

Joint Strike Fighter project faces more delays

Dan Oakes
DEFENCE CORRESPONDENT

THE US Defence Secretary, Robert Gates, has sacked the general in charge of the troubled Joint Strike Fighter project and withheld hundreds of millions of dollars in payments from the prime contractor.

The moves come less than a month after Mr Gates ordered a delay to the \$US300 billion (\$340 billion) JSF program, including temporarily cancelling orders for 122 of the next-generation aircraft in order to help fund further development.

The Australian government has committed to buying at least 14 of the cutting-edge fighters at a cost of \$3.2 billion, and has

indicated it will eventually take 100 of them, or four fighter squadrons, at a projected cost of \$16 billion. But that cost could blow out with delays and disruptions to the program.

The JSF, also known as the F-35, is a "fifth-generation fighter" earmarked to replace the RAAF's F-111 bombers and the FA-18 fighters from later next decade in what will be Australia's largest defence purchase. There has been heated debate over whether the plane can be delivered on time and on budget, and if it will be the dominant fighter its makers have claimed.

Australia is one of eight countries that have agreed to co-finance the plane's development with Britain, Italy, the Nether-

lands, Turkey, Canada, Denmark and Norway.

Mr Gates announced on Monday that Major General David Heinz would be replaced at the helm of the project and that Lockheed Martin would miss out on \$US614 million in payments.

"The progress and performance of the F-35 over the past two years has not been what it should," Mr Gates said, adding "a number of key goals and benchmarks were not met."

The Defence Minister, John Faulkner, welcomed what he said was "a strategy to stabilise cost and schedule", but also pointed out that the budget handed down by Mr Gates had yet to pass through Congress.

"The Australian government

welcomes the decisive action taken overnight by the United States government to reduce risk in the F-35 Joint Strike Fighter program," Mr Faulkner said.

"The Australian government's staged acquisition approach to the JSF, commencing with the acquisition of 14 aircraft, has strongly mitigated risk in relation to this vital program. As part of the government's JSF acquisition strategy, significant cost and schedule buffers were built into Australia's project in anticipation of the steps announced in the US today.

"As is to be expected with such a large and complex project, the JSF will continue to face risks. Australia will continue to work closely with the US and other

international partners to closely manage these risks and ensure the success of the JSF Program."

However a defence procurement expert, Andrew Davies, from the Australian Strategic Policy Institute, said yesterday that delays and cost blowouts to the JSF program were squeezing the Australian government.

"Defence's position has always been that they have enough contingency in their budget and schedule that it won't be a problem, but this further erodes the slack that we had," Mr Davies said.

"It's certainly trending in the wrong direction. Is it catastrophic? Probably not. Does it raise the level of risk? Yes it does."

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On hold ... the Joint Strike Fighter, Lockheed Martin F-35 Lightning II.

Unis take heart in enrolment numbers

Dan Harrison
EDUCATION CORRESPONDENT

UNIVERSITIES appear set to weather the storm of bad international publicity over attacks on Indian students. The latest data on student visa applications suggest vocational colleges will bear the brunt of the damage to Australia's reputation as an education destination.

Despite a sharp drop in applications from India, the Immigration Department received 28,403 student visa applications for higher education between October and December, a 2 per cent increase in the corresponding period the previous year. But student visa applications for the vocational education sector fell to 19,530, a drop of 38 per cent.

Across all sectors of education, there was a 15 per cent drop in visa applications.

Education is Australia's fourth most valuable export, worth more than \$17 billion last year.

The chief executive of Universities Australia, Glenn Withers, said the strength of university applications was a "relief".

"Essentially all countries except India have increased their desire to study in Australia," Dr Withers said.

Dr Withers said that while many of the issues which had attracted negative publicity - such as college collapses and unscrupulous practices by operators and education agents - were confined to the vocational sector, universities had feared they would become "collateral damage".

The growth in applications was especially welcome as it had occurred despite a strong Australian dollar, the economic downturn, stricter visa processes and changes to skilled migration policies, all of which had been expected to dampen demand.

He said the international network of alumni who had studied at Australian universities seemed to have limited the impact on the higher education sector.

The Education Minister, Julia Gillard, cited the figures in parliament last night as she delivered a ministerial statement marking a year since the government received the Bradley review of higher education. "Despite recent troubles impacting on our international education sector, indicative data suggests that growth in international enrolments at university is holding up," she said.

Joyce refuses to rule out backing means test

Mark Metherell
HEALTH CORRESPONDENT

THE opposition's finance spokesman, Barnaby Joyce, is keeping open the option of backing a means test on health insurance rebates, a step he acknowledges would break what has been an "article of faith" for the conservative side of politics.

Senator Joyce last night told the Herald that he would back the rejection by the opposition of legislation to introduce means testing, which is expected to be voted down in the Senate this month.

But, he added: "Down the track everything is on the table as debt progresses under Labor ... when debt becomes the master."

Senator Joyce, who made his reputation as a maverick, has promised several times since his elevation to the shadow ministry in December to abide by Coalition principles.

His comments have been fuelled by a fresh attempt by the government to reverse the opposition stance, which the prime minister, Kevin Rudd, has said will cost \$100 billion over 40 years.

Yesterday the Health Minister, Nicola Roxon, and the Finance Minister, Lindsay Tanner, wrote to Senator Joyce seeking to exploit his earlier comments that he had an "open mind" on the rebate means test.

Although the opposition leader, Tony Abbott, had ruled out the opposition reconsidering its stance against the means test, Senator Joyce was quoted last month as saying that he would "have to positively consider it" if it should show that the measure did produce net savings.

Ms Roxon urged Senator Joyce to back the means-testing, saying that it would ensure the rebate was fair and reasonable.

The government rejects claims that the means-testing would trigger an exodus from health funds and as a result pump up strains on public hospitals.

The phasing-out of the premium tax rebates, which range from 30 per cent up to 40 per cent for older fund members, would have only a slight impact on member numbers, Treasury modelling has shown.

About 10 per cent of adult members would lose all or part of the rebate, which is at present worth about \$1000 on a typical family premium.

But the majority of these would be hit by a 1 per cent slug on the Medicare levy surcharge if they were to abandon private health insurance.

Let me say, we've done a lot: Rudd faces voter disdain

Phillip Coorey
CHIEF POLITICAL CORRESPONDENT

KEVIN RUDD has admitted that he needs to communicate more effectively with the electorate, in an acknowledgement that the Government has failed to tell people what it has done so far.

The Prime Minister, renowned for his sometimes impenetrable language, made the pledge yesterday after a poll showed the gap between the Government and Coalition had closed considerably.

Mr Rudd is finding himself under sustained attack from the opposition leader, Tony Abbott, for being all talk and no action and has been criticised for failing to sell to the public his emissions trading scheme.

'I think our challenge ... is to communicate more effectively.'

Kevin Rudd

Mr Rudd told reporters that the government had "done a lot" but was to blame for the fact that this was not widely accepted. "I think our challenge ... is to communicate more effectively that which we have done, to communicate our record of achievement more effectively than we have done," he said.

"I think we all share some responsibility for that, including myself."

Mr Rudd's humility followed the publication of a Newspoll yesterday, which showed the Coalition's primary vote at 41 per



Umpteen debates not enough ... a poll shows Kevin Rudd, pictured in question time yesterday, faces losing voters to the Coalition. Photo: Glen McCurtayne

cent, marginally ahead of the government on 40 per cent.

Mr Rudd told caucus on Monday that Labor could lose the next election and he repeated the warning yesterday.

"If two or three people in a

hundred change their vote then Mr Abbott is prime minister," he said. "That is just a fact and it is very important we recognise this."

None of the previous six first-term governments elected since

the war have lost their second election but all were returned with a reduced majority.

Mr Rudd suggested the government had failed to get across the job it did keeping the nation out of recession.

"We have done a lot on the economy. You're familiar with the umpteen debates we had last year on the stimulus strategy and the elements of that and the controversy associated with the implementation of it.

"The easiest thing in the world to do is to complain about everything and to offer practical solutions on nothing and so far, so far in Mr Abbott's tenure as leader of the opposition that is what I see a lot of."

Happy to help, says Libs' angel of mercy

Mark Davis
NATIONAL EDITOR

THE billionaire Queensland mining entrepreneur who channelled \$840,000 to the conservative side of politics last financial year says his donations helped salvage the Liberal Party from financial demise.

Clive Palmer told the Herald yesterday that, having been a long-time supporter of the Nationals, he had stepped in with sizeable contributions to the Liberal Party to stave off bankruptcy for the party after election losses nationally and in Queensland.

Mr Palmer, an avowed opponent of Labor, said he would do the same for the ALP if it ever found itself in the parlous state the Liberals had been facing.

It is believed the mining magnate's six-figure contribution to the Liberals - the biggest individual or corporate donation to the party in 2008-09 - was in response to a personal appeal from the party's federal treasurer, the former NSW minister and longtime fund-raiser Michael Yabsley.

Australian Electoral Commission disclosures this week showed Mr Palmer's company Mineralogy donated \$400,000 to the federal Liberal Party in June last year.

That followed donations of \$280,000 to the merged Queensland Liberal National Party, \$110,000 to the Nationals' West



Australian branch and \$50,000 to the Nationals' federal office during 2008-09.

Mr Palmer said that while he had been directly involved with the Nationals as a former party official and a life member, it was important for both conservative parties to be healthy.

"Last year was a particularly bad time for the Liberal Party. We stepped in when they were going to go bankrupt in Queensland.

"The federal Liberal organisation had deficits as well and they requested some help in relation to the structuring of the party.

"They had overspent in the election and they needed money to continue to have a party. I contributed \$400,000 to make sure there was some structure there to fight back against the Rudd government.

"If individuals did not do that we could have lost those parties and that would be a great tragedy."

Mr Palmer said Labor had a fund-raising advantage over the conservative parties because of the millions in affiliation fees it collected each year from unions.

Even so, he said, "I would have done the same thing for the ALP if they had been in that position because I don't think it would be a good thing for Liberal or Labor to go broke. We need a plural society in Australia where both sides of politics can put their views forward."

Elizabeth Knight - BusinessDay, Page 8

Dozens of asylum seekers to leave overcrowded Christmas Island

Kirsty Needham

ALMOST 100 people are due to fly out of Christmas Island today as the immigration department juggles beds and tents at the increasingly crowded detention centre to accommodate another boatload of 171 asylum seekers.

Refugee groups said the situation was becoming "unworkable" as Christmas Island neared its capacity of 1848, with the arrival of 171 Afghans on Monday, including 39 children, pushing numbers to 1801.

The Prime Minister, Kevin Rudd, said yesterday Christmas Island remained "the best place to accommodate people and there is still capacity there". There were contingency plans to move asylum seekers to a centre in Darwin if necessary, he told ABC Radio.

But the opposition immigration spokesman, Scott Morrison, said the centre was at unsustainable levels when he visited last

week and the government should look for an alternative offshore processing destination "whether that's in another country or within excised Australian territory".

Mr Morrison would not rule out a Liberal government reintroducing a "Pacific solution" and told the Herald that with the Nauru and Manus Island centres shut down, another location would need to be found.

The immigration minister, Chris Evans, said the Howard government's "Pacific solution" had been condemned internationally and the federal government had "no intention to return to that shameful period", where the average stay on Nauru was more than a year.

The Refugee Council president, John Gibson, said any return to Pacific island processing would be a return to "a flawed and discredited" system. "The last 25 people were taken off Nauru for severe mental health issues."

Between 80 and 90 asylum seekers are due to have visas issued and will fly out of Christmas Island today to be resettled, an immigration department spokesman said.

The latest large boatload, which arrived at the island at 3pm local time, included 19 unaccompanied children and five families.

The Refugee Action Coalition's Ian Rintoul said 200 people are in tents at the centre and asylum seekers should be brought directly to the mainland because "Christmas Island is becoming unworkable".

A department spokesman said the accommodation capacity will be expanded to 2200 by the end of March.

Mr Gibson said Christmas Island was "pretty close to being overcrowded, but people are being processed in a fair ... manner and those granted visas - the majority - proceed to Australia."



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