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Stockland sells, swaps

Group sells major office assets. **Plus:** Property observed, **Robert Harley.** From page 55



The PM's bumpy ride

One year on, **Laura Tingle** and **Adrian Rollins** look at the changes and the way forward. **Pages 68, 69**

AFR Magazine

S. Pellegrino gives Michelin a run for its mouseline. **OUT TOMORROW**



THE AUSTRALIAN FINANCIAL REVIEW

THURSDAY 23 JUNE 2011

www.afr.com

Price \$3.00 (incl GST)

James Packer attacks 'anti-business' Gillard

Pamela Williams
National correspondent

One of Australia's richest men, casino and media tycoon James Packer, has attacked Prime Minister Julia Gillard, warning she must deal with damaging perceptions that she is anti-business.

Mr Packer's criticism comes as he escalates a political campaign against

EXCLUSIVE



'I think the problem for the Prime Minister at the moment is that while she keeps saying she's pro-business, there is a real perception in the corporate world that she's not.' James Packer

the tough poker machine reforms Ms Gillard agreed with Tasmanian independent MP and anti-gambling crusader Andrew Wilkie to secure government after last year's knife-

edge federal election. "I think the problem for the Prime Minister at the moment is that while she keeps saying she's pro-business, there is a real perception in the corporate world that

she's not," Mr Packer said in an interview with the *AFR Magazine* to be published tomorrow.

"This perception is a real problem which she needs to address soon."

Mr Packer confirmed yesterday to *The Australian Financial Review* that he had taken a 4.9 per cent stake in Tabcorp. This shareholding gives him an equivalent stake in Echo Entertainment, which owns Sydney's

Star City casino and was spun off from Tabcorp three weeks ago.

Mr Packer has already turned up the pressure on Ms Gillard by recruiting former ALP national secretary Karl Bitar, a central political player in Ms Gillard's government and the previous Rudd government, with impeccable inside knowledge of the government's weak spots and vulnerabilities

Continued page 16

Qantas gambles on global tie-ups

- Bid to curb losses on long-hauls
- New Asia airline key to growth

Andrew Cleary

Qantas Airways will embark on its biggest change in strategic direction since the creation of budget offshoot Jetstar, as chief executive Alan Joyce plots a global network of mega alliances and a push into Asia with a new premium airline to counter its loss-making international operations.

Facing \$200 million in losses from the international operations this year, Mr Joyce said Qantas would cut the worst performing parts and seek formal joint ventures with existing alliance partners in a bid to improve performance.

Mr Joyce also confirmed plans to establish a "new platform" in Asia to capture growth in premium-priced travel within the region.

Under pressure from unions over new enterprise agreements and the

CORPORATE MOVES

'Geff Dixon never revealed the extent of the underperformance of the international division.'

Chanticleer, back page

- ➔ Broadband deal, **pages 6, 7**
- ➔ MAp flies home, **page 22**
- ➔ Dealbook conference, **page 25**
- ➔ Airline's charm offensive, **page 26**

change in strategy, Mr Joyce took his case to Canberra this week to shore up political support ahead of the off-shore push and an expected bitter industrial relations campaign.

"As a nation we used to fly via Asia," Mr Joyce told the National Press Club in Canberra. "Now we fly to Asia, and the future will be about travel to and within Asia. If you look

Continued page 26



Alan Joyce, left, with Fortescue Metals chief Andrew Forrest at the National Press Club yesterday.

Photo: ALEX ELLINGHAUSEN

Baillieu muscles up to take on unions

Mathew Dunckley and Mark Skulley

Victorian Premier Ted Baillieu will take on construction unions in a bid to rein in rising building costs by using Howard government tactics to dictate workplace conditions for bidders on major state projects.

Mr Baillieu said yesterday he would rewrite the industrial conditions in the state's code of practice for

BATTLE LINE

'Cash subsidies for companies are risky and should be reined in, according to an inquiry into Victoria's manufacturing industry.' Page 11

the industry to try to force "cultural change" on building sites.

He highlighted concerns on freedom of association, the right not to join a union and strike pay.

Victoria's plan prompted calls for other states to beef up their codes, with industry leaders citing federal Labor's watering down of workplace reforms and union attempts to restrict the use of contract labour.

The crackdown came as the Australian Building and Construction Commission queried the legality of a new workplace deal covering thousands of Victorian building workers

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Real estate agents revolt

Ben Hurley

The country's largest real estate companies are shaping up for a fight with online marketing giant REA Group over the soaring cost of advertising on the web and the rights to the use of property data.

The major agencies, such as LJ Hooker, Ray White, Raine &

Horne and Century 21, are considering using their combined might to set up rival information suppliers and advertising portals.

"It's called Project Rebellion," said David Airey, president of the Real Estate Institute of Australia,

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Property, page 55 ■

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Real estate revolution

From page 1
who is watching keenly from the sidelines.

“For too long agents have simply allowed their information to be used by other commercial operators at no charge and been put in the stupid position of having to buy it back.”

The REA Group, with a listed market cap of \$1.6 billion and majority owned by News Ltd, operates realestate.com.au, the country's most visited real estate sales website.

At last count, REA had almost 10,000 paying agents in Australia and the revenue per agent was growing at 16 per cent a year.

A decade ago, the real estate industry saw the internet as a way of breaking the costly newspaper hold over real estate advertising, a hold that helped provide the “rivers of gold” to the media barons.

Now the industry has nurtured an online giant that is not only ramping up its costs, but threatens the real estate agent's traditional role as the dominant source of local market information and the broker of advertising deals.

Adding to the backlash against REA is the poor state of the industry where weak demand has forced hundreds of real estate agents out of business.

REA uses its dominant position to provide listings and sales information to major data providers, and in turn uses that information to draw more customers to its own sites through services like free home valuations.

This contact with the consumer enables REA to build a direct relationship with home owners, bypassing the real estate agents altogether. REA has also been accused of publishing confidential sale prices despite the seller signing confidentiality agreements with the real estate agent.

Real estate groups including RE/MAX, Professionals and First National are cutting back on the information they provide to REA.

“They are commercial extortionists,” said Geoff Baldwin, CEO of the 14 RE/MAX franchise offices in Western Australia. He said REA had consistently raised its advertising subscription price by 15 per cent

WHAT THEY SAID



If there's a fully informed market, the chance of getting deals through goes up, which should mean more money.


Greg Ellis, REA Group



For too long agents have simply allowed their information to be used by other commercial operators at no charge.

David Airey, Real Estate Institute

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a year, and was now on average more than \$1000 per office a month.

“They continue to put the price up and say to us in our face you need us, you need our product. They come out in public and say it's our intention to go direct to your client.”

He said he was looking into feeding a zero sales price value into REA's information network and would be “pushing that idea” to the RE/MAX network of about 100 franchises in eastern Australia.

“I'm all for anything that will stop REA getting a stronger foothold,” Mr Baldwin said.

Fairfax Media, publisher of *The Australian Financial Review*, has faced a similar backlash in Melbourne where an industry-owned rival print publication set up by former employee Anthony Catalano has ripped millions in profits from the business. But the Fairfax-owned Domain.com.au, the second most visited real estate advertising website, has not made moves to bypass real estate agents and is the subject of fewer complaints from the industry.

REA Group CEO Greg Ellis said REA was an advertising business, not a data business. REA was much cheaper than alternative media, and information on its website was designed to help real estate agents maximise their profits.

“REA will never take a dollar

from the commission of selling and listing property, that is the exclusive domain of the real estate agents,” Mr Ellis said.

“Investment bankers will tell you if I have a fully informed buyer and I have a fully informed seller, the chance of the deal getting done goes up. If there's a fully informed market, the chance of getting deals through goes up, which should mean more money.”

He said sold-price information was “absolutely a non critical part of the information we provide”.

“People are significantly more interested in what their property is worth, which does not come from the sold information alone,” Mr Ellis said. He would not reveal the information used to calculate property values.

In the early 2000s the dominant Ray White Group broke away from a co-operative effort to set up an industry-owned advertising website, and instead bought a 15.8 per cent equity stake in REA in 2002 from Macquarie Bank. To the anger of other major players, Ray White began automatically feeding its listings information directly to realestate.com.au, forcing others to do the same.

But the White family no longer has a major stake in REA after selling almost all their REA shares in July 2009 for \$77.6 million.

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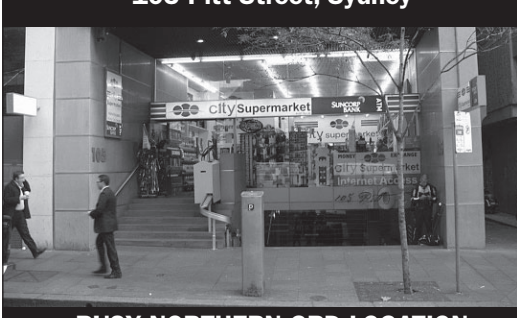
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