

Shadow of long-forgotten Iraq falls across campaign

Canberra observed
Australia remains one of the few countries to not reflect widely on its involvement in Iraq.



Laura Tingle

The federal election campaign descended this week into a series of traffic accidents and slips of the tongue by candidates, frontbenchers and ministers, and there was an earlier than usual sighting of budget black-hole claims.

On the other side of the world, former British prime minister Tony Blair was admitting that Britain and the United States had “profoundly” underestimated the chaos that would be unleashed by the toppling of Saddam Hussein.

What’s this got to do with Australia, and the federal election campaign of 2016?

Well, it’s about long memories and personal histories, the use and misuse of secret documents, police investigations and the media.

In Britain, a long-awaited report of a public inquiry into Britain’s role in the war in Iraq, the Chilcot Inquiry, is due to be published within weeks.

Blair said this week: “We underestimated profoundly the forces that were at work in the region [that] would take advantage of the change once you topple the regime.

“The lesson is not actually complicated, the lesson is simple. When you remove a dictator, out come these forces of destabilisation – whether al-Qaeda on the Sunni side or Iran and its militia on the other side.”

Some people might be tempted to say “well, der” – this was a regular public warning to the “Coalition of the Willing” from many quarters at the time – but the contemporary point is that this destabilisation led to all the chaos that finds its greatest current threat in Islamic State.

The 2003 decision to invade Iraq was just as controversial then as it remains today, in the US, the UK and in Australia.

Part of the political drama that played out here involved an officer of an arm of Australia’s national security establishment. In the Office of National Assessments, Andrew Wilkie resigned in protest in early 2003 at what he claimed was government manipulation of intelligence material on Iraq (and became an MP in 2010).

He became a key public critic of the government’s use of intelligence material in arguing its case for going to war in Iraq, telling a parliamentary inquiry he had objected to the fact “the government exaggerated that threat and supported the exaggeration in Washington and London to give the impression that it was not just a regional threat but a global threat”.



Former prime ministers John Howard and Britain’s Tony Blair in 2005. PHOTO: ANDREW TAYLOR



A document that Wilkie wrote while still at ONA – which dealt with the humanitarian implications of the war – was subsequently leaked to conservative columnist Andrew Bolt and later quoted from extensively by a Coalition senator, Sandy MacDonald, in a parliamentary inquiry. Both used the report to try to discredit Wilkie.

Wilkie’s report was classified “top secret” and “AUSTEO” (for Australian eyes only). That means it was within the realms of the official secrets legislation and raised the spectre of major prison sentences for those found guilty.

Yet despite Bolt both quoting from it in June 2003, and claiming to have access to it, the possibility of an AFP investigation was still only being “evaluated” almost *three months* later, when such leaks became a matter of parliamentary controversy after Senator MacDonald also quoted from the document.

(One could compare the scale of the sins involved here with last week’s fracas about leaks from the National Broadband Network)

The AFP moved into full investigative mode on September 11 over who had breached “Official Secrets” legislation.

That police investigation came back into the frame this week after the Administrative

The 2003 decision to invade Iraq was just as controversial then as it remains today.

Appeals Tribunal handed down a decision last Friday on a long-running battle by Labor frontbencher Andrew Leigh to get a copy of the AFP’s report released, including the (currently) redacted names of staffers in Alexander Downer’s office who were interviewed by police over the matter.

Why would Leigh and Labor be so keen to get their hands on this information? Well, because one of the staffers the opposition has long suspected of being involved was Josh Frydenberg, now a cabinet minister in the Turnbull government.

Labor in 2003 had originally suspected the source of the leak was another Downer staffer, Chris Kenny, then Downer’s press secretary, now a columnist with *The Australian* newspaper. Some people within the Coalition at the time openly speculated he was the leak.

The alternative suggestion was that it was Wilkie himself who leaked the report, despite Wilkie calling for an immediate investigation into the leak and the fact the report was used by the Coalition to try to discredit him.

This week, *The Australian* ran a lengthy

report on the AAT ruling and the AFP’s findings, naming Frydenberg as one of the staffers who had been interviewed by the AFP, even though this information is still technically not publicly released.

Leigh believes that Frydenberg’s name was made public to avoid it emerging when the AAT’s judgment – that the names should be “un-redacted” – comes into force on June 16, just a couple of weeks before polling day.

Now the AFP report itself seems to dismiss any suggestion that Downer’s staff leaked the Wilkie ONA paper to Bolt.

It concludes “there is no direct and probative evidence that would give reasonable cause” to believe that one of the copies of the ONA report in the Downer office – which had been requested from ONA just *three days* before the Bolt piece appeared – “was the source used in the Andrew Bolt article”.

“I have concerns about the unaccounted for copy of the report allocated to Mr Wilkie”, the investigating officer notes.

But it is also the case that a substantial amount of the report deals with what happened to the copies of the report in the foreign minister’s office

Perhaps what is most striking about the AFP report – to the casual observer all these years later – is how apparently hopeless government is at following proper procedures for dealing with top-secret documents.

The AFP report notes the laborious guidelines for dealing with such documents but also that the investigation “revealed widespread non-compliance with document-handling procedures” across the bureaucracy and the government.

“As a result, investigators were unable to accurately track and account for the distribution of the report or compile an exhaustive list of potential suspects”.

So the question of who leaked classified intelligence in order to politically assassinate its author – who had dared challenge a decision to send Australia to war – remains unanswered.

Australia remains one of the few countries to not reflect widely on its involvement in Iraq. Then again, we are very busy at the moment, observing an election campaign that day-to-day seems to be about nothing very much at all.

Laura Tingle is *The Australian Financial Review’s* Political editor.

NZ gets no-nonsense, no-fuss budget with a surplus on top

NZ Budget
With solid substance and a surplus, John Key and Bill English had no need to throw much gimmicky stuff into the budget.



Oliver Hartwich

If there is one art Prime Minister John Key’s New Zealand government has mastered, it is expectation management.

So for its eighth budget, delivered yesterday, expectations were low. Hence nobody was disappointed when Minister of Finance Bill English delivered it.

Which is not to say that it was a bad budget. Far from it. Budget 2016 continued a tradition of no-frills, no-nonsense and no-surprise budgets.

Then again, that is what you would expect from a third-term government riding comfortably in the polls. There is no need to throw in too much gimmicky stuff when the substance is solid.

The bottom line is this: New Zealand has left the twin fiscal emergencies resulting from the global financial crisis and the Canterbury earthquakes behind.

The Key government expects economic growth of 2.8 per cent for this year, a budget surplus of \$NZ700 million (\$652 million) – rising to \$2.5 billion and \$5 billion in 2018 and 2019 – and unemployment of 5.6 per cent to fall to 4.6 per cent by 2020. These are good figures, and the contrast with Australia’s projected deficits is stark, especially considering New Zealand plunged into deficit only a year before Australia, and suffered a recession.

Most of the credit is due to English. The

minister is not just one of New Zealand’s most experienced politicians. He combines this experience with intellectual curiosity to find more efficient ways of delivering public services. He also thinks in time frames far longer than election cycles.

Over the past years, English had made it his personal quest to return the budget into the black. To achieve that, he did what all good finance ministers do. He kept a close eye across the entire range of government spending and made it difficult for his cabinet colleagues to demand big increases.

Having delivered this budget surplus is no mean feat. But good fiscal management and economic policy still requires more. To be clear, the New Zealand budget did not disappoint because nobody expected much from it in the first place. But it is still a missed opportunity.

That is not just because there were no tax cuts announced or even just signalled. Total new spending for 2016/17 was \$NZ1.9 billion. Given that amount, it might well have been possible to consider a minor income tax cut – or at the very least measures to address tax bracket creep.

Also, New Zealand’s top rate of income tax kicks in at just \$NZ70,000 per year. It is hard to argue that someone earning this amount is a top earner when the average wage is projected to hit \$63,000 this year.

Then again, New Zealand’s highest income tax rate only stands at 33 per cent, which should make Australian taxpayers weep. And, of course, New Zealand’s next election is still more than a year away. Politically it makes much more sense to deliver tax cuts at a time that allows voters to remember it. This is to say that Kiwis might still see a tax cut after all – but only in a year’s time.

The real omission in yesterday’s budget has nothing to do with tax rates. It is the Key government turning a blind eye to New Zealand’s biggest economic challenge: its out-of-control housing market.

A housing market is considered affordable when the median home costs three times a median household’s income. For Auckland, that ratio now stands at 10.2 times. In other words, Auckland has become one of the world’s most expensive cities.

This is a problem for New Zealand, because too many economic resources are poured into housing at the expense of more productive parts of the economy.

In 2012, when he was chief of the Bank of New Zealand, NAB’s Andrew Thorburn even argued that New Zealand suffered “a massive long-term bias towards investment in residential property – a non-productive asset in investment terms”.

Over the past weeks, the opposition Labour party had announced that they are prepared to take radical action to cool down the housing market. In short, Labour intends to flood the market with new supply through a range of measures. These include abolishing urban growth boundaries, planning regulations and the use of bonds to finance new local infrastructure.

These comments were later supported by Minister English and the leaders of the ACT and Green parties.

Budget 2016 could have been the perfect opportunity for the government to send a clear signal that it is serious about increasing housing supply by making provisions for it. Instead it delivered only piecemeal measures around social housing.

Despite this disappointment, Budget Day 2016 in New Zealand was a rather boring affair – at least by Australian standards, where budgets seem often to consist of electoral bribes targeting swing voters in marginal seats, and surpluses no longer seem to matter.

But maybe, just maybe, this is a sign that New Zealand is just a little better governed than its trans-Tasman neighbour?

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