

Green

THE AUSTRALIAN GREENS magazine

THE SNIPER WELFARE SYSTEM

AN ALTERNATIVE VIEW OF ECONOMIC PROGRESS

AN ECONOMY THAT SERVES PEOPLE & NATURE

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Chris Harris, National Campaign Coordinator

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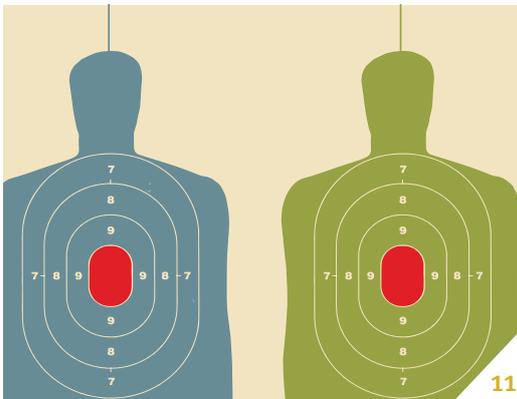


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LETTERS TO THE EDITOR

WE WELCOME YOUR RESPONSES TO ARTICLES AND IDEAS EXPRESSED IN GREEN MAGAZINE.
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RESPONSE TO 'DOES THE PLANET NEED CHRISTIAN STEWARDS?'

(Original Article by Dr Vicky Balabanski in ISSUE 37: Sept 2012. Reader responses published in ISSUE 38: Nov 2012.)

The responses to the article from Dr Vicky Balabanski ("Does the Planet need Christian Stewards") come from different motives, but both have clearly missed the point. Dr Balabanski did not claim that Christianity is required to resolve environmental challenges – the article focused on environmental understanding of the bible for those within the Christian faith. It clearly stated that the biblical view is the context in which we think about our environmental responsibilities, "for the people who identify with the Christian tradition or are shaped by the values of this tradition".

One respondent made the important point that we should not dismiss Eastern philosophies and that "one cannot assign a single religion or single religious institution to oversee" the global commitment to care for the earth. I agree, but Dr Balabanski didn't make any such claim. What disturbs me is that the letter then claims that "it requires us to treat the planet as a living being", in other words that a religious - or at least an ideological - view is required to care for the earth. This is an ironically exclusivist claim. As a Christian, a twice Green candidate and as an involved environmental activist, I am offended by this statement. I am sure that no offence was intended, however the letter does highlight how careful we need to be to avoid making exclusivist claims when it comes to the challenge we all share in resolving the current crisis.

The next response was written with little attempt at sensitivity and caused far greater offence. It falsely states that the article explains how the Christian bible caused our environmental issues, makes unsubstantiated claims about the religious contesting science for centuries and then claims that "we must turn to science rather than myth" and avoid "further retreating into fantasy". The simple fact is that modern science is a Christian invention and today there are many thousands of Christian scientists

who see no conflict between their faith and science. These are men and women with intelligence, rationality and faith. I object to my faith being called myth and fantasy. I know from personal experience how difficult it is for the Greens to gather support among Christians, and having this form of inflammatory and demeaning letters in the Green magazine doesn't help our cause.

GAVIN BROWN
EAST GEELONG
FORMER CANDIDATE FOR THE FEDERAL SEAT OF CORIO AND GEELONG CITY COUNCIL.

RESPONSE TO 'SYDNEY TO MELBOURNE IN JUST THREE HOURS?'

(ISSUE 38: November 2012)

It's great to see the Greens working towards the high speed rail. To me, one of the main benefits of the rail is the increased productivity for businesses. Not only will high speed rail improve travel times, it will also increase productivity. I worked in Big Business in the UK and we found the door-to-door time for taking the train and going by plane between Edinburgh and London was about the same.

The main difference however was productivity. The person on the train could spend the whole time working; sending and receiving emails and making phone calls. The person on the plane had periods where they couldn't be contacted and would keep having to stop work to move between taxi/ plane/ taxi. Those on the train were much more productive with their work time and businesses were increasingly sending people to London by train.

The same would happen in between Melbourne and Sydney where door-to-door travel times between the two cities for plane and train travellers would be very similar, making high speed rail a much more productive option for businesses whose staff commute between the two locations. It makes good economic sense.

DONNA BARCLAY
MONTMORENCY

RESPONSE TO 'IS IT BETTER TO VOTE FOR AN INDEPENDENT OR A GREEN?'

(ISSUE 38: November 2012)

I was disappointed – and I say that as a paid up Green of many years – in Louise Crossley's article (Green, November 2012). Louise compares the performance of Andrew Wilkie, and Independents in general, with Adam Bandt's parliamentary performance. What Louise's article really shows is that Wilkie and Bandt are both effective at achieving complimentary outcomes using different means.

On an issue by issue basis, Wilkie and the Greens are in substantial agreement on almost all points; environmental sustainability, human rights, humane asylum seeker policy, poker machines, priority for education and health, opposition to corporate domination of the economy and to troops in Afghanistan. Publicly denigrating someone who is on your side on most substantive issues, and who the public rightly holds in high esteem, is not a good look. Adam Bandt is a fine politician but he represents Victoria and it is thus inappropriate to bring him into the Tasmanian context in order to attempt to damage Wilkie. In Denison we have an excellent Greens candidate in Anna Reynolds and we also have Wilkie; they are natural allies. If Anna doesn't make it, it is in the interests of those who think Green to have Wilkie as the member for Denison. However, if the Greens preference Wilkie last, as has been mooted, the most likely outcome of that in present circumstances, given that Labor and Liberal are likely to preference Wilkie last, will be a Liberal member for Denison. Is that really what the Greens want?

We should be forming alliances with those who pursue similar goals as us. The real enemy, the Laborials, are out there in force. They are the ones we should be attacking, not giving them an extra seat in Parliament! .

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Green

THE AUSTRALIAN GREENS magazine

ISSUE 39: March 2013

PUBLISHER: The Australian Greens

EDITOR: Catherine Green (Seedpod)

DESIGNER: Natalija Brunovs (Seedpod)

ISSN: 1443-6701

PRINTED BY: Printgraphics PrintGreen

PRINTED ON: Maine Silk



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The Australian Greens wish to acknowledge that we are on indigenous ground – this land is the spiritual and sacred place of the traditional owners and their ancestors and continues to be a place of significance. Further, we thank them for sharing this land with us and agree to respect their laws and lores.

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EDITORIAL

FOCUSING ON THE ECONOMY WITH A LOOMING ELECTION

This issue of Green Magazine is such an important issue; especially in the face of a looming federal election.

Economics is perhaps the number one area of criticism for the Greens; you don't have a strong economic policy, you're opposed to growth and development, your economic policies will sacrifice jobs and people's way of life. Who hasn't heard these unsubstantiated comments at one time or another?

The irony is that the Economic Policies of the Greens are actually incredibly progressive. And more people need to know this about the Greens as they increasingly feel the pinch and get ready for the onslaught of a federal election campaign filled with promises of quick financial wins and short-term benefits.

Setting the tone for the magazine are extracts from Christine Milne's powerful Press Club speeches. Key to this article, and something that resonates throughout the whole publication, is the concept that the economy is simply a tool invented by people to help govern our relationships between one another and the world. If this tool is not giving us the outcomes that we all want, not just the outcomes that a privileged few want, then it is time we changed the economic tools we are using. If everyone is not able to enjoy a secure, equitable and sustainable society, then the economic tools we are using need to change.

I encourage readers to share this publication with new members, non-members, family and friends, or anyone who may still have questions about the credibility of the Greens when it comes to economic policy. After all, what is more credible than an economy that "sets us on a path to serve the needs of people and nature, both for today and for tomorrow."



Catherine Green
Editor



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An Economy that Serves People and Nature - *Not the Other Way Around*

IN HER FIRST PRESS CLUB APPEARANCE AFTER BECOMING LEADER OF THE AUSTRALIAN GREENS, **CHRISTINE MILNE'S** POWERFUL SPEECH SET THE TONE OF THE ECONOMIC VISION OF THE PARTY. FOUR MONTHS LATER, SENATOR MILNE RETURNED TO OUTLINE THE GREENS POSITION ON WHAT WILL BE THE KEY ECONOMIC BATTLEGROUND IN THE LEAD UP TO THIS YEAR'S FEDERAL ELECTION – THE MINING TAX.

Australia's economy is described as the envy of the world. We have just posted our 21st consecutive year of economic growth with Australia outperforming most of the rest of the world; the unemployment rate is low, inflation under control, and Australia is one of only seven countries in the world to have maintained its AAA credit rating.

And yet, millions of Australians feel uncertain about the future, uncomfortable, under pressure. There are many reasons for this. The two speed economy is frequently cited, as is the Global Financial Crisis. Another is the destructive approach of Tony Abbott, talking the country down with his catalogue of complaints.

But the underlying reason is that short term profits and this year's carefully manipulated budget surplus are overriding the basic human need to care for one another, to plan for a secure future, and to protect the natural world which sustains us. In other words, our much envied economy is on borrowed time.

We live in a society, not an economy. The economy is a tool; a tool we humans invented - like democracy and politics - to help govern our relationships between each other, and between ourselves and the world we live in. If our economic tools are not getting the outcomes we want, making us happy, safe, healthy, better educated and fulfilled and protecting and preparing our country for an increasingly uncertain future in a world on track to be 4 degrees warmer, then it is time our economic tools changed.

Yet they remain entrenched. Despite Wayne Swan's

rhetoric, Gina Rinehart, Twiggy Forrest, Clive Palmer and their companies pay little tax, benefit from multi-billion dollar handouts to their mining operations, and still have their hands out for more. We're told day in and day out that it's vital for the economy that they are given every break they demand and every environmental protection be set aside for their benefit - something the Gillard Government plans to deliver by devolving environmental power to the states.

But who does this actually benefit?

Does it help the young parent looking despairingly at graphs of Arctic sea ice melt, reading that it is a tipping point for the climate, wondering what kind of planet her child will inherit?

Or the farmer whose greatest wish was to pass on healthy land to his children but now is fighting to keep it from being riddled with coal seam gas wells while struggling with farm-gate prices that Coles and Woolworths have driven through the floor?

It's clear that whilst the economy is growing, our quality of life is stagnating, our environment is suffering, and we are failing as a country to invest seriously in the things that we value, the things we need now if we are to have a better future: a fair education system where you can get a good start in life regardless of how much money you have or where you live; a zero emissions energy network that doesn't pollute the air and drive global warming; a health system which takes care of all of us, from the state of our teeth to our state of mind.

It is time to change, to diversify our economy, clean it up, and invest in a future that doesn't rely on digging up, cutting down and shipping overseas.

Most of the battles of political philosophy over the last two centuries have been about competing views of how to run an economy. Where the old economic right, broadly speaking, has sought to create a 'strong' economy and the old left sought to create a 'fair' economy, neither has grappled with how an economy can be strong or fair when ecological limits are being reached: "without environment there is no economy".

So where does this lead us?

Einstein said "You don't solve problems with the same thinking that created them".

To set us on our new path, a path to an economy which serves the needs of people and nature, both for today and for tomorrow:

- We will need new economic tools;
- We will need to learn to do more with less;



- We will need to reprioritise our investments; and
- We will need sensible management of taxation and revenue to fund these investments.

It is a case of rethink, reduce, reuse and recycle.

For most of us going about our daily lives, the new, caring and ecologically sustainable society will look very similar in most ways to the old one. Yes, it will be powered entirely by clean, renewable energy - including electric cars, buses, trains and trams - and there will be more cycleways and better designed homes and offices. But in most ways, it will look the same but perform better.

DELIVERING AN ECONOMY THAT SERVES SOCIETY

Australian democracy is at the crossroads. Our future as a nation, our sense of who we are and what we want for our society and local community is now being determined by mining billionaires in boardrooms for themselves and their overseas shareholders, and what they want, is being delivered through our state and federal parliaments.

The mining industry has become so powerful that the lines between business and politics have become blurred to the detriment of people and the wellbeing of our society.

The debate on the Minerals Resources Rent Tax is a microcosm of the choices before us in the clash of interests between the mining industry and the people.

Labor refuses point blank to fix the loopholes in their dud of a mining tax that has only raised \$126m of the supposed \$2b it was to raise in its first year. It is foregoing the revenue needed for key reforms - including implementing Gonski and dramatically increasing funding to our public schools, fully implementing a National Disability Insurance Scheme, expanding Denticare or building high speed rail.

Labor is refusing to increase support to those on Newstart whilst taking more money out of the pockets of single parents than it has collected from the mining tax. The Coalition not only supports this but would go further.

The Greens are standing with the people against the interests of the big miners. We recognise that Australia needs to raise more revenue and that it should not come from the poorest in our community but the wealthiest.

Not standing up to the miners means we are creating a less caring society; a society in which people have citizenship, the right to vote but feel they have no power vis a vis the rich and powerful.

The young are beginning to give up on democracy. Is that a price Australia wants to pay?

The mining boom has led to the persistently high Australian dollar and has done major damage to our manufacturing, agricultural and tourist industries.

Manufacturing has lost 125,000 jobs over the last four years and once again we have seen the government lack the courage to put genuine obligations for local content on the on-going multi-billion mining investment projects, let alone propose slowing down the boom to ease the structural adjustment pressures.

The boom ignores the rich job creating potential of keeping our natural landscapes intact and not having them dug up, cut down and shipped overseas. The tourism industry employs almost double the number of people than mining - 4.5% of Australians are employed in tourism compared to only 2.3% in mining.

Labor, Liberal and Nationals have made their choice. It is for the big miners and the green light to environmental destruction.

By choosing the big miners, the Labor government is no longer honouring our agreement to work together to promote transparent and accountable government and the public interest or to address climate change.

Labor has effectively ended its agreement with the Greens. So be it.

But, we will not allow Labor's failure to uphold the spirit of our agreement to advance the interest of Tony Abbott. We will not walk away from the undertakings we gave to the government in the Agreement and the people of Australia to deliver confidence and supply until the Parliament rises. The Greens will not add to the instability that Labor creates for itself every day.

We Greens understand what matters to people - the place they live in, the health of their family, the air they breathe, work-life balance, a safe global climate not plagued by worse and worse extreme weather.

The founder of the Greens world-wide, Dr Richard Jones, stood before the United Tasmania Group 40 years ago and said, "We do not believe that our time is the best time ever, but it is our time and we owe it our prime duty and affection." We Greens intend to do just that right up to polling day and beyond. ▲

These are edited extracts of Australian Greens Leader Christine Milne's National Press Club speeches. To read the full text, please visit <http://greensmps.org.au/content/video/join-us-standing-community-against-wealthy-mining-companies>

“whilst the economy is growing, our quality of life is stagnating, our environment is suffering, and we are failing as a country to invest seriously in the things that we value, the things we need now if we are to have a better future...”



PRODUCTIVITY IN QUESTION: AN ALTERNATIVE VIEW OF ECONOMIC PROGRESS

THE ECONOMY SHAPES MANY ASPECTS OF OUR EVERYDAY LIVES WITHOUT MUCH TIME SPENT QUESTIONING WHAT IT IS AND WHETHER THERE IS A BETTER WAY. GREEN MAGAZINE IS DELIGHTED TO OPEN UP OUR PAGES TO LEADING AUSTRALIAN ECONOMIST, **FRANK STILWELL** TO SHARE HIS IDEAS ON WHY WE NEED A DRAMATIC CHANGE IN ECONOMIC THINKING.

Calls for higher 'productivity' pervade speeches by business representatives and politicians from both major parties. They are routinely echoed in the mainstream media. The public are encouraged to produce goods and services more efficiently, either by working harder or smarter, and warned that failure to do so would reduce living standards and damage the economy.

From a Green perspective, such rhetoric requires critical consideration. What assumptions underlie calls for higher productivity? What policies are implied? Would they produce sustainable outcomes? Are there alternatives that would better serve society under the current economic and environmental conditions?

Certainly, we don't want to be unproductive, any more than we would seek to be inefficient, but the relevant question is: 'productive or efficient in doing what?' Is producing more 'stuff' more cheaply the be-all-and-end-all of the economy, or do we need to consider how economic means can best serve broader social ends? How could 'productivity' relate to creating a better society?

WHAT IS PRODUCTIVITY?

The meaning of 'productivity' in current economic discourse is problematic. The conventional measure typically involves dividing the output of goods and services by the number of person-hours involved in making them. That is the standard measure of labour productivity. However, this measure depends on the

amount of capital equipment with which workers do their jobs. Labour productivity therefore tends to be higher in the more mechanised industries.

Attempting to take account of this bias, economists have sought to measure 'total factor productivity'. This concept relates the output of goods and services to the combined contribution of both labour and capital. However, whereas the input of labour can be measured in physical terms (as person-hours), capital can only be measured by the market value of the machinery or other productive assets that are being used. The measurement of physical productivity therefore tends to become confused with profitability.

Although this last concern may appear somewhat technical, it has considerable social significance. The prevailing measure of 'productivity' accepts that more 'stuff' is always desirable and should be valued at its current market prices. Questions of resource constraints and sustainability aren't considered. A narrow 'productivist' viewpoint dominates over broader social concerns about what is being produced, for whom and at what environmental cost.

A 'LOW ROAD'

This bias in the concept of productivity is magnified by its dominant interpretation in policy proposals. Neoliberals focus on the labour market, typically emphasising the need for more 'flexibility' on employers' terms. Calls for higher 'productivity' drive the renewed campaign for right-wing industrial

relations 'reform'. The return of WorkChoices, or some variant thereon, is clearly favoured by many in the Liberal and National Parties, including the repeal of unfair dismissal regulations, greater employer control over working hours and the substitution of casual and contract labour for permanent employees.

This is a low road to economic reform, using labour market 'flexibility' to drive national 'competitiveness'. It actually has little to do with physical productivity, being more about raising profits by cutting wage costs. It also sets aside the very real concern that, for many forms of industrial production, Australian industries simply cannot compete with overseas producers, like China, where labour costs are a tiny fraction of those in Australia.

A 'HIGH ROAD'

Rather more sophisticated is the view that higher productivity should be sought through policies emphasising education and innovation. In doing so there is recognition that our economic future lies in high skill 'niche' industries, where technological leadership and expertise will be pivotal to Australia's economic success.

This is more characteristically how the issue has been framed within the ALP. Seeking a 'high road' for economic reform, the current federal government has emphasised building a 'knowledge nation' as the key to achieving higher productivity. This is certainly a significant advance on the neoliberal approach, but it leaves other big questions unanswered. Does the rhetoric about the 'knowledge nation' actually flow through into effectively funding universities and colleges of further education? And what of the view that education has broader personal and community purposes, beyond its instrumental effects on economic productivity? Does the drive for higher productivity necessarily result in social improvement?

A DIFFERENT DIRECTION

Digging more deeply into these concerns requires a paradigm-shift. This was evidently in the mind of national Greens leader Christine Milne when giving an address to the National Press Club in Canberra last year. She laid out a different way of thinking about what constitutes economic progress. Countering the view that Greens are universally opposed to economic growth, she emphasised those aspects of growth that enhance wellbeing, contrasting these with destructive or unsustainable forms of production. From this perspective, the primary focus for economic reform must be to shift our patterns of production and distribution in directions that are socially beneficial and compatible with environmental constraints.

Take the case of coal mining. This is a highly 'productive' industry in Australia, according to the conventional economic measure – it generates vast outputs with relatively few workers. Yet, in the long term, it is an unsustainable industry. The nation

“Unless economic policies reduce the use of non-renewable resources and environmental damage, any short term effects of higher productivity would only be temporary, distracting us from the bigger challenges of fundamental economic restructuring.”

needs a plan to restructure the economy, particularly in regions where mining is concentrated, so that green jobs replace unsustainable employment. While that would not increase short-term productivity, as conventionally measured, the long-run pay-off would be

substantial. Indeed, in the long term we cannot afford not to do it.

Another example is Australia's agri-food industry. To intensify biophysical 'productivity', farmers have increasingly adopted the products of agribusiness: mechanised equipment, insecticides, fertilisers and new seed varieties. These products aim to make nature work harder and faster to increase yields, reduce turnover-time and employ inputs more efficiently. Yet, nature is not necessarily compliant, as its biophysical characteristics often proves recalcitrant to these intensification efforts.

PRIORITIES FOR GENUINE PRODUCTIVITY

The productivity debate raises key strategic issues about Australia's future wellbeing. However, instead of continued exhortation to more 'competitiveness' in order to enhance economic growth – essentially more of the same - we need a change of policy direction.

Infrastructure investment must be a priority, building improved transportation systems and better-funded schools, universities and technical colleges. Public investments like these open-up potential for long-term economic progress, often more effectively than private investments geared to short-term profitability.

A second priority has to be more equitable distribution of the fruits of economic progress. There is now abundant international evidence that more economically-equal societies have fewer social problems and more contented populations than the most unequal ones. Distribution is at least as important as the overall level of productivity.

Sustainability is also fundamental. Unless economic policies reduce the use of non-renewable resources and environmental damage, any short-term effects of higher productivity would only be temporary, distracting us from the bigger challenges of fundamental economic restructuring.

CONCLUSION

It is always important to distinguish between means and ends when discussing economic issues. The test of economic means is how effectively they serve social ends. 'Productivity' measures and policies that are presented as if they are ends in themselves violate this principle. The ultimate test of economic progress should be whether it creates a more secure, equitable and sustainable society. ▲

Frank Stilwell is Professor Emeritus of Political Economy at the University of Sydney, and an active member of the NSW Greens Economics Working Group.

The Value of Nature

IN AN ISSUE OF GREEN MAGAZINE SO FULL OF ECONOMIC DEBATE AND CONCEPTS, **PAUL DIXON** SHARES WITH US HIS VERY PERSONAL STORY OF ECONOMIC STRUCTURES FAILING HIM, AND HIS RETURN TO NATURE AS A RESULT.

In October 2012 I published a small collection of environmental poetry which represented a distillation of more than 35 years' experience in nature. It had been written more than a year earlier at a time when I became homeless and unwell from my overall predicament. Even though I had continued working as a lawyer from the swag, the only thing I had to leave to my children of any real value was a connection to nature hopefully to be described forever in writing.

Some personal financial arrangements and my socio-economic background meant I had nowhere else to turn. With certain lessons in mind I had taken from nature over the years and which I wished to pass on to my children, the book was penned hastily in the light of my campfires in local State forests and National Parks where I was sleeping. It did however confirm just how distant my heart and mind had become from my own people.

I was soon forced into bankruptcy and a disgraceful ending to my eight or so years of work without a holiday for clients from a lower socio-economic background on behalf of Legal Aid NSW. The NSW Law Society allowed me to continue practising as a lawyer, however by that stage my relatively public demise and reconnection with nature on a more substantial level through the book made practising as a lawyer unpalatable. The book was released for sale more or less unedited and I now act occasionally for disabled or mentally ill persons and make a meagre living selling my landscape photos.

Retreating to nature was a bit of history repeating itself for me. I grew up often needing nature as a place to hide, to become unseen and a part of it served my small interests as a little and frightened child. I was allowed more dignity in nature from very early on and was extremely grateful for it, and I wanted to know everything about nature. I studied science at university and approached indigenous peoples and artists, and I found being an Anglo Saxon Australian (educated or not) was not the best place to come from in understanding our place in nature. I was always more interested in spending my time exploring local bushland than going overseas or drinking sessions. It was therefore sad but not difficult for me to eventually be forced to work as a lawyer during the



day and sleep in the bush at night as ridiculous as that may sound.

I place much weight on going deep into nature continually throughout my life, and my not carrying the burden my siblings now do and that which many others do because of their socio-economic childhood. As a criminal and mental health lawyer I got to know the fine details of people's lives many of which I shared, but I was their lawyer not an inmate,

fellow patient or support person. I could well see why they became drug or alcohol dependent and develop mental health difficulties. The repeated theme for me was they had no haven to retreat to when they were often exposed to depravity as children and adults, nothing.

The book is therefore an expression of an individual who has relied upon nature as a sanctuary as a matter of necessity, and the observations I have made as part of that process. Essentially I have seen many undesirable traits in people with extremely serious consequences such as death, and many desirable traits in nature which get very little airtime. I just wanted my children to know of these things, and not have a watchmaker's view of nature but an open one based on them being a part of it and after all from it.

I think it is obvious I was under a great deal of stress when I wrote the book, in that some of the poems are not as well composed as others although the messages are still there. But I also know that when I read some now I was clearly in nature when I wrote them. It is clear to me the poems are from nature not me, I was just the reporter when I wrote them and I am so glad that if I never go on to leave anything else to my children which is a distinct possibility, I did this for them. I will never regard nature as being there for me or others, but that does not equate to nature not having significant and possibly life changing meaning to me or others which I wish my children and now others to contemplate through my poems. ▲

*Paul Dixon now lives in rural NSW with his two young children and is glad to be living a quieter life alongside forests once again. He studied Science and Law at the University of Newcastle. Paul's book, *Of Nature and Latent Art* is available as an e-book through Amazon for \$2.99 or he can be contacted directly at pauldixon@comcen.com.au*



THE “SNIPER” WELFARE SYSTEM

WE ARE A NATION ADDICTED TO OUR LOW TAXES AND WE’RE EVER HUNGRY FOR MORE TAX CUTS. **CHRISTOPHER STONE** EXAMINES WHY CONTINUING TAX CUTS ARE UNSUSTAINABLE AND HOW THIS LEADS TO A REDUCED ABILITY TO PROVIDE ESSENTIAL SERVICES AND EQUALITY.

Fans of Australia’s welfare system talk so much about how well-targeted it is that you’d be forgiven for thinking that they’re describing a highly-skilled sniper. Unfortunately our welfare system’s aim isn’t always as good as it could be, and we are currently running low on bullets.

“TARGETED” WELFARE AND TRANSFERS

If we compare Australia to the other wealthy countries in the OECD (Organisation for Economic Co-operation and Development), it’s clear that the fans have a point. A high proportion of government-provided benefits and subsidies go to those with the lowest incomes. For example, in 2005 Australia had the lowest level of government transfers going to the wealthiest half of the population, only 18.6%; the OECD average was 45.4%. While the growing differences between OECD nations should be kept in mind, there are broad similarities and in general this group of countries provides a useful benchmark.

But is restricting government transfers to the poor really such a great idea? Some of the countries that hand over more of their cash to higher earners have deliberately chosen a universal approach, where benefits or subsidies are an entitlement attached to citizenship and participation, not poverty. Fans of this approach argue that universality leads to increased social cohesion from shared experience, as well as continued political support for government services which makes them less likely to be cut. On the other hand, a case can be made that targeted welfare does a better job of building social cohesion by reducing income disparity, or that the cheaper price tag makes it more sustainable. This is an important debate, and as Australia moves towards a more entitlement-based

culture it is a debate we need to have. However, a move to a more universal model would be a major shift from our current system, and it’s unlikely to happen in the short-term. In the meantime we urgently need to refine our current targeted system.

AUSTRALIA IS A LOW-TAX COUNTRY

By choosing our targets, we use fewer bullets; our targeted transfer system allows us to ensure that all Australians have the basic necessities, while keeping government expenditure low. This means that Australia is a low-tax country, but many Australians are unaware of this. Perhaps some confusion is caused by the fact that many countries impose a separate “social security tax” on wages, in addition to “income tax” – which pays for those higher benefits to higher income earners. Because Australia bundles it all in together, our “income tax” is higher than in most other OECD countries, but the total tax we pay on our wages is lower. To make this clear we can use OECD comparisons of its member countries wage taxes (which include social security tax and other taxes that come out of wages). Because the proportion of wage taxes in all OECD countries depends on income and family circumstances, the OECD compares the taxes of different hypothetical households. Across all these hypothetical cases, Australia is in the bottom 8 out of 34 OECD countries in terms of percentage of tax imposed on wages.

Figure 1 shows the wage taxes of OECD nations for one of these cases, the average wage earner when single with no children.

Because there are a number of other types of taxes apart from those on wages, it is also worth looking at Australia’s total tax burden as a percentage of GDP.

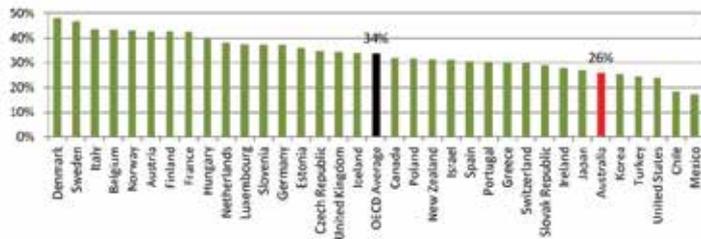


FIGURE 1: TAXATION LEVELS FOR A WORKER WITH AN AVERAGE WAGE (SINGLE, NO CHILDREN) (SOURCE: OECD, 2011)

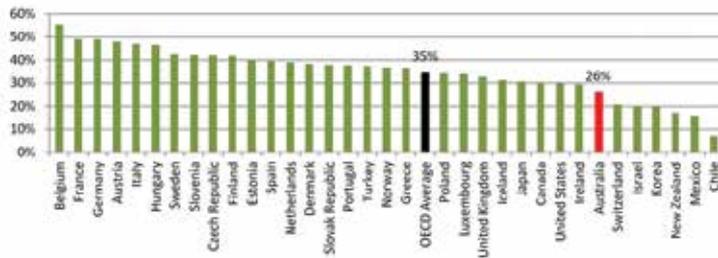


FIGURE 2: TOTAL TAX BURDEN AS A PERCENTAGE OF GDP (SOURCE: OECD, 2011)

Here again Australia has a lower tax burden than most other OECD countries as shown by Figure 2.

RUNNING OUT OF BULLETS

Despite the fact that Australia is already a low-tax country, we have had a long trend of further reducing tax rates. The effects of this don't always become obvious immediately. Revenues can temporarily rise due to good economic times despite underlying tax reductions, as occurred under the Howard government. So, one method of looking for underlying tax changes is to examine revenue as a percentage of economic activity. If we look at taxes collected as a percentage of GDP we can see that, for example, our 2010 revenue was at 25.6% of GDP, down from 30.3% in 2004. This was the most significant decrease of all OECD countries during that period; the OECD average change was 33.8% down from 34.3%.

Another method is to look directly at tax rates, though the complexity of many taxes can make interpreting the data difficult. For example, comparisons of income tax rates over time can be difficult because there are a number of tax brackets, and this number can change. However, it is worthwhile looking at changes in income tax rates over time, because of all taxes and duties collected by Australian governments, income tax is the largest, and one of the most stable revenue streams. Fortunately, since the 1994-95 financial year there has consistently been five tax brackets, and this makes comparisons clearer.

As a side note, income tax also plays a strong role in reducing inequality. Australia has a highly progressive tax compared to other OECD nations. Our tax on high income is large relative to our tax on low income (though still not large relative to taxes internationally), and as with targeted welfare this reduces income inequality.

Figure 3 shows the changes in the income ranges

of the brackets over time. Changes are made to the brackets to avoid "bracket creep" where taxes effectively increase because inflation and rising real incomes mean a greater proportion of people enter higher tax brackets. The numbers show the tax rate for each bracket in the 1994-95 financial year, and also show any year that the rate changed and show the new tax rate. The black line shows Australia's median annual income over that time.

Looking at this figure it's clear that there has been very little bracket creep. It's true that the tax free threshold has not kept pace with median income increase, but it is not a marked deviation. (This will be corrected for the 2012-13 financial year as the government has significantly raised the tax-free threshold.) The reverse of bracket creep has occurred for some high income earners. There was a significant increase in the range of the second highest bracket in the

last few years. This would have meant that a number of high earners would have paid much less tax as more of their income was in the lower bracket. (For example, excluding complicating factors such as deductions, income tax on a salary of \$180,000 would have dropped by \$4,250 between 2006 and 2009 even if there had been no change in tax rate.) However, the majority of Australians will be close to the median income, and this has stayed within the same bracket.

The most significant aspect of this figure is that the rates of tax in all brackets have all declined (with the exception of the tax-free bracket) by 2-5%. (So in the example above, again excluding complicating factors, the actual drop in income tax over the three years was \$10,150.) Since this can't be said to be compensating for bracket creep, it represents a real and significant decrease in the rate of Australia's most important tax.

The parliamentary library had recently been requested to produce a calculation of the total forgone revenue of the past two decades from tax cuts. Based on forward estimates of lost revenue (which only cover two to four years) they calculated a figure of \$163 billion, which they acknowledge is likely to be a substantial underestimation. To put that number in context, it is around half the size of the total revenue taken by all governments (federal, state and local) in the 2009-10 year. Even when spread over 20 years, this represents a significant level of lost income for government, especially since it is likely to be an underestimate and is not adjusted for inflation.

This level of tax cuts is not sustainable, and the lack of resources it leads to are causing increasingly serious problems. The recent consensus on the need to increase unemployment benefits, including agreement from the Business Council of Australia, shows that welfare is being neglected. As well as the welfare itself, the system to provide the welfare is under strain in the form of staff cuts to the

responsible government agencies. Just one example of this are the reports late last year of extremely long wait-times when ringing Centrelink, to the point that people fell asleep and had to be woken when their turn finally came. At the risk of stretching an analogy, we are asking the sniper to skip meals as well as giving them too few bullets. There are also less direct problems, the challenge of maintaining basic welfare and services with decreasing resources can tempt government into underspending on infrastructure. This will give a short-term saving, but many Australians, and our economy generally are now feeling the effects of inadequate infrastructure.

HITTING THE TARGETS

Although our transfers system is well targeted by international standards, it is far from perfect. During the time the Howard government was in power there was growing concern about “middle class welfare”. The way family benefits flowed to high and moderate income families as well as those in more serious need, undermined our targeted system and placed increasing strain on revenue as taxes were cut. And the benefits given to superannuation can often accrue more to the well-off due to factors such as their increased ability to make voluntary contributions, and the flat taxation on superannuation means a greater tax saving to those whose income enters the higher brackets on our progressive income tax system.

As well as hitting targets it shouldn't, welfare can also miss targets it should hit. The reforms on disability assistance and dental health funding are two good examples of attempts to fill gaps that previously existed. Less admirable actions of the Gillard government was to effectively reduce income to single parents, the savings from this were greater than revenue from the mining super-profits tax. Taking more money from single parents than from mining companies during a boom, does not sound like well-targeted tax and transfer.

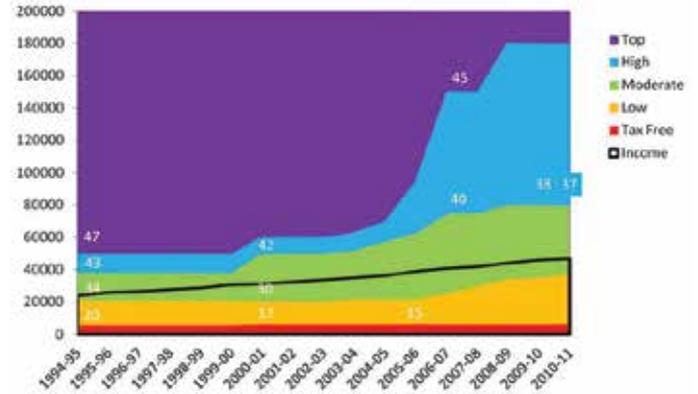


FIGURE 3: MEDIAN AUSTRALIAN INCOME AND INCOME TAX BRACKETS WITH ACCOMPANYING TAX RATES

HOW NOT TO BREAK A GOOD SYSTEM

The tax and transfers system Australia has developed may not be perfect, but it is a fundamentally sound model we are in the process of breaking. Improved targeting of welfare and subsidies is possible. This will gain us resources in some areas, where middle class welfare is removed, but also add costs as previously neglected disadvantage is addressed. Most importantly we need to recognise that Australia is already a small tax nation, and continuing tax cuts are unsustainable and will lead to reduced ability to foster equality through essential services. The effects of cuts to hospitals, TAFEs, rail infrastructure, child protection services, and many other vital functions will fall most heavily on the already disadvantaged. ▲

Christopher Stone is the Research Director of the Public Service Research Program at the Centre for Policy Development. He is a co-author of CPD's report "Big Society: How the UK Government is Dismantling the State and What it Means for Australia". Christopher's focus in the program has been on outsourcing, and the private provision of public services; he is currently examining the issue of efficiency in the public sector.

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Take Back Your Dirty Water

An encounter with Green Politics in Taiwan

CONTINUING WITH OUR ONGOING LOOK AT WHAT IS HAPPENING IN GREENS POLITICS GLOBALLY, **JENNY NUTTER** SPENT SOME TIME WITH THE TAIWANESE GREENS PARTY IN LATE 2012 AS PART OF A POLITICAL STUDY TOUR.

What do you think of when you hear of Taiwan? Cheap goods which have 'made in Taiwan' stamped on the bottom? Or perhaps you know Taiwan as one of the largest manufacturers and exporters of solar panels?

Taiwan has experienced rapid economic development over the past few decades with an average economic growth rate of 7.7% recorded between 1953 and 2009. It is an island about half the size of Tasmania, but has a high population density with 23.2 million people. Politics in Taiwan is dominated by the question of its relationship with China and, from an outsider's perspective it seemed that the majority of people's political allegiances depended upon whether they were in favour of independence from China, reunification or, as is the case for almost 60% of people, a preference to maintain the status quo.

During a political study tour to Taiwan in late 2012, many of the meetings focussed on this relationship with China and the 'Taiwan Experience', that is, the cause of the country's rapid economic development and its subsequent rise in democracy. And despite a

lot of talk I was only to experience this 'democracy' in action on my last day, only a few minutes after meeting up with some members of the Green Party of Taiwan.

Although they have no Members of Parliament the Green Party of Taiwan is gaining popularity, particularly with young people, and achieved over 220,000 (or 1.7%) of the vote in the last election. Keli Yen from the Green Party of Taiwan told me that this result surprised a lot of people but hoped that it will inspire more of the population to vote Green next time. Keli also explained to me the challenge of being a relatively new party; needing to increase their membership and at the same time finding the resources to pay their one part-time staffer and rent for their small office space.

On our way to lunch we happened upon a protest outside of the Ministry for Environment. The protest was organised by a farming community concerned about pollution of the Siaoli River by factories from an industrial park that hosts several of Taiwan's 'star companies' that produce computer components. The Environmental Protection Administration had conducted an environmental impact assessment of the factory and undertaken several water quality assessments from the river and after finding that the factory was in breach of Environmental Protection Laws it was instructed to change its behaviour within a required timeframe. The factory had been unable (or unwilling) to make the necessary changes to their waste management, and so the Ministry had given them an extension of time. That deadline too had passed and there still was no change from the factory, so the farmers arrived on the doorsteps of the Ministry of Environment to protest. Their signs read 'Give me back a clean Siaoli River'.

More than the story behind the protest, I found the legal and political implications interesting after my 10 days of learning about Taiwan's newfound democracy. Firstly, it was impressive that there was a very active civil society; the people were out on the streets protesting about a lack of government action and enforcement and there was a good media turnout. Excellent. However, it was concerning that this was countered by a huge police presence. At a protest of 150 people, there were about 50 police officers – a bit of an overreaction. Similarly, it seemed extreme after receiving notice of the protest the police had erected a huge barbed wire barrier around the front of the building; a very hostile reaction to a peaceful protest. Finally, I was told by my hosts from the Green Party of Taiwan that there are strict Freedom of Assembly rules in Taiwan. A group has to apply for a permit



L - R: HEN-SHEN PAN (DIRECTOR OF THE TAIWANESE GREEN PARTY), JENNY NUTTER, TWO PROTESTORS FROM THE SAVING SIAOLI RIVER ACTIONS ALLIANCE, ROBIN WINKLER (THE TAIWANESE GREEN PARTY).



“The Green Party of Taiwan cited getting the environment on the government’s agenda as one of its greatest successes so far...”

from the government which is often refused or, if approved, has numerous restrictions. This group of farmers had been granted a permit; however a police officer waved a sign at the crowd warning them that during an illegal assembly people could be arrested and that they should consider this a warning. One of the protest leaders gave a rousing speech, and the protestors produced water balloons which they threw at the ministry building chanting ‘take back your dirty water, give me back a clean Siaoli River.’ And after this, without any consultation or due process that we could see, the police officers announced that the farmer’s permit had been revoked because they had violated the criminal code by desecration of public property and were now in breach of assembly laws.

So, although it was encouraging to see an active and enthusiastic civil society participating in a well organised, peaceful environmental protest while I was in Taiwan, it was disheartening that the government did not put their words and legislation into action.

This statement probably rings true in many countries which have ‘embraced democracy’ and certainly made me think of a few examples close to home.

The Green Party of Taiwan cited getting the environment on the government’s agenda as one of its greatest successes so far and I was pleased to hear that the government had legislation in place to help protect it. However, just like in Australia, legislation is meaningless without the will to enforce it. Certainly there is a lot of talk about ‘being green’ and protecting the environment in Taiwan. For example, Taipei 101 (previously the world’s tallest building) is now promoted as the World’s Tallest Green Building based on small things like its participation in Earth Hour every year, through to larger projects like its recycled water system on the roof that meets 30% of the building’s water needs and its characteristic blue-green double paned and glazed low-e glass curtain walls which block external heat by 50%.

It’s fantastic that Taiwan’s activists are taking steps to really raise awareness about environmental issues and are taking steps to start achieving this. It occurred to me though that if Taiwan, which has undergone such recent and rapid development, is so active in promoting a green agenda, why are countries like Australia (who has been talking the talk for decades now) not taking more action? ▲

All opinions are the author’s own and do not represent the views of her employer. Many thanks to Keli, Robin and Hansheng from the Green Party of Taiwan who assisted with translation and background information on the protest.

Jenny grew up in Scotland and moved to Australia to undertake a Masters of International Law at the ANU. In 2011 Jenny began working for former Australian Greens Leader Bob Brown and is currently engaged as Office Manager for Senator Christine Milne in Canberra.

Do Something!



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Visit the Taiwanese Green Party website
www.greenparty.org.tw/index.php/en

Taipei 101 was awarded a certificate in Leadership in Energy and Environmental Design (LEED) in 2011.
www.taipei101greenon.com



SHARE

The Green Party of Taiwan would love to hear from any members who can share advice and inspiration about the early days of the Australian Greens.
greenpartytaiwan@gmail.com

THE COST OF A PROMISE

AS WE HEAD TOWARDS MONTHS OF FEDERAL ELECTION CAMPAIGNING WE CAN BE SURE OF HEARING ALL SORTS OF FANCIFUL, VOTE-BUYING PROMISES FROM THE OLD GUARD. BUT IMAGINE IF TREASURY FIRST HAD TO VALIDATE ALL THE ELECTION POLICY COSTINGS? IN 2012 THE ACT GREENS RAN A FULLY COSTED ELECTION CAMPAIGN.

BY **INDRA ESGUERRA, TOM WARNE-SMITH & LOGAN MCLENNAN OF ACT GREENS.**

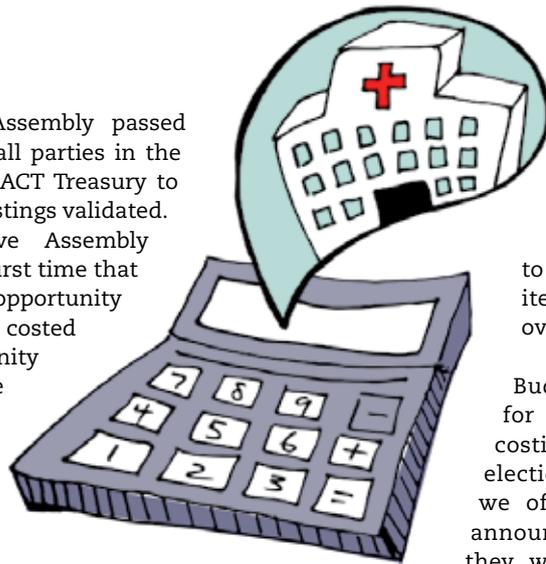
Last year the ACT Assembly passed legislation to enable all parties in the Assembly to use the ACT Treasury to have their election policy costings validated. The 2012 ACT Legislative Assembly election campaign was the first time that the ACT Greens had the opportunity to have policies formally costed and we used the opportunity to ensure that every single policy announcement throughout the election campaign was costed by Treasury. This was a first for the Greens anywhere (noting that Tasmania used a similar process to cost some, but not all of their policies in 2010).

The legislation gave us a clear statutory mechanism to demonstrate that we had credible policy ideas that were financially responsible for the Territory budget. Our team took to the task with zeal and set about creating what was the most clearly defined set of policies the Greens have ever presented to the electorate. We wanted to demonstrate our fiscal responsibility, ensuring that we couldn't be accused of the usual "Greens are full of unaffordable ideas" kind of mud.

We spent many hours settling on an appropriate spending cap and even more on how to spend it. We decided to limit our campaign expenditure to 1% of the ACT's existing annual budget of around \$4 billion, meaning we had \$160 million for promises over four years. Once we had cut over half our ideas to stay within that limit and the policies were agreed on, the process of costing and adapting them to fit took hundreds of hours.

The media covered our policy launches very well throughout the campaign, and the scrutiny over the costings made it feel like our work was worth it. The Liberals largely didn't cost their policies, instead preferring to stick to rhetoric. In the policies they did cost, they made substantial mistakes. To our team's credit, our costings were exceptionally accurate and in all but a few cases only deviated where there were factors that we couldn't know. All of the parties' costings are still on the Treasury website.

The fact that our policies were costed made it



much easier to negotiate a new Parliamentary Agreement with the Labor Party, as they knew easily how much they were signing up to when they agreed to the various items which we will see rolled out over the coming four years.

The Federal Parliamentary Budget Office is an opportunity for the Federal team to have their costings verified for the federal election campaign. We found that we often held ourselves back from announcing policies at key times, as they weren't yet costed, and costing timelines also meant we had nothing to announce in the last week of the campaign. There is probably a better balance between being fiscally perfect and being politically pertinent. Our limited budget envelope resulted in our policies being more modest in the face of the hundreds of millions being promised by the ALP and Canberra Liberals.

It seems that from the costing experience, people are still largely attracted by big ideas and vision, and are easily spooked by scare campaigns. Although we knew that our costings were watertight and fiscally responsible (and so did journalists), it is not a mass vote-winner, and can only be one more thing to add to our overall campaign toolkit. ▲

Indra Esguerra, Tom Warne-Smith and Logan McLennan are all currently staff of ACT Greens Minister Shane Rattenbury.

Indra was Campaign Manager for the 2012 ACT Election. She has a keen interest in the practical implementation aspects of triple-bottom line assessment and a background in campaigning issues such as wilderness, forests and uranium mining. Indra is a candidate on the ACT's 2013 Senate ticket with Simon Sheikh.

Tom Warne-Smith is one of the ACT Greens' Assembly lawyers, and checked through the detail of every single policy costing.

Logan McLennan was on the Election Campaign Team in 2012, with a role in communications.

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Crunching the numbers

JUSTICE REINVESTMENT VS INCARCERATION

Justice Reinvestment is a new but proven approach to criminal justice spending. Justice Reinvestment in the United States has successfully shown it is possible to have both less crime and fewer people in prison. The Greens want to see Justice Reinvestment adopted here in Australia too.

If you look at the figures below about our current state of justice spending, it is easy to see that we can be smarter with the way we spend our money.

At its core, Justice Reinvestment is about stopping spending more and more money warehousing offenders after their crimes have been committed and focusing instead on strengthening communities to prevent crime from happening in the first place.

Justice Reinvestment in Kansas has seen

Parole breaches drop by 48%

Reconviction rate of parolees drop by 35%

Kansas State saving over five years

Estimated at \$80 million

Australia's prison population

Approaching 30,000 prisoners

a 200% increase since the mid-1980s

The growth in the prison population over this period

Approx. 4 x higher than total population growth

Australia's annual cost to keep people in prison

Approx. \$3 billion a year

For Every \$1 spent on community legal centres

The Government saves \$100 in future justice system spending

The average cost per prisoner

\$221 per day / \$80,000 per year

Reoffence Rates

55% of Australian prisoners have served a previous sentence in an adult jail, and almost 40% of prisoners are returned to prison within 2 years of being released.

Indigenous Australians in prison

26% of the national prison population
(yet less than 3% of the total population)

Detention rates for Indigenous youth are 25 times higher than for non-Indigenous youth.

Source, ABS, Productivity Commission, Report on Government Services, AIC, Australian Crime Facts & Figures 2011

Why We Must Urgently Shift TO A SUSTAINABLE ECONOMY

SINCE THE GLOBAL FINANCIAL CRISIS, ECONOMIC ISSUES HAVE COME INTO SHARP FOCUS. **CHRIS MARDON** EXPLORES WHY IT IS IMPORTANT TO UNDERSTAND THE ISSUES INVOLVED IN MOVING TOWARDS A TRUE LOW-CARBON ECONOMY, WHAT SUCH A TRANSITION MIGHT MEAN, AND WHAT WOULD BE INVOLVED IN DOING SO.

Despite all the rhetoric about the shale oil and gas revolution, the total world supply of liquid fuels (which are essential for our current transport system and some key industries) is set to peak over the next few years and then decline. Figure 1 is taken from a federal government Bureau of Infrastructure, Transport and Regional Economics (BITRE) report published in 2009, but never made public. The figure shows that “conventional” (cheap, easily recoverable) oil peaked in 2005 and is now in decline. That decline is expected to accelerate by 2020, and further development of marginal sources of oil and unconventional sources such as tar sands, heavy oil, shale oil and biofuels is not going to be enough to offset that decline. There are huge reserves of tar sands and heavy oil, but the production of these fuels depends on the number of plants built to extract them, not on the magnitude of the reserves. The capital cost of these plants is enormous, and considerable amounts of energy and water are needed to produce these fuels. There are also major environmental effects involved with the extraction of these resources which cannot be ignored.

Figures 2 and 3 come from Prof. Charles Hall in the US and show the estimated effects of declining Energy Return on Investment (EROI) on GDP, Investment and

Consumption in the US economy. The running average EROI for the finding and production of US domestic oil has dropped from greater than 100 kilojoule returned per kilojoule invested in the 1930s to about thirty to one in the 1970s to between 11 and 18 to one today. This is a consequence of the decreasing energy returns as oil reservoirs are depleted and as there are increases in the energy costs as exploration and development are shifted progressively deeper and offshore. Moreover, these energy ratios are calculated at the well-head, and considerable amounts of energy and capital are also needed for shipping, refining and distribution, so the overall ratio is even lower. That did not matter when the ratio was still high, but it is becoming critical now.

“...the investment capital needed to finance the transition to a low carbon economy may become hard to get unless we radically transform the Australian economy to reduce private debt and channel money into essential investments.”

It is estimated that the minimum ratio required to sustain our industrial civilisation is about 8:1, but if transport and refining are included, that ratio drops to about 3:1. There are some biofuels that could compete with that, but only on a limited scale. Hence, we

must drastically reduce the demand for fuel as well as expanding the production of alternative fuels. By 2030, the EROI for extraction only is expected to fall to 10:1, and it will drop sharply to 5:1 by 2050 unless our dependence on oil is dramatically reduced. Even in 2030, the demands of the energy sector will reduce

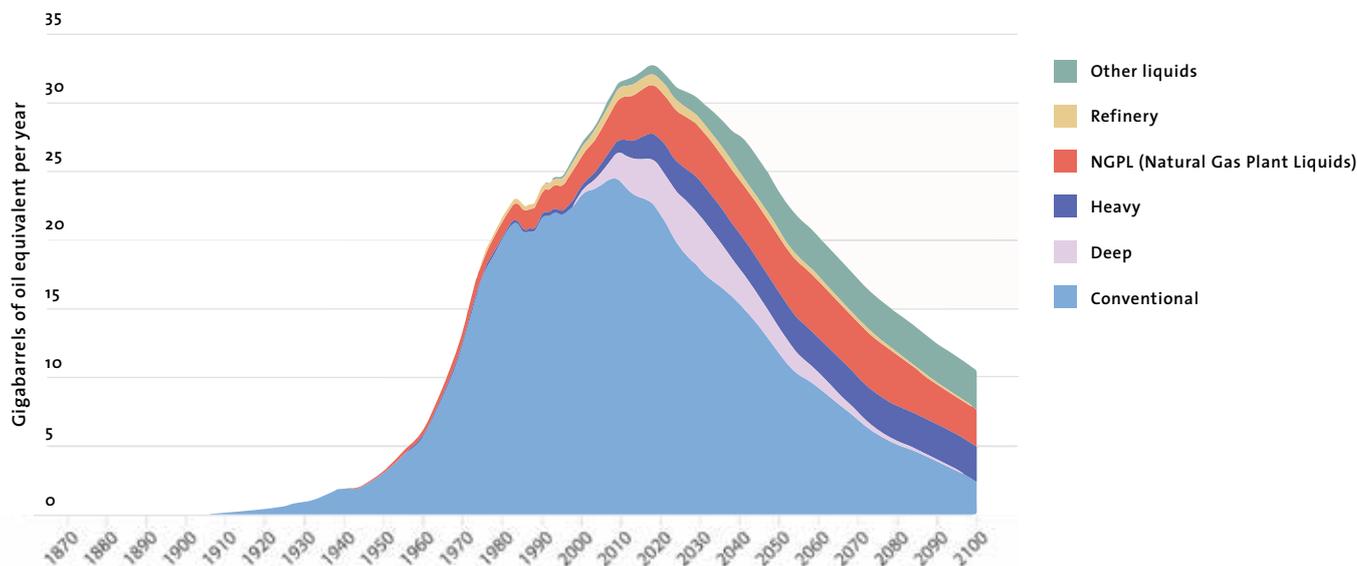


Figure 1: Components of world total liquids production

the proportion of GDP available for consumption. At a ratio of 5:1, the net energy available for use in the real economy is very small and the economy will shrink.

The information in these figures suggests that as soon as we possibly can, drastic improvements in the fuel efficiency of our transport system need to be combined with a shift to public transport and rail freight. Agriculture and forestry could become self-sufficient in fuel if appropriate incentives were available, and alternative fuels (including Compressed Natural Gas and biofuels), lightweight transport vehicles (not just cars) and more efficient traction systems (such as fuel cells) should be developed as soon as possible.

Electric cars are still not very efficient, and nearly all of our power still comes from fossil fuels, so they will not have a great impact in the short term. It should now be apparent that the imminent decline of the availability of oil combined with the declining energy return on the extraction of remaining oil resources has huge implications for the global economy, let alone the Australian economy.

CSIRO research has shown that shifting to a low carbon economy is complex, but there are some things that we can and should do now before oil supplies start to fall in earnest after 2030. The government is still in denial and has no plans to deal with this

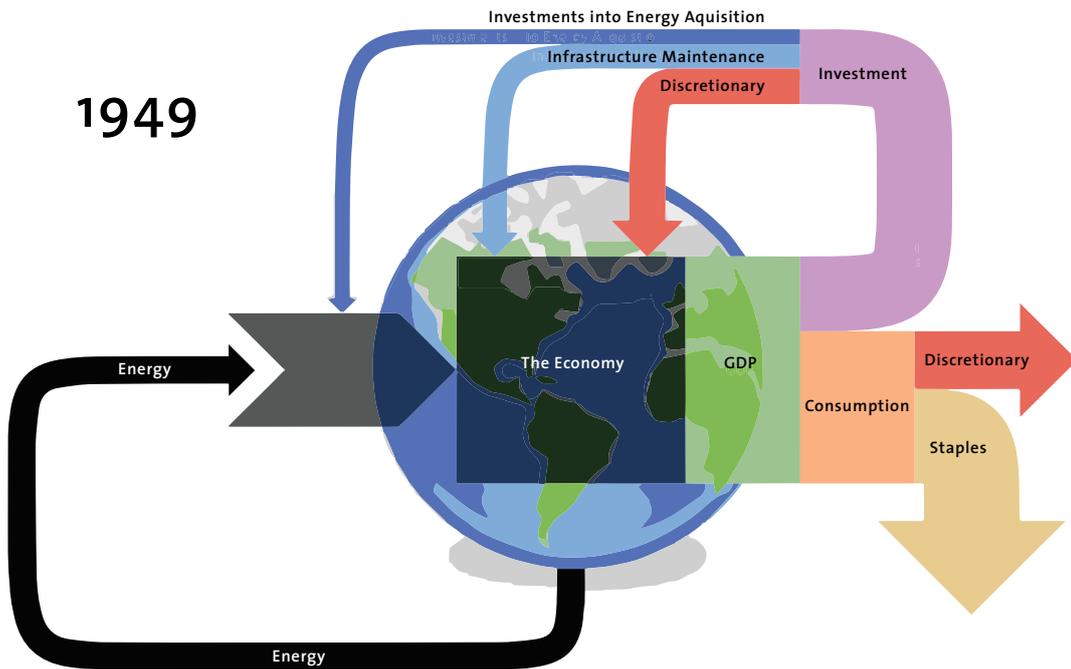


Figure 2: Energy and Economy Diagram

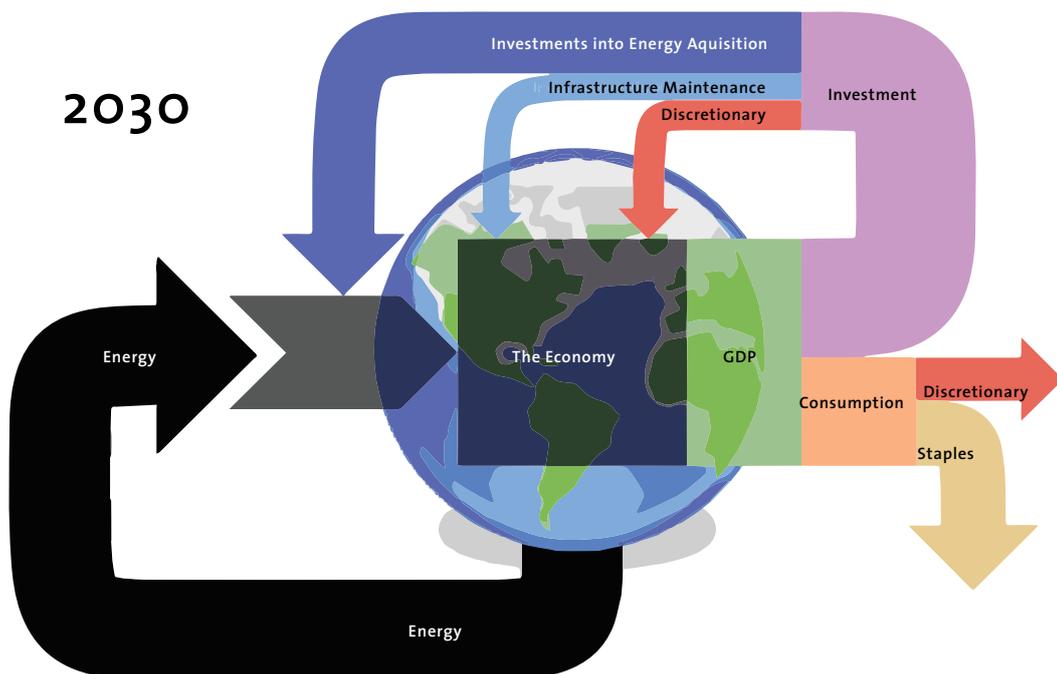


Figure 3: Energy and Economy Diagram

situation. They have been assured by the mining and oil industries that we can pay our way as long as we continue exporting huge amounts of coal, LNG and iron ore. The suppression of the BITRE report and its complete contradiction by a subsequent Department of Resources, Energy and Tourism report shows that they are in denial and have no serious plans to deal with the global energy situation. The Energy White Paper just confirms that. The public (and through them, the government) should be told the truth and prepare for a grim future. The mining boom will not change the fuel supply situation. Indeed, the mining sector itself is already being affected by rising fuel prices and shortages of investment capital. Mining, construction and agriculture (not to mention defence) are all sensitive to the cost of fuel, and the airlines could be bankrupted by high fuel prices. Promises of “silver bullets” such as algal oil should not be taken seriously.

The CSIRO has predicted that the price of petrol in 2016 could range from \$3-8/L. Our fuel prices are set by the Asian price (TAPIS), which depends on Chinese demand, and it is already \$20/barrel higher than US (WTI) oil prices. Our oil refineries are old, and the two NSW refineries are expected to close over the next year or two. The Victorian refineries will probably follow because they are becoming uneconomic. We already

import at least half of our refined fuels, and we may become entirely dependent on imported fuels by 2020. Bass Strait oil has almost gone, and most of what ABARES describes as Australian oil production is now natural gas condensate. While the IEA may lump that in with “crude oil” too, condensate is too light to be used as the sole refinery feedstock, let alone to be used for transport fuel.

The economic implications of that are enormous because fuel imports may decline just as we become more dependent on them, and the investment capital needed to finance the transition to a low carbon economy may become hard to get unless we radically transform the Australian economy to reduce private debt and channel money into essential investments. We may need to tap into superannuation funds and establish some kind of National Investment Fund to provide that finance from domestic sources, but we also need to reduce our overseas debt. It will be a rocky road over the next few years, and we need to be prepared for it. Above all we should stop being complacent and make urgent plans to restructure our economy in ways that could make it more sustainable in the future. We have squandered the 20 years since Rio, and further delays could make the transition to a sustainable future all but impossible. Australia has one of the highest ecological footprints in the world, and about half of that is our carbon footprint. We are a very long way from having a sustainable economy. ▲

Chris Mardon is an engineer and scientist who has worked in the chemical industry and CSIRO. At CSIRO, he was involved in research on the production of biofuels and other products made from biomass. He has also co-authored a number of books, including “Seeds for Change” and “Quarry Australia”. In 1999, he participated in the CSIRO study Future Dilemmas which examined the biophysical constraints on the transition to a low-carbon economy in Australia.

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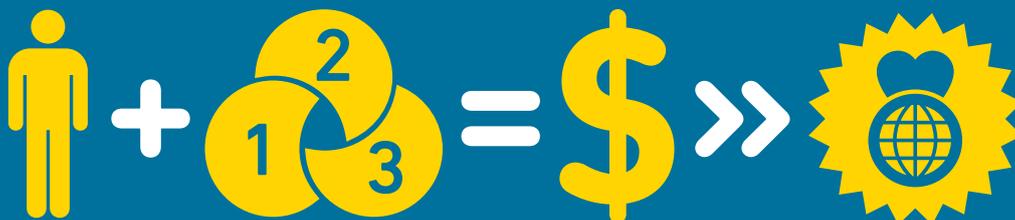
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Free Trade: What's Up For Sale?

AS AUSTRALIA SITS DOWN TO NEGOTIATE A NEW ROUND OF FREE TRADE AGREEMENTS, **ALEX SURACE** LOOKS AT WHO IS REALLY BENEFITING AS HE EXPLORES SOME OF THE NEGATIVE NON-ECONOMIC OUTCOMES.

International Trade is big business. In 2011 alone, Australia's two way trade reached record levels of over \$600 billion. As part of this exports topped \$300 billion, representing over 20 per cent of Australia's Gross Domestic Product (GDP). It is no wonder that the Government focuses a significant amount of attention on trade policy.

In an attempt to grow trade further, the Australian Government is negotiating 9 Free Trade Agreements, a mixture of bilateral (between two countries) and plurilateral (between several countries) agreements. One agreement of particular interest is the Trans Pacific Partnership Agreement (TPP).

The TPP is arguably being pushed ahead by the United States and includes 11 countries from the Pacific Rim. It is seen as a pathway towards a free trade area in the Asia-Pacific. The TPP negotiations are covering areas as diverse as investment, intellectual property, the environment, healthcare and agriculture.

While there is no denying that trade has on average led to high levels of economic activity, there are certainly questions to be asked as to who exactly benefits from free trade agreements and whether some of the non-economic outcomes which result are acceptable.

Part of the challenge in finding answers to these types of questions is due to the secret nature of the negotiations. Serious concerns have been raised by Greens and others about the lack of transparency and Parliamentary oversight into the TPP negotiations, specifically with calls for public release of information.

What is especially worrying about the way in which these negotiations have taken place is that corporations have been seen to have privileged access in some circumstances. In the US, 600 mainly corporate trade advisors have access to the negotiating text.

A leaked investment chapter of the TPP showed a proposal for investor-state disputes. This enables a single foreign investor to sue a government for millions of dollars of damages in an international tribunal, if a law 'harms' its investment, even if the law is in the public interest.

This has serious implications for health and environmental legislation including plain packaging of cigarettes. The Philip Morris Tobacco Company which makes Marlborough cigarettes, is currently using an obscure Hong Kong investment agreement to sue the Australian Government over its plain packaging legislation. This case is continuing even though tobacco companies failed in their attempt to claim damages



for the legislation in the Australian High Court.

Dr Patricia Randal of the Australian Fair Trade and Investment Network, has analysed how investor-state disputes can undermine national laws.

"Partly because of the experience of fighting the Philip Morris case, the Australian government now opposes investor-state disputes in the TPP and other trade agreements. We must hold the government accountable to implement this policy, and ensure that Australia does not enter into trade agreements which are not in the public interest," she said.

The TPP raises other questions around national sovereignty and whether the Australian Government has the mandate to allow Australian law to be overruled by provisions hidden inside agreements such as the TPP when they are being negotiated behind closed doors and primarily outside of Parliamentary scrutiny.

A leaked chapter on intellectual property in the TPP contained proposals to extend patents on medicines, which would delay the availability of cheaper generic medicines and result in higher medicine prices. There are also copyright proposals similar to those proposed by the multilateral Anti-Counterfeiting Trade Agreement (ACTA), which has yet to be ratified in Australia. The outcome of some of these provisions would see harsher laws being imposed on Australians for minor copyright infringements than would normally be acceptable by the Australian public and the potential for more expensive books and DVDs as a result.

When considering the secretive nature of how many free trade agreements like the TPP are negotiated, we have to ask how the Australian Government could think it is in the public interest to continue to do so. Especially when leaked chapters seem to indicate a desire to undermine domestic laws and regulations. If corporations are given access to the negotiations, then citizens have the right to be there as well, in the form of Parliamentary oversight.

It is for these types of reasons that The Greens advocate for fair trade over free trade agreements which are reviewable by Parliament and provide provisions for national governments to regulate issues related to the public interest such as intellectual property and health standards. ▲

Alex Surace is a NSW Greens Member, the Australian Greens Co-International Secretary, and he sits on the Global Young Greens Steering Committee.

TRANSFORMING PERTH IS JUST THE BEGINNING

SENATOR FOR WESTERN AUSTRALIA AND AUSTRALIAN GREENS SPOKESPERSON FOR SUSTAINABLE CITIES, **SCOTT LUDLAM** TALKS ABOUT AN EXCITING NEW REPORT THAT EXPLORES HOW GETTING URBAN DESIGN RIGHT CAN NOT ONLY HOUSE A CITY'S GROWING POPULATION, BUT WILL ALSO BOOST ECONOMIC ACTIVITY, BE ENVIRONMENTALLY STABLE, AND CREATE THRIVING COMMUNITIES.

The Greens, the Property Council of Australia, and the Australian Urban Design Research Centre have developed an ambitious report that demonstrates Perth can accommodate its projected population growth within the existing urban footprint of the city, while also providing a blueprint for vastly improved public transport and boosting affordable housing and local business.

The new report, *Transforming Perth: A study into the development potential along Perth's Activity Corridors* applies the world's best planning principles to solve Perth's transport, planning, and housing affordability problems. While the study involves an analysis of Perth and its potential, the planning principles at its heart could be applied to any city or regional centre.

Transforming Perth takes seven of Perth's 18 planned rapid transport corridors and identifies the potential to build between 94,500 and 252,000 new homes – depending on the mix of medium and high density. With exclusively medium density development the seven corridors would accommodate 84 per cent of Perth's infill target of 154,000 dwellings to 2031. If these findings were extrapolated to Perth's 18 Activity corridors we would have more than enough space to develop within our existing urban footprint to 2050 and at the same time reach a critical mass for high frequency trams and rapid bus services.

In the past ten years 60 per cent of Perth's population growth has occurred in outer suburbs located between 20km to 70km from the CBD. Low density detached housing at the fringes is stranding people in areas far away from jobs, services and public transport.

Studies have measured the economic cost of greenfield developments compared with infill and found the average price the public – via their state government - pays per lot on greenfield developments is \$85,000. The additional costs incurred include hard infrastructure such as power and water, private transport and personal health costs, and the impact of greenhouse gas emissions. Sprawl significantly increases the cost of providing public services such as education, medical services and public transport.

Research by Curtin University found that for every 1000 dwellings, the costs for infill compared with fringe

developments are \$308.7 million and \$687.5 million respectively - a loss to the community of \$378.8 million per 1000 lots. This figure includes the significantly higher cost of carbon emissions - estimated to be an extraordinary additional 4,400 tonnes per year per 1000 dwellings on the fringe.

Perth's urban footprint is already bigger than several major European and US cities combined but accommodates only 1.8 million residents. The city's population is growing fast and ploughing through more greenfield sites is not the answer; it's a disaster in the making. Our report shows how we can accommodate our population growth while boosting economic activity and creating thriving communities.

People should be able to live within walking distance to local jobs, services, shops, and public transport. This report demonstrates it can be done – by creating a network of high streets and a city for people, rather than a network of congested, alienating main roads.

One of the many benefits identified in *Transforming Perth* is that living on high streets reduces car dependency and traffic congestion. An additional 400,000 cars are expected on Perth roads in the next decade. Journey times have increased by 72% in 10 years. Traffic congestion costs our community \$1 billion a year – this can't go on.

The Australian Institute of Petroleum's latest figures show the average price of unleaded fuel in Perth soared to 147.9 cents per litre last week - up 3.5 cents from the previous week. In just over a month, average prices have risen 9 cents a litre. With peak oil predicted by 2017 (IMF), reducing car dependency is an economic and environmental imperative of great urgency.

In Western Australia the 'transport debate' has been largely led by the Greens – with light rail and heavy rail not only on the agenda, but at the heart of the major parties' campaigns. However, Labor and the Liberals have left a vital element out of the discussion: unless you get city planning right, you are still going to have rampant urban sprawl; you are still going to have people in new outer suburbs driving two hours to work – and paying a fortune for the privilege - and you are still going to have services and amenities stretched to the limit.



BEFORE



AFTER

The model presented in Transforming Perth is inspired by the extraordinary work of the SA Integrated Design Commission. Our 18 recommendations, rather than applying band-aid solutions, go right to the heart of the broken governance and engagement systems that have been fundamental to the chronic planning failures afflicting Perth (and many other cities).

Transforming Perth is not a manifesto, it's an invitation - asking the people of Perth, and hopefully people across Australia - to engage with how their cities and towns are planned and developed; to be heard; to take the lead. The report does not impose proscriptions but rather presents possibilities - and the conversation it has started is growing and moving fast: Transforming Perth has drawn a strong positive response, clearly communicating with a broad spectrum of people who see the need for change and the means by which to bring it about.

"The 'Transformation' of the Australian Cities to meet the twin pressures of rapid growth and climate change will only be successful if it can be achieved within a framework of financial viability, social cohesion and environmental stability. This study and its valuable partnership illustrates a progressive pathway to the future. A pathway that gets greater capacity out of our existing infrastructure, whilst retaining and complimenting the residential, transport and employment opportunities of our existing cities."

- Professor Rob Adams AM, Director City Design - Melbourne

Get urban planning right and you can deliver affordable housing to our growing population, take traffic jams off the streets, boost local businesses, reduce pollution, and free the people of Perth from car dependency in the age of peak oil. The Property Council of Australia, the Australian Urban Design Research Centre, and the Greens have produced a guide that could prove to be a turning point in getting urban planning right in the 21st century. ▲

To read the full report go to scott-ludlam.greensmps.org.au and search for 'Transforming Perth'.

Crunching the numbers

CYCLING VS DRIVING

The Greens Bike Vision 2029 outlines an ambitious plan to vastly improve cycling networks.

In addition to the personal saving to an individual of well over \$1900 a year in fuel by replacing one third of trips made by car with cycling, a functioning cycle network means huge savings for the public as a whole.

Traffic congestion

Costs more than \$20 billion a year through lost productivity

The cost of car dependency in terms of environmental impacts

Approx. \$9.6 billion

Providing 3000 additional Park n Ride parking bays at train stations in Perth over the next five years

\$50 million

Western Australians drove 50 million km in 2011 - the equivalent of 10,500 tonnes of GHG pollution

Worth \$241,500 at \$23 a tonne

Net loss per mile when driving cars

\$0.20 net loss for each mile driven, due to congestion, health, accidents and environmental impacts.

ON THE OTHER HAND...

The net health benefit of 75 cents for each km cycled

\$10.875m per year if just 29% of trips are taken by bike.

Replace your car with a bike at age 25

By retirement you'll have saved \$1 million.

Currently employed in the Australian bicycle industry

10,000 people

For every \$40million spent on cycle paths

Approx. 1,860 new jobs are created

when road projects include bike and pedestrian infrastructure.

48% more jobs are created

Cycling events & trails

Attract tourism worth \$254 million each year.

Source: Bike Vision: The Greens 2029 Perth Bike Plan (<http://www.greenswa.net.au/bikevision>)



THE ROBIN HOOD

TAX

**TAKING A LITTLE,
GIVING A LOT.**

STEALING FROM THE RICH TO GIVE TO THE POOR IS HOW THE ORIGINAL ROBIN HOOD STORY GOES, BUT THE MODERN DAY VERSION ROBIN HOOD TAX CAMPAIGN PROPOSES TO TAKE A LITTLE FROM ALL FINANCIAL TRANSACTIONS AND GIVE A LOT TO THOSE WHO NEED IT.

DIANNE HILES EXPLORES THIS GLOBAL CAMPAIGN; THE SUCCESS IT HAS HAD IN EUROPE AND THE IMPACT IT COULD HAVE HERE IN AUSTRALIA.

The Australian campaign for a 'Robin Hood Tax' was launched in May 2010. Supported by leading economists around the world, the proposition of such a Financial Transaction Tax (FTT) is that a tiny sliver, probably in the region of 0.05% (i.e. one twentieth of one percent), is shaved off speculative transactions in foreign currencies, shares, hedge funds and other securities. The proceeds would be allocated equally between domestic and international initiatives with the expectation they are invested in infrastructure, health and education at home and used to target poverty and climate change overseas.

It is estimated that globally the tax could reap about \$US400 billion; in Australia it could yield anything between \$AU6 to 18 billion. \$100 billion for international development could help meet the funding shortfall for the Millennium Development Goals (Remember them? They were meant to be achieved by 2015).

Eminent Australian thinkers, Professors John Langmore, Ross Buckley and Peter Singer, joined a coalition of think tanks, unions, religious bodies and developmental and environmental NGOs to form the campaign team. As opponents argue, it cannot be effective without international co-operation, and there are campaigns in many countries and an International FTT Campaign. In particular, nurses' unions around the world have united to call for this innovation.

The initial thrust was to persuade the G20 of the virtues of the idea. In April 2011, 1000 economists

(thirty of them Australian) from 53 countries, wrote to the G20 in support of a progressive FTT.

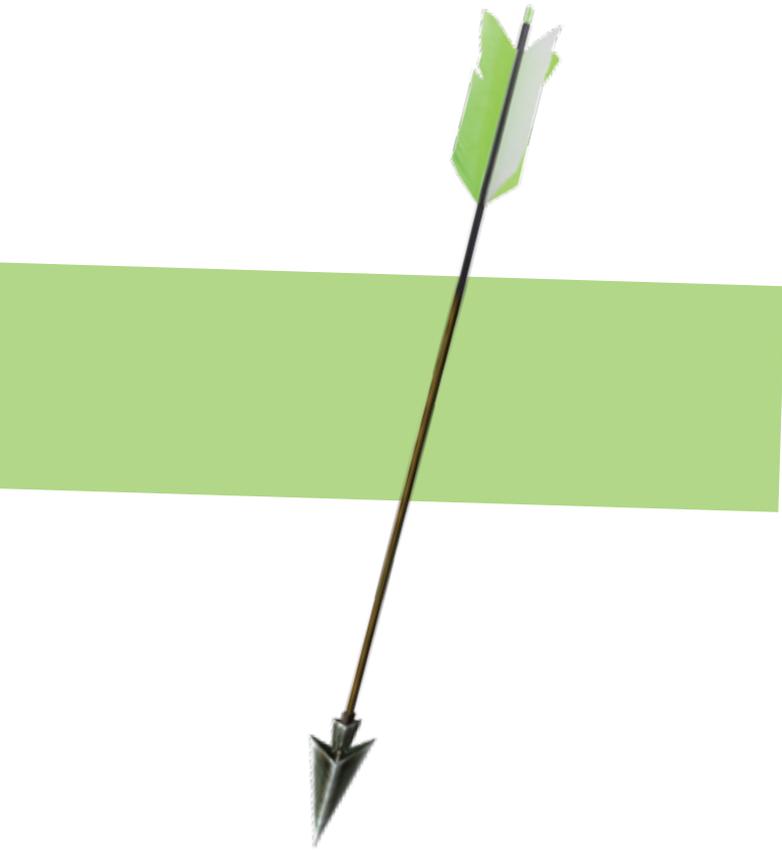
Jeffrey Sachs said in his contribution, "It is time for the G20 to agree to a tax on financial transactions to help poor countries struggling with climate, food, and economic crises they did nothing to cause. The tax would also be a fair and efficient way to help close budget deficits in our own countries as well."

You would think the latter point alone would make the concept attractive to the beleaguered ALP with their political commitment to return the budget to surplus but they remained obdurately opposed to it. Not so the Europeans. As the Euro-crisis evolved, in their quest for some stable means of generating sovereign wealth, they began to see the virtues of a financial transactions tax.

UK Prime Minister David Cameron denounced it as a "mad" tax after the 2012 Davos gathering, but 11 countries (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia, and Spain) ignored him and one year later have declared their commitment to participate in the European Commission's implementation of a FTT.

Despite the potential benefit of deficit reduction, the venom around the implementation of the Carbon Tax in 2012 deterred Australia's Labor Government from even considering another new tax. The political climate was deemed so vitriolic that the sparsely-funded Robin Hood Tax Australia Campaign retreated to producing research to frame the debate when a

"Internationally and domestically, the need to make this vision a reality grows ever more compelling."



more reasonable atmosphere prevails.

The Greens have long called for the global implementation of a financial transactions tax to provide independent revenue for addressing the global issues of climate change and poverty alleviation. High Frequency Trading could be harnessed as a force for good and globalisation just might produce some universal benefit.

Internationally and domestically, the need to make this vision a reality grows ever more compelling. Australia's minimum projected FTT income of \$6 billion could fund all the Gonski education reforms. ▲

Dianne Hiles, Greens candidate for the Federal Electorate of Sydney, was part of the Robin Hood Tax Australia Campaign launch team. She acknowledges input from Carmelan Polce, Executive Director, Jubilee Australia on the current status of the campaign

Do Something!



READ

<http://robinhoodtax.org.au>
<http://www.robinhoodtax.org>
<http://robinhoodtax.org.uk>



GET INVOLVED

<http://robinhoodtax.org.au/do-something/>



Crunching the numbers ON OFFSHORE PROCESSING

While the human costs of offshore processing in terms of pain and suffering are immeasurable, the financial costs are a huge burden on the Australian taxpayer.

We know that housing people in the Australian community while their asylum claims are processed is not only the most compassionate and practical option, but by far the cheapest.

The Houston Panel Report outlined the estimated cost of reopening and running the Nauru and Manus Island detention centres, and it makes for shocking reading.

After pursuing the question of costs in Senate Estimates hearings, Sarah Hanson-Young's office has crunched the numbers and the results are concerning:

Cost this financial year of offshore processing

\$2,124,159,000
(= \$1 billion dollar blowout since last budget)

Approx. annual cost per refugee in Nauru

\$233,333 for the first year

Approx. annual cost per refugee on Manus Island

\$375,000 for the first year

Cost of Australian charter flights to Nauru

\$250,000 per flight

Total cost of offshore processing regime over forward estimates

At least \$3 billion

Cost per asylum seeker held in detention in Australia or on Christmas Island

\$137,317 per year

Cost of resettling a UNHCR assessed refugee in Australia from overseas

\$24,000 per person

Cost of asylum seeker living in the Australian community while their claim is processed

\$13,870 per year
(both Greens policy and by far the cheapest option)

Community processing as a % of average offshore cost per person, per year

5%

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You may be surprised how your money is being invested. Take your superannuation for example. Most super funds do not ethically screen their investments, and as a result, you may be investing in companies involved in uranium or coal mining, old growth forest logging, tobacco and much more.

There are very few truly ethical funds; however Australian Ethical Super screens its investments both positively and negatively. It seeks out positive investments that support people, quality and sustainability. It avoids investments that cause unnecessary harm to people, animals, society or the environment.

Australian Ethical is investing in response to long term megatrends like resource constraints (efficiency, recycling and renewables), the ageing population (healthcare) and increased global connectivity (technology).

Choose a better future! Australian Ethical Super is open to all Australians. Go to australianethical.com.au/green to join (it only takes a few minutes), or call 1800 021 227 for more information.

What about performance?

It's a myth that you need to sacrifice returns to invest ethically.

The graph on the right shows the value of \$10,000 invested 10 years ago.*



^ Responsible Investment Association of Australasia: Benchmark Report 2011 & Australian Ethical Investments

* Past performance is not a reliable indicator of future performance. Returns are to end of 2012, and are calculated gross of any administration and investment management fees, tax, and other costs, and as if distributions of income had been reinvested at the actual distribution reinvestment price. 'Market Index' is the S&P/ASX300 index. 'Ethically Screened Index' is a theoretical index of the stocks within the S&P/ASX300 that pass Australian Ethical's positive and negative screens.

Australian Ethical Investment Ltd ('AEI') ABN 47 003 188 930, AFSL 229949. Australian Ethical Superannuation Pty Ltd ABN 43 079 259 733 RSEL L0001441. A PDS is available from our website or by calling us and should be considered before making an investment decision. Australian Ethical® is a registered trademark of AEI.

Christine's Column

FROM THE FRANKLIN TO FOREST PROTECTION TO URGENT ACTION ON CLIMATE CHANGE AND THE ROLL OUT OF LARGE SCALE RENEWABLE ENERGY.



IMAGES FROM TOP LEFT CLOCKWISE: CHRISTINE WITH JOHN PAICE AT THE FRANKLIN RIVER CAMPAIGN; CHRISTINE GETTING ARRESTED OVER THE FRANKLIN RIVER CAMPAIGN IN 1983; CHRISTINE AND MIRANDA GIBSON UP THE OBSERVER TREE; CHRISTINE GOING UP THE OBSERVER TREE IN TASMANIA'S SOUTHERN FORESTS TO SEE MIRANDA GIBSON; CHRISTINE AND SCOTT LUDLAM AT THE ABENGOA SOLAR POWER STATION IN SPAIN; CHRISTINE AT THE GEMASOLAR POWER STATION IN SPAIN.

- Christine



Dinosaur Prints on the Kimberley Coast.

The world's biggest print, 1.75m across (not pictured), would be destroyed by Woodside's gas hub.

PHOTO BY BOB BROWN