

# East Timor rejects refugee centre idea

By Lindsay Murdoch

Julia Gillard's proposal to build a refugee centre in East Timor has been rejected by the country's president, Jose Ramos-Horta, the only senior political figure in the tiny nation who had left the door open to the plan.

"Timor-Leste [East Timor] says that we will not agree to set up an asylum-seeker processing centre in the country," Dr Ramos-Horta told Timorese journalists.

The declaration will embarrass the Prime Minister who has been insisting talks with East Timor's leaders were continuing at the highest levels despite earlier rejection of the plan by the country's Prime Minister Xanana Gusmao, Deputy Prime Minister Jose Luis Guterres and senior ministers.

Yesterday, a spokesman for Immigration Minister Chris Bowen was still insisting East Timor's Council of Ministers – the equivalent of Australia's cabinet – had not rejected the plan.

However, the council decided last year that East Timor would not negotiate the plan directly with Australia, referring the issue instead to a 50-nation meeting on people smuggling, which is known as the Bali Process.

Official sources in Dili have told

Fairfax that members of East Timor's delegation felt they were poorly treated by Australia's representatives during a ministerial-level meeting of the Bali Process last month, where Ms Gillard's plan did not rate a mention during official talks. Their complaint was discussed during a recent meeting of the Council of Ministers in Dili, sources said.

Mr Bowen's spokesman referred Fairfax to comments Mr Bowen made on radio on Wednesday, including that Dr Ramos-Horta still regarded the centre as a possibility and that "discussions continue".

But Dr Ramos-Horta delivered the final blow to the plan in comments reported by East Timor's *Independente* newspaper, saying a regional centre was not an issue to be discussed between East Timor and Australia.

"There should be a regional agreement and the agreement should not be made by Timor-Leste and Australia because it is not a bilateral problem," Dr Ramos-Horta said.

Observers in Dili say the plan was never going to be approved by East Timor, a country of one million mostly impoverished people struggling with myriad social, security and development problems.

But East Timor's leaders wanted to

be seen considering Ms Gillard's proposal as Australian diplomats and officials attempted to push what was widely seen as an ill-conceived proposal. As well as government leaders, the plan was opposed by the Fretilin opposition, four parties in the ruling coalition and dozens of non-government organisations.

Veteran Canberra journalist Laurie Oakes revealed last year that hours before Kevin Rudd was deposed as prime minister he told Ms Gillard that a refugee centre in East Timor would not work and East Timor would not accept it. But Ms Gillard went ahead despite the advice and announced her plan for the centre only days before the last federal election.

Last year, some senior officials in Dili toyed with the idea of allowing Australia to build the centre on East Timor's undeveloped south coast if Australia in return would fund major infrastructure projects in the area. But Mr Gusmao publicly dismissed the plan during an interview with *The Economist* magazine in London in March, saying he would not be able to explain to his poor countrymen why foreign asylum-seekers would be entitled to international-grade health care, food, clothing and schooling for their children while many Timorese did not.

# UC student off to Paris for reel challenge

By Sally Pryor

A three-minute rumination about the meaning of progress set on the streets of Canberra will see a young local film-maker heading to Paris next month.

Hew Sandison made his short film, *Progress is Everyone, Together*, over two weeks, only just making the deadline for a video competition held by the Organisation for Economic Cooperation and Development to mark its 50th anniversary.

The competition was open to anyone aged between 18 and 25 who could produce a three-minute video that completed the title, "Progress is..."

One of 20 finalists, Mr Sandison was among five film-makers selected for an all-expenses-paid trip to Paris to attend an OECD conference next month.

The 18-year-old media student at the University of Canberra said he had only found out about the competition a fortnight before entries closed in December, but was still meticulous in his production process.

With the help of his father, he rewrote his script six times, narrated the film himself, used borrowed equipment to film and record sound, and edited the finished product on his laptop.

The only other person involved is the red-haired star of the film, his friend Claire Armit.

He said the film cost him his "sanity and time more than anything else", and he kept his team as small as possible, in case he won and was forced to take all the credit.

"It was an intense couple of weeks to get it done, and I didn't think it would get this far," he said, adding he was excited about heading to Paris mainly so he could meet the other four finalists, from India, Colombia, Peru and Ukraine.

Once he returns, he plans a career in the film industry.

To watch Hew Sandison's film on progress, go to [www.youtube.com/watch?v=MGWqV1x3RC](http://www.youtube.com/watch?v=MGWqV1x3RC).



DETAIL: Hew Sandison rewrote his script six times, narrated the film himself, used borrowed equipment to film and record sound, and edited the finished product on his laptop. Photo: KATE LEITH

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# Govt lacks 'courage' to slash middle-class welfare, aid economy

By David McLennan

The Government needs to cut middle-class welfare or end up with the budget in a big structural deficit for the rest of the decade, Macroeconomics says.

The consulting and modelling firm's latest *Budget Bulletin*, to be published today, said the Government was relying on the extra revenue from the mining boom to get back to surplus, but the structural position – when more normal tax receipts were taken into account – was much worse.

"Without the windfall provided by the terms of trade there will be no surplus in 2012-13, 2013-14 or any year in this decade unless the Government undertakes a discretionary fiscal tightening (i.e. a real razor-gang savings round) in the order of 1-2 per cent of GDP," it said.

It called on the Government to address middle-class welfare to find the savings in next month's budget, but "it appears the Government does not have the courage to attempt this".

"What the 2011-12 budget should announce is a consistent set of means-testing arrangements to apply to all government welfare programs, measures such as the child-care rebates, high-income superannuation concessions, the Medicare safety net and the Private Health Insurance rebate etc," it said.

"Unless Australian governments act now to address their budget deficits and prepare for leaner and more volatile times, they are failing in their duty of care. The Australian economy and Australian government budgets circa 2011 are tied to an asset price boom of international origin which will inevitably collapse and expose Australian governments to significant budget challenges just as the economy is softening."

If the Government wasn't receiving unusually high revenue from mining, it would have a cash deficit of almost \$77 billion, leaving the structural budget in a "big mess".

"Commodity prices in particular are con-

## Don't compensate industry: poll

Most Australians want money raised from the carbon tax to go to households and the environment, not industry, a new poll shows.

The poll, commissioned by the Australian Conservation Foundation, found 87 per cent wanted revenue to go to renewable energy innovation, 77 per cent wanted households to get help, and 84 per cent wanted money to be spent on rehabilitating the environment.

It also found that 56 per cent of respondents, including more than half the Coalition voters surveyed, were against revenue being used to compensate polluting industries.

Foundation executive director Don Henry called on the Government to ignore the scare campaign of the big polluters and only provide industry assistance for trade-exposed companies.

contributing over \$35 billion to the underlying cash position in each year of the outlook and so are underpinning any return to surplus the Government is hoping for."

It comes as the International Monetary Fund's latest *Regional Economic Outlook* said Asia was one of the world's most dynamic regions and it continued to lead the global recovery.

It also found Asia was now the key influence on the Australian economy.

A 1 per cent shock to the economies of emerging Asia shifted Australian growth by 0.3 per cent, "whereas the impact of US GDP shocks on Australia is no longer statistically significant".

"Over the next 10 years, the model suggests that a 50 per cent increase in emerging Asia's real GDP, driven by tradeable sector productivity growth, would raise Australian GDP by about 20 per cent," it said. It predicted growth in Australia of 3 per cent this year.

# Groups declare welfare concerns

The Government needs to invest in building unemployed people's skills, not put the boot into them, the community sector says.

More than a dozen community groups joined forces to declare their concern about suggestions the Government planned to crack down on welfare payments in next month's budget.

Australian Council of Social Service chief executive officer Cassandra Goldie said many people had contacted the groups deeply distressed by the recent political rhetoric that suggested everyone on social security payments was lazy.

The groups are worried the Government's planned welfare changes would just mean

more requirements on welfare recipients, rather than the needed extra investment in building their skills.

St Vincent de Paul Society chief executive officer John Falzon said there had been a lot of populist rhetoric in recent weeks, but the community sector wanted to see some "bold and visionary leadership that actually looks at the reasons behind unemployment".

"Sadly, putting the boot into disadvantaged Australians might be therapeutic for the welfare bashers on both sides of politics, but it will not get one person into employment," he said.

"It will do nothing to alleviate the perpetuation of poverty."

# Land values plummet in flood zones

Many victims of Queensland's floods might find their mortgage debt is greater than the value of their homes.

Land valuations – delayed after serious floods hit Brisbane in January – show property values have plummeted in affected suburbs.

Valuations of 23,000 properties affected by the floods show estimated price drops of between 5 and 25 per cent.

In the flood-hit suburb of Fairfield, the average land value has reduced by 15.6 per cent, while up-market Graceville has fallen 3.6 per cent and Rocklea by 9.6 per cent.

State valuer-general Neil Bray said it was the

extraordinary nature of the south-east Queensland summer floods which resulted in 23,000 revaluations of inundated properties.

In Brisbane, 14,300 properties – 12,000 residential – were subject to post-flood reviews, and about 5000 in Ipswich, including 3400 residential.

In the flooded south-west, properties in Dalby, Oakey, St George, Thallon and Condamine were subject to review, while the township of Grantham had the full 25 per cent "allowance" subtracted from its values.

The actual impact on land values would be established over time, he said.

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