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City mayors want 'new alliance'

Mike Steketee
National affairs editor

CAPITAL city lord mayors are making an audacious bid for direct federal government funding for more than $6 billion worth of projects, including a new rapid public transit system in Melbourne, a light rail network in Sydney and a ring road for Brisbane.

The mayors' offer to Canberra, revealed in *The Weekend Australian*, is "a new alliance" to recapitalise their cities and boost the national economy.

The potential appeal to the Howard Government in an election year is bypassing the eight state and territory Labor governments and lending its name to some or all of the 24 high-profile projects, which would be jointly funded with the cities.

The Council of Capital City Lord Mayors will release the list today, covering three items for each of their cities. Perth is bidding for a road, pedestrian thoroughfare and urban redevelopment linking the city with Northbridge. Adelaide wants to waterproof the city by harnessing treated sewage for the city parklands and tapping an aquifer. Canberra is looking for support for a $300 million national convention centre.

The biggest bid, for $2.9 billion, is for part of a project involving a north-south rail line under Melbourne, a new rail line and tunnel to Parkville and an east-west road freight tunnel.

The major extension of light rail in Sydney, linking it to existing rail lines beneath the city, would cost $1 billion.

Local Government Minister Jim Lloyd has agreed to see the mayors on August 16 and told *The Australian* last night he was keen to explore efficient ways of delivering services.

"The capital cities are major entities in their own rights and they have significant expertise. If there is an opportunity to utilise that, I would be interested in talking to them but not at the expense of what are clearly state government responsibilities."

The $350 million-a-year Roads to Recovery program, which funded local government directly, was a good model, he added.

The mayors say a partnership with the federal Government could help lower traffic congestion, improve public transport, reduce greenhouse gas emissions and make better use of water.

"These projects . . . are vital to improve the whole nation's competitiveness, social cohesion and environmental sustainability," said Sydney Lord Mayor Clover Moore. She said the capital cities were the nation's economic and creative engine rooms, responsible for more than 78 per cent of Australia's economic growth in the past five years.

Council chairman and Melbourne Lord Mayor John So said Australia was being held back by the lack of an overriding capital city policy. "Cities need a new working arrangement with the federal and state governments as national and local priorities converge," he said.

Frustration with the states and territories has led Canberra increasingly to take over their responsibilities — most recently with its intervention in indigenous affairs in the Northern Territory and previously in legislating for a federal industrial relations system.

There is only one Liberal lord mayor — Campbell Newman in Brisbane — with the remainder independents, though they are often considered Labor-oriented.

KEY PROJECTS

Adelaide
City tram loop
- Extension of the tramline from Victoria Square via Adelaide
- Railway Station to the University of South Australia's west campus
- **Cost: $31m**

Brisbane
TransApex northern link
- Remove through-traffic from the CBD and boost traffic management via orbital road system
- **Cost: $500m-$650m**

Canberra
National convention centre
- The development of a world-class centre capable of hosting prestigious local, national and international events.
- **Cost: $300m**

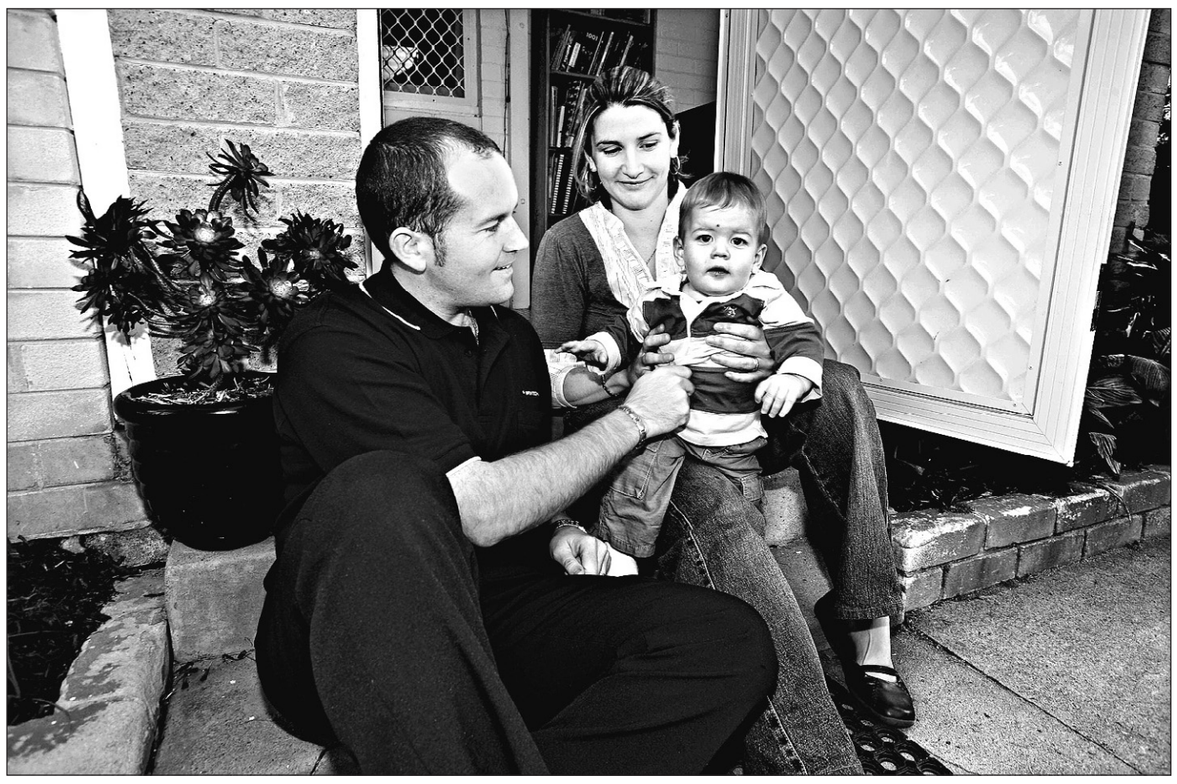
Darwin
Community information and resource centre
- A world-class public library, information and resource service with increased access and user facilities
- **Cost: $10m**

Melbourne
Moving people
- A new rapid public transit service with high connectivity and world-class facilities to facilitate more efficient road freight movements
- **Cost: $2.9bn**

Hobart
Reusable and recycled materials
- Construction of a resource recovery centre, workshop and residual waste transfer station in South Hobart to boost materials re-use and recovery of recyclable materials, and reduce landfill and greenhouse gas emissions
- **Cost: $6m-$7m**

Perth
Northbridge link
- One of the most significant urban developments in Perth's history, providing a connection between the CBD and the Northbridge area
- **Cost: $265m over three stages**

Sydney
Light rail pre-metro network
- To boost global gateway and meet strong travel growth via a range of light rail routes as the first stage of an underground MetroRail service geared to high capacity, sustainable rapid transit services
- **Cost: $1.01bn**



Boom time: Danny and Angela Carbery with son Liam at their home in Cloverdale yesterday **Picture: Marie Nirme**

Home economics don't add up to vote

Elizabeth Gosch

UNLIKE thousands of young families in the eastern states, the Carberys are about to have a win in the real estate game thanks to soaring property prices driven by Western Australia's resources boom.

Since paying $152,000 in 2002 to buy their two-bedroom, brick home in Cloverdale, south of Perth, Danny and Angela Carbery have more than doubled their investment. "When we bought we thought we would gain a little bit but not as much as this," Ms Carbery told *The Australian* yesterday. "We've renovated about half of the house and we are trying to sell the house at the moment. We have it on the market for $379,000 so that's pretty good."

Cloverdale, a young, middle class suburb on the western border of Perth airport, is in the commonwealth electorate of Swan. It has recorded a jump in house prices over the past 12 months, with the median price now $397,750.

Swan — bordered by the Swan River in the north and west and the Canning River in the south — is held by Labor MP Kim Wilkie by just 0.16 per cent. In the 2004 federal election Liberal candidate Andrew Murfin was first past the post but Mr Wilkie, who has held the seat since 1998, won after preferences were distributed.

Since 2004, house prices in Swan have jumped 73.8 per cent.

Ms Carbery said house prices were not a key election issue for her.

"I think the federal Government has probably had a bit of influence over the jump in housing prices but it's not something I give them a lot of credit for," she said. "It probably won't be a major factor which influences the way I vote." The downside of Western Australia's soaring real estate market for the Carberys was finding a new property within their price range. "Obviously, finding something in our price range is a bit difficult when the market is this expensive too, but at least we've had a start. I'd hate to be a first-home buyer in this market with nothing behind you."

A meter reader for an electricity company before the birth of her son Liam, Ms Carbery will start work again at a supermarket part-time. "It works best because Danny can look after Liam."

Tax breaks for cheap landlords

Patricia Karvelas
Paul Maley

LABOR will consider giving tax breaks or cash to people who invest in cheaper rental housing to create more housing stock.

Labor's housing spokeswoman Tanya Plibersek has told *The Australian* that while Labor will not tamper with negative gearing, the system's flaw is that it delivers only expensive rental properties as owners seek to maximise tax advantages.

Ms Plibersek said she wanted to push for Labor to adopt the policy where investors received tax incentives or tax credits for providing housing at cheaper than market rent rates.

"Anything we do should actually increase housing stock, we have to build more houses if we want to do something about housing affordability so I'm particularly interested in measures that increase the supply of houses," Ms Plibersek said.

She favoured a rental incentive scheme to provide a subsidy to developers or community housing providers to build affordable accommodation.

The subsidy would apply for as long as owners rented properties out at affordable rental levels.

Her comments came as Peter Costello revealed he had written to state Governments, the housing industry and land developers to begin an audit to identify land able to be released for housing.

The Treasurer, who blames high housing costs on land shortages that could be eased if states released more public land, said it was essential to identify land that is available for housing so that demand from a growing population does not put extra pressure on house prices.

Labor has launched a blitz on housing affordability in recent weeks, hoping to make it a frontline issue for this year's federal election, arguing that mortgage repayments and rents are consuming too much of the average family budget.

Federal Labor MPs in marginal electorates are warning that the property boom is unevenly spread, with pensioners, renters and young people hammered by rising prices.

The Labor member for the Perth seat of Swan, Kim Wilkie, said his electorate had a high population of seniors and pensioners on fixed incomes. "As property prices skyrocket, gross rental values increase, so pensioners are paying more of their pensions in rent," he said.

He cited an 81-year-old pensioner whose rent had gone from $120 a week in May last year to $190 in May this year, paid out of his fortnightly pension of $634.90, including rent assistance.

The average house price in Swan had jumped by 73.8 per cent since 2004, but only 27 per cent of people had a home on mortgage, compared with 37 per cent renting, Mr Wilkie said: "People in homes are happy with capital gains, but they're worried about their children getting into the market."

Julie Owens, Labor MP for the Sydney seat of Parramatta, said the financial stress felt by families over housing had been clear for some time.

Parramatta is one of the handful of NSW electorates where the average house price has declined, dropping by 7.8 per cent since 2004. "The way out is very difficult because they owe more than the value of their property," Ms Owens said.

Wayne Swan — Page 14

Years after election pledge, roads going nowhere

Patricia Karvelas

LESS than 4 per cent of $93 million worth of roads promised by the Howard Government in the last election campaign have been built.

In answer to a question on notice from Labor, the federal Government has revealed that only six projects worth $3.5 million have been completed since the projects were announced in 2004. Six more projects worth more than $20 million are at the planning stage, three years after the cash was allocated.

The Coalition allocated $93 million of the $120 million Strategic Regional Program in the three weeks leading up to the 2004 election, leaving just $27 million for contestable projects after the election.

Of the 22 projects funded, 21 were in targeted Coalition electorates or marginal Labor seats that the Liberals won at the 2004 election, including Bass and Braddon.

The Russett Park Causeway in independent Bob Katter's seat of Kennedy in Queensland was the exception, receiving $1 million out of the $93 million total.

Labor said yesterday the Government had allocated the money simply to hold or win marginal seats. "The state governments are not the hold-up," Labor's transport spokesman Martin Ferguson said.

"The delays prove what happens when money is thrown at councils in marginal electorates for political purposes without due process."

Mr Ferguson said there were no applications for funding and, in most cases, no prior planning or proper costings carried out. No assessment was made of the capacity of councils to undertake the projects.

"The problem has been repeated again with $250 million showered on councils in targeted Coalition seats over the few weeks between the May Budget and the end of June this year," he said.

"There was no consultation with state or territory governments about shared funding, no discussion with councils about their capacity to deliver projects, and again, no applications or proper costings in some cases."

The Government said all promised projects would be delivered. Roads Minister Jim Lloyd's spokesman said projects allocated funds in previous rounds of the Strategic Regional program were either under way, completed or being planned.

Mr Ferguson said the delivery of infrastructure funding should be spent according to the capacity of local councils and state and territory governments to deliver projects when money was made available.

"Instead, the money is going into a black hole, sitting in the bank accounts of local councils collecting interest rather than being turned into infrastructure assets for the community," he said.

"There has been no accountability for money spent by the commonwealth on roads . . . That will change under a federal Labor government."

'Truth on Moti must come out'

Mark Dodd

A PAPUA New Guinea report into Australian fugitive Julian Moti's escape to the Solomon Islands to evade child sex charges needed to be made public, Foreign Minister Alexander Downer said yesterday.

The report implicates PNG Prime Minister Michael Somare as having colluded in the fugitive's escape on an air force transport plane to avoid Australian efforts to extradite him.

Mr Moti, an Australian-trained lawyer, was sworn in last week as attorney-general of the Solomon Islands.

"The Australian Government hopes that the report will be made public by the Somare Government," Mr Downer said.

The report's finding — that there was a high level of collaboration and collusion between Mr Somare and Solomon Islands Prime Minister Manasseh Sogavare to get Mr Moti to the Solomons — is expected to further inflame Canberra's tensions with both Pacific countries.

Mr Somare denies sanctioning the clandestine flight for Mr Moti, who is wanted in Australia over allegations he raped a 13-year-old girl in Vanuatu in 1997. The PNG Prime Minister has angered Canberra by sitting on the defence force inquiry report since March.

Mr Downer said last week that Mr Moti's appointment made the Solomon Islands a laughing stock. "There aren't many countries in the world where the prime minister appoints somebody on child sex charges as the first law officer."

Additional reporting: AAP

'Safety valve' cap in PM's emissions plan

Sid Marris
Steve Lewis

BIG carbon-polluting industries will be given a "safety valve" fee for their emissions as a way of limiting "unanticipated" costs, under a revised Howard Government climate policy to be released this week.

While the Coalition has promised that any price on carbon will be set low in order to minimise the effects on existing industries, after lobbying from industry there will be increased scope to keep any immediate impacts under control.

The Prime Minister's Task Group on Emissions Trading recommends a "cap and trade" system.

Under this scheme, the Government would issue permits allowing firms to exhaust a certain level of carbon. They must then buy permits or carbon credits if they want to do more.

A safety valve price means that if the cost of low emissions technology proves too expensive at first, or the market price for carbon rises sharply, it effectively puts a lid on the carbon price because firms can opt for a safety valve price instead.

Farms role: Anthony Albanese

The policy guidelines will also formalise recognition of "credible domestic and international carbon offsets".

The Business Council for Sustainable Energy's executive director, Ric Brazzale, said yesterday that setting a safety valve price would be difficult and could undermine the market price if it were too low.

A low safety valve price would simply encourage firms, particularly energy-intensive ones, to give up if it got too hard, he warned.

He said it should be close to the international price, now about €23 ($36.50).

The task group speculated that a price of about $20 a tonne could serve as an introduction price. NSW electricity generators had recently been trading carbon for an internal state scheme at $13.

Mr Brazzale said more detail was needed to increase certainty, but without a proposed target on emission reductions business would not be able to be confident about their investment decisions.

In the electricity sector, demand would soon be growing at a rate of one power station, about 1100 megawatts an hour, every year. With stations taking up to six years to build, and with a life of 20 years, those firms needed a clear target now, he said.

Labor has proposed a 60 per cent reduction in emissions by 2050. The Coalition will not set a target before detailed economic modelling is completed next year, after the federal election.

Labor wants farmers to create carbon credits that they can then sell to industry as part of any national emissions trading scheme.

Opposition water and infrastructure spokesman Anthony Albanese said last night that rather than exempting agriculture, as planned by the Howard Government, farmers should be part of the solution through tree planting or storing carbon in soil.

Farmers needed to be closely involved in planning responses to changes in the nation's climate, not just because of the expected increase in extremes in the weather, Mr Albanese told the NSW Farmers Association annual conference last night.

"The technology is there, it's just a matter of getting the economic structures in place," he said in Sydney.

The task group, in its report released in May, urges that any scheme should be "comprehensive", covering not only energy production but also transport. Agricultural emissions should be initially excluded, it recommends.

Australia is only on course to meet its Kyoto targets — an 8 per cent increase on 1990 levels — because of credits from stopping land clearing, mainly in Queensland. Some environmentalists have argued the credits masked a dangerous growth in emissions.

John Howard will this week outline more details of the proposed trading system.

World — Page 10
Phillip Adams — Page 14

Keeping the nation informed

NEWS

A SYDNEY man accused of the execution-style killing of three officials in the lead-up to the Balkans war is in Croatian custody after being extradited from Australia, where he spent more than five years in hiding..... **P5**

THE WORLD

A STRONG earthquake killed at least six people in Japan yesterday, injured more than 600, flattened houses and triggered a fire at the world's largest nuclear power plant.. **P9**

SPORT

AUSTRALIA coach John Connolly has issued a stern warning to players over off-field misconduct and foolish behaviour following the loss of fullback Julian Huxley for the Tri-Nations and Saturday's Bledisloe Cup decider..... **P18**

BUSINESS

INVESTORS savaged shares in Anglo-Australian mining giant Rio Tinto yesterday amid concerns that it is overpaying in its $44 billion offer to take over Alcan..... **P19**

Arts 11 Weather 12 Features 13
Opinion 14 Editorial 15 Television 35

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Clarification

NEWSPOLL figures in a report on NSW housing in *The Australian* yesterday ("Why battlers are homing in on Howard") showing the Government trailing Labor by 51 per cent to 34 per cent referred to federal voting intentions in NSW over the past three months and not nationally.

Workplace Authority ads an abuse: Gillard

Brad Norington

THE head of the Howard Government's Workplace Authority faces claims she is being used to spruik the Coalition's industrial laws for the election campaign.

Labor deputy leader Julia Gillard said expensive prime-time television ads featuring Workplace Authority chief Barbara Bennett were an appalling waste of taxpayers' money and an "arrogant abuse" of the public service for a political campaign.

The commercial starts with Ms Bennett telling viewers: "The biggest myth is that employees are alone and unprotected, and that's just not true."

She says that, as head of the Workplace Authority, she will give advice to employees making agreements, and that a separate Workplace Ombudsman will take action "against employers who do the wrong thing".

The ads began airing on Sunday evening.

Ms Gillard accused the Government of giving Ms Bennett a political "myth-busting" script that appeared to have been written "at Liberal headquarters".

Asking why the script was not a breach of Public Service values on impartiality, she said the Government appeared to be behaving as though taxpayers' money was its own, with public servants used as political foot-soldiers.

Ms Bennett, formerly chief of commonwealth workers compensation scheme Comcare, started her Workplace Authority job this month to run the Government's "fairness test".

Under retrospective legislation that started on May 7, the Workplace Authority must check that every registered workplace agreement for employees earning less than $75,000 a year pays penalty rates and other conditions, or provides full compensation if they are traded away.

In a policy U-turn, the Government introduced the fairness test in May following a public campaign against its workplace laws by the ACTU and Labor.

Workplace Relations Minister Joe Hockey last night rejected Labor's claims, with a spokeswoman saying it was appropriate and responsible for public servants to explain government policies.

"In fact, this is a duty being performed by hundreds of public servants across the country every day — from one-on-one conversations in Medicare and Centrelink offices to radio and television advertisements to current affairs programs," she said.

Ms Bennett was not available for comment yesterday, but her spokeswoman said that the rationale for the ads was that Ms Bennett had the "core responsibility" to ensure employees had all the advice they needed.

Do you know what's happening at the House of Representatives?
Please refer to the Early General News pages of the Australian on Wednesday.
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