



## ARTS STARS SHOW THEIR STRIPES

And they're not what you might think {P15}



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# NBN chiefs silent on scandal at former employer — and Conroy didn't ask

EXCLUSIVE

ANTHONY KLAN

THE top two executives at the National Broadband Network did not raise an ongoing corruption investigation into their former employer before taking jobs to run the \$36 billion project — and the government never asked about it.

When former Alcatel-Lucent executives Mike Quigley and

Jean-Pascal Beaufret were appointed to the NBN Co by Communications Minister Stephen Conroy in mid-2009, the US Securities and Exchange Commission was several years into a five-year probe into bribery allegations against the French telco giant.

But the federal government has now admitted it had no idea Alcatel-Lucent was the subject of a major US government investigation, and that Mr Quigley and Mr Beaufret did not raise it, although both later denied any involvement



Quigley

Beaufret

or knowledge of the scandal. In December, Alcatel-Lucent was fined \$US137 million after the SEC accused it of paying more than

\$US8m in bribes between 2001 and 2006 to government officials in Latin America and Asia to win business.

Mr Beaufret, now chief financial officer of NBN Co, had been chief financial officer at Alcatel and then Alcatel-Lucent between 2001 and 2007. Mr Quigley, executive chairman of NBN Co, was appointed president and chief operating officer of Alcatel in 2005.

Both Mr Quigley and Mr Beaufret said they had no involvement in the matters subject to the

SEC's complaints and were not interviewed in relation to the SEC investigation.

In response to Senate estimates questions raised by South Australian Liberal senator Simon Birmingham, who has been pressing the government on the issue, the government said neither man had disclosed that information.

"Mr Quigley and Mr Beaufret did not declare the investigation at the time of appointment to NBN Co as neither were questioned as part of the investigation," the gov-

ernment said in a statement. Asked whether the federal government believed it should have inquired about the investigation before appointing the men, a spokeswoman for Senator Conroy said Mr Quigley "has been clear" that neither he or Mr Beaufret had "any involvement in the matters" raised by the SEC.

"In fact, the actions of a number of individual Alcatel-Lucent employees detailed in the SEC's statement fell outside the accountability and jurisdiction of both Mr

Quigley and Mr Beaufret," she said.

The SEC has alleged Alcatel "lacked sufficient internal controls" to prevent bribes being paid and "improperly recorded the payments in its books" during the 2001-06 period.

In response to questioning, the federal government said Mr Beaufret as chief financial officer was in charge of NBN Co's internal controls and financial governance. When questioned as to how it was comfortable with Mr Beau-

fret's past as chief financial officer of Alcatel, the government said Mr Beaufret was appointed to NBN Co "due to his skills, previous experiences" and "ability to perform the duties of CFO to a high standard".

In his role as NBN Co chief, Mr Quigley was paid \$1.86m for the 2009-10 financial year. Mr Beaufret's salary was not disclosed.

Mr Quigley and Mr Beaufret's

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## CALL FOR SOVEREIGN WEALTH FUND

# Don't waste the mining boom: IMF

DAVID UREN  
ECONOMICS CORRESPONDENT

THE International Monetary Fund has urged Australia to establish a sovereign wealth fund to ensure future generations share in the returns from the mining boom.

The fund's latest review of Asia warns that Australia's increasingly close integration with the region has made its economy more vulnerable to any falls in commodity prices.

However, it remains confident that Asia's growth will continue, holding out the prospect that the surge in Asian economies over the next 10 years will add about 20 per cent to the size of Australia's economy.

"Some of the boost to government revenues could be saved in order to ensure a more equal distribution of its benefits across generations and reduce long-term fiscal vulnerabilities from an ageing population and rising healthcare costs," the fund says.

Wayne Swan has always dismissed calls for sovereign wealth funds, saying the government's preference is to support savings through superannuation.

The Treasurer's spokesman said last night: "We're acutely aware of the need to save more in good times and that's why we have strict fiscal rules in place that have us on track to get the budget back to surplus in 2012-13, well ahead of our peers."

"We're also implementing reforms to superannuation that ensure we're saving more of the boom this time around. That's not just one wealth fund, but the wealth funds of more than eight million Australians, which will boost national savings by \$500 billion by 2035."

Documents released under Freedom of Information laws show both Treasury and the Reserve Bank are giving thought to the establishment of a sovereign wealth fund.

Treasury notes that the head of the Organisation for Economic Co-operation and Development, Angel Gurría, suggested last year

## Plan B bid for doomed Doha

DAVID UREN

THE Doha trade deal is heading for collapse and the World Trade Organisation is canvassing trade ministers to see what can be salvaged.

WTO director-general Pascal Lamy spoke to Australia's Craig Emerson last night about the impasse, after which the Trade Minister insisted that not all hope had been lost.

"Australia will continue to press for the best possible outcome for the Doha round," Dr Emerson told *The Australian* yesterday.

He said this could still be a comprehensive multilateral deal. However, Australian trade officials confirmed there was a deadlock between China and the US over protection for the manufacturing industry, and said the WTO was now looking for a "Plan B".

Mr Lamy confirmed to *The Wall Street Journal* that he was presenting trade ministers with "a lucid, exact evaluation

without pretending we don't have this huge problem" on cutting tariffs.

Officials say that, although no formal alternative plan has been devised, it would probably include the key elements already agreed, including cuts to agricultural subsidies.

The talks come less than two weeks after Dr Emerson made a last-ditch effort to rally support for Doha, obtaining signatures from 12 other trade ministers for an open letter calling on all nations to display further flexibility.

The year had begun with high hopes, when leaders attended the annual Davos World Economic Forum declaring their determination to complete a deal this year, ahead of presidential elections in the US, India and France, all due next year.

Andrew Stoler, director of the Adelaide-based Institute for International Trade, said a deadline of Easter was set for agreeing on the basic text of the deal.

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that Australia consider a sovereign wealth fund, modelled on Chile's example, as a means of smoothing the government's revenue from resources.

Reserve Bank governor Glenn Stevens said earlier this year that more should be done to ensure mining revenues flowed into savings, including action by government.

The fund's review of the region says inflation remains the biggest risk, with many Asian economies growing faster than they can manage, boosted by interest rates that are too low.

The IMF says Australia will also suffer from inflation, with prices rising "above or close to the upper range" of the Reserve Bank's 2 to 3 per cent target band.

The fund is concerned that, if inflation rises too far in Asia, the tough measures required to bring it back under control will bring growth to a halt.

It says that, whereas Australia's fortunes used to be dictated by the health of the US economy, it was now tied to Asia, which takes 60 per cent of its exports.

Although Australia's growth

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BUSINESS P19

# Rehearsals over, let the fairytale begin



SNAPPER MEDIA

Prince William and Kate Middleton leave Westminster Abbey after their final wedding rehearsal yesterday in preparation for tonight's ceremony. Their official wedding program reveals the bride-to-be will not promise to obey her husband, but will pledge to 'love, comfort, honour and keep' him. FULL REPORTS P5, 10

## Windsor's carbon call for BHP

STOBHAIN RYAN

INDEPENDENT Tony Windsor has challenged the world's biggest miner, BHP Billiton, to declare where it stands on the carbon tax and has publicly thrown down the gauntlet to industry critics to offer up an alternative plan to cut emissions.

The call by the crossbencher, whose support is crucial to Julia Gillard's minority government, for industry to "put up or shut up" on the carbon tax comes after BHP chief executive Marius Kloppers warned that Australia's go-it-alone approach would be a "dead weight" on high-polluting exporters.

"I've actually challenged BHP on this particular issue," Mr Windsor told Sky News after meeting a BHP delegation in his

Tamworth office yesterday. "The message I'm getting is, 'You don't want me to support a carbon tax, and most of them say 'No, that's not the message, we just want something better than the one the government's working on'."

The Gillard government faces rising opposition to its carbon-pricing strategy, as industries and unions lobby hard for more exclusions, higher levels of compensation and stronger links to international action on climate change than under the dumped carbon pollution reduction scheme.

After attending the Major Economies Forum on Energy and Climate in Brussels, Climate Change Minister Greg Combet yesterday told *The Australian* that it would be "very hard" to secure a legally binding agreement at the international climate

change negotiations in Durban late this year.

US and EU climate change envoys to the same forum, representing 17 of the world's biggest greenhouse emitters, also warned that such a deal was probably not possible.

Large polluting industries in Australia that compete internationally, including the mining and manufacturing sectors, have warned that Mr Combet's plan to legislate this year to introduce a carbon tax from July next year could price them out of the market if their offshore rivals were not penalised for their emissions.

Mr Windsor yesterday promised to offer up any alternatives put forward by industry to the

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COMMENTARY P12

## Joh's son slams LNP

QUEENSLAND'S merged conservative party has turned on the son of its hero, with John Bjelke-Petersen complaining that the LNP no longer values his famous name in the seat the late Sir Joh held for four decades.

Mr Bjelke-Petersen yesterday demanded an apology from the Liberal National Party as its new leader, Campbell Newman, made his first foray into Joh country to drum up support for the woman who was preselected in Mr Bjelke-Petersen's place.

Breaking his silence on being

dumped, Mr Bjelke-Petersen revealed that a senior LNP official had suggested to him the Bjelke-Petersen name was "a problem" and "maybe they wanted to move on".

LNP party director Michael O'Dwyer declined to comment last night on what he described as an internal party matter, but said the Bjelke-Petersen family had a "proud history" with the LNP and its forerunner, the Queensland National Party.

FULL REPORT P2

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