

Qantas links US bases to dispute

By aviation writer
CHRIS FALVEY

QANTAS has linked the future of the United States-Australia strategic bases with the dispute over Northwest Airlines and likened the transpacific aviation row to tensions between Australia and the US over agricultural trade. The managing director of Qantas, Mr. John Ward, yesterday accused the US and its carriers of being the bullies of aviation and treating Australia as "just another market to be overwhelmed".

He said the US should "leave the baseball bat at home" and resolve the worsening dispute through negotiation and international arbitration rather than a series of tit-for-tat sanctions due to come into effect in two weeks.

Northwest yesterday said a letter it signed agreeing to disputed conditions including that it carry at least 50 per cent through-traffic between Australia and the US on its service from New York to Sydney via Osaka was made "under duress".

The letter was dated October 24, 1991 - three days before Northwest began the controversial thrice-weekly service - and is crucial to the long-running dispute because Canberra has threatened to restrict Northwest to a twice-weekly service for carrying too much Japan-Australia traffic, in breach of the 50 per cent rule.

The US Department of Transport has threatened to retaliate by cutting three of Qantas' 10 non-stop transpacific services a week and says the conditions imposed by Canberra breach the US-Australia bilateral air services agreement.

In his submission to the DOT yesterday, Northwest accused Australia of being the antagonist by threatening to cut the US carrier's flights before the dispute could be heard by an independent panel of international aviation experts.

"If (the Federal Government) is willing to start a chain reaction of unilateral acts, Australia must be willing to accept the consequences of that course," Northwest said.

Mr Ward said the Northwest dispute was about tactics in a bigger game involving bilateral and regional trade relationships, and "the unsolved problem of a country of 17 million people

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Accused cleared in war crimes trial

By PATRICK LAWNHAM

PENSIONER Mr Ivan Tymo-feyevich Polyukhovich was yesterday acquitted by a South Australian Supreme Court jury of murder and involvement in a massacre of Jews during World War II in a swift verdict that stunned prosecutors.

The jury of nine men and three women in Australia's first war crimes trial took less than an hour to decide unanimously to free Mr Polyukhovich, 76, who then returned to his north-west Adelaide home.

A composed Mr Polyukhovich and his wife brushed silently past journalists outside the Samuel Way court building before being driven off. But his solicitor, Mr Craig Caldicott, told reporters later that Mr Polyukhovich, who was aided by an interpreter as he followed evidence from the courtroom's large dock during the trial, had become very emotional on hearing the verdict.

"Tears were coming out of his eyes. He was very, very emotionally upset as he has been through the entire trial process," Mr Caldicott said.

"It all became too much for him. We must remember he's an old man."

The decision on events in the Ukrainian village of Serniki in 1942 casts fresh doubts on the credibility of the Federal Government's prosecution effort, on which more than \$20 million has been spent.

Mr Polyukhovich, who apparently shot himself in the chest in July 1990 after being charged in January that year, was eventually tried on reduced charges of involvement in the murder of up to 850 Jews and the murder of three other people.

The trial judge, Justice Cox, had warned the jury during his summing up of the difficulties of convicting anyone on evidence about events half a century ago, despite identification by witnesses.

That concern was underlined when the jury returned during its brief deliberations to query Justice Cox on the identification issue.

The prosecutor, Mr Greg James QC, who told the jury last week that Mr Polyukhovich had lied about his whereabouts during the war when first questioned by investigators, had no comment yesterday.

The Director of Public Prosecution's office in Canberra also declined to comment, but an appeal against yesterday's verdict appears unlikely.

Federal prosecutors face another trial in South Australia shortly of the country's only other defendant under the 1988 War Crimes Act, Heinrich Wagner, 69.

Wagner, an ethnic German whose defence counsel are seeking a permanent stay of proceedings, has denied charges of murdering 19 part-Jewish children and being involved in the murder of 104 Jewish adults in Ukraine during 1942 and 1943. War crimes charges against a third elderly South Australian man, Mr Mikolay Berzowski, were dismissed by an Adelaide magistrate during a committal hearing last year.

A spokesman for the Jewish community said it "respects and accepts" yesterday's decision by the Adelaide jury but urged the Federal Government to continue to prosecute "the strong prima facie cases exist".

The executive vice-president of the Executive Council of Australian



Mr Polyukhovich and his wife outside the Adelaide court yesterday... wept after the verdict

Jewry. Mr Jeremy Jones, said the Government "acted responsibly in establishing the legislative means" for prosecutions of crimes against humanity.

"The fundamental issue is that individuals who perpetrate crimes against humanity... must be accountable," Mr Jones said in Sydney.

But the Federal Government, which pushed the Act through Parliament in 1988 after a 14-month struggle as an act of good faith on human rights, faces a steep bill for yesterday's failed prosecution. The Government began moving

after receiving a report by senior public servant Mr Andrew Menzies in December 1986 that found it likely a significant number of war criminals had come to Australia after the war's end in 1945.

Well before the Act was passed in December 1988, the Government set up a special investigations unit under the federal DPP, although it was disbanded last year.

The federal Attorney-General's Department has costed the war crimes effort at \$20.2 million as at June 30 last year, including \$15.4 million for the unit's activities.

Hundreds of investigations were made by the unit, including expensive inquiries in Ukraine, formerly part of the Soviet Union.

Nearly 30 overseas witnesses were brought to Australia for the committal hearings and trial of Mr Polyukhovich.

The expenditure will have risen sharply during this financial year, boosted by the cost of Mr Polyukhovich's nine-week trial, which began last March, nearly 18 months after his committal hearings started.

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PM to pressure NZ over \$500m benefits bill

By political correspondent LAURA TINGLE

THE Prime Minister, Mr Keating, will use a three-day trip to New Zealand starting tomorrow to exert pressure on the Bolger Government over a \$500 million bill for benefits paid by Australia to New Zealanders here.

Mr Keating is also expected to "point out politely" to his New Zealand counterpart, Mr Bolger, that Australia's defence partnership requires a "credible defence effort on both sides" and that New Zealand spends considerably less on defence as a proportion of national output than Australia does.

New Zealand has cut its defence budget by 30 per cent in the past four years.

Senior government officials said yesterday Mr Keating would use the trip to hasten progress on bilateral social security arrangements so that New Zealand picked up more of the bill for its expatriate pensioners living in Australia.

The officials said Mr Keating would give New Zealand the public reaffirmation that it had been keen to get for some time that the trans-Tasman travel agreement - which allows reciprocal freedom of travel and work to Australians and New Zealanders in the two countries - would continue.

But they said he would make it clear he would like to see quicker progress on negotiations over social security payments.

About 276,000 New Zealanders are resident in Australia. Of this number, about 53,000 receive either

the age or sole parent pension, a Job Search or New Start allowance or sickness benefits, at a cost to Australian taxpayers of about \$450 million a year.

In addition, about 30,000 expatriate New Zealanders receive government assistance, such as the family allowance supplement, at a cost of about \$50 million.

Recent estimates put the number of former Australians drawing pensions in New Zealand about 10,100, at a cost of about \$N294 million (\$73 million).

Under the existing social security treaty - drawn up in 1943 - New Zealand reimburses Australia for some pensions, but according to Australian officials, this reimbursement only amounts to about \$17 million a year.

New Zealand officials were somewhat mystified by the raising of the social security treaty yesterday, saying the latest round of negotiations had only begun in August and that the New Zealand parties to the talks had only become aware of Australian frustrations after the talks broke up.

The issue is one of several that could prove provocative during Mr Keating's trip, which will cover Wellington, Auckland and Queenstown.

The trip will be the first to New Zealand by Mr Keating as Prime Minister, and indeed, his first visit to the country since Labor was in Opposition more than 10 years ago.

The Prime Minister is expected to reaffirm the importance and vitality of the

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Dollar dips below US70c

THE Reserve Bank was forced to intervene in currency markets yesterday, spending up to \$500 million to support the dollar as it fell below the critical US70c barrier to its lowest in three months.

Collapsing prices for vital commodity exports and a gloomy assessment on the economy by US investment bank Goldman Sachs

prompted heavy selling of the dollar by Australian and Japanese institutions.

Jittery bond traders reacted by steering clear of Treasury stock, forcing yields up and crueing any chances of an early cut in official interest rates.

Goldman Sachs indicated the dollar could fall as low as US63c.

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