

# As budget impasse continues, scandals return to threaten Australian PM

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Last weekend, on the first anniversary of the election of Prime Minister Tony Abbott's Liberal-National government, prominent media outlets revived two serious scandals that could be used against him.

While no "smoking guns" have yet been produced linking Abbott directly to either affair, they involve major figures in his government, and the allegations are moving closer to the prime minister himself.

The new revelations have emerged amid growing consternation in ruling circles over the government's failure to push through the sweeping dismantling of welfare and social spending outlined in its May budget in the face of intense public opposition to its measures.

The most damaging scandal relates to allegations of illegal electoral donations that have already caused the resignation or suspension of one federal cabinet minister, a state premier and 10 state ministers or members of parliament—all from the Liberal Party in Abbott's political base in his home state of New South Wales (NSW).

After swirling around the state Liberal Party for months, the hearings conducted by the NSW Independent Commission Against Corruption (ICAC) came closer to embroiling Abbott on Monday. The ICAC head, state Supreme Court Justice Megan Latham, ordered the release of emails to and from Abbott's chief of staff, Peta Credlin.

Credlin, who is also married to the federal director of the Liberal Party, Brian Loughnane, is regarded as Abbott's right-hand woman. She is a pivotal figure in his government.

Her email exchanges with Paul Nicolaou, the one-time chief fundraiser of the NSW Liberal Party, were initially suppressed by the ICAC last week after lawyers acting for Senator Arthur Sinodinos threatened a Supreme Court action to block their publication. Sinodinos is another key figure in the Liberal Party. He was the government's assistant treasurer, but was forced to stand down in March

because of his connections to Australian Water Holdings, a company allegedly involved in corrupt dealings.

The emails reveal that in 2011, while the Liberal-National Coalition was in opposition, Credlin worked closely with property developer and construction company Brickworks. On March 1, 2011, Nicolaou sent Credlin a message emphasising that Brickworks was "a very good supporter of the Party."

In other words, Abbott's office was well aware that Brickworks was one of the Liberal Party's biggest corporate donors. Brickworks gave the Liberals \$384,000 in a nine-month period from July 2010 to April 2011. Some media commentary has asserted that as there is nothing unusual about businesses making large donations there is no scandal.

But Brickworks is not just any company. Its donation included at least \$125,000 that was channeled, via the Free Enterprise Foundation, a federal Liberal Party fund, to the NSW Liberals for the 2011 state election.

This donation allegedly flouted the law. In 2009, property developers were banned from donating to NSW political parties, in a bid by the then state Labor government to cast off its own discredited image as a developers' party, following revelations of corrupt donations to Labor politicians.

The email exchange took place in the context of Brickworks' managing director, Lindsay Partridge, exhorting Abbott to "stick to his guns" in opposing the federal Labor government's carbon tax, which was due to commence in July 2012. Partridge reported on an "internal fight" within the Business Council of Australia against companies "who will make bundles out of the tax."

Abbott certainly heeded the message. Over the following months, he made two anti-carbon tax media appearances at Brickworks factories, was photographed with Partridge and told parliament that the Labor

government's carbon tax would cost Brickworks \$2 million a year.

Scandals like this always involve more than the stated objections to corporate influence-peddling, which is the bread and butter of parliamentary politics. Almost invariably, such affairs are brought forward within the ruling class to fight internal factional wars and implement political shifts that cannot be openly stated.

In April, Barry O'Farrell abruptly quit as NSW Premier after misleading the ICAC about receiving a bottle of red wine from a property developer. As the WSWs explained at the time, O'Farrell's departure was not about a bottle of wine. O'Farrell, who was accused by the media of being too hesitant in enforcing austerity and privatisation measures, was replaced by his treasurer, Mike Baird, who quickly unveiled major public asset sales.

The WSWs noted that similar methods could be applied to Abbott, who was facing media and business demands to abandon promises he had made during the 2013 federal election not to slash pensions, education, healthcare and other social services in the government's May budget.

Those warnings were underlined in early May when further documents emerged, on the eve of the budget, pointing to three direct links between Abbott and alleged illegal donations. The *Australian Financial Review* reported that the ICAC inquiry was "inching closer" to Abbott's office.

Four months later, with Abbott's government still having failed to deliver key items in its budget, such as to impose upfront fees to see a doctor, cut young unemployed workers off the dole and deregulate university fees, the ICAC investigation has reached his office.

The corporate pressure is mounting on the government because of the sharp reversal confronting Australian capitalism as the impact of the 2008 world financial breakdown deepens and the China-driven mining boom implodes. Last Saturday, for the third consecutive day, the *Australian Financial Review* published an editorial sounding an alarm over steep falls in export commodity prices, mining investment and national income.

Last weekend too, another scandal re-surfaced. The Nine Network's "60 Minutes" program interviewed James Ashby, a former staffer for ex-House of Representatives Speaker Peter Slipper. Ashby said Christopher Pyne, another close associate of Abbott, who is now education minister, promised him a job and legal help if he issued sexual harassment charges against Slipper, whose parliamentary vote was propping up the

Labor government.

Another senior Liberal, former cabinet minister Mal Brough, told "60 Minutes" he asked Ashby to copy Slipper's diary, which was then leaked to the media. A federal court later dismissed Ashby's harassment case as an "abuse of process." Pyne and Brough are possibly open to criminal charges, either for offering Ashby inducements or arranging for him to copy his boss's diary.

Given what was at stake in Ashby's accusations, which threatened to bring down the Labor government, it is highly unlikely that Pyne and Brough would have proceeded without Abbott's knowledge.

At this stage, the revived scandals are not front-page news. But a remarkable media war has erupted over them. Yesterday's *Sydney Morning Herald* editorial stated that the ICAC and Ashby affairs raised "serious questions" that Abbott had to address. That provoked a full-length editorial today in Murdoch's *Australian*, accusing Fairfax Media of running "titillating headlines" that were contributing to a "paralysis in governing."

This was the second *Australian* editorial in two days on the subject. Yesterday's editorial sent Abbott a "memo" advising him to ignore the resurrection of the "sordid" Ashby "saga." At the same time, the "memo" conveyed a thinly-veiled warning to Abbott, listing a litany of his government's failures. These included a May budget "riddled with policy inconsistencies," badly scripted and ineffective "messaging" on the need to slash spending, and preoccupation with short-term "focus group" opinion polling.

In effect, the editorial put Abbott on notice that unless he proves capable of pushing through the corporate elite's agenda, including the full budget austerity offensive, regardless of the popular hostility, he could suffer a similar fate to O'Farrell.



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