

# THE SENATOR'S REPORT

## Federal Politics is hotting up...

The climate in federal politics is hotter. Although modern politics is characterised by continuous campaigning anyway, the 2007 election campaign now under way is several notches above that. The highly disciplined and hard-working professionalism of John Howard is now matched by an equally driven and hard-working Kevin Rudd. The resulting political and policy contest is intense. How long must we endure it? The earliest election date for a simultaneous half Senate and House of Representatives election is 4 August 2007, and the latest is 19 January 2008. At present most pundits expect the election at the end of November.

### The Burke affair: is there relevance to federal politics?

I doubt that many voters will see the sleaze exposed by Western Australia's Corruption and Crime Commission as having much relevance to the federal election, but it does reinforce the view that politics

can be a dirty business. From the state and federal perspective the CCC inquiry raises integrity issues of improper linkages between union leaders, Labor politicians, lobbyists and business. Labor's ties to the unions links back to the federal Liberals' message. They say that Labor's opposition to WorkChoices is really because they are tied to 'union bosses'. The Liberals are seeking to present Labor's opposition to WorkChoices firstly as bad economics, and secondly arising from being 'owned' by the unions.

The issue of union 'control' over Labor will be part of the federal election debate, but control is less obvious than influence. WA's CCC has been exposing how such influence is exercised. The influence of Labor powerbrokers in WA comes because they have the networks, help provide the political funds, and can influence preselections and political careers. The result is a culture of favours.

There is no getting away from the fact that this culture is a problem. If the Federal Coalition Government genuinely wanted to address this problem they could insist that party constitutions mandate that only individual financial members can vote. This would give Labor back to the members,

and would end forever the ability of the heads of unions elected by non-members being able to decide delegates, who in turn decide pre-selections and therefore create a circle of obligation back to union leaders.

However, the Federal Government and the media are more interested in scalps and scandal than solutions. In my portfolio capacities of Electoral Matters and Accountability I have long pushed the Democrats' agenda of much stronger political governance. WA Premier Carpenter and John Howard should put accountability, integrity and transparency front and centre for Government. Political parties should at least be subject to the public accountability regime that applies to listed corporations and unions. At present they have less transparency than a local sports club.

When corporations, their executives and directors behaved abominably the answer was strengthening the law, strengthening the regulators and enforcing corporate governance. We are permanently better off for those changes.

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## Where the hell is Hay.....?

Where the hell is Hay I asked, when agreeing to speak there during the March long weekend. I have since found out these words are on a NSW car sticker. My adviser on children-in-care, Dr Marilyn Rock, was in Canberra, so she and I hauled ourselves off to Hay in the Riverina region of NSW. It is a small pretty town situated on the picturesque (and surprisingly full) Murrumbidgee River and is surrounded by the open grasslands of the One Tree Plain. Hay's history is rich with characters and tales of boom and bust, of isolation and innovation, of farming, railways and trade.

It is also a place with a very dark side. Part of Hay's history was as a place where problem teenage



**Senator Murray with the girls**

girls under the 'care' of the state were sent as punishment from 1961 to 1974. They were incarcerated in 19<sup>th</sup> century cells of the Hay Gaol, originally built in 1878. They endured the strictest of regimes and ongoing emotional abuse. Tragically, many were victims of physical and sexual assault at the hands of the warders. Just like Bindoon here in WA, Hay was an appalling place that brutalised too many young people. This history was the reason for our Hay visit. I had been invited to address the Hay



**Hay Gaol Museum**

Girl's survivors reunion and what an event it was.

About 50 of the 364 young girls who were sent to Hay made it back for this reunion, many for the first time since their incarceration. It was a powerful and emotional gathering of around 250 townsfolk and visitors. Many tears were shed and anger expressed, but there was a measure of healing and reconciliation. Members of the Hay community spoke of remembering the screams that came from the gaol, screams that the authorities back then said was just how naughty girls carried on. They now know the real reason. They were the screams of girls being bashed and raped.

Surrounded by the Hay survivors, I unveiled a plaque in the grounds of the Hay Gaol, which states: "Let no child walk this path again". These words are so true, because if you hurt and break the spirit of a child, a harmed adult results. Our prisons now are full of those abused as children, and our welfare and mental health systems have as their clients those whose childhoods were abusive.

The state must not fail those children already failed by their families of origin. To fail them is to condemn them to adult lives marred by little confidence, poor self-esteem, depression distrust, anger, shame, social anxieties and premature death, often through suicide. The reality is that unless those in political life and in authority fully understand this, we cannot reduce the social and health problems in our society, problems that result in huge economic costs. It is far cheaper to do the right thing by kids, than to address their later adult problems.



**A Cell where girls were incarcerated**



**Commemorative Plaque**

## Robber barons or nice lads with money?

The proposed sale of the public companies Qantas, Alinta and Coles and the sale of big media assets to private equity interests has had an understandable reaction. The scale of private equity funds and their acquisitions globally is attracting attention because of actual and potential market effects. Corporate raiders and robber barons stalking the markets are seen to threaten the established order and economic security.

History has hardwired humanity to be wary of the rich and powerful. History also tells us robber barons can open up new opportunities. The question has always been how to keep a balance (and the peace). Liberal democracies have devised the rule of law and regulation as the balancing mechanism for mixed market economies. While business currently mounts a general challenge to regulation, private equity seeks to outflank it. Corporate governance and regulatory requirements are seen as bad for investors.

Modern Australian corporations law sits comfortably with the most dynamic and successful business market Australia has ever seen, with record levels of mergers, acquisitions, profits and tax revenues. It is also currently the safest mass market Australian investors have ever experienced. There are a number of reasons for that, but beefing up the law and the regulators after the horrors of the 80s, and after Enron, HIH and others, has produced good dividends. Literally.

The contrary view to low regulation spruikers is that scrutiny and regulation are better for the market than their absence, and they secure good returns and a lower risk environment.

The fears are these. If private equity funds broaden their market activity substantially they can affect the economy and the stock market. If as a consequence the market is exposed to much higher risk, then so is Australia.

By private equity funds replacing equity

with debt in their targets, we go back to over-gearred vulnerable business balance sheets. By requiring the servicing of higher levels of debt, tax revenues fall. By going private, investors are exposed to greater risk because of less regulation and limited scrutiny.

Legislators, regulators and governments just don't know whether these fears are justified, and what large scale private equity will mean to markets and economies. Private equity funds are legitimate market participants that add variety and choice to investment vehicles, but legislators want to find out more. It is their duty to find out more. That is why my fact-finding Senate reference was unanimously supported.

### ***Senator Murray's Reference***

That the Senate, noting that private equity may often include investment by funds holding the superannuation savings or investment monies of millions of Australians, and because of the actual and potential scale of private equity market activity, refers the following matters to the Economics Committee for inquiry and report by 20 June 2007:

- (a) an assessment of domestic and international trends concerning private equity and its effects on capital markets;
- (b) an assessment of whether private equity could become a matter of concern to the Australian economy if ownership, debt/equity and risk profiles of Australian business are significantly altered;
- (c) an assessment of long-term government revenue effects, arising from consequences to income tax and capital gains tax, or from any other effects;
- (d) an assessment of whether appropriate regulation or laws already apply to private equity acquisitions when the national economic or strategic interest is at stake and, if not, what those should be; and
- (e) an assessment of the appropriate regulatory or legislative response required to this market phenomenon, if any.

# Simplified super and lots of money

Someone with a really big calculator has estimated that superannuation funds now at \$1 trillion will reach \$4 trillion in another decade or two. New superannuation law has simplified superannuation arrangements for retirees so that it can be more easily understood and so that there is greater clarity regarding future income streams; has improved incentives to work and save; and, has introduced greater flexibility in how superannuation savings can be drawn down in retirement.



The Democrats were on to the simplification issue long before the Coalition. Former Democrats senator Michael Macklin remembers campaigning for simplification in the eighties and being attacked by the Liberals, and the Labor government for doing so.

The problems remaining in the superannuation system and the broader income taxation system include: those retiring in the near future who have inadequate superannuation; the need to significantly improve the disposable income of lower income Australians both in work and in retirement; the need to address the markedly lower super funds accumulated by women overall; and the continuation of unjust discrimination in superannuation against same-sex couples.

I have difficulty in fully assessing the consequences of the latest changes. Unlike the new tax system that brought in the GST, there is a decided lack of detailed projections from Treasury. Talking of the GST, because of the Democrats negotiations on the GST, Australian pensioners enjoy age pensions being indexed to average male weekly earnings because the Democrats insisted on that occurring. If it were not for the Democrats, pensioners would not have the income they now have.

The super reforms will particularly benefit better-off Australians. To balance that out, structural income tax reform is needed to benefit low and middle-income earners such as raising the tax-free threshold significantly to take millions of Australians out of the income tax system. A recent OECD report again supported this stance of the Democrats. Also needed is indexing the rates to account for bracket creep; broadening the base by cutting out tax concessions that are inequitable, inefficient, outdated, unnecessary or distortionary; reforming the tax-welfare intersects to encourage welfare to work and removing inequities; and ensuring nominal and effective tax rates remain fair and competitive.

The government changes encourage investment in superannuation. More investment in turn produces taxable revenue. Has the government potentially crafted a growing taxable base that could dwarf the present personal income tax base, and if so, why have they not expounded more on the forecast growth of investment and therefore tax revenue? The answer is that until the behavioural effects become apparent, you have to be cautious in predicting the consequence of enhanced savings investment.

Nevertheless there is a neat intersect between the need to raise taxpayer funds to fund future age pensions and the super package, which by delivering a simplified super system by encouraging greater work and greater savings will end up delivering additional taxation revenues, which in turn will help fund the pension system.

## IR - get real

With all the focus on WorkChoices law, commentators need to get real about what will happen before and after the Federal election.

The Howard Government has deliberately sailed into this IR storm. They are highly unlikely to change course before the election, but what will happen after the election? If the Howard government is re-elected expect even tougher IR law. If Rudd's Labor wins they will not have the Senate numbers to change the law, so they will have to negotiate.

Who could a Rudd government negotiate with? Not the Coalition because of ideology, although Senator Joyce may prove a key vote. Not the Greens because their hard left absolutist views will not fit with Labor's proposed moderated national system. Only the Democrats have a long experience of credible outcomes arising from holding the centre ground as the balance of power party.

A big issue is industrial agreements, including AWAs. The Democrats say:

- Firstly, there should be minimum standards that should apply in the absence of an applicable award.
- Secondly, we regard awards as the minimum safety net that operates in the absence of a collective enterprise agreement, or as the safety net that underpins collective or individual agreements. We believe awards governing conditions of employment should be limited in scope, based on allowable matters.

- Thirdly, with respect to collective agreements we think that there should continue to be both a non-union and union enterprise collective agreement system, negotiated between employer and employees, with certification by the AIRC.
- Fourthly, we say statutory individual agreements must be available as an alternative to common law individual agreements, underpinned by the applicable award and subject to a global no-disadvantage test. The present AWAs are just one form that statutory individual agreements can take, and we oppose this particular type, but we do not oppose statutory individual agreements. Labor's and the Green's present position is to oppose statutory individual agreements.



Please go to [www.andrewmurray.org.au](http://www.andrewmurray.org.au) to read the Australian Democrats Minority Report and my Second and Third Reading Speeches on the WorkChoices Legislation.

# Kessing case a reminder of need for strong whistleblowing laws

The recent verdict of guilty against former customs officer Allan Kessing for blowing the whistle on dangerous airport security was inevitable given the Howard laws that say secrecy should prevail over the public interest.

The best quote on this matter came from *The Australian's* Chris Merritt when he said 'Public servants who reveal information about flawed public administration deserve medals – not criminal convictions'.

The case of Allan Kessing would have been differently constructed if the Commonwealth whistleblowing laws had put the public interest front and centre. This is a case of great public importance. By leaking reports on customs security to journalists, it is believed Mr Kessing's actions actually led to the biggest overhaul of airport security in Australian history.

S16 of the *Public Service Act* is a very poor whistleblowing provision. The Coalition Government's weak public sector whistleblowing legislation needs to be completely overhauled. They are the weakest in the country.

The Democrats have long campaigned for strong whistleblowing protection laws in both the private and public sectors. My private senator's bill, the Public Interest Disclosure (Protection of Whistleblowers) Bill 2002, would significantly strengthen federal public sector whistleblower laws. I plan to strengthen it even more.

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## A good question

Without Western Australia's Corruption and Crime Commission, Queensland's Crime and Misconduct Commission and New South Wales's Independent Commission Against Corruption, it would be difficult or unlikely for corruption to be investigated and exposed to the extent it has been in those states. Given the crucial role of these anti-corruption commissions, why is the federal government not interested in setting up a federal anti-corruption commission with a similar charter and similar powers to those state commissions?

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It's really simple. Many electoral law changes are required. These include: ensuring all political parties have registered constitutions with standard clauses that include the principle of one vote one value; that political parties publish an annual public report detailing their financial statements and their income and expenditure; introducing the British system of appointments on merit; banning donations to local and state politicians from developers; stiff penalties for donations with strings attached; professional fund raising fully disclosed; hidden donors behind trusts, foundations and clubs fully disclosed; and, banning foreign donations.

These are the minimum standards the media and the public must demand from Mr Carpenter and Mr Howard.

Don't hold your breath.

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## Additional information

**Please call my Electorate Office on 08 9481 1455 if you require additional information.**