

THE SENATOR'S REPORT



The month of December is a time of celebration with our family and friends.

I trust that you & your loved ones will enjoy a safe and relaxed festive season.

-Senator Andrew Murray

Talk about polls and political muck

2006 closes with a new Labor leader, the Democrats still under-reported by the media, John Howard happily in charge, and Australia going forwards economically and backwards environmentally. As it's the time of the year to be optimistic and hopeful, I wish all my readers, supporters and friends a very happy year end and an excellent 2007. And as for the Democrats, expect the Senate to be a better result this coming election. The last I saw from the Morgan Poll in November for WA for the Senate was: ALP 37.5%, Liberal 37%, Greens 11.5%, Democrats 4.5%, Nationals 2.5%, One Nation 1.5%, Family First 1%, Other 4.5%.

Australia is again deep in political muck, this time in Labor scandals in four states. WA's corruption inquiry is producing jaw-dropping revelations. Should we be alarmed – after all the system is working, in that these scandals have been exposed by crime commissions, the police, the media and political processes?

When impropriety corruption or market failure affects the corporate world, tougher laws and regulation result. When impropriety corruption or market failure affects the political world, a few heads roll but not much else happens.

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Talk about polls and political muck

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Good corporate governance rests on five foundations – mandated constitutional provisions, behavioural restraints & processes under law, a strong active regulator, public reporting & accounting requirements, and the discipline of the market. Politics only has the last of these five, apart from weak funding disclosure requirements. If you want better political

parties, and less muck, then it would help to introduce stronger political governance and public accountability. Political governance includes how a political party operates, how it is managed, its corporate and other structures, the provisions of its constitution, how it resolves disputes and conflicts of interest, its ethical culture and its level of transparency, reporting and accountability. Corrupted processes are most

evident in issues such as branch-stacking, pre-selection rorts, and abuses of political power in office. Greater regulation would offer political parties better protection from internal malpractice and corruption, and the public better protection from its consequences, and it would reduce the opportunity for public funds being used for improper purposes.

To save or not save the single desk— that is the question

The 'single desk' gives Australian Wheat Board (AWB) a practical monopoly on the bulk export of wheat. When the Cole report came down I was immediately certain that the legal framework under which AWB had been operating would need to change completely. The single-desk concept does not exist if the veto is taken away from AWB.

Nobody can export wheat from Australia without the written consent of the Australian Wheat Export Authority, which is a statutory board, but that consent must not be given by the AWEA without the approval of AWB. Despite around 50 applications, consent has never been given for anyone other than AWB to export wheat. So the veto and AWB were inextricably bound together and that has resulted in an effective monopoly.

About 90 per cent of WA's wheat growers have not been providing their crop to AWB because they have been worried by corruption and AWB's reputational loss; lower prices being offered than the open market; the dangers of farmers losing their crop income if AWB is put into administration or is sued or prosecuted; and AWB being perceived to have a diminishing ability to trade as it is regarded as a distressed seller.

My immediate concern as a Western Australian senator was that from a cash flow and revenue perspective WA wheat farmers needed an urgent resolution. There is a clear policy disagreement between large numbers of Liberal and National members of the Coalition. If that is the political reality, what circuit breaker could I provide?



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The solution I came up with and proposed to the government was that it should overturn AWB's veto power in the short term. The essence of my recommendation has been accepted by the government. They are providing a temporary cessation of the single desk for a period of six months. They will consult with the growers in the industry to establish how to move the next phase onwards in terms of policy.

Farmers are entitled to have choice as to who exports their crop. In my view the AWB single-desk is history. The Cole Royal Commission leaves no doubt that several AWB officials consciously breached

UN sanctions and broke Australian law. Their conduct not only deceived the United Nations and the Government, but also damaged the interests of the Australian people. There is the possibility of domestic legal action, both civil and criminal, and even international legal action, judging by media reports. It is unacceptable for AWB to retain a veto power over any other body seeking a licence to export wheat. The conflict of interest is massive. The Democrats did once support the single-desk concept for the export of Australian wheat because it was thought then that it was the best way to obtain the best price for wheat against big market competitors. That approach is not consistent

with general Democrats policy, which is a support for more open and more competitive markets.

I withdrew my support for a single desk nearly a year ago. I do not support a monopoly of this kind that denies a choice of sale mechanisms to wheat growers. I will assess whatever alternative legislative proposals the Government might have to the single desk on their merits. I am prepared to be flexible, but am absolutely opposed to the AWB remaining in possession of its veto power.

My speech to the *Wheat Marketing Amendment Bill 2006* can be accessed on my web-site:

www.andrewmurray.org.au

Media frenzy continues

Until October 2006 Australians knew who owned their media. It belonged to shareholders on public registers, and the Murdoch family, the Packer family, the Stokes family, and disparate members of the Fairfax family.

Then the Howard government decided to allow media concentration to occur. Although the law has not yet been proclaimed, since then PBL has received \$4.5 billion for half its media interests from the private equity firm, CVC Asia Pacific. The Stokes family received \$3.2 billion for half of its media interests from private equity firm Kohlberg Kravis Roberts. Stokes now has a strategic stake in the West Australian, and Murdoch a stake in Fairfax. Ten is being readied for sale or repositioning. Fairfax has announced merging with Rural Press in an agreed deal that will create "Australasia's largest integrated metropolitan, regional and rural print and digital media business" valued at \$9 billion. Others in radio are ready to take over or be taken over.

All as I predicted.

Whenever you think that Australia's economic policies are on the right track, think of alternative models.

Switzerland, Finland and Sweden are the world's most competitive economies according to *The Global Competitiveness Report 2006-2007*, released by the World Economic Forum. Denmark, Singapore, the United States, Japan, Germany, the Netherlands and the United Kingdom are also in the top ten. Australia is No 19.

Oh, and Transparency International lists the five Nordic countries in the top eight least-corrupt countries. Sweden has the lowest level of poverty.

Australians lose to foreigners on CGT— homophobic tax laws continue

Under the *Tax Laws Amendment No 4 Bill 2006* the Coalition gave foreign investors capital gains tax exemptions not available to Australian investors. Australia has been experiencing an investment boom. Treasury had not provided modelling, empirical evidence, or illustrative cameos to support their claims that non-Australians will not be given an unfair competitive advantage over Australian citizens and residents. Australian tax law should not have the effect that foreign-born residents of Australia or Australians are treated less favourably than non-Australian residents abroad.

My Minority Report to the Committee and my amendment to this Bill did attract support from Senators Joyce and Fielding and the Greens. Although Labor expressed

concerns, they were not concerned enough to end this inequity. The revenue cost estimated by Treasury is considerable at a third of a billion dollars over four years. I predict it will be much more.

On another front, the Government failed to honour the Prime Minister's December 2005 promise.

In a press conference at the Commonwealth Parliamentary Offices in Sydney on 22 December 2005, the Prime Minister said that he was strongly in favour of removing any property and other discrimination that exists against people who have same-sex relationships. My amendment for taxation of real property to be determined in the same way for defacto heterosexual and defacto homosexual couples was defeated. Senator Fielding and the



**Prime Minister John Howard:
Another broken promise to add to
his political legacy.**

Coalition voted against an amendment seeking yet again to overturn these grossly discriminatory laws.

Taxpayers face an extra burden

In my last Senator's Report I wrote that I would be attempting to amend the *Independent Contractors Bill 2006* because of uncertainty: whether the Bill would actually benefit contractors, as many will be disadvantaged because their existing remedies under state laws will be overridden by new and much weaker national laws; and, uncertainty about just who will be a genuine contractor and who a genuine employee. The Coalition rejected my amendments.

The Government also refused to investigate cost shifting from private to public that will result from this Bill. The Democrats strongly support the right of Australians to determine whether they want to be in business for themselves, or to work for someone else as an employee. However, we believe that someone who is in business for

themselves also has a duty to meet the universal obligations that are imposed on employers in the public interest. The *Independent Contractors Bill* will inevitably result in an increase in contracting but does nothing to require contractors to provide for their own superannuation, workers compensation, income insurance and the like. Cost shifting of this sort may well involve hundreds of millions of dollars shifted to the taxpayer.

ADDITIONAL INFORMATION

If you would like additional information on any of the issues presented in this report please visit my website

**www.andrewmurray.org.au
or contact my office on 08 9481 1455.**