

Keeping the nation informed

NEWS

WORK on Sydney's Lane Cove motorway tunnel is continuing, despite a cave-in early yesterday that created a 20m deep hole endangering two apartment blocks..... P7

THE WORLD

PRESIDENT George W. Bush will spend \$9.5 billion preparing the US for a bird flu pandemic, saying no nation can afford to ignore the threat of the avian disease..... P10

BUSINESS

A WESTPAC staff member released market-sensitive information about the bank's results two days ahead of schedule, forcing it to issue a trading halt yesterday..... P21

SPORT

TEENAGE forward Leroy Houston, star of Australia A's win over the French Barbarians, has emerged at the head of a dazzling new generation of future Wallabies..... P36

Editorial 13 Media 15 Business 21  
Weather 34 Sport 35 Television 39

Editor in Chief Chris Mitchell  
Editor Michael Stutchbury  
Deputy Editor Petra Rees  
Managing Editor Martin Beesley  
Executive Editor Deborah Jones  
Deputy Editor (Weekend) Matthew Stevens  
Deputy Editor (Melbourne) Christopher Dore  
Editor, The Weekend Australian Magazine Bruce Guthrie  
Editor (new magazine publications) Graham Erbacher  
Editor-at-Large Paul Kelly

CONTACTS SYDNEY 9288 3000 CANBERRA 6270 7000  
MELBOURNE 9292 2888 BRISBANE 3666 7444 CAIRNS 4053 3589  
ADELAIDE 8206 2686 PERTH 9326 8412 HOBART 6224 2196  
NEWS TIPS AND COMMENT: FEEDBACK@THEAUSTRALIAN.COM.AU  
www.theaustralian.com.au

Printed and published by the proprietor Nationwide News Pty Limited A.C.N. 008 438 828 of 2 Holt St, Surry Hills NSW 2010 and printed at 26-52 Hume Highway, Chullora, 2190, printed in Victoria by Herald & Weekly Times Limited of 127-129 Todd Rd, Port Melbourne, Victoria, for the publisher; printed in South Australia by Advertiser Newspapers Limited, 200 Railway Terrace, Mile End, South Australia, for the publisher; printed in Queensland by Queensland Newspapers Pty Limited, 100 Creek and Lynton Roads, Marzelle, Brisbane, and also by The North Queensland Newspaper Company Pty Limited, 198 Ogden St, Townsville for the publisher; and in Western Australia at Perth Print, 102 Bannister Road, Canning Vale, The Australian: Sydney, 2 Holt St, Surry Hills, 2010, 9288 3000; Melbourne, 60 City Road, South Bank 3006, 9292 2888; Canberra, 27 Torrens St, Braddon, 6248 5888; Adelaide, 31 Waymouth Street, 8206 2686; Brisbane, 28 Mayne Rd, Bowen Hills, 3666 7465; Townsville, 198 Ogden St, 4722 4400; Perth, 34-42 Stirling St, 9326 8326; Hobart, 49 Salamanca Place, 6224 2196; Darwin, Printers Place, 8944 9776. (\*) Recommended and maximum retail price only. Responsibility for election comment in this issue is taken by Chris Mitchell, 2 Holt St, Surry Hills, NSW 2010.

# Sanctions urged on poachers' fake flags

Matthew Denholm

AUSTRALIA is demanding trade sanctions against countries registering the "flag of convenience" ships used by pirate fishing operators who poach billions of dollars worth of stocks a year.

Federal Fisheries Minister Ian Macdonald yesterday signalled a push by Canberra to have global fisheries authorities and the UN impose trade bans on the worst-offending flag of convenience nations.

These are mostly developing nations that register ships with no link to their country for a fee — as little as a few hundred dollars — and then turn a blind eye to illegal activity. Several, including Mongolia and Bolivia, are landlocked.

Senator Macdonald said the UN, which is considering ways to tackle pirate fishing, would go a long way to solving the problem by backing trade sanctions on the worst FOC countries. "This is something that hopefully we can get the UN to seriously look at," he said.

Meanwhile, Australia would push for regional fisheries authorities, starting with the Commission for the Conservation of Antarctic Marine Living Resources, now meeting in Hobart, to authorise sanctions. "Individual nations could simply make the decision not to trade or to impose some other sanction on FOC nations," Senator Macdonald said.

"If all of the CAMLR states, which contain many of the major countries, do that, it would send a very serious and telling message to the FOC nations that their actions are not being tolerated by the rest of the world."

Australian officials are increasingly concerned about illegal fishing, particularly off the northern coast. Recent Customs reports suggest many Indone-

sian fishermen are landing on Australian shores, raising concerns about disease, gun-running and drug trafficking.

A report co-sponsored by the Australian Government and presented to the UN in Geneva yesterday suggests illegal fishing costs countries at least \$1.2 billion a year, although other estimates put the figure as high as \$15 billion for developing countries alone.

The report reveals that 15 per cent of the world's fishing fleets — about 1200 vessels — are under FOC or unknown flags.

The report names and shames the worst-offending FOC countries — with Belize, Honduras, Panama, St Vincent and the Grenadines accounting for 75 per cent of the vessels flagged to the top 14 FOC countries.

"They are turning a blind eye to their international responsibilities and making a quick buck at the expense of the world's fisheries and marine life," Senator Macdonald said.

In the Southern Ocean, Senator Macdonald singled out Togo as one country that Australia may sue for damages in a possible test case at the International Tribunal for the Law of the Sea — a legal action recommended by the report.

"Eight vessels with a history of illegal fishing for Patagonian toothfish have moved to Togo's flag — six of these vessels were owned by companies based in Spain or the Canary Islands," Senator Macdonald said.

The Australian report to the UN, co-sponsored with the World Wildlife Fund and the International Transport Workers Federation, identifies countries that help companies abuse the FOC system, with Taiwan, Honduras, Panama, Spain and Belize the worst offenders.

## Mayor faces bribery charge

THE newly elected Mayor of Launceston, former policeman Ivan Dean, is to be charged with bribery after offering to give his salary to community groups.

During last month's local council elections, Mr Dean — already a MP in Tasmania's Upper House — offered to give up his mayoral salary to youth groups if elected mayor.

It prompted complaints to electoral commissioner Bruce Taylor who prepared a report on a possible breach of anti-bribery sections of the Local Government Act. Mr Dean last night told *The Australian* he believed he had done nothing wrong and would not be standing down as either Mayor or an MP.

The penalty for bribery is a year in jail or a fine.

Mr Boydell said the terms of the alliance would also shelter Angove's from rises in the Australian dollar, which would hurt all exporters. He said it was "too volatile and too risky for a family business" to trade in US currency. "If the (Australian) dollar's strong, it makes it very difficult to compete. From an Australian wine industry per-

spective, we need the dollar to be US70c or under. At US75c, it bites a bit hard; at US80c, life's extremely difficult."

In a bonus for exporters, the dollar has plunged almost US2c in the past week and was fetching US74.29c last night. Angove's sales increased from \$46 million in 2003-04 to \$51.5 million in the last financial year, with exports accounting for 46 per cent of total sales. US exports made up 23 per cent of total sales. The company now hopes to reach a turnover of \$100 million by 2015.

The US is the fastest-growing market for Australian wine. It is equal to Britain in terms of export volume, but Mr Boydell says the returns "are substantially higher".

Business — Page 24

# High-flying times of wheat trader

Caroline Overington

IN late 2003, wheat farmer Trevor Fluge found himself aboard a military helicopter in Iraq with a fat bag filled with US dollars by his side.

He was on a mission, financed by the Howard Government, to pay Iraqi farmers cash for their wheat as part of an effort to get the country's economy moving again after the invasion that toppled Saddam Hussein.

It must have seemed a long way from the small farming town of Katanning in Western Australia's south, where Fluge was born in 1947. But then, as friends say, "Trevor hasn't put his hands into farm soil for some time".

Fluge has been a player in the international wheat trade for half his adult life, but his drive to make deals with Iraq really started when he became chairman of the Australian Wheat Board (now AWB) in April 1995.

That was the same year the UN developed the oil-for-food program, which enabled Saddam to sell oil provided he used the money to buy food.

Under the program's terms, Saddam could pick his own suppliers and set his own price. The dictator decided to deal with Australia and, over time, the

Australian Wheat Board would provide Iraq with more wheat — indeed, with more foodstuffs — than any other country.

Fluge cultivated a relationship with Saddam's Government, in particular the Iraqi Grains Board. He told reporters Iraq had decided to deal with Australia because Australian farmers were producing exactly the type of wheat that Iraqi people wanted.

But it seems Iraq was buying the wheat not only because it was good, but because Saddam got a multi-million-dollar kickback on every contract signed between 1999 and 2003.

In total, more than \$290 million of AWB's money went to Saddam through an Iraqi front company, which AWB says it thought was a Jordanian truck-

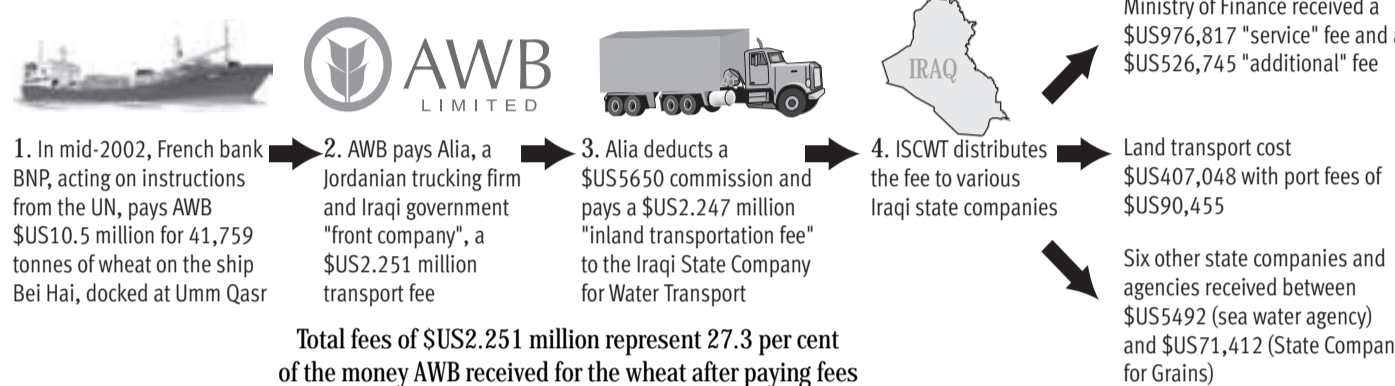
ing outfit transporting the wheat. Fluge denies any knowledge of kickbacks.

He is no longer involved with AWB, losing an election campaign in 2002.

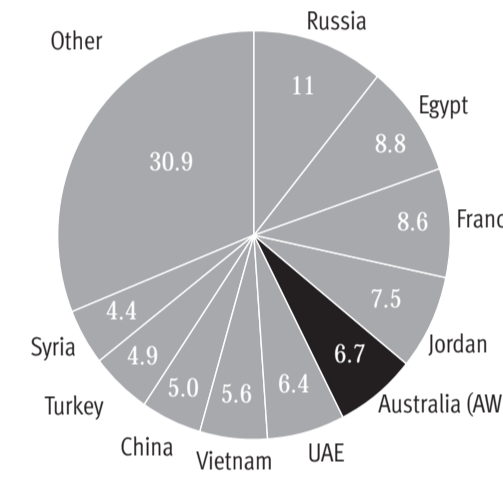
After the second Gulf war in 2003, the Howard Government paid Fluge to return to Iraq as an "agricultural adviser". Fluge flew across the country, handing out bags of cash supplied by Canberra. He left Iraq last year.

On March 2, UN investigators interviewed Fluge about corruption in the oil-for-food program. He told them he was aware contracts had "inland transport components" but denied these charges were kickbacks. This week, Fluge declined to comment on the scandal when approached by *The Australian*.

## BLOOD MONEY: HOW AUSTRALIAN WHEAT FUNDED SADDAM



### Total purchases by Iraqi ministries by country (%)



Total sales under humanitarian program \$US34.5 billion  
Total illicit payments\*\* \$US1.55 billion

### Big suppliers under the humanitarian oil-for-food program

Name	Country	Products	Total sales (\$USm)	Alleged total illicit payments (\$USm)
AWB	Australia	Wheat	2300	221.7
Vinafood	Vietnam	Food	891	37.8
Holding Company	Egypt	Food	766.2	30.5
Belhasa	UAE	Various	742.2	45.3
Chaiyaporn	Thailand	Dairy	686.8	42.8
Vinamilk	Vietnam	Dairy	517	23.5
Al Wasel & Babel***	UAE	Various	384	19.4
Ginza	Egypt	Construction equip	285.6	10.6
Belmetalenergo	Belarus	Construction equip	249.3	18.6
SES	Syria	Construction equip	216.9	16.2
REC	Russia	Various	210	11.3
Phoenix	Jordan	Various	139.5	9.5
Al-Hoda***	UAE	Various	120.8	12.2

# Fees straight into Saddam's pocket

From Page 1

the money was going. "They were told they needed to enter into this agreement and so they did," he said.

Mr Al-Absi said he did not regard the deal as illegal.

"It was a legal activity," he said. "The Government of Iraq, it was a real government. There was no rule saying you can't do it."

"In all the world, this agreement is normal. What we did is all official."

"We put the money in a normal, legal bank in Jordan. There was nothing secret and we

did not do anything illegal. They (the Iraqi Government) told us this was approved by the UN."

Mr Al-Absi said he had travelled from Jordan to New York to give evidence about Alia's role in the oil-for-food program, but when contacted by *The Australian* he had not actually seen Paul Volcker's final report into the scandal, released on Friday.

"I gave them all the information that they like to know," he said. "(But) before, I went to New York to testify, actually. I am sure they decided that they would blame somebody else."

"The problem for them is that

these contracts were approved by the UN and so now they are saying the program was corrupt. They do not want that to be the fault of the UN."

Mr Volcker, the UN investigator, has suggested that AWB employees should have known that Iraq was benefiting from the deal with Alia, especially since the price for "transportation" increased from about \$US12 a tonne to about \$US50.

But Mr Al-Absi said the price increased "depend(ing) on the situation".

"Some time after the war, the price was up to \$US60, because

the US had been bombing or whatever. The price, it's different depending on the situation."

He said it wasn't only AWB that paid his company to do business in Iraq.

"There were 400 companies making payments," he said. "It was all quite normal."

Mr Al-Absi insisted the Iraqi Government had told him the contracts had been approved by the UN.

"They (the UN) are the ones who have a problem here," he said. "They approved these contracts. Now they are trying to make scapegoats."

# Angove's raises a glass to US deal Dollar weak as rates line held

Tom Richardson

ONE of Australia's biggest family-owned wineries hopes to become the new star in the US market, with an export deal expected to boost its turnover by 20 per cent and protect it from strength in the Australian dollar.

Angove's has signed a deal with Californian heavyweight Trinchero Family Estates, the fifth-biggest winery in the US.

Tim Boydell, the South Australian-based winery's sales and marketing director, said the deal gave Trinchero exclusive import and distribution rights for the Australian wine.

"It's gold, basically," he said. "To market in America, you've got to have an importer, you've got to have a distributor... you can't go straight to consumers."



'It's gold': Tim Boydell

Mr Boydell said the terms of the alliance would also shelter Angove's from rises in the Australian dollar, which would hurt all exporters. He said it was "too volatile and too risky for a family business" to trade in US currency. "If the (Australian) dollar's strong, it makes it very difficult to compete. From an Australian wine industry per-

spective, we need the dollar to be US70c or under. At US75c, it bites a bit hard; at US80c, life's extremely difficult."

In a bonus for exporters, the dollar has plunged almost US2c in the past week and was fetching US74.29c last night.

Angove's sales increased from \$46 million in 2003-04 to \$51.5 million in the last financial year, with exports accounting for 46 per cent of total sales. US exports made up 23 per cent of total sales. The company now hopes to reach a turnover of \$100 million by 2015.

The US is the fastest-growing market for Australian wine. It is equal to Britain in terms of export volume, but Mr Boydell says the returns "are substantially higher".

Business — Page 24

David Uren  
Economics correspondent

THE Australian dollar remained weak yesterday as further evidence of shrinkage in the home-building industry added weight to the Reserve Bank's decision to hold interest rates steady for another month.

Figures released yesterday revealed approvals for new houses dropped for the third consecutive month, with councils approving fewer new houses in September than in any month in the past 4 1/2 years.

The downturn confirmed the Reserve Bank's view that the economy does not need any additional cooling from higher interest rates.

Apart from a 25-basis-points rise in March, rates have now

been steady since December 2003, with the official cash rate set at 5.5 per cent and standard mortgage rates at 7.3 per cent.

While central banks in the world's biggest financial markets are raising rates, the Reserve Bank yesterday opted to keep rates unchanged.

The US Federal Reserve raised its cash rate by 25 basis points and the European Central Bank president Jean-Claude Trichet is expected to foreshadow an increase in rates in a speech today.

The Australian dollar has been sliding, losing almost US2c in the past week as foreign investors find our interest rates less attractive than those elsewhere.

However, the currency found support yesterday at US74.16c before recovering to US74.40c. Last night, however, it had slipped

back to US74.19c. UBS currency strategist Ashley Davies said yesterday the Australian dollar had been trading between US74c and US78c for the past 12 months and he did not expect it to drop below that range in the near future.

He said the US economy was growing strongly, with new figures showing a high level of manufacturing production. This would support commodities and, in turn, the Australian dollar.

Mr Davies said the Australian currency was likely to remain support while the US economy stuck to its growth path with predictable monetary policy.

ABN Amro currency analyst Rob Huster said the Australian dollar had been unsettled by last month's sell-off in share markets. Business — Page 31

Jetstar partners the best frequent flyer programme in the country. So Qantas Frequent Flyers can redeem points for flights on the Jetstar network, subject to availability\*, and can also earn points when travelling with Jetstar on a JetFlex booking. With a Jetstar JetFlex fare, not only do you get priority boarding, you also have the flexibility to change the passenger name, date and time of travel up to and including the scheduled date of travel.

jetstar.com ALL DAY, EVERY DAY, LOW FARES



\*Frequent Flyer redemption seats are not available on all flights or days. Jetstar Airways Pty Limited ABN 33 069 720 243.



Win an Audi A6 Details page 27

THURSDAY NOVEMBER 3 2005

KEEPING THE NATION INFORMED

\$1.20 INCLUDES GST FREIGHT EXTRA (\$1.40 TAX)



The Government has received specific intelligence and police information this week which gives cause for serious concern about a potential terrorist threat

John Howard



I accept the things that are said to me by the intelligence agencies. They are reliable people ... All I say is this - if it is particularly urgent then we ought to stand ready to pass (the laws) immediately

Kim Beazley

CITIES ON TERROR ALERT

Patrick Walters Steve Lewis

FEARS terrorists are moving closer to an attack on Sydney and Melbourne have forced the Howard Government to rush through an emergency law to make it easier for police to arrest suspects.

John Howard said the Government had received "specific intelligence and police information this week which gives cause for serious concern about a potential terrorist threat".

The Australian has learned the intelligence relates to home-grown terror suspects in the country's two biggest cities who are believed to be building the capability to mount an attack.

The Prime Minister refused to divulge any details, stressing he could not talk about operational matters.

But the shock announcement had an immediate effect on financial markets, with the share market slumping 30 points soon after Mr Howard's announcement.

The serious nature of the threat allowed Mr Howard to secure backing from the states and federal Opposition for the swift law changes. The Senate will be recalled today to pass the amendment, which Mr Howard said would "strengthen the capacity" of police to respond to the threat.

The change involves altering the wording in an existing law, with "a terrorist act" replacing "the terrorist act".

"I know that sounds pedantic but ... in order to prosecute people you've got to do it legally and you've got to have the law on your side," Mr Howard said. "We have seen material. It is cause for concern."

Yesterday's move followed months of intensive operations by Australia's top spy agency, ASIO, and the Australian Federal Police.

ASIO raided a string of homes in Sydney and Melbourne in June. The Sydney raids, on at least three homes, were believed to have focused on two men who forged a relationship with others in Melbourne.

One of the men targeted in Sydney had been allegedly identified by a US terrorist informant who claimed to have met him at a military training camp run by the outlawed militia group Lashkar-e-Taiba. At the time of the raids, police and intelligence sources stressed the action did not indicate imminent arrests but rather the warrants were aimed at determining whether a criminal inquiry should be launched.

Members of the group had allegedly been filming Melbourne landmarks including the Australian Stock Exchange, and a suburban train station.

Despite yesterday's warning, ASIO did not change Australia's official threat assessment, which remains at medium.

The level would increase if there was credible information of an imminent strike against Australian citizens on Australian soil.

Kim Beazley, who received a briefing from ASIO boss Paul O'Sullivan on Tuesday night, immediately offered bipartisan support for the emergency laws.

But the Opposition Leader pushed for the Senate to be

CRIMINAL CODE ACT 1995 - SECT 101.2 Providing or receiving training connected with terrorist acts (3) A person commits an offence under this section even if the terrorist act does not occur.

recalled immediately, saying there was no reason the amendment could not have been passed yesterday. "If it has extensive urgency, it ought to be capable of being passed ... we see no problem with it," he said.

The effect of the amendment will allow law enforcement agencies to prosecute even if a specific terrorist act is not identified.

"It will be sufficient for the prosecution to prove that the particular conduct was related to a terrorist act," Attorney-General Philip Ruddock said.

Law enforcement agencies have been seeking this legislative amendment for at least 18 months, amid concerns the existing law is too restrictive.

The AFP and other agencies have been engaged in systematic monitoring of several terror suspects in recent months, but under the current law they cannot arrest and charge suspects without firm knowledge of a specific planned attack.

Yesterday's amendment would allow police to apprehend "suspects who are building the capability for an attack", a senior government source said.

The amendment was specifically removed from the broader counter-terrorism package. "Just to make it very clear - this does not alter the imperative of having passage of the remainder of the larger bill," Mr Ruddock said.

Several MPs and senators last night questioned the Government's motive in rushing the amendment into parliament, but Mr Howard denied security services and police were "doing the Government's bidding".

Yesterday's decision came as the Government was expected to reach agreement with the states on the main counter-terrorism package, which will see the introduction of preventive detention and tough control orders on terror suspects.

While some Coalition and Labor MPs continue to question the severity of the laws, Mr Howard said the Government was close to a final agreement.

"I'm actually quite optimistic now that we have reached agreement on all of the outstanding issues," he said.

Citing the ASIO annual report, Mr Howard said a terror attack against Australia was "feasible and could well occur". He said he could not "go into any more detail because if I do I might weaken the capacity of authorities to respond".

"I didn't set out to scare anybody," he said. "It's a question of you're damned if you do (reveal details of the threat) and you're damned if you don't."

More reports - Page 8 Opinion - Page 12

Clerics still preaching hatred of West



Fighting words: Sheik Abdul Salam Mohammed Zoud is calling for victory to the Iraqi mujaheddin

Picture: Frank Violi

Richard Kerbaj, a Melbourne-based reporter for The Australian, spent four weeks attending controversial mosques

MUSLIM clerics in Sydney and Melbourne - led by radicals Sheik Mohammed Omran and Sheik Abdul Salam Mohammed Zoud - are still preaching hatred against the West, urging followers in Arabic to resist peace and support insurgents waging war against Australian soldiers in Iraq and Afghanistan.

In open defiance of John Howard's proposed new terror laws and the Prime Minister's demand that Muslim leaders desist from inflammatory rhetoric, Lakemba cleric Sheik Zoud has used his Friday prayer meetings over the past month to praise Muslim fighters.

"Allah yinsur el-mujaheddin fe-Iraq (God grant victory to the mujaheddin in Iraq)," he repeatedly screamed during a 35-minute Arabic sermon at Lakemba's Haldon Street prayer hall in Sydney's southwest last week.

In further contempt of Mr Howard, Sheik Zoud's high-profile counterpart in Melbourne, Sheik Omran, also declared last month: "No victory (for Islam's brothers and sisters) can be stopped by George Bush or Tony Blair or John Howard."

Under expanded sedition provisions, people face up to seven years' jail for promoting feelings of ill will or hostility between different groups so as to threaten the peace, order and government of the commonwealth. This would include urging another person to engage in conduct that supports an organisation or country at war with Australia.

A third cleric - Harun Abu Talha, editor of contentious newspaper Mecca News - has also used Friday prayers at Sheik Omran's Brunswick mosque in Melbourne to attack "the criminal government of Israel that has been hurting our brothers and sisters in Palestine for so many years".

And during a prayer meeting last month, Abu Talha said: "We should not compromise our dean (religion) for the sake of peace." He concluded his sermon: "May Allah help the mujaheddin in Iraq."

The message the fundamentalist clerics are delivering to their supporters - mostly in Arabic - is in dramatic contrast to their public statements.

Continued - Page 8

Bosses get right to sack any time

Brad Norington Katharine Murphy

JOHN Howard's overhaul of Australian workplace laws will hand employers unprecedented powers to sack people for "operational reasons" and crack down on unions by severely limiting their operations.

The laws will allow Australian workers to be sacked at any time - without the right to claim unfair dismissal - because of economic or technological reasons, or if a business wants to restructure operations.

The changes will put strict controls on the ability of employees to take industrial action, while far-reaching powers will be handed to Workplace Relations Minister Kevin Andrews and the Australian Industrial Relations Commission to stop strikes.

Legally protected strikes will be stopped immediately if they are judged to adversely affect the employer or damage other companies.

The laws will also place tight limits on the capacity of unions to enter workplaces, with union officials required to meet a new test - that they are a "fit and proper person" - before gaining a permit to enter a worksite.

Union officials can also be quarantined to a specific room when they visit workers on a site, and must tell an employer in writing, in advance, about the nature of any complaint.

The changes, revealed yesterday in the Howard Government's long-anticipated WorkChoices legislation, go much further than previously foreshadowed.

Promoting the benefits of the changes, the Prime Minister stood by his pledge that his guarantee to workers was his track record on the economy and job creation.

"Far from these reforms attacking the living standards of the Australian people, by the degree to which they will strengthen the economy in the years ahead, they will create more jobs and provide higher real wages," Mr Howard said.

But unions, led by ACTU secretary Greg Combet, claimed the Government had made no economic case for the changes.

Mr Combet said the ability of unions to represent workers would be extremely restricted and that the legal right of workers to strike during a bargaining period was "finished".

Continued - Page 5 More reports - Pages 4, 5

With stakes this high there's no way it's a stunt

JOHN Howard has launched into the two greatest leaps of faith of his political career on the same day. He announced Australia's first home-grown terrorist alert while pushing through the biggest changes to the nation's industrial relations laws in 100 years.

He provided no detail about the terrorist plot hatched on Australian soil, saying only: "I ask my fellow Australians to understand that we are doing everything we can in a difficult situation to protect the public."

DENNIS SHANAHAN POLITICAL EDITOR



In parliament, the Prime Minister refused to guarantee that no Australian worker would be worse off under the 700-page IR legislation. "My record is my guarantee," he said.

Trust me. Trust me. Trust me. And this at a time when the polls, including those on Howard's personal standing, have slumped amid fears over the IR changes and as Labor finally gains some ground.

If the cynics in the ALP and on talkback radio are right and the "terror threat" was a smoke-screen for the IR laws, Howard's career will be mortally wounded. This would be a monstrous abuse of power and public faith.

At the last election, Howard's

appeal to the electorate to trust him on economic management and national security worked superbly, confronting the accusations of deceit and lying levelled against him.

Yesterday, on national security, he urgently recalled parliament to pass a tiny wording amendment to counter-terrorism laws that would allow agencies to act immediately.

By removing "the" and placing "a" in front of "terrorist act", authorities could prosecute using evidence of

planned attacks without knowing the exact nature or target of the attacks.

It is an amendment to existing laws police have sought for some time and it was already slated as a change in the wider terror laws under negotiation with the premiers.

Howard said "I won't and I can't" disclose any details of the advice he received from intelligence agencies. He described his stance as the "eternal dilemma" Continued - Page 8

No questions asked as wheat exporter paid \$290m 'transport fees'

Caroline Overington

THE nation's monopoly wheat exporter paid more than \$290 million in "transport fees" to one of Saddam Hussein's front companies without ever asking what the money was for, or where it was going.

Othman Al-Absi, managing director of the Jordanian trucking company that funnelled the cash from AWB to Saddam's regime, told The Australian yesterday

that AWB agreed to pay the fees because "the Iraqi government told them to pay it".

"The Iraqi government told the AWB in 1999 that it should pay these fees for the wheat it was selling under the oil-for-food program," he said.

"The contract was not with us, it was between Iraq and the AWB. We were just to collect the fee. We got into contact with AWB, and we signed a letter of agreement, and we collected the fee.

AWB, the former Australian Wheat Board, admits making the

payments but says it did not know Alia was a front for the Iraqi government.

Mr Al-Absi agreed that his company did not move Australian wheat around Iraq. "We just collected the fee for Iraq," he said.

He said Alia was not a "front company" but a legitimate business, established by a well-known Iraqi businessman. "We have sea-going vessels and aircraft," he said. "We have trucks."

But did those trucks ever move Australian wheat? "No," he said.

He said he could not be sure who in AWB approved the deal because it was not between his company and AWB but between AWB and the Iraqi government.

AWB yesterday refused to say who had been involved in negotiations. At the time of the transactions, the AWB chairman was Trevor Flügge, a wheat farmer from Western Australia.

Mr Flügge has told a UN

inquiry into the scandal that he was aware that the AWB contracts from 1999 included an "inland transportation component" but insists that he did not know that these fees were being sent to Saddam's regime.

He told The Australian yesterday he had "absolutely nothing to say about this matter". The fees to Alia were never displayed in AWB contracts given to the UN for approval. And it is not clear if the fees were ever

mentioned to other board members.

Mr Al-Absi said he believed he had met Mr Flügge but did not say that he was involved in making the deal.

"The deal was not with us, it was with Iraq," he said.

He said AWB "never asked" anybody in his company where Continued - Page 2

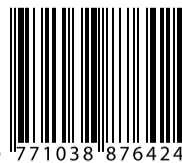
More reports - Page 2 Criterion - Business, Page 31

Inside

- 11 Features 21 Business 12 Opinion 34 Weather 13 Editorial 35 Sport 14 Arts 38 Classifieds 15 Media 39 Television

www.theaustralian.com.au

ISSN 1038-8763



9 771038 876424

SECOND EDITION NO 12,785 This paper participates in recycling

WIN a trip to be part of aviation history. For entry details plus terms and conditions visit qantas.com/85thbirthday