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Trump's call: Bishop backs Beijing

Joanna Wather

Foreign Minister Julie Bishop says Australia adheres to a One China policy and will seek to "work constructively" with US President-elect Donald Trump after he broke with 37 years of protocol and spoke directly to the leader of Taiwan.

As experts in China and across the region raced to interpret the significance of Mr Trump's call, Ms Bishop said on Sunday that Australia spoke officially to Beijing but maintained unofficial contact with Taiwan to promote economic, trade and cultural interests.

"The Australian government will seek to work constructively with the Trump administration after the inauguration early next year, and this will include our perspectives on regional and global issues," she said.

James Curran, a leading expert in US-Australia relations, said Mr Trump's telephone call would increase jitters in Asia.

"Successive presidents since Nixon have resisted this kind of move," the US Studies Centre professor said.

"Governments in Asia have all got the gravitational pull of the Chinese economy, they all want the Americans to stay and, when things like this come along, it upsets the apple cart."

Australia's position had become more complex because the Turnbull government desperately wanted Mr Trump to honour an agreement that would have asylum seekers living on Manus Island and Nauru settled in the US.

But Professor Curran doubted Australia would allow the new US administration to use the refugee issue as a bargaining chip on regional security issues.

"We will not do anything like America's bidding in order for them to seal this refugee deal," he said.

"That is to say, it's not like we'll say to Washington under Trump, 'As long as you keep this refugee deal, we'll do a freedom of navigation patrol through the 12 nautical mile zone'."

"Our policy settings are pretty clear, we don't want to do anything that

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PM kills off Abbott's Green Army

Exclusive

Phillip Coorey
Chief political correspondent

A signature environmental policy of the Abbott government, the Green Army, will be abolished at this month's mid-year federal budget update, saving more than \$350 million.

The decision was taken by the budget razor gang, the Expenditure Review Committee, more than a week ago but the savings were used to cover the extra \$100 million the government promised to give to Landcare as part of last week's deal with the Greens to pass legislation for the backpacker tax.

The Green Army was a pet project and key election promise of Tony Abbott and was established after the 2013 election by former environment minister Greg Hunt.

It aimed to create an "army" of 15,000 people aged between 17 and 24, drawn from the ranks of the unemployed, to work on local conservation projects such as landscape restoration and species protection.

In the May budget, \$360 million was set aside to fund the Green Army over the four years to 2019-20.

It was established in the controversial 2014 budget, funded by a \$484 million cut to Landcare, which performed pretty much the same jobs as the Green Army except by those with environmental expertise.

A source has told *The Australian Financial Review* that the decision to abolish the Green Army is expected to cause some controversy internally because some MPs found it popular to be able to sool an army of young unem-

Student loans fee call

A key federal government adviser says a 15 per cent fee on government-funded student loans is a fair way for the government to reach its budget goal of spending less on university education. Andrew Norton from the Grattan Institute says the government could save \$700 million a year by imposing the fee on all of its income-contingent student loans.

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played onto a local problem, especially in areas of high unemployment.

But the ERC reasoned it was equally as popular to dole out local grants to have Landcare to do the work. Furthermore, a proportion of Green Army funding was being spent on fees to job seeker agencies who sourced the workers, rather than on projects themselves.

The Green Army is made up of a variety of community organisations including Landcare groups, natural resource management organisations, environment groups, Indigenous organisations, local councils and others who successfully applied to host a project.

Typical projects include restoring native vegetation, heritage restoration, protecting animal habitats and regenerating wetlands in urban, rural and remote areas. Those working on the projects were paid between \$61,440 and \$996,600 a fortnight.

The decision will be handed down in

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Donald Trump with campaign manager Kellyanne Conway at a Heroes and Villains party on Long Island, New York, at the weekend. PHOTO: TWITTER

Brace for the unexpected

It's been a while since Australia experienced the cold winds of great-power confrontation. That may be about to change.

Andrew O'Neil p39

Li Ka-shing's DUET bid snubs NSW

Angela Macdonald-Smith
and Sarah Thompson

Hong Kong's Cheung Kong Infrastructure has turned its back on NSW's privatisation process as a means to further its local expansion ambitions, instead launching a surprise takeover bid for DUET Group with a hefty \$7.3 billion price tag intended to deter rivals.

The conditional, unsolicited offer of \$3 a share in cash, which was first revealed by Street Talk on Saturday, comes less than four months after CKI suffered an embarrassing rejection by federal Treasurer Scott Morrison of its \$11 billion-plus bid for NSW electricity distributor Ausgrid.

Test for Morrison

Ironically, a part of Morrison may welcome the challenge of dealing with this bid, which comes from a key plank of billionaire Li Ka-shing's empire.



James Thomson p28

It signals the global infrastructure giant will also snub the NSW government auction for the next "poles and wires" asset to be sold. Endeavour Energy, in expectation that a well-priced bid for the privately owned DUET, with

its open, funds-dominated share register, has a better chance of success.

The bid is set to provide a fresh test for the Foreign Investment Review Board amid heightened public debate around foreign takeovers, although CKI, controlled by Asian billionaire Li Ka-shing, is thought to have already sounded out FIRB and concluded it can manage any concerns.

"Clearly they think they can win over FIRB but there will still be some FIRB risk with this," said one analyst, adding that the premium offered and CKI's financial firepower may be enough to head off potential counter-bidders.

The offer is at a 27.6 per cent

Monday markets wait on Italy, Aussie GDP

Betting markets are tipping a "No" vote in the overnight Italian referendum on constitutional reform that could trigger political instability and renewed turmoil for Italy's battered banks.

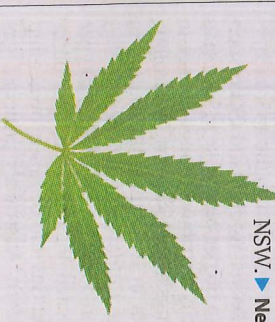
Separately, job numbers showed the US unemployment rate fell to a nine-year low of 4.6 per cent, all but guaranteeing the US Federal Reserve will lift official interest rates next week.

The Reserve Bank of Australia is expected to hold its record low 1.5 per cent cash rate on Tuesday, as economists tip a weak GDP number on Wednesday.

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Pot growers leave for greener fields in US

Ecofibre, Australia's largest medicinal cannabis grower which is backed by finance sector identities Barry Lambert and Chris Cuffe, has decided to stop production in Australia and move to Kentucky where it says the legal framework is much more favourable. It will close its 340-acre farm in NSW. ▶ News p3



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Bartee to lead CSIRO Innovation Fund with a \$100m task

Michael Bailey

Veteran venture capitalist Bill Bartee has been tapped to run the \$200 million CSIRO Innovation Fund, which was officially launched on Sunday by federal Innovation Minister Greg Hunt.

The fund will commercialise innovations from the CSIRO and other publicly-funded research bodies.

The government will tip \$70 million into the fund over the next 10 years, alongside \$30 million of royalties from the CSIRO's invention of wireless LAN technology, the Wi-Fi enabler that has

netted the organisation more than \$700 million over the past decade.

It will be Mr Bartee's job to find the other \$100 million from wholesale private investors, who will enjoy a 10 per cent tax offset on their contributions and exemption from capital gains tax, given the fund's status as a conditionally-registered, early-stage venture capital limited partnership.

Mr Bartee will divest all his investments and directorships at Blackbird Ventures, Australia's largest venture capital manager which he co-founded in 2013.

CSIRO chief executive Larry Marshall said the Innovation Fund was the "final piece in the puzzle" of the long-term strategy he helped draft last year.

However, the CSIRO fund arrives amid concerns from some in the start-up ecosystem that the government's National Innovation & Science Agenda, which already features a \$500 million fund to commercialise biotech inventions, is over-emphasising research-based innovation at the expense of other forms of entrepreneurship with a better track record of job creation.

"Amazon, Facebook, Microsoft and Uber have a combined market capitalisation of \$A16 trillion, which is more than the combined value of all companies on the ASX, but none had their origins in research," said the Crossroads report, released by peak lobby group StartupAUS on December 1.

Ironically, that report was sponsored by Google, which had its origins in university research, but the report contends that innovation and entrepreneurship were the main drivers of it becoming a global employer of 60,000 people.

"In R&D policy terms, it is important to recognise that the majority of commercial outcomes are driven by firms developing new products, whether or not those products are based on scientific research. In Australia a large proportion of tech start-ups have internet-based business models and are not based on research," the report said. "Focusing narrowly on research-based opportunities could have the undesirable effect of under-supporting digital start-ups and could jeopardise their potential to grow rapidly and become global tech companies."

Mandarin property site taps into Chinese wealth

Su-Lin Ian

Australia's Chinese residential property website ACPROPERTY.com.au has joined forces with international property website Listiglobally.com to start a new international housing site for Chinese buyers.

The new site, SodiChan.com, is an equal joint venture partnership between the ACPROPERTY and Listiglobally, and will be run by the Melbourne-based ACPROPERTY directors Esther Yong and Ivy Xiao.

It brings together Listiglobally's global syndicated listings from 50,000 global property developers and agents in countries such as Bulgaria, Turkey and Morocco with ACPROPERTY's listings in Australia under one Mandarin-only website.

Tapping into the explosion of Chinese buyers in the international property markets was one reason for the new site, which starts off with 3 million property listings from 56 countries.

The other was an increasing Chinese demand for ancillary property services.

The site offers concierge services such as Mandarin speaking lawyers and accountants, who advertise on the website.

To complete a Chinese purchase a website is not enough, Ms Yong said.

"Ultimately, agents need the right language, tools and channel to finish the transaction. You have to provide them with full support end-to-end in order to be useful to them," she said.

The new platform will close a gap in the international property market for Chinese buyers. Listiglobally chief executive Gerard Parrate said.

ACPROPERTY, similar to realestate.com.au and domain.com.au but written in Mandarin, has been the main source of listings for many Chinese foreign buyers and Chinese Australians who do not speak English.

It is a direct competitor to another well known Chinese portal, Juwai.com.



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Variable Interest Only Invest Rate	5.68% p.a.
Rocket Interest Only Invest Rate	5.68% p.a.
Equity Access Loan	
Equity Rate including Equity Access – Plan 1*	5.80% p.a.
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