

# Australian corruption inquiry could ensnare prime minister

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Amid deep dissatisfaction within the corporate establishment over the mooted imposition of new taxes in the government's first budget next Tuesday, indications have emerged that a corruption inquiry underway in Prime Minister Tony Abbott's home state could possibly be used against him.

A feature article in the *Australian Financial Review* on Wednesday reported that an inquiry being conducted by the Independent Commission Against Corruption (ICAC) in New South Wales was "inching closer" to Abbott's office.

According to the article, written by Neil Chenoweth, who has closely followed the workings of ICAC, several connections link Abbott to ICAC allegations of bribery and illegal campaign donations by property developers that have rocked Abbott's Liberal Party this year.

The article appeared a day after ICAC announced it would adjourn its hearings from next week until August 4 to investigate further evidence of "serious electoral funding irregularities" involving the Liberal Party. The delay effectively leaves the stench of the corruption allegations hanging over the party for at least three more months, and perhaps longer, with the deadline for ICAC's report postponed until December.

The adjournment was strenuously opposed by the barristers representing Abbott's Assistant Treasurer Arthur Sinodinos, who stood aside in March after being named in the inquiry, and two former state government ministers who resigned after being named.

In recent weeks, ICAC hearings have already claimed the scalp of NSW State Premier Barry O'Farrell who quit, ostensibly over failing to declare the gift of an expensive bottle of red wine. O'Farrell was swiftly replaced by Mike Baird, who is regarded as more closely attuned to the requirements of the financial

markets.

Wednesday's article was a signal that a similar fate could perhaps befall Abbott, depending on how the business elite judges the performance of his government, starting with Tuesday's budget. Three potential links between Abbott and the corruption allegations were raised.

First, Chenoweth wrote, "Questions have emerged over Tony Abbott's role in selecting Karen McNamara as Liberal candidate for the federal seat of Dobell despite doubts over her fund-raising claims." As the article explained, Abbott was widely reported to be behind an April 2012 decision by the Liberal Party's NSW state executive to instal McNamara as a candidate for the 2013 election.

Second, any investigation of NSW Liberal Party finances inevitably involves scrutiny of federal Liberal fund-raising. Chenoweth reported: "It's done by the same people, the same structures, there are constant crossovers. John Caputo, who was questioned over cheques he gave to former Energy Minister Chris Hartcher, is Abbott's chief fund-raiser in Warringah and works with Treasurer Joe Hockey's funding body."

Hartcher is one of the state ministers forced to quit, and Warringah is Abbott's Sydney north shore electorate.

Third, the level of donations poured into Liberal Party slush funds since political donations from property developers were banned in NSW in 2009 makes it difficult to accept that Abbott and his advisers had no knowledge of the use of these funds to thwart the ban.

The previous state Labor government introduced that ban in a bid to cast off its own discredited image as a developers' party, following revelations of corrupt donations to Labor politicians and municipal

councilors. But the evidence reported daily from ICAC in recent months shows that both the Labor and Liberal parties are up to their necks in soliciting donations from developers and other corporate interests, in return for political favours.

Many details remain murky, and it appears that some of the accusations are bound up with fierce factional infighting in the NSW Liberal Party. As the WSWS noted when O’Farrell was ousted, history demonstrates that scandals in politics are a crucial means by which conflicting elements in ruling circles pursue their underlying agendas.

Despite slashing thousands of public sector jobs after taking office in 2011, O’Farrell was long criticised in corporate and media circles, particularly the Murdoch newspapers, for “dithering” on further pro-market restructuring, such as electricity privatisation. (See: “More than a bottle of wine involved in ousting of Australian state premier”)

O’Farrell’s replacement Baird, an ex-merchant banker, soon announced his support for accelerated privatisations in NSW, which is not only Australia’s most populous state but home to its biggest financial centre—Sydney. Within days, Baird unveiled what can only be described as a cabinet purge, replacing five ministers and adopting a line-up more closely identified with the interests of finance capital. Two of the new appointees, Dominic Perrottet and Rob Stokes, were corporate lawyers, while Andrew Constance, the new treasurer, is a former Microsoft corporate affairs consultant. Baird declared that his ministry had “a hunger to transform NSW.”

In the lead-up to Tuesday’s budget, discontent in sections of big business with Abbott has intensified. First, the prime minister refused to drop his promised paid parental leave scheme, which will levy large companies 1.5 percent on their corporate tax to provide six months’ leave on full pay, in the name of boosting female workforce participation.

Then, Abbott indicated that the budget will include a 1 or 2 percent levy on high-income recipients, in order to put a gloss of “fairness” on measures to reduce the budget deficit, alongside sweeping welfare and other spending cuts. Finally, the government confirmed that the budget will contain fuel excise increases, adding to business and personal petrol bills.

A just released survey of more than 500 company

directors, conducted last month, reported declining confidence in the Abbott government. Only 30 percent of those polled by the Australian Institute of Company Directors expected the government to have a positive impact on their business decision-making, a sharp drop from the 70 percent recorded just after Abbott took office last September.

Today’s editorial in the *Australian* sounded another warning to Abbott, insisting that the budget must not only axe thousands of public sector jobs, as promised, but go far further in slashing welfare payments, especially for young jobless workers, as well as pension and superannuation entitlements. Denouncing the planned tax levy and fuel excise increases, it declared that Abbott and Treasurer Hockey must not “squib hard decisions” or “the fiscal challenge will become more dire and they’ll have less political capital at their disposal.”

Other aspects of the government’s pro-business agenda, such as the abolition of mining and carbon taxes, are likely to remain stalled in the Senate, where the Liberal-National Coalition failed to secure a majority in last year’s election. That was despite the overwhelming public disgust towards the previous Labor government, which did everything it could to deliver the requirements of the financial markets.

Whether the corruption allegations will be used against Abbott is not yet clear, but there are certainly mounting frustrations in ruling circles with his government’s ability, and the capacity of the parliamentary system itself, to fully impose their dictates on the working class.



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