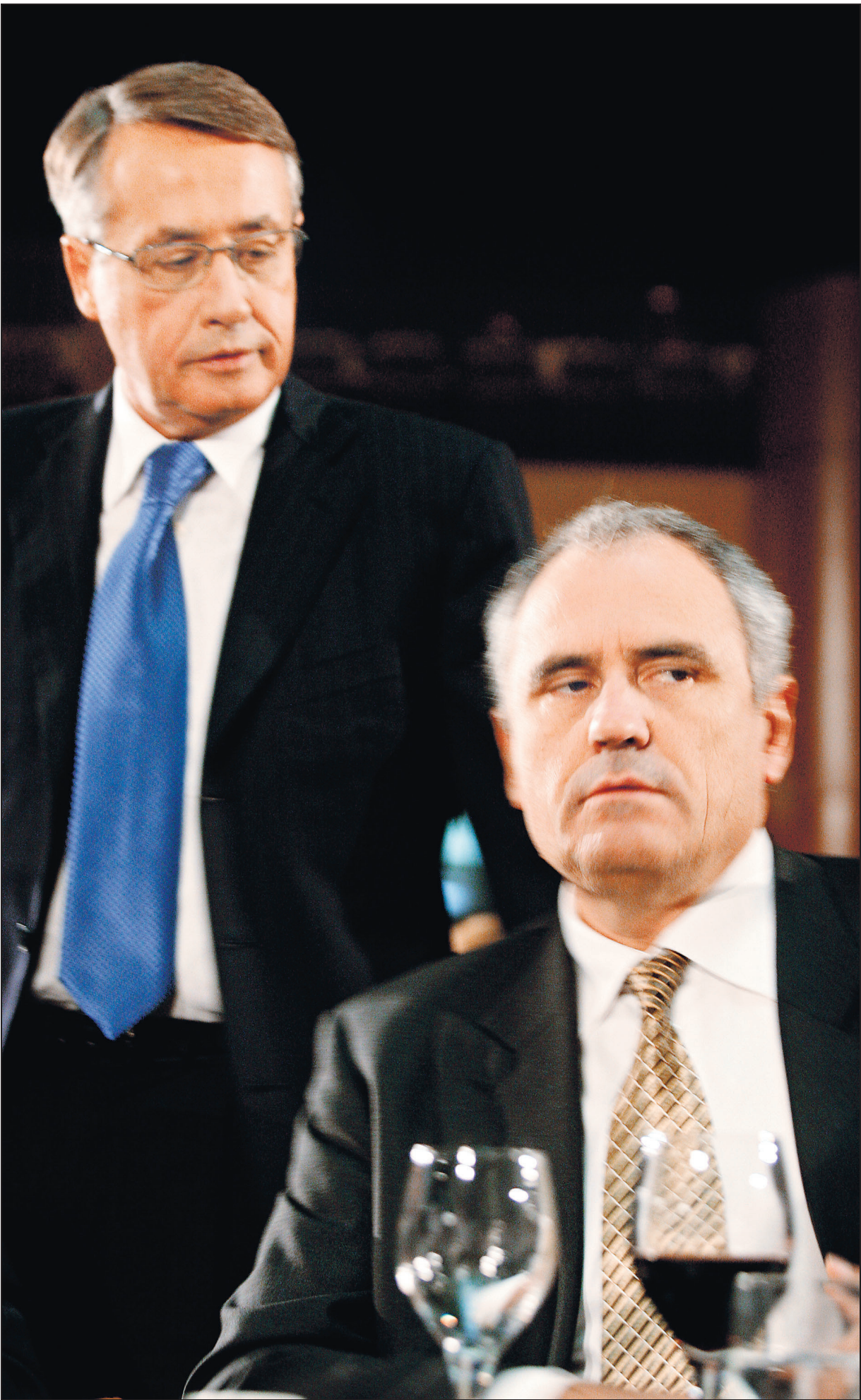
smh.com.au

MULTIMEDIA

Live from 7.30 tonight: Brendan Nelson's budget reply speech

TREASURY

Ken Henry: his master's voice?



Leader of the pack ... Wayne Swan and Ken Henry at the National Press Club yesterday. Photo: Glen McCurtayne

TREASURERS are normally keen to take all the credit at budget time, but with this one the secretary of the Treasury, Ken Henry, assumed a very high profile in the preparation and selling of the first Swan strategy.

Wayne Swan has appeared to go out of his way to feature his senior bureaucratic adviser. There have been front-page pictures of Dr Henry sitting alongside his political master in the budget deliberations; TV footage of Swan deep in strategy talks with Dr Henry and other senior Treasury officials.

Dr Henry was prominent yesterday at one of the key events in the budget-

selling calendar, the post-budget address at the National Press Club. Moreover, the Treasury secretary, whose influence as a senior adviser now spans three administrations - Hawke/Keating, Howard and Rudd - is rapidly becoming Mr Swan's "Mr Fixit". Unsure how to handle the tricky job of revamping the tax system? Put Dr Henry in charge of the independent review.

Yesterday, Mr Swan found himself under political pressure over pension payments. His response was to again turn to his mandarin. Dr Henry, we are informed, has been charged with

finding a more affordable system of payments for pensioners as part of his taxation review.

The Opposition's treasury spokesman, Malcolm Turnbull, is not impressed. "It's asking the Treasury to inquire into itself," he said.

Political insiders suspect that Labor strategists are trying to enhance the reputation of the novice Treasurer by putting Dr Henry in close proximity with him.

Opposition critics go further, claiming that Mr Swan is parading Dr Henry as a political prop in an effort to appropriate his credibility.

Federal fund to ease city's road woes

Mark Davis
Political Correspondent

THE Federal Government would devote funds from its \$20 billion infrastructure war chest to help tackle Sydney's public transport woes, the Minister for Infrastructure and Transport, Anthony Albanese, said last night.

In an interview with the *Herald*, Mr Albanese said he had spoken to the Premier, Morris Iemma, yesterday about using the new Building Australia Fund to help the State Government ease congestion on Sydney's roads.

While the focus of the infrastructure debate has been on freight transport, Mr Albanese said the fund would allow the Federal Government to play an important new role in public transport in the big cities.

"The Commonwealth can't say any more that public transport is not our business," he said. "Transport needs to be looked at in an integrated fashion, just as transport needs to be looked at in terms of the productivity as well as the amenity of a city like Sydney."

The first two projects to be examined for possible funding will be the proposed Western Metro rail link from Parramatta to the city and a new tunnel for trucks on the M5 East Motorway.

The budget allocated \$75 million for feasibility studies into those two projects and six more projects in Melbourne, Adelaide, Perth, Brisbane and regional Queensland. The Govern-

ment is putting \$20 billion from the 2007-08 and 2008-09 budget surpluses into the Building Australia Fund.

The fund's capital and investment earnings will then be used to fund infrastructure projects starting in 2009-10.

The new Infrastructure Australia body will recommend a list of priority projects by early next year but the Federal Government will make the decisions on which projects to fund.

Mr Albanese said state and local governments and private investors would also contribute funds to many of the projects.

"We see the \$20 billion as leveraging much more than \$20 billion of infrastructure," he said. "We see it as being able to make possible projects which may not have been viable without Commonwealth support."

"We know there is an economic return from [freight] infrastructure investment ... There will also have to be an assessment of the social returns and the environmental returns in the context of climate change."

Improving public transport in Sydney could also generate important economic and social benefits, he said. "You can't have a strategy for moving freight without a strategy for moving people."

Mr Iemma welcomed the fund, saying it showed the Federal Government was "finally getting back into the business of big infrastructure".

He said that if the feasibility studies demonstrated a case for

the Western Metro and M5 projects, the state would apply for federal funding.

Mr Albanese would not speculate on how much would be spent from the fund, saying decisions would not be made until a full evaluation of the projects.

The budget includes provisions for spending from the fund to start from 2009-10. The size of this provision is not separately disclosed, but amounts allocated to the budget's contingency fund suggests it may be about \$1 billion to \$2 billion a year.

The Treasurer, Wayne Swan, said the budget would drive the greatest modernisation of the economy ever contemplated in peacetime.

But he insisted the Government would rigorously evaluate costs and benefits and consider the opportunity costs of projects before deciding how to spend the money.

"There's much to be done in determining priorities for key projects, the scope of public and private participation, and the timing of projects," Mr Swan said.

"We won't be overriding or substituting for investment by the states ... We won't be overriding or substituting investment by private enterprise."

"We won't be overriding or replacing the disciplines of Government decision-making."

"On the contrary, every single dollar of spending will be considered within a budget and cabinet framework which compares that proposed spending to an alternative use."

CHILD PROTECTION

Welfare cuts to target abusers

Stephanie Peatling

CHILD protection officers will be given power to recommend how much of people's welfare payments should be deducted as punishment for neglecting or abusing their children.

The Federal Government revealed in its budget papers that it would conduct a 12-month review of the welfare quarantining it already administers in remote Northern Territory communities.

The review will precede welfare quarantining linked to child protection across the country, in an attempt to reduce abuse and neglect cases.

Cannington, in south-eastern Perth, will be used as a trial site for the new measure.

About 1000 parents are expected to be affected.

Child protection officers will recommend families to Centrelink as well as the amount of the parents' welfare that should be administered on their behalf.

Part of the trial will also involve teaching people better financial management skills.

Linking parents' welfare payments to the wellbeing of their children is part of the Government's new child-protection framework.

A discussion paper on the new policy has been completed but its release has been delayed, much to the concern of welfare groups.

State and territory governments have yet to agree to the Federal Government's desire to take a more active role in child protection.

The Minister for Family and Community Services, Jenny Macklin, argues the measures will

help deal with social and economic disadvantage, teach people money-management skills and "provide the opportunity for children of low-income earners to break the cycle of poverty".

The Government has already announced another trial program that will force welfare recipients to register their child's school with Centrelink so attendance can be monitored.

To continue receiving their payments their children will have to attend school regularly.

Parents who do not enrol their children face having their payments stopped until they are enrolled, as will parents whose children regularly fail to turn up.

The two programs are part of a push, which began under the Howard government, to use welfare payments to make parents care properly for children.

NSW Housing and Commercial Building Codes: have your say

The NSW Government has released draft NSW Housing and Commercial Building Codes for public comment.

The draft Housing Code covers:

- New single-storey houses and house alterations and additions on lots 600 square metres and over;
- Exempt development in residential and rural zones; and
- Internal alterations and additions for two-storey houses.

The draft Commercial Building code covers commercial, retail and industrial premises.

Both codes outline what can proceed either as exempt or complying development. Future codes are proposed to cover different housing styles and lots.

The codes can be viewed at www.planning.nsw.gov.au or at the NSW Department of Planning head office, 23-33 Bridge St, Sydney. Information packages are also being sent to local councils for exhibition.

Have your say

Mail: Planning Reforms, Department of Planning, GPO Box 39, Sydney NSW 2001
Email: planningreform@planning.nsw.gov.au
By July 4, 2008

To get updates on this initiative, subscribe to the Department of Planning's ENews service at www.planning.nsw.gov.au/enews/index.asp

Further information: 1300 305 695



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PALESTINIANS HURT TOO.

PALESTINE
60 YEARS OF DISPOSSESSION

AUSTRALIA HAS YET TO SHOW IT CARES.

- Our Government apologised for the suffering caused to indigenous people of our land.
- Our Government acknowledged the suffering caused by others to the Jewish people in the Holocaust.
- Our Government has yet to acknowledge the suffering of the Palestinians. Their suffering is no less tragic, no less worthy of being championed, and what is more, their suffering is increasing daily.
- Our Government and the Opposition have yet to respond to our request for a bipartisan motion acknowledging that suffering, thus balancing the motion they moved celebrating Israel's independence - the cause of 60 years of Palestinian suffering.

That would be a fair go for Palestine.

WRITE TO THE PRIME MINISTER AND SAY THAT YOU CARE.

Palestine Support Groups
www.1948.com.au

NORTH WEST METRO – SHADOW OPERATOR

The NSW Government will fund and construct the \$12 billion North West Metro Project in Sydney. There will be 17 stations along the 38 kilometre route between Rouse Hill and the Sydney CBD.

The North West Metro is the largest single transport infrastructure project ever undertaken in Australia. Construction will start in 2010 and the first trains will operate along part of the route between Epping and The Hills Centre by 2015. The full route will be open by 2017.

Recruitment of operational capability for the North West Metro Project is essential now, in the planning and procurement phases, to maintain a central focus on delivering a safe, attractive and efficient end-product for passengers. The primary purpose of the Shadow Operator is to ensure this central focus is maintained, particularly prior to the appointment of the actual operator.

The Shadow Operator will be engaged as a group of individuals (i.e. under separate contracts to Government); an organisation; and/or a consortium with the capability and expertise to assist throughout the Project in these two key roles:

A. Management: Provide executive advice up to the commencement of construction in 2010.

B. Technical: Provide technical support required by management and other working groups.

Full detail of the Call for Expressions of Interest can be downloaded from <http://www.sydlink.com.au>

Expressions of Interest must be lodged by Monday 9 June 2008, 5pm.

MEDICARE LEVY

Estimate too low: health funds

THE Government's Medicare surcharge changes could trigger an exodus of 750,000 health fund members, according to industry sources - well above the official estimate of 485,000.

The Government had refused to release its estimate of health fund losses, and on Adelaide radio yesterday the Treasurer, Wayne Swan, said he did not accept that there would automatically be large numbers of people dumping their health cover.

His office later released the 485,000 estimate, which was immediately challenged by health fund sources who estimated on the basis of the budget figures that the drop-out rate could climb to 750,000 or more.

The Australian Health Insurance Association would not disclose its estimate and met Treasury and Health officials late yesterday in an attempt to work out the impact.

Industry sources say that the Government's own numbers - on the effect on government revenue caused by the decline in the number of people receiving the health insurance rebate - suggest the figure would be significantly greater.

A health fund executive also warned the changes were likely to be discourage funds from exploiting new laws which allow them to cover more services outside hospital.

Mr Swan said he made no apology for what had become a "tax trap" for people on modest incomes.

Mark Metherell

Message for Turnbull

From Page 1

before the budget that we could not assume that the big upward revenue revisions of earlier years would be repeated. While Swan was technically truthful, he was also foxing. Turnbull bought it. Costello did not.

"The Government's biggest problem will be what to do with all the money," he had said. "They are awash with money. They will not make massive spending cuts - on the contrary, they will have to make massive expenditure increases. They will have no trouble reaching their target of a surplus of 1.5 per cent of gross domestic product - to reach it, they will have to go on an unprecedented spending spree."

The surplus would be well above 1.5 per cent of GDP, he predicted. It came in at 1.8 per cent, or \$21.7 billion.

Anticipating a tough budget, the Opposition had positioned itself on the soft side of the argument. Surprised by a moderate budget, it scrambled to put itself back on the side of economic responsibility.

Costello has discovered it is hard to have front-bench influence when you have taken your- self to the back bench.