

Riding the red dragon express is an insult

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Comment

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The federal parliament is the most important in Australia. It's also more open to corruption than any State parliament.

The NSW Labor senator Sam Dastyari won a lot of attention this week with the news that he'd asked a Chinese company to cover a personal debt.



Illustration: John Shakespeare

The money is so tainted that, when he tried to make amends by donating a similar amount to charity, the charity refused to touch it.

Tom Calma, of the Australian Literacy and Numeracy Foundation, said that "we didn't want to be compromised in any way with Sam's donation".

But more shocking is that Dastyari had done nothing wrong. He broke no rule, no law, not even a guideline.

Most State parliaments have a code of conduct for MPs. But not the national one.

If you're a minister, you're expected to meet the ministerial code of conduct, but there is nothing to guide the behaviour of ordinary MPs and senators.

Not only that, there is no independent anti-corruption body for the federal parliament or the federal government. None.

All six States have independent anti-corruption agencies, but where stakes are highest, the protections are the feeblest.

The federal government has monopoly power over Australia's defence, economy and immigration.

Yet with the nation's destiny in its hands, the federal system works on a Tinkerbell system of trust – "clap if you believe!"

It is a polite fiction that donors will give money to politicians without expectation of a return on investment.

This is all business as usual, and that's why it's so wrong.

One of the biggest paymasters of Australian politics, the chairman of the property developer Yuhu Group, laid this out explosively for all to see this week.

"Chinese people were always used as a cash cow by politicians but then they did not worry about helping the Chinese community," Huang Xiangmo wrote in a Chinese state-owned newspaper this week.

"We need to learn ... how to have a more efficient combination between political requests and political donations," he wrote in Mandarin in the *Global Times*, as translated by the *Financial Review*.

Huang has paid more than \$1 million to both sides of Australian politics since 2012.

He is also the financier for Bob Carr's pro-China outfit, giving \$1.8 million to set up the Australia China Relations Institute.

Carr's outfit is so relentlessly pro-China that Professor John Fitzgerald, of Swinburne University, has written of "the monotony of Carr's China-Whatever comments".

Huang also helpfully paid personal bills for Sam Dastyari. In 2014 it paid a \$40,000 legal bill owed by Dastyari.

Dastyari held a press conference standing next to Huang in July, where Dastyari said that Australia should, instead of calling on China to respect international law, "respect China's decision on the South China Sea".

Huang, fed up with being a "cash cow", is now on the record as expecting a "more efficient" response to his payments.

None of this is happening in a vacuum. The president of China, Xi Jinping, has publicly called on the patriotism of overseas Chinese to advance Beijing's interests in foreign countries:

"As long as the overseas Chinese are united," declared Xi, "they can play an irreplaceable role in realising the Chinese Dream of National Rejuvenation as they are patriotic and rich in capital, talent, resources and business connections."

The Chinese Communist Party even has a department responsible for the co-ordination of Chinese diaspora and international communities – as sinologist Gerry Groot, of Adelaide University, has written:

"The United Front Work Department (UFWD) is the organisation through which the Party reaches out to many key non-party groups within and outside China in order to achieve important political goals.

"It also monitors sensitive constituencies and selects representatives from them who they can then incorporate into the political system."

There is a group of Chinese Communist Party party-connected influencers in Australia acting not merely for personal or commercial advantage but for China's national interest.

As the ABC disclosed this week, the director-general of ASIO, Duncan Lewis, last year warned the major political parties that some Chinese donations posed "national security risks".

The ABC's Chris Uhlmann reported that "the security warning to party chiefs is another indicator of the growing concern in intelligence agencies about the use of 'soft power' in Australia.

"That includes donations to politicians and universities, urging community groups to press Beijing's cause, increasing control over Chinese language media and buying space in mainstream media.

"The immediate goal is to push China's case for control of the South China Sea and, long-term, to urge a rethink of Australia's alliance with the US."

Inside the parties, the connection between Chinese money and Australian foreign policy is being made starkly plain.

Senior Labor figures have told MPs that Senator Stephen Conroy's tough position on China's disputed claims in the South China Sea have cost Labor a lot of money, well informed sources tell me.

Specifically, they've said that big Chinese donors withheld \$450,000 in payments that otherwise would have been given to Labor, the sources said.

Conroy, as Labor defence spokesman, had said that Australia should assert freedom of navigation through Chinese-claimed waters by sailing navy patrols within the 12 nautical mile boundary of islands that Beijing claims as sovereign Chinese territory.

An arbitration panel of jurors at The Hague dismissed China's claims as having no legal foundation. China refuses to acknowledge the jurisdiction of the international tribunal.

By offering, or withholding, money, this is an attempt at deep, strategic corruption, an effort to pay politicians to change Australian foreign policy.

Total disclosed payments to the major parties by Chinese corporate and business interests in the two years to June 30 last year was \$5.89 million.

An informed official tells me: "There is very high level concern inside ASIO about the use of donations to purchase access and influence.

"It's concern about systematic behaviour by people connected to the Chinese state apparatus. It's centrally directed by Chinese intelligence."

This challenge to Australia's sovereignty is a new phenomenon for our system, and it's one for which the federal system is woefully unprepared.

It was bad enough that a billionaire miner could form his own political party, bankroll his way to winning some seats and then proceed to vote against tax on miners.

In NSW, this blatant conflict of interest would have qualified him for ICAC scrutiny, but in the federal system Clive Palmer went unhindered. "Conflict of interest is a form of corruption," former director of prosecutions in NSW, Nicholas Cowdery, said. Palmer should have recused himself from any decisions in which he had a business interest, Cowdery said. He never did.

This sort of blatant abuse has exposed the glaring flaws in the federal system.

As it happens, it comes at exactly the moment that Australians' tolerance for the Tinkerbell system of trust has been withdrawn.

The Dastyari case shows that, even if the rules are being followed, public opinion will not tolerate business as usual – the moment Dastyari's story emerged, public rage forced him into an apology.

"Corruption is endemic to the human being," a former ICAC commissioner in NSW, David Ipp, said in 2014. "It is so screamingly obvious that there is a breakdown in trust at the moment."

To now the Coalition refuses to consider a federal anti-corruption body. Bill Shorten has said that could be open to a debate on the matter. Only the Greens have been firm and consistent on calling for a federal anti-corruption investigator.

How can the main parties be so complacent? Does the temptation to corruption mysteriously evaporate when a politician boards a flight to Canberra?

"In my view," Labor's famously clean John Faulkner remarked a couple of years ago, "the sorts of issues being raised at the NSW ICAC do not miraculously stop at state or territory borders."

Of course not. The system has long been vulnerable to abuse. Now, with a serious sovereign challenge to Australia's federal parliament as well as the persistent threat of routine corporate and personal venality, the case for change is utterly unarguable.

To comply with his legal obligations, Sam Dastyari needed to observe one rule only – that he disclose the payment of his travel bill by his Chinese benefactor - and he did.

In fact, his disclosure had been sitting unconcealed on the register of members' interests since October.

It was only when Fairfax Media's Latika Bourke took the trouble to look for it this week that the \$1670 payment by Top Education Institute was revealed as news.

"I foolishly didn't reflect on the appropriateness of having someone else make the payment," the former general secretary of the NSW Labor party said as the reaction raged.

Why would he? The same institute and its head, Minshen Zhu, have been a ready ATM for Labor.

Zhu and his company had done the same thing on 28 other occasions for Labor totalling \$252,078 over five years, as *The Australian* reported this week.

All were listed not as "donations" but as "other", meaning payments in kind - services, gifts, travel, or such. None of these had created a storm, so why wouldn't Dastyari just tap Zhu when he overspent his parliamentary travel allowance? Or Huang when he wanted to pay his legal bills.

This is all business as usual, and that's why it's so wrong.

Labor is calling for a ban on foreign political donations. The Turnbull government needs to join it and change the law.

But the main parties have to go further. Rather than being the jurisdiction most open to corruption, the federal parliament and government should be the one with greatest integrity.

The Turnbull government and the Shorten opposition are afraid of what a federal anti-corruption agency might find if they set one up. They should be more worried about what is about to happen to our country if they do not.

<http://www.smh.com.au/comment/sam-dastyari-riding-the-red-dragon-express-not-a-good-look-20160902-gr7tcy.html>