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Dastyari tape raises heat

EXCLUSIVE

**Nick McKenzie
James Massola
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An explosive tape recording shows for the first time that Senator Sam Dastyari delivered a scripted, deliberate and detailed defence of the Chinese government's aggressive land grab in the South China Sea, despite the senator's repeated attempts to deny it.

A brief report in a Sydney-based, Chinese-language newspaper last year about the June 17, 2016, press conference was partly responsible for Senator Dastyari being sacked from the Labor Party frontbench last September.

However, Senator Dastyari blamed a spontaneous, "garbled ... wrong answer" to a curve-ball question, or inaccurate reporting, for the comments, in which he suggested Australia should remain neutral on China's border policy.

Now, however, a tape recording of

the press conference has been obtained by *The Age*. It shows Senator Dastyari clearly and deliberately contradicted Australia's foreign policy, and Labor policy, by saying Australia and the ALP should observe "several thousand years" of Chinese history in respecting Beijing's claims to disputed territory, which includes islands in the South China Sea.

These comments repeat the Chinese government's position, which was subsequently rejected by the Permanent Court of Arbitration

in The Hague. The "role Australia should be playing as a friend is to know that, with the several thousand years of history ... where it is and isn't our place to be involved," Senator Dastyari said.

Senator Dastyari made the comments as he stood alongside Chinese Communist Party-aligned political donor Huang Xiangmo. The recorded comments sound scripted and deliberate, and are carefully delivered.

The Age has confirmed that intelligence collected by national security

officials corroborates that Senator Dastyari planned to make the comments before he delivered them, and had told Mr Huang of his intentions - things the senator has denied.

The revelations come after *The Age* reported yesterday morning that Senator Dastyari had, in October 2016, met Mr Huang in person at his house and warned him his phones were tapped, and that he should not speak near his phone or inside his home. Senator Dastyari did not deny

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ODD SPOT

Eight donkeys have spent four days in jail in India after chewing their way through some saplings that had been planted near the prison. Orai jail superintendent Sita Ram Sharma said: "There is no such law wherein we can arrest donkeys. They were confined for four days to teach a lesson to their owner who did not pay attention to our warnings."



Business

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Nick McKenzie
James Massola
Richard Baker

On June 17 2016, Senator Sam Dastyari strode to a podium engraved with Australia's coat of arms and began the press conference that would almost destroy his career.

Dressed in a charcoal suit and flanked by two Australian flags, Dastyari projected statesmanship.

"The South China Sea is China's own affair," Dastyari was later reported as saying in a Chinese language news outlet. "On this issue, Australia should remain neutral and respect China's decision."

Weeks after these 19 words were reported, and amid fierce scrutiny about why the rising star of the ALP had contradicted Australia's bipartisan foreign policy on Beijing's aggressive territorial claims, Dastyari hinted that he may have never actually said them.

If he was not "misquoted" he had "misspoken" while spontaneously responding to an unexpected curveball question.

"Now I'm not going to be the first or the last backbench member of parliament to have taken a foreign policy question they shouldn't have taken, mumbled it and answered it incorrectly," he recently told the ABC's *Australian Story* in a polished delivery of a well-practised "wrong answer to an unexpected question" defence.

Dastyari's denials that his comments were planned or pre-scripted have withstood intense scrutiny due to a simple fact: no evidence had ever surfaced to suggest Dastyari was avoiding a less palatable truth.

The only verifiable record of the press conference has been a single photo of Dastyari at the podium, flanked by his billionaire benefactor and political donor, Chinese developer Huang Xiangmo.

The pair's history initially made matters far worse for Dastyari.

By June 2016, Huang had given the ALP more than \$1 million in donations, much of it raised by Dastyari.

He had also paid \$5000 to the Labor senator to help settle a legal bill.

When the 19 words of Dastyari's answer were picked up by the mainstream press 10 weeks after the press conference, they were reported along with the fact of this \$5000 payment, and explosive allegations that ASIO believed some Chinese donors may be working with the Chinese government to influence Australian democracy.

The combination thrust Dastyari and Huang into a scandal with parallels to the Russian-interference

All at Sea

problem bedevilling Donald Trump.

Dastyari was forced to deny cash-for-comment allegations, and claims he'd become a puppet of the Chinese government. The coalition dubbed him "Shanghai Sam". He lost his position on the Labor frontbench, but with no further evidence, Dastyari was able to make his case that he had simply been hapless, bumbling and naive.

The scandal began to fade.

Then, earlier this year, Dastyari sought to bury it forever.

As part of an effort to rehabilitate himself in the public mind, he went on *Australian Story*, where he repeatedly insisted his words, which contradicted Australian and Labor foreign policy, were no more than a spontaneous stuff-up; a blurted, garbled answer given to an unexpected question.

"I gave the wrong answer to a complicated foreign policy question that I was naive enough and perhaps silly enough to take," he said in response to a grilling by ABC journalist Quentin McDermott.

Dastyari's defence strategy worked. In February, he was promoted to the opposition's senate deputy whip, even though some political observers noted that he seemed to be uneasy about what "the agencies" knew about his dealings with Huang.

He was right to be concerned.

A Fairfax Media investigation has uncovered disturbing new details about the pair's relationship. A tape recording of the press conference suggests Dastyari sought to spin the truth about what really happened on that June day.

Fairfax Media also reported yesterday that several weeks after the first scandal blew up on August 31 2016, costing Dastyari his job, the senator drove to Huang's family home, a multi-million dollar mansion in North Sydney with water views.

There Dastyari warned Huang his phones were being tapped.

While the story that dominated China's recent National Party Congress was the entrenching of President Xi Jinping's authoritarian

rule, supporting narratives emerged on the sidelines.

One was about the United Front Work Department, a secretive lobbying agency dedicated to what President Xi has labelled China's "magic weapon" – a Leninist-style operation to influence and recruit friends in the west and isolate enemies.

"The [Chinese Communist Party] has been making friends from far and wide, many of whom have become confidants," a top party official said in a National Congress press statement.

The statement also detailed how those involved in United Front had sought to build support for China's militarisation of the South China Sea, a land grab ruled illegal by an international tribunal but which President Xi justifies on the basis of thousands of years of history.

Like missionaries spreading religion, United Front operatives had, "helped political parties and friends from all social sectors of various countries get to the truth based on facts and reasoning."

Huang has dismissed suggestions that he, or the Sydney organisation he headed until this week, the Australian Council for the Promotion of the Peaceful Reunification of China, are engaged in United Front work.

In a statement released in June, Huang insisted the reunification council is "an autonomous, non-government organisation" and it was "incorrect to describe ... [it] as an affiliate" of the United Front Work Department or the Chinese Communist Party.

But documents uncovered by Fairfax Media reveal that while Huang was its leader, the Sydney organisation sent a delegation to a United Front conference in Beijing in September 2016, two months after the Dastyari press conference.

There, the Sydney group was praised by the vice-director of the United Front Work Department and urged to "broadly make allies to obtain international support ... [for] the realisation of the great

revitalisation of [the] Chinese nation."

In 2015, in his capacity as reunification council president, Huang addressed a Chinese consulate event, saying: "We overseas Chinese unswervingly support the Chinese government's position to defend national sovereignty and territorial integrity ... [and] support the development of the motherland."

Sydney University of Technology's China academic and Communist Party critic Dr Feng Chongyi says Huang is closely aligned to the United Front and also "supported by the Chinese authorities, including the embassy [in Canberra] or the consulate [in Sydney]".

According to three serving or former national security sources, ASIO became interested in Huang in early 2015, around the same time two senior officials working for former prime minister Tony Abbott, national security adviser Andrew Shearer and foreign affairs expert Michael Thawley, raised concerns about interference by Beijing and its proxies, including United Front members and donors.

This interest culminated in a secret 2015 briefing by ASIO to senior Labor and coalition figures, including ALP secretary George Wright and Liberal director Brian Loughnane. As a joint Fairfax Media and *Four Corners* investigation revealed in June, Huang was named as one of two donors of concern in this briefing.

By then, Dastyari was Huang's point man in the ALP. Dastyari had assiduously cultivated Huang after his arrival in Australia in 2011.

The charming, impulsive student politician turned rising star of the ALP had described Huang to Labor colleagues as a donations "whale".

Money from Huang's successful property development company, the Yuhu Group, was able to plump Labor coffers, Dastyari explained excitedly. Coalition MPs were also cultivating Huang as a donor.

Huang himself could also act as a conduit to Chinese voters and the Communist Party-aligned Chinese language newspapers, due in part to his status as a community leader endorsed by Chinese officials.

ASIO's interest lay in the question of what, if anything, Huang wanted from Dastyari. Who was charming who? Along with providing generous political donations, an organisation Huang headed paid for two trips Dastyari took to China. When Dastyari needed a legal bill settled in 2014, Huang coughed up \$5000, a payment which Dastyari duly declared.

When he was interviewed in August this year by *Australian Story*, Dastyari insisted that the 2015



'It isn't our place': New tape of pro-Beijing

From Page 1

the story, but said he was acting on "gossip" from journalists in respect of his dealings with Mr Huang at his family home.

This claim was made despite Senator Dastyari delivering the counter-surveillance advice after multiple media reports that ASIO was interested in Chinese Communist Party aligned donors and after ASIO had briefed senior Labor officials about

Mr Huang's CCP links. After details of the tapped phone warning emerged, Prime Minister Malcolm Turnbull said the senator should consider resigning and questioned if he had betrayed Australia.

Opposition Leader Bill Shorten said yesterday that he had given Senator Dastyari a final warning.

"I have made it clear to Senator Dastyari that that this is not the first time his judgment has been called into question, but I certainly expect

it to be the last," Mr Shorten said.

Speaking to Fairfax Media yesterday afternoon Mr Dastyari said his last contact with Mr Huang was 14 months ago and "I haven't spoken to him since".

"In September last year, I resigned from the ALP frontbench, over comments I made at a ... press conference which were wrong and not consistent with ALP policy. I have acknowledged this a number of times previously. I paid a price for this error."

Senator Dastyari's South China Sea comments came the day after Labor's defence spokesman, Stephen Conroy, had lambasted Beijing's territorial claims in the South China Sea as destabilising and "absurd".

That statement during the 2016 election campaign prompted Mr Huang to tell the ALP he was withdrawing a promised \$400,000 donation.

Earlier this year, Senator Dastyari told the ABC's *Australian*

Story that he did not recall ever speaking to Mr Huang about foreign policy, and that he made comments attributed to him only after he had "questions thrown at me from the Chinese media".

"It was later reported that, in a very garbled answer, I said something along the lines of 'that's a matter for China,'" Senator Dastyari said. "I gave the wrong answer to a complicated foreign policy question that I was naive enough and perhaps

ASIO warning to his own party about Huang was never passed on to him, a failing he attributes to his colleagues.

"If there were briefings given ... frankly, I think they should have been passed on. But they weren't."

Yet others in Labor had sensed danger, even if Dastyari had not. At the start of 2016, Huang began pressing several politicians to help with his stalled citizenship application.

An ALP insider privy to the requests from Huang told Fairfax Media he immediately suspected ASIO was blocking the application and resolved not to assist.

Abbott was also pressed by Huang to intervene, but privately told associates ASIO was worried about Huang's relationship with the Chinese Communist Party. Abbott indicated he would help Huang, but did nothing.

Dastyari, by contrast, not only told Huang he'd query the citizenship delay, but did so multiple times. By the time Dastyari had summoned Huang to attend the pre-election press conference, the senator or his office had quizzed immigration officials on behalf of Huang on four separate occasions.

Each time, Dastyari or his office reported faithfully back to Huang that his

application was stalled.

Dastyari has also insisted publicly that he was unaware of another major event that attracted intense interest from security agencies.

A day before the June 17 Dastyari-Huang press conference, Labor's then-foreign affairs spokesman, Stephen Conroy, attacked Beijing's aggressive approach in the South China Sea. China's actions were destabilising and "absurd", he said, and Labor was open to the Australian Navy conducting freedom-of-navigation exercises in the area.

Huang responded in kind, telling ALP election fundraising officials he would pull a promised \$400,000 donation to the party.

Dastyari insisted to *Australian Story* that he knew nothing about Huang's disdain for Conroy's comments, nor the threat to pull \$400,000. According to Dastyari, he never discussed any foreign policy issues with Huang.

But Fairfax Media has confirmed that security officials have gathered

intelligence that Dastyari not only planned to talk about the South China Sea prior to the press conference, but told Huang he would do so.

This intelligence is supported by audio of Dastyari's actual statement. The audio, exclusively obtained by Fairfax Media, suggests Dastyari's comments on Beijing's territorial ambitions were scripted and delivered with intent.

Dastyari even invoked President Xi's claim that China's claims are founded in ancient history.

"The Chinese integrity of its borders is a matter for China," Dastyari said.

"And the role Australia should be playing as a friend is to know that with the several thousand years of history, thousands of years of history, where it is and isn't our place to be involved. And as a supporter of China and a friend of China the Australian Labor Party needs to play an important role in maintaining that relationship.

"And the best way of maintaining that relationship is knowing when it is and isn't our place to be involved." Two national officials aware of the tape's contents say not only does it go much further than the comments previously attributed to Dastyari by explicitly endorsing China's historical claims

and aligning the ALP with Chinese foreign policy, but also suggests Dastyari has engaged in a cover-up.

A cursory listen to the audio shows Dastyari's comments to be deliberate and planned – rather than mumbled and spontaneous – seemingly contradicting Dastyari's claims to *Australian Story*.

"I held a press conference to talk specifically about the issue of Safe Schools," he told the program.

"And look, as you can imagine in these in these kinds of press conference other questions get thrown at you. And look, let's not pussy foot around this, I gave the wrong answer on a question about the South China Sea."

Another claim by Dastyari now under extreme strain is his claim he never twigged Huang was of interest to national security agencies.

While the national media was in the dark about what was actually said at the press conference the story led to other revelations that made it clear Huang was under suspicion.

Within hours of the news of the press conference breaking, the ABC revealed how ASIO had warned Labor and the coalition that some Chinese donors were acting on behalf of the Chinese government. While the reports did not name Huang, it is known among several several MPs in Parliament House that he was one of two men ASIO had fingered in briefings to the ALP and Liberals back in 2015.

The reporting alarmed Opposition Leader Bill Shorten. He had been given his own briefing from the national security agency regarding the concerns it held about donors such as Huang. According to sources with first-hand knowledge of events, Dastyari was warned by Shorten through "back channels" that ASIO had an interest in Huang and the senator should stay away.

In comments also picked up

and reported widely by Australian journalists in early September 2016, Huang himself had made it clear how he thought the system worked. He told a Communist Party-controlled Chinese newspaper that donations were a tool to make "political demands".

A hand grenade would also be lobbed from a different source. In what appeared a pointed reference to Dastyari and Huang, US ambassador John Berry expressed shock on September 14 last year at "the extent of the involvement of the Chinese government in Australian politics." It was a few weeks after these comments, in October, that Sam Dastyari headed south over Sydney's Spit Bridge, past dozens of sleek white yachts and towards a nearby mansion, a \$13 million edifice with sweeping water views.

When Dastyari entered the house via the rock-face door, Huang was waiting for him.

Dastyari advised Mr Huang to switch off his mobile phone and place it out of reach.

He then directed Huang to move away from the phone to a location outside the house although still within the bounds of Huang's large property. Dastyari told Mr Huang that his phones were most likely being intercepted – nominating the US as the likely culprit.

The revelations about Dastyari's convenient account of events at the press conference, and his willingness to help Huang evade potential scrutiny, extend beyond the senator's relationship with the truth.

There are deeper issues at stake. The Chinese government system of exerting influence abroad is a secretive system that relies on denial. The revelations that have resurrected the Dastyari scandal suggest it is working.



comments puts more heat on Dastyari

silly enough to take. What I should have done is taken it on notice or got them a proper answer. What I tried to do was give an answer at a press conference. That was the wrong thing to do. I'm not the first ... member of Parliament to take a question and give the wrong answer."

Senator Dastyari went on to say of the answer that he had "mumbled it and answered it incorrectly".

However, on the tape recording, Senator Dastyari states clearly that

"the Chinese integrity of its borders is a matter for China".

He then refers to China's historical defence of its land claims, referring to how Australia and Labor policy should approach the issue.

"And the role Australia should be playing as a friend is to know that with the several thousand years of history ... where it is and isn't our place to be involved.

"And as a supporter of China and a friend of China the Australian

Labor Party needs to play an important role in maintaining that relationship and the best way of maintaining that relationship is knowing when it is and isn't our place to be involved."

Beijing's claims to disputed territories such as the South China Sea are partly based on evidence it says shows ancient historical rights. Chinese President Xi Jinping has insisted for several years that South China Sea islands "have been China's territory since ancient times".

Mr Huang has publicly stated his commitment to "unswervingly support the Chinese government's position to defend national sovereignty and territorial integrity".

Before the tape recording emerged, the only evidence that Senator Dastyari had made pro-Beijing comments was a single quote in a Chinese-language newspaper report.

"The South China Sea is China's own affair. On this issue, Australia should remain neutral and respect

China's decision," Dastyari was reported as saying in a Chinese news outlet.

That quote, along with revelations that Mr Huang, a generous Labor and coalition donor, had given \$5000 to Mr Dastyari to help him settle a legal bill, led to Mr Dastyari's resignation from Labor's frontbench on September 7, 2016.

However, he was promoted again in February to the position of deputy Senate whip, and has sought to bury the scandal that led to his resignation.