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Coates Hire takes on the powerful AMWU

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# THE AUSTRALIAN FINANCIAL REVIEW

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# Labor's budget black hole

### Exclusive

Jacob Greber, Economics correspondent

The Gillard government is set to leave a "large structural hole" in the federal budget that will need to be fixed with a massive one-off cut to spending or an unprecedented period of fiscal restraint, according to a report commissioned by the Minerals Council of Australia.

The findings, by modelling firm Macroeconomics, predict the Commonwealth's headline cash deficit will widen from \$11.6 billion this financial year to \$14.3 billion in 2016-17 unless at least \$15 billion is removed from the government's current spending "base".

The report warns of the potential for decades of so-called structural deficits—a concept that strips out the positive effect of temporary factors such as booming commodity prices and periods of above-average economic growth.

It says unless governments rein in their outlays, the structural budget shortfall will be at 0.7 per cent of gross domestic product by 2024-25, about \$10 billion in today's dollars, before ballooning to 5.6 per cent, or \$78 billion, by mid-century.

Macroeconomics director Stephen Anthony, a former Treasury official, said Canberra should impose a hard limit on the size of government by keeping the ratio of federal taxes to GDP below 22.1 per cent—the average of the

past 50 years—and below the existing goal of 23.7 per cent.

"Ten years on from the start of the China boom, it is clear that Australia's fiscal strategy is in need of an overhaul," Mr Anthony said.

"Even more concerning has been the degree to which the nation's fiscal sustainability has been compromised by a failure to maintain appropriate fiscal discipline in the 'boom years'."

Successive governments had been lulled by the record terms of trade

boom into making large, long-term spending commitments that were no longer sustainable as commodity prices fell.

Even now, the lingering benefits of the commodity price boom were expected to add about \$26 billion in revenue over the next four years.

The report, which includes input

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## Cyber attacks hit statistics bureau

### Exclusive

Christopher Joye and James Hutchinson

The Australian Bureau of Statistics has been the target of a series of sustained online attacks aimed at gaining access to market-sensitive information before its public release.

Newly declassified documents and internal incident reports, obtained by *The Australian Financial Review* under Freedom of Information laws, reveal the federal government department has been the subject of numerous attacks over the past four years, including at least 11 incidents over seven months during 2012, involving thousands of attempts to access the bureau's computer network.

In many of the incidents reported internally to the bureau, the attacks immediately preceded the scheduled release of confidential data by the ABS that affects financial market prices.

There was a striking increase in the number of attacks, some of which were linked to China, between June and December last year, prompting the department to escalate investigations to its internal security operations centre. Some earlier attacks from before 2012 are marked in the documents as having been "low risk".

### Time to come clean



There is a public interest case that government should inform the community when cyber assaults compromise our national assets.

Comment Christopher Joye p8

The breaches reveal a concerted attempt at breaking into key data repositories including Ausstats, the database that holds all sensitive economic information, including data on inflation, unemployment and gross domestic product.

Two attacks in 2011, one of which was traced to a university in China, attempted to access information before the release of sensitive unemployment and inflation data.

Attacks became more frequent and sustained last year. Beginning in June 2012, the attackers scanned the ABS's network for vulnerabilities, trying thousands of times on each occasion to access a particular website or server maintained by the statistics bureau.

But a bureau spokesman said the ABS "has never had a successful cyber

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## The performance artist

Sage of small stocks... David Paradice with his daughter Sabine. PHOTO: NIC WALKER

David Paradice has battled cancer and is giving away a big chunk of his funds management firm, but don't think he's slowing down. **AFR Magazine** Inside today

## Sell for less, BlackRock tells BHP, Rio

### Exclusive

Michael Hobbs

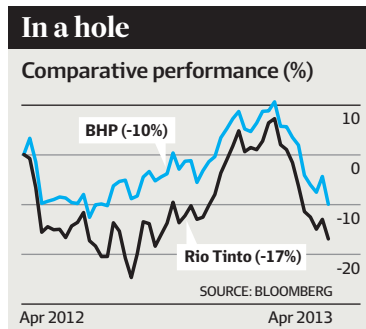
The world's largest mining investor has urged BHP Billiton and Rio Tinto to accept lower prices for billions of dollars worth of assets up for sale, arguing the big miners do not need to sell at full value to improve shareholder returns.

BlackRock natural resources chief investment officer Evy Hambro welcomed the divestment of non-core

assets flagged by BHP and Rio over the past 12 months but encouraged new management at global miners to be pragmatic.

"You might end up selling something that is worth \$1 for 90¢ but if your shares are trading at only 70¢ on the dollar, then you can use proceeds you are getting at 90¢ on the dollar to buy back your own shares. That's much more value creative," he told *The Australian Financial Review* from London.

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## Telstra mulls \$US1bn China car site float

**Exclusive** Telstra is considering a float of its majority-owned Chinese car sales website Autohome on the United States exchange Nasdaq, in a move that could value the entire business at up to \$US1 billion.

It is understood the telco and the car site's Chinese shareholders had held discussions with multiple investment banks for the potential float, which would be aimed at capitalising on strong investor demand for digital assets exposed to the world's second-largest economy.

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## Labor radio ad blitz on 457 visa rorts

**Exclusive** Federal Labor is planning a series of radio advertisements backing the Gillard government's crackdown on 457 visas for temporary skilled workers, saying local jobs must be put first and foreign labour should not be used to undercut wages and working conditions.

The advertisements, scheduled to run in the lead-up to the September 14 national election, are part of a campaign by Labor to clamp down on what it says is the rorting of foreign worker schemes.

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