

Australia: Early election threatened over fake email affair

Patrick O'Connor

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Parliament held its last session in Canberra yesterday before the six-week winter break amid media speculation that the Labor government of Prime Minister Kevin Rudd may use the fake “utegate” email affair to call an early election.

The Liberal Party is in disarray after opposition leader Malcolm Turnbull accused Rudd last Friday of corruption and lying to parliament on the basis of the document that was subsequently proven to be a forgery. The email appeared to have been sent in February by a Rudd staff member to treasury official Godwin Grech, demanding that the prime minister’s friend and neighbour, Brisbane car dealer John Grant, be provided with public finance through the OzCar scheme. OzCar was established late last year after the global economic crisis saw two major car financiers cease operations in Australia, threatening many dealerships with bankruptcy.

Last Friday, Liberal Senator Eric Abetz entered the fake document into the public record during a Senate committee hearing interview with Godwin Grech. The treasury official, who was in charge of administrating the OzCar scheme, appeared to confirm the existence of the email during his extremely nervous performance at the hearing. Grech said that while he did not have a copy of the email and that his memory could be faulty, he did recall receiving an email from Rudd’s office raising Grant’s case.

A number of serious questions surrounding the forged email remain to be answered, in the first instance regarding the role of senior Liberal parliamentarians.

It is now known that both Turnbull and Abetz met with Grech in advance of his appearance before the Senate last week. According to the *Daily Telegraph*, the treasury official showed the parliamentarians the email and allowed them to note its contents. The *Telegraph* also reported: “It now appears the email was ‘cut and pasted’ by a person inside Treasury from other emails written by [Rudd staffer] Dr Charlton, then sent to Mr Grech’s home computer and then deleted.” Yesterday the *Australian* added: “Mr Grech, who is on annual leave from the Treasury, is widely suspected of being the source of the fake document.”

Whatever Grech’s precise role, the least probable scenario is that

he independently instigated the affair.

There is a marked difference in the treasury official’s evidence before the Senate on June 4 and his testimony on June 19. In the earlier appearance, Grech said that enquiries relating to the OzCar scheme from both Rudd and Treasurer Wayne Swan’s offices “were professional and consistent with what I would expect from a relationship between a ministerial staffer and a public servant”. Last Friday, however, he suggested otherwise, saying that it had been made clear to him that John Grant was “no ordinary constituent”.

What accounts for this shift? Between Grech’s two appearances in the Senate, did Turnbull, Abetz, or any other Liberal Party member seek to encourage or intimidate him into “toughening” up his testimony?

In the *Sydney Morning Herald* today, columnist Richard Ackland recalled the case of Wayne Patterson, a commonwealth chauffeur who was involved in false and slanderous allegations of impropriety against High Court Justice Michael Kirby issued by Liberal MP Bill Heffernan in 2002. Ackland noted that Patterson “came under so much pressure to produce the goods” that he falsified official vehicle records. “What we now know about Godwin Grech suggests he may have undergone a similar brand of Liberal Party Chinese burn,” Ackland concluded.

Grech is reportedly now receiving hospital treatment; in addition to pre-existing physical health problems, he is reportedly under severe mental stress.

Turnbull and Abetz have refused to provide an account of their meeting with the public servant. After initially pledging to fully cooperate with the ongoing federal police investigation into the fraudulent email, the Liberal leader appeared to backtrack on Wednesday, when he insisted there were issues relating to parliamentary privilege and protection of sources. Abetz is yet to explain his statement in the Senate that a journalist had provided him with the email’s contents. He only avoided a parliamentary inquiry into the matter after Family First’s Steve Fielding joined the opposition in the Senate to block a Labor and Greens backed motion.

Opposition from within the coalition over Turnbull's leadership continues to grow. According to the Murdoch press yesterday: "[S]enior Liberal figures told the *Australian* Mr Turnbull had been warned against using the email in a political attack on Mr Rudd, and MPs were critical of their leader's public strategy after the claims by Mr Grech. One senior Liberal told the *Australian* that opposition to using the email 'was an almost universal view' within the Liberal leadership." Abetz was reportedly among those urging caution.

This raises the question—on what basis did Turnbull's colleagues oppose the use of the email? On the face of it, the document contained potentially damaging evidence of misconduct by Rudd. If Grech was the source, this would have strengthened the email's credibility, given that the treasury official is now alleged to have leaked numerous documents and information to the Liberals over a long period.

Moreover, just a fortnight earlier, the Labor government suffered its first ministerial resignation, with defence minister Joel Fitzgibbon quitting after elements within the defence department apparently provided the Liberals with a series of leaked documents relating to his ties with a Chinese businesswoman, and with information about the involvement of his office in business dealings with a company that employs his brother. A similar modus operandi appeared to be unfolding with the apparently leaked "ute-gate" email. Why then the caucus concern? Were there suspicions that the letter was fraudulent? If so, upon what information were these doubts based?

Turnbull's reckless promotion of the email may lead to his ousting as opposition leader. There is, however, no obvious replacement within the Liberal Party, particularly in light of the resignation, earlier this week, of former treasurer Peter Costello.

While the media has largely attributed Turnbull's disastrous miscalculation to his arrogance and impatience, more fundamentally it reflects the opposition's deep crisis and disorientation. With the Rudd government enjoying the backing of big business, the Liberals have been unable to effectively challenge Labor from the right on economic policy; at the same time Turnbull's limited attempts to distance himself from the unpopular record of the former Howard government has generated resentment among the most right-wing layers of the Liberal caucus.

The "ute-gate" affair has now further eroded Turnbull's authority. His ability to enforce party discipline has been severely compromised, raising concerns within the media and political establishment about the effective functioning of the parliament. The opposition leader appears unable to ensure that coalition MPs vote according to his instructions, preventing him from negotiating legislative deals and amendments with the government.

This is creating a major crisis for the Liberal leader, who is desperate to avoid blocking any of the government's legislation in

order to deny Rudd a pretext for a double dissolution election (involving the election of all Senate seats as well as all House of Representatives seats). On Monday Turnbull ordered coalition MPs to reverse their opposition to the government's tax increase on pre-mixed alcoholic drinks; four coalition parliamentarians, two Liberal and two National, nevertheless voted against the measure in the lower house.

The coalition also postponed a Senate vote this week on the government's carbon emissions trading scheme. With the corporate sector demanding that the initiative be passed in order to end uncertainty surrounding what will be a multi-billion dollar carbon trading industry, Turnbull has unsuccessfully sought to convince his colleagues to limit themselves to proposing minor amendments to Rudd's scheme. The postponed vote prevented the possibility of a highly damaging coalition split on the floor of the Senate.

Key layers of the ruling elite may soon conclude that an early election is necessary in order to short-circuit the "ute-gate" affair before it spirals out of control.

Attempting to deflect attention from his role in the forged email affair, Turnbull has focussed on charges that Labor MPs used the OzCar scheme and other measures to promote the interests of favoured business figures. Swan has been targeted for his role in pursuing public finance for the Grant dealership. Liberal MPs have also highlighted John Grant's role in a fundraising dinner Rudd held in 2002. Tony Abbott went further, asking whether Rudd had lobbied on behalf of importing company Aussie Rent while he was in China. Aussie Rent was formerly owned by John Grant and a Queensland property developer who recently faced drugs and weapons charges. Labor has hit back by implying corruption over Turnbull's 2007 decision, as environment minister, to provide a \$10 million grant to a friend and election campaign donor for a rain-making project.

The series of accusations and counter-accusations is threatening to lift the lid on some of the realities of Australian "democracy"—such as the fact that parliamentarians routinely fight for and represents specific business and finance interests. Under conditions of rapidly rising unemployment and social distress caused by the deepening world economic crisis, along with the long-standing hostility felt by millions of ordinary people towards the major parties, "ute-gate" has the potential to trigger a public backlash comparable to that faced by British MPs in the ongoing UK parliamentary expenses scandal.



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