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DIVORCE AND WHAT IT DOES TO KIDS

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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's 10 non-stop transpacific services a week and says the conditions imposed by Canberra breach the US-Australia bilateral air services agreement.

In its submission to the DOT yesterday, Northwest accused Australia of being the antagonist by threatening to cut the US

Accused cleared in war crimes trial

By PATRICK LAWNHAM

PENSIONER Mr Ivan Tymofeyevich 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 Sernik 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 800 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



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 wanted this linked to 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 \$NZ94 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

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 crushing any chances of an early cut in official interest rates.

Goldman Sachs indicated

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