Australia: Media buries fake email scandal

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As the Australian parliament resumed this week after a six-week winter recess, there were signs that the so-called OzCar fake email scandal, which erupted in June, is being dropped as quickly as possible.

Last week, damning fresh evidence emerged about opposition leader Malcolm Turnbull's role in the affair, during which he demanded the resignation of Prime Minister Kevin Rudd on the basis of a forged email.

Having made great play of the issue when it first emerged, the Murdoch media, in particular, has now urged Rudd and the embattled Turnbull to "move on", in order to save Turnbull's political scalp and concentrate on more pressing tasks.

On June 19, Turnbull accused Rudd and Treasurer Wayne Swan of lying to parliament when they denied assisting a Queensland car dealer John Grant, a Labor Party donor, to apply for financial help from the $2 billion OzCar fund. The government set up the fund last December to bail out car dealers, and the auto industry, after two large salesroom finance providers, GE and GMAC, pulled out of the market in the wake of the global financial collapse.

Earlier that day, Godwin Grech, a senior Treasury official administering the fund, testified before a Senate inquiry that he had received an email from Rudd's office asking for special attention to be given to Grant's application. Turnbull immediately demanded that Rudd and Swan resign unless they could explain their actions, a demand that soon backfired when the government reported that a search of the Treasury email system had established that no such email existed.

Last week, the affair re-surfaced when Grech, who is now under psychiatric care, said he had forged the document and showed a copy to Turnbull under "enormous pressure" at a meeting in Sydney on June 12—that is, a week before his Senate testimony. In an interview with the *Australian*, Grech added that he wrote down a series of questions for Turnbull and Senate deputy opposition leader Eric Abetz to ask in parliament. The public servant further stated that Turnbull's office had suggested that he speak to a senior journalist off the record about the email, and he had agreed, "under great pressure".

Grech's statements directly contradicted two crucial claims by the pair—including in statements to parliament—that they had not seen the email but had merely read its contents in the *Australian*, and had not "coached" Grech's testimony. In all their accounts to parliament, neither Turnbull nor Abetz had once disclosed that they had met Grech and been intimately involved in the publication of the fake email.

Grech's revelations indicate that Turnbull and Abetz are guilty of misleading parliament—the very offence that Turnbull had alleged against Rudd and Swan to demand their resignation. If so, prime facie, according to the traditional parliamentary rules, Turnbull and Abetz are obliged to resign.

Moreover, Grech's allegations about "pressure" raise obvious questions. If he felt under pressure from Turnbull, why was that the case? Grech stated that he was nervous that the Liberals would opposed the OzCar legislation in parliament, but that explanation is implausible because the Liberals had consistently expressed support for the car dealers' bailout.

Much remains murky about the remarkable affair. Responding to Grech's bombshell, Turnbull pointblank refused to explain the circumstances of the meetings between them. Instead, he sought to blame the public servant for the entire affair, asserting that he and Abetz had "every reason to trust" Grech, because he was "very well known" to the Opposition. Turnbull's outburst was a none-too-subtle outing of Grech as a previous supplier of leaked documents to the Opposition, conduct which carries heavy penalties under official secrets legislation. Could this have been a threat held by the Liberals over Grech's head?

The day after Grech's interview, Auditor-General Ian McPhee released a government-commissioned report clearing Rudd and Swan of making any improper representations on behalf of car dealers. Initially, Financial Services Minister Chris Bowen called on Turnbull to resign, insisting that his position had become "untenable". In a television interview, Treasurer Swan briefly raised the question: "What pressure did he (Turnbull) place on Grech?"

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But from that point on, the issue was increasingly dropped. Prime Minister Rudd specifically declined to comment on Grech's statements or the auditor-general's report, saying he was preoccupied with "national security" matters after last week's police-intelligence "terrorism" raids and arrests.

When parliament resumed this week, there was no sign of anyone probing the damaging contradictions in Turnbull's story. Instead, Abetz apologised to the Senate over his role affair, in an apparent bid to avoid being called before a Senate privileges committee for misleading the Senate inquiry. Yesterday, the Senate did vote for a privileges hearing, but the committee has no powers to force Turnbull to testify. Committee chairman, Liberal Senator George Brandis, said he would not allow any hearing into Abetz's conduct to descend into a "political witch-hunt".

An *Australian* editorial on August 5, the day after the auditor-general's report was released, sent a clear message. It declared that while Turnbull "stands convicted of stuffing up over the OzCar affair," he had not actually done anything wrong, except display "poor judgment".

In case anyone missed the point, the *Australian's* August 12 editorial denounced Kerry O'Brien, the host of ABC television's "The 7.30 Report", for questioning Turnbull about the Grech email on the night before parliament resumed.

The Fairfax press was not far behind. An *Age* editorial on August 10 urged both the government and the opposition to "move on" from the email debacle. It drew attention to last week's International Monetary Fund (IMF) annual review of Australia, which commended the government for delivering "timely" stimulus measures worth more than $100 billion or 8 percent of GDP between 2008 and 2012, to avert a financial disaster. However, the *Age* emphasised, "The IMF does not hide the fact that the money borrowed must be repaid." The newspaper concluded that "this calls for serious fiscal discipline".

Behind the push to drop the email affair are concerns in ruling circles that the Liberal-National Coalition could implode, leaving the Rudd government without an effective official opposition, a particularly dangerous situation as growing opposition within the working class emerges to Labor's agenda. *Australian Financial Review* columnist Peter Ruehl put it crudely: "Malcolm Turnbull supposedly is dead meat but the problem is the Liberals can't seem to find any live meat to replace him with."

Turnbull's attempt to oust Rudd through a fake email and false accusations expressed the frustration and disorientation of a party unable to attract any significant support from its traditional big business constituency. The Labor government has largely won over that constituency by delivering the pro-market measures it has demanded.

Over the past six weeks the Liberals have been thrown into deeper disarray as the Rudd government has moved to ensure that the multi-billion cost of its financial bailouts and stimulus packages is extracted from the working class through savage budget cuts.

On July 25, after returning from meetings at the G8 summit in Italy, Rudd published an essay titled "Pain on the road to recovery" in the *Sydney Morning Herald*, in which he blamed "excess consumption" by ordinary people for the global financial crisis. Rudd's essay spelt out the government's commitment to inflict a systemic lowering of the living standards of ordinary working people. (See: "'The pain of recovery': Rudd's declaration of war on the working class"). Within days of the essay's publication, the Labor Party's national conference provided an orchestrated display of unanimity around the government's program of militarism, "sacrifice" and attacks on democratic rights. (See: "Australia: Labor conference endorses war and 'sacrifice'").

With the Coalition in tatters, key sections of the ruling elite are urging the Liberals to regroup in the aftermath of the OzCar affair and provide effective pressure on the government from the right. An *Australian* editorial on August 4 told Coalition MPs to adopt the advice of former treasurer Peter Costello to "make capital from Labor's spending sprees being financed on borrowed money" and "develop a narrative about where it wants to take the country".

That the entire political and media establishment, including the Labor leaders who were specifically targeted by the OzCar affair, are so openly prepared to pass over forgeries and lies involving senior politicians is an expression of how urgently it views the necessity of implementing the next stage of its fiscal agenda—and allowing nothing to get in its way.

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