Political Chronicles

The Commonwealth of Australia
January to June 2004

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The first half of 2004 saw newly installed Labor leader, Mark Latham, carve out a distinctive — if quasi-populist — leadership style while also exerting upon John Howard a heightened level of public questioning as to the honesty of his Government. Indeed, the Prime Minister had never appeared more “rattled”. The politics of personal abuse then plumbed new depths as each leader defended his integrity. The major parties’ public opinion standing fluctuated accordingly. A generous Government Budget was matched by Labor’s flight of numerous populist policy kites that saw election speculation become a journalistic sport.

National Economy

The Australian economy was at no time a liability for the Government. In March, national growth topped an annual rate of 4 per cent. After falling to a 23 year low of 5.5 per cent, the unemployment rate closed the period at 5.7 per cent, while inflation, too, remained low at an annual rate, by June, of 2.5 per cent. Housing costs largely dominated economic discussion, with a general agreement the housing “bubble” had at last burst. January alone saw a 10 per cent decline in home loan approvals (Weekend Australian, 13-14 March 2004). When, in April, the Productivity Commission released its report into housing affordability, few were surprised when it found that “negative gearing” was largely responsible. The Commission’s recommendation to review generous investor tax breaks was ignored by the Treasurer. When it was revealed that housing prices in capital cities had declined by an average of 14.5 per cent, the Reserve Bank (RBA) in early May officially declared the housing boom over (Weekend Australian, 8-9 May 2004). This was the RBA’s rationale for leaving interest rates stable at 5.25 per cent. Other indicators were less sanguine. In January, the Australian Tax Office released data demonstrating the widening gap between rich and poor, with the top 5 per cent of income earners enjoying since the mid 1990s a five-fold increase in wealth over their middle income counterparts (Australian, 12 January 2004). In February, Australian exports were threatened when the dollar broke through U.S. 80 cents. And, in May, 700 jobs were lost when automotive manufacturer Mitsubishi closed its Lonsdale plant in Adelaide.

Budget

Treasurer Peter Costello delivered a generous pre-election budget on 11 May. In what some described as a “vote shopping” exercise (Age, 12 May 2004), the Treasurer outlined a $19 billion welfare package with an annual $600 per child family payment.

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(paid twice in 2004) as its centrepiece (Australian, 12 May 2004). To replace the disastrous 2001 baby bonus, all new-borns from 1 July would also receive a one-off payment of $3,000, rising to $5,000 in 2008. Costello, at a post-Budget press conference, demonstrated his humour in urging Australians to “go home and do [their] patriotic duty” (Australian, 12 May 2004). Income tax relief also featured, with tax cuts beginning for those earning more than $52,000. The top tax threshold was also increased from $62,500 to $80,000 (Age, 12 May 2004). The very old and the very young also benefited, with $2.2 billion allocated for nursing home beds and with an extra 30,000 after-school childcare places funded. The superannuation surcharge was also cut from 14.5 per cent to 7.7 per cent. Overall, higher income earners, families and superannuation investors were the big winners, with the childless and lower income earners the losers. National security also found succour, with an extra $755 million allocated over five years to the fight against terrorism. Intelligence agencies received $270 million, with the Office of National Assessments (ONA) — recently criticised for inadequate performance — receiving $1 million. The military received a $16.4 billion package, including $1.2 billion to beef up senior officer salaries and to renovate bases. A total of $124 million was allocated to the war in Iraq, and $36 million to Australia’s East Timor contingent. A further $1 million was earmarked for a prime ministerial bunker in Canberra. Education received a fillip, with $32 billion pledged to all schools over four years. Literacy and numeracy programs received $2 billion, with civics education enjoying a $35 million allocation. The Budget was generally well received, and even the ALP conceded it would allow the tax cuts to pass the Senate.

**Free Trade Agreement (FTA)**

Despite the Coalition’s hitherto unabashed support for the FTA, John Anderson, as acting Prime Minister in early January, demanded from the United States further concessions. It remained unchanged, however, when signed on 9 February. The Agreement nonetheless won wide support from business (though limited support from the National Farmers’ Federation) with its assurance that 99 per cent of all trade would now be tariff-free, and with its promise to generate for Australia an extra $6 billion per annum (Australian, 10 February 2004; 14 June 2004). To the chagrin of primary producers, the Agreement omitted sugar, and would not allow beef to be exported freely to the U.S. during the next eighteen years. Labor immediately criticised the omissions, but was quickly labelled by the Coalition as anti-American. Suspicion of the FTA gathered momentum in March when the Productivity Commission suggested the bilateral (as opposed to a preferred multilateral) deal would not increase trade, but merely divert it. In June, a Senate committee added its scepticism when it suggested that pharmaceutical costs would rise, and that the projected economic benefits would fall well short of Government predictions. The FTA threatened to wedge the ALP and, when the Bill was moved in the House of Representatives on 24 June, most Labor MPs left the Chamber; fourteen MHRs — including Kim Beazley, Simon Crean and Julia Gillard — supported the FTA.

**Party Fortunes and Public Opinion**

*Australian Labor Party (ALP):* New leader Mark Latham injected a level of optimism unseen in the Party for some years. According to Newspoll, Labor opened the period on 39 per cent primary vote, and reached a high in March of 46 per cent (or 55 per cent of the two-party-preferred vote [2PPV]) — its best result since early 2001 (www.newspoll.com.au). Support for Labor quickly fell away in May to 37 per cent (or 47 per cent 2PPV), largely due to Latham’s apparently unscripted — and unpopular —
pledge to recall Australia’s troops from Iraq. The Party closed the period on 43 per cent primary support. Given the pre-election climate and Latham’s desire to establish his own credentials, Labor advanced a plethora of policies, but few with supporting detail. The National Conference in late January gave life to much of Latham’s agenda. Given that the Left faction controlled around 40 per cent of the 397 Conference delegates (Australian, 29 January 2004), the Party was forced into substantial concessions that saw a policy amalgam of left traditionalism and right pragmatism. Specific wins for the Left included: a softening of asylum seeker policy; a freeze on tariffs on textiles, clothing and footwear; the abolition of workplace agreements; further referenda on the Republic; and a “social compact” to strengthen health and education and to guard against “community breakdown” (Australian, 30 January 2004). Victories for the Right included the maintenance of Labor’s commitment to “free trade” as opposed to mere “fair trade”. Most regarded Conference as a triumph. Latham soon embarked on an odyssey of populist policy adventurism, including: reviewing corporate “golden handshakes”; rejecting donations to the ALP from tobacco companies; banning “junk food” advertising during children’s television programs; and enforcing parental responsibility for their offspring’s delinquency. This last issue formed part of Latham’s identification of an Australian “crisis in masculinity” (Australian, 19 February 2004). Latham then toured regional New South Wales by bus — the “Opportunity Express” — and invited audiences to “kick [him] in the shins” (Australian, 5 February 2004). The Opposition leader struck a chord with voters in early February when he demanded a review of politicians’ superannuation packages. After initially rejecting the move, Prime Minister Howard agreed to amend the scheme when it became clear the policy enjoyed enormous public support. Latham’s approach paid off: a Newspoll found 74 per cent finding the Opposition Leader “in touch” compared to Howard’s 56 per cent (Australian, 10 March 2004). In March, Latham toured Tasmania’s hardwood forests with Greens leader, Bob Brown, in a move to re-engage disaffected environmentalists. But Latham’s “honeymoon” ended abruptly in late March when he made known his plan to withdraw Australian troops. Apparently made without Caucus approval, the pledge was quickly regarded as a significant policy blunder. The Prime Minister criticised Latham for a “cut and run” withdrawal, and even some Labor figures expressed doubt. But a greater furore was generated when U.S. President George W. Bush broke convention by commenting on Australian domestic politics. With the Australian Prime Minister by his side, Bush described Labor’s plan as a “disastrous” policy that would “embolden the enemy” (Weekend Australian, 5-6 June 2004). The U.S. Deputy Secretary of State, Richard Armitage, added that Labor should “rethink” its position (Australian, 9 June 2004). Latham responded by pledging that a Labor Government would not “rubber stamp” U.S. foreign policy. Days later, Latham softened and conceded that up to one third of Australia’s contingent might remain in Iraq to guard Australian diplomats (Weekend Australian, 12-13 June 2004). This drew acclaim from U.S. Secretary of State, Colin Powell, who assured Australians that the United States would “respect” a Latham Government (Australian, 14 June 2004). Labor’s fortunes were rekindled in June when Latham announced former Midnight Oil vocalist, Peter Garrett, as the new ALP candidate for Kingsford-Smith (NSW) to replace retiring MP Laurie Brereton. Local branches were less than impressed. Garrett, however, was soon embarrassed when his ten-year absence from the electoral roll was revealed.

The Liberal-National Party Coalition (LNP): The Coalition spent much of the period testing strategies to counter a resurgent opposition. It had some cause to worry:
the LNP opened the period on 41 per cent primary vote, declined to 40 per cent in early April, and closed the period on 43 per cent. In March, the coalition plummeted to just 45 per cent of the 2PPV. Interestingly, the coalition failed to receive the usual post-budget bounce in public opinion. Yet, three weeks later, Newspoll revealed a dramatic six point spike for the government to 47 per cent primary vote (Australian, 1 June 2004). Clearly flustered by Latham’s performance at the National Conference, Howard in late January called a rare press conference at The Lodge at which he warned voters not to flirt with the “inexperienced” Latham but, rather, to stick with an “experienced” prime minister. This became the LNP’s standard pre-election theme. The coalition then dubbed Latham Mr Flip-Flop for his alleged flexibility on policy (Australian, 12 February 2004). The Prime Minister faced further pressure when he conceded intelligence advice he had received before committing troops to Iraq may have been “inaccurate” (Australian, 4 February 2004). The leadership issue returned in March when Peter Costello refused three times to rule out a challenge. But, in May, Howard quelled speculation when he anointed Costello the next Liberal leader. By period’s end, the coalition appeared to rapidly recover ground, with polling suggesting a sharp turnaround in Queensland and South Australia.

War and National Security

Australia’s military commitment to Iraq — once an electoral asset — deteriorated into something of a liability for the Government. In February, Newspoll found that only 46 per cent of Australians supported the war, with 45 per cent against. More damagingly, on the reasons for going to war, 26 per cent believed the prime minister had “knowingly misled” the public, with a further 36 per cent believing he had “unknowingly misled”. Only 26 per cent felt the prime minister did not mislead at all (Australian, 11 February 2004). In March, Newspoll found that 65 per cent of voters believed Australia was now “more likely” to be a terrorist target, with only 30 per cent claiming “no difference” (Australian, 23 March 2004). It was against this backdrop that Howard announced on 6 April that no more troops would be deployed. By May, 50 per cent of Australians felt the war was “not worth it” (up 5 per cent), with 40 per cent arguing the contrary (down 6 per cent). The same poll found 47 per cent supported Latham’s call to withdraw troops by Christmas, while 45 per cent opposed it (Australian, 4 May 2004).

Cabinet Activity

Cabinet and prime ministerial activity appeared in overdrive, with the coalition, too, indulging electors with a populist mix of nationalism and moralism. In January, for example, the treasurer won points for demanding Telstra show cause as to why Australian call centre jobs had been outsourced to India (Australian, 15 January 2004). Costello then directed the Productivity Commission to launch a new inquiry — the first since Hilmer’s in 1994 — into National Competition Policy (NCP). Competition policy received a setback in May, however, when cabinet rejected an NCP finding that the pharmacies’ oligopoly was contrary to consumer interests. But Howard still refused supermarkets the right to sell pharmaceuticals. After providing an initial compensation package of $150 million to sugar farmers in late 2002, cabinet in April revealed a second “bailout” of $444 million, one undoubtedly prompted by swings against incumbent members in state “sugar” seats at the recent Queensland election (Australian, 29 April 2004). But the Prime Minister was perhaps most seriously wrong-footed by Latham’s proposal to amend MPs’ superannuation packages. In light of the policy’s popularity, Howard had no choice but to agree with Latham and amend the
rate from 69 per cent to just 9 per cent of salary. While Howard claimed the old system was “defensible”, he added he was not going to “die in a ditch defending it” (*Weekend Australian*, 14-15 February 2004). Health and education were also bolstered. The government’s *Medicare Plus* package, for example, received its third amendment in an additional $427 million to catch another half-million Australians in the so-called “safety net” (*Australian*, 11 March 2004). Cabinet also announced in March a new funding model for schools under which two-thirds of grants would be earmarked for independent schools, but only if institutions agreed to national testing and “plain language” reporting to parents (*Australian*, 12 March 2004). The prime minister had previously stirred the pot when he mooted amending the *Sex Discrimination Act* to allow for male-only scholarships (*Australian*, 27 February 2004). The ALP opposed the move. Issues of morality, though, were never far from ministers’ lips. In March, Health Minister Tony Abbott lamented the “tragedy” of abortion and teenage “promiscuity” (*Australian*, 17 March 2004). While Howard backed Abbott, many government MPs, including Costello, feared the issue would become “incendiary” (*Australian*, 18 March 2004). Howard made a rare excursion into small ‘l’ liberalism in May, however, when he supported adequate funding for single teenage mothers and, later, equal superannuation entitlements for gay couples. But such liberalism was short-lived: the prime minister soon expressed his deep opposition to gay marriage. The prime minister’s moralism then extended to condemning the ABC children’s program *Play School* for depicting an apparently lesbian couple, and to wanting to make the “morning after” contraceptive pill available only on prescription. Not unexpectedly, terrorism also maintained the government’s attention during the period, with cabinet in late March approving draft laws to provide the Australian Federal Police with increased detention powers. Australia’s first ever *White Paper* on terrorism was also commissioned. By mid year, cabinet had turned its attention to transport and energy. On 7 June, the government released its *Auslink* road transport plan valued at $11.8 billion over five years. It was immediately criticised for favouring the eastern states. On 15 June, cabinet released an energy *White Paper* that pledged $500 million to encourage the development of low emission technologies. It, too, was condemned for rewarding polluting industries. But the opposition’s most persistent criticism was reserved for the government’s pervasive media advertising blitz to promote programs closely associated with the Howard Government’s political agenda, including *Strengthening Medicare*. Some estimates placed the cost of the campaign at more than $100 million (*Australian*, 26 June 2004). After fifteen years’ operation, ATSIC was abolished in mid-April, with its $1.2 billion budget funnelled into other Indigenous agencies (*Australian*, 16 April 2004). Support for the move was bipartisan.

**Parliament**

Parliamentary activity saw the opposition focus overwhelmingly on the integrity of the government, particularly in terms of politicising the intelligence advice. In February, a Senate Estimates Committee was refused information when Defence Minister Robert Hill prevented ONA head Peter Varghese from commenting on the nature of pre-war intelligence. In March, a Joint Committee on ASIO and ASIS found the prime minister had made a political case to go to war based on advice that exaggerated the threat of Iraq’s potential to hold WMDs. Given the credibility of the bipartisan committee, Howard had no choice but to accept its recommendation to hold an inquiry into the performance of Australia’s intelligence bodies. Philip Flood, a former ONA chief, was appointed its Chair. In late March, Latham stepped up his claims of the government’s obfuscation over intelligence. Earlier that month, Australian Federal Police Chief,
Mick Keelty, had contradicted the government’s line and commented that involvement in Iraq would increase Australia’s chances of terrorist attack. When Foreign Affairs Minister Alexander Downer dismissed Keelty’s assertion as merely echoing al Qa’ida propaganda, Latham returned fire and bellowed at Downer across the floor of the House: “You’re a disgrace […] a lousy rotten disgrace” (Australian, 23 March 2004). Latham later moved that Australia’s troops be repatriated by Christmas; the motion was lost, but an identical motion passed through the senate. In June, Labor MP Harry Quick (Franklin, Tas.) demonstrated that jocularity still has a place in the House of Representatives when he placed apples around the Chamber in protest at the importation of New Zealand kiwi fruit. It was one of the few light-hearted moments of the period.

**New South Wales**  
January to June 2004

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The Carr Labor Government found the first six months of 2004 to be as beset by crisis and conflict as the closing months of 2003 had been. As Premier Carr’s famous “box office pull” started to slide and his rumoured exit plan to federal politics was extinguished under Mark Latham’s rising star, it seemed the unthinkable was starting to happen. As the headline in the *Sydney Morning Herald* claimed, after nearly nine years of seemingly unassailable governance, the Carr Government’s “political machine” was starting to “stutter” (*Sydney Morning Herald*, 21 February 2004).

Crisis followed upon crisis: a “riot” between police and the Aboriginal community; crumbling state infrastructure; a failed campaign against the distribution of Commonwealth grants; a budget in deficit; and an unexpected coup at the Labor designated Sydney Town Hall by a high-profile independent. A year into their third term and the Carr Government was forced to abandon the confident statesmanship that had characterised the premier’s leadership and instead adopt a range of strategies to beat down the spot fires that continued to flare on many fronts.

**A “Riot” in Redfern**

The death in February of a young man from the Redfern Aboriginal community sparked a period of intense anger and grief for the community. On 14 February Thomas “TJ” Hickey was found impaled on a metal fence into which he had crashed his bicycle. Witnesses alleged that TJ was being pursued by police at the time of his accident. TJ’s death in hospital the next day caused the long-simmering hostility between the Aboriginal community and police in the Redfern Local Area Command to boil over into a violent confrontation lasting nine hours and involving around 200 police officers and approximately 100 young Aboriginal people. News footage of the event resulted in the arrest of a number of the participants including TJ’s aunt and girlfriend. Days later members of the Redfern Aboriginal community marched through the streets in an expression of “grief and grievance”, presenting Redfern police with a list of seventeen demands; “one for every year of TJ’s life” (*Sydney Morning Herald*: 16, 17, 18, 19, 20, 21, 23, and 25 February 2004).
In response Premier Carr condemned the riot as “criminality, plain and simple” (Australian Broadcasting Corporation, 9 March 2004). His Police Minister, John Watkins, described the event as merely an “aberration” to the normally-good relations between police and the Redfern Aboriginal community (Sydney Morning Herald, 16 February 2004). Both men defended the actions of the police involved. The government announced a series of inquiries including an investigation by the Upper House Standing Committee on Social Issues and a Coronial Inquest into the events surrounding TJ’s death.

These events almost entirely overshadowed the government’s long-awaited announcement concerning the return of stolen funds to Aboriginal people. Between 1900 and 1970 Aboriginal people in New South Wales were forced to pay millions of dollars in wages, inheritances, pensions and family endowments into government trust funds. In March Premier Carr made a long-awaited promise to return the money to anyone who could prove they are owed (Sydney Morning Herald, 12 March 2004) and in May cemented the promise with the announcement of a panel to investigate the issue and develop a compensation scheme (Sydney Morning Herald, 6 May 2004).

As the inquiries into TJ’s death and the subsequent events in Redfern continued however, the Carr Government’s relationship with New South Wales Aboriginal communities remained strained. Both inquiries are due to report in the second half of 2004.

State Infrastructure Continues to Crumble

Early in the new year the growing crisis surrounding New South Wales infrastructure and essential services seemed to be coming to a head.

After nine years in government the treasurer’s approach of retiring state debt rather than investing in infrastructure and planning was having some unfortunate consequences, both for the people of New South Wales and for the Carr Government’s electoral fortunes.

The state transport system, and particularly the railways, was at times, quite literally grinding to a halt. In February 300 of the state’s 1,226 full time train drivers refused overtime in protest at the premier’s revision of medical standards for drivers following the report into the 2003 Waterfall rail disaster. Subsequent delays and cancellations threw the system into chaos. In response the premier offered a week of free rail travel to commuters (Sydney Morning Herald, 12 February 2004). Issues of train safety, driver health and illegal overtime (Sydney Morning Herald, 21 February 2004), malfunctioning radio networks (Sydney Morning Herald, 3 May 2004), timetabling problems, the expensive but poorly-functioning Millennium trains (finally abandoned in May, (Sydney Morning Herald, 4 May 2004)) and ongoing driver shortages continued to cause government headaches. An opposition censure motion against the Transport Minister, Michael Costa, was passed in State Parliament in February (Sydney Morning Herald, 26 February 2004), and the issue of transport infrastructure remained in the spotlight until the end of June. In May the government announced that, from July, one third of all weekend rail services would be cut to compensate for the shortage of drivers during weekday peak-hours (Sydney Morning Herald, 28 May 2004). New South Wales transport remains a system in crisis, desperately in need of some long-term planning and investment.

In health too, the Carr Government’s woes continued. Following the revelations late last year of the flaws in the first Health Care Complaints Commission (HCCC) inquiry into poor patient care and up to twenty unnecessary deaths at Campbelltown and Camden hospitals, the government resisted calls for a royal commission and instead
launched a second inquiry. In the face of continuing allegations of poor care across a range of public hospitals, both the government and the opposition continued to focus on the problems at Camden and Campbelltown. The Opposition Leader, John Brogden, stuck to the time-honoured strategy of wheeling out victims of the system, in February accusing the premier personally over the death of a newborn baby at Camden Hospital in 2003 (Sydney Morning Herald, 19 February 2004). The special commission of inquiry into Camden and Campbelltown released an interim report on 31 March, which was scathing about the first HCCC inquiry and the complaints handling process in general (Sydney Morning Herald, 2 April 2004). A second interim report released on 2 June saw individual doctors and nurses at both hospitals come under intense scrutiny, with several referred for further investigation.

In June, there were threats of strikes from nurses (Sydney Morning Herald, 8 June 2004) and resignations from doctors (Sydney Morning Herald, 5 June 2004). While the injection of funds made available to the public hospital system in the state budget will provide some relief to bed shortages (Sydney Morning Herald, 21 June 2004), the plan to specialise some hospitals created concern as some local hospitals will be downgraded in the process. As the Independent Commission Against Corruption released its report into health complaints handling (Sydney Morning Herald, 25 June 2004), and nursing staff at Camden and Campbelltown Hospitals walked off the job in protest at the damage done to their professional reputation (Sydney Morning Herald, 30 June 2004), it appeared the health care crisis in New South Wales was far from over.

The situation in the education arena also remained tense as the government struggled through a period of industrial action that remained unresolved at the end of June. Public and Catholic school teachers began a campaign of industrial action in May after the Carr Government signalled its intention to reopen the teachers’ pay case in the Industrial Relations Commission (IRC) just six weeks before a final ruling was due. The premier argued that the Commission needed to consider the state’s changed financial position in making its determination (Sydney Morning Herald, 18 May 2004). Claiming that this argument was merely a ploy to bring political pressure to bear on the IRC’s deliberations the teachers went ahead with their strike action on 27 May and 2 June.

While neither side was happy with the final IRC award of a 12 per cent pay rise over two years, the government’s commitment to fully fund the increase by moving a large portion of the rise straight to the state deficit (announced in the June budget) offered a moment of conciliation between the parties. But the truce was only brief. The New South Wales Teachers’ Federation lodged an urgent appeal in the Industrial Relations Commission in order to reopen the teachers’ pay case and address the issue of inequity between senior teaching salaries in government and Catholic schools (Sydney Morning Herald, 16 June 2004). Ironically, it was the decision to fully fund the 12 per cent rise that fuelled the new dispute, as the Federation argued that the government could not legitimately cry poor any longer (Sydney Morning Herald, 26 June 2004). The second half of the year promises more on this front as the case goes before the IRC once again.

Commonwealth Grants

In March a vitriolic dispute developed when Premier Carr and his Treasurer, Michael Egan, took on Peter Costello and John Howard over the latest allocation of GST revenue to the states by the Commonwealth Grants Commission. According to Carr and Egan, New South Wales will miss out on a forecasted $376 million per year under the latest grants allocation. The Grants Commission report argued that New South Wales had untapped revenue-raising capacity and therefore deserved a smaller
proportion of GST revenue compared to its population (*Sydney Morning Herald*, 5 March 2004). While Carr and Egan accepted that New South Wales has some responsibility to subsidise the smaller, poorer states, they argued that the current formula would seriously disadvantage the more populous New South Wales (*Sydney Morning Herald*, 20 May 2004).

Things got nasty when Carr and Egan called on the Prime Minister and the federal treasurer to intervene and make changes to the planned allocation. When this request was refused, Carr and Egan accused the federal government of lying and using the Grants Commission to allow them to distribute more money to states that would be significant to the federal government’s performance in the upcoming federal election. The additional $105 million that was cut from the New South Wales share of federal funding for public hospitals (due to the addition of a wages index to the funding formula) led Premier Carr to label the prime minister a “serial burglar”. In reply the prime minister argued in federal parliament that Carr was merely trying to “create a diversion from the way in which your rail system and your health system is [sic] collapsing around your ears” (*Sydney Morning Herald*, 8 March 2004). While Egan went to Canberra to argue his case at the Treasurers’ Conference, Carr launched a $1 million advertising campaign attacking the federal government over the Commonwealth Grants cuts (*Sydney Morning Herald*, 20 May 2004).

But their efforts were to no avail, and the failure of the New South Wales campaign to reverse the grant allocation set the scene for a surprise mini-budget. Describing the federal government’s refusal to overrule the Grants Commission as the “worst possible outcome for the people of NSW” (*Sydney Morning Herald*, 26 March 2004) Treasurer Egan suggested that the 2004/2005 state budget would be tough. Just days later, on 6 April, the mini-budget delivered on this threat.

**Mini-budget, Big Budget**

One question hanging over the April mini-budget was whether it was really necessary. While the New South Wales government was happy to lay the blame at the feet of the federal government and the Commonwealth Grants Commission, others suggested that perhaps there was another motive driving the introduction of a mini-budget just eleven weeks before the full budget announcement was planned. Some observers, such as the New South Wales Labor Council, suggested that there was “something just a little too cute about the New South Wales government’s discovery of a budget crisis on the eve of public sector wage talks” (*The Australian*, 6 April 2004). Certainly the treasurer was having to dig deep to fund the long overdue real wage increases delivered to the state’s teachers and nurses by the Industrial Relations Commission. Yet the *Sydney Morning Herald* (30 March 2004 and 6 April 2004) editorialised that the mini-budget was little more than a political stunt designed to reinforce the New South Wales government’s opposition to the Commonwealth Grants allocation rather than a genuine response to the financial hardship that the grant allocation would cause. Nevertheless, the mini-budget delivered significant changes to state property taxes along with some real and unexpected cuts.

The major revenue-raising and cost-saving initiatives in the mini-budget included:

- An extension of land tax to all investment properties from July 2005;
- The imposition of a 2.25 per cent “exit tax” on the sale of an investment property;
- A one-off tax of 7 per cent on any amount above $3 million paid for a “luxury home”;
- The axing of up to 3,000 public service jobs;
- The creation of a new “super ministry” that will merge Agriculture, Fisheries, Mineral resources and State Forest, saving $37 million; and
• The abolition of the NSW Department for Women, to be replaced by a much smaller Office in the Premier’s Department.

Significant areas of spending and other initiatives included:
• An enticement to first home buyers with an exemption on stamp duty for properties costing up to $500,000;
• An extra $1.6 billion for the health budget over four years;
• $2.5 billion for City Rail specifically to split the network into six independent lines and to purchase new carriages; and
• $356 million towards the education budget for 2004-05 including 800 new teachers (Sydney Morning Herald, 7 April 2004).

The changes to the property tax system generated a flurry of analysis and commentary. Business groups and property developers were outraged (Sydney Morning Herald, 30 April 2004) with at least one threatening to stop donations to the state Labor Party if the planned new taxes went ahead (Sydney Morning Herald, 23 April 2004). But while acknowledging that a new property tax that will affect 200,000 voters is likely to be unpopular with those constituents, the general view was that the changes will create more equity in Sydney’s overblown housing market.

Perhaps the most shocking initiative in the mini-budget — and one that almost slipped under the public radar without a blip — was the abolition of the Department for Women, the last remaining women’s unit with departmental status anywhere in Australia. The department had its budget of close to $6 million cut by almost half from 1 July this year, with a further cut on 1 July 2005 that will leave the new office with a mere $1.7 million per year. This tiny amount is intended to sustain the Women’s Grants Program (currently $1 million by itself) and the Premier’s Council for Women, suggesting that any policy or research work will have to be abandoned in favour of servicing these programs. Far from being the “elevation to Premier’s” that the Treasurer described in his mini-budget speech this decision suggests that any commitment to women or women’s policy has fallen off the Carr Government’s agenda altogether (Sydney Morning Herald, 21 April 2004).

Nevertheless, the April mini-budget did work to limit the cuts in the full budget brought down on 22 June. Treasurer Egan had warned that there would be few additional headlines in the budget as most of the major initiatives had been announced in April and he was true to his word. There were few surprises. There was no new spending and no new taxes beyond those measures announced in April. In recognition of the ongoing crises in the state’s infrastructure and essential services there was a confirmation of more money for education, health, public transport, roads and community services, with a resulting deficit of $379 million, the first for New South Wales since 1995-96 (Sydney Morning Herald, 23 June 2004).

Clover’s Coup
Local government elections for most of the state were held on 27 March, with some surprising results. In the run-up to polling day, all eyes were on the battle for Sydney Town Hall. In a spectacular “own-goal” (Sydney Morning Herald, 27 March 2004), the state government’s sacking and subsequent forced merger of the City of Sydney and South Sydney Councils in February saw their anointed candidate, Michael Lee, lose to popular, high-profile independent state parliamentarian, Clover Moore. Intent as they were on removing the Liberal Lucy Turnbull from the Town Hall in order to gain control of the inner city and its potential goldmine in corporate political donations,
nobody in the ALP seemed to see Moore coming (Sydney Morning Herald, 6 March 2004). And despite criticism over her apparent backflip on the necessity of state parliamentarians’ full-time commitment to their jobs (Sydney Morning Herald, 25 February 2004), from the moment of her announcement that she would stand for Mayor there seemed little doubt that Moore would win (The Australian, 27 March 2004).

In the end Moore and her team stormed home. The final count gave Moore an absolute majority on the council in what has to be seen as an extraordinary coup (Sydney Morning Herald, 2 April 2004).

But Moore’s was not the only win to come as a blow to ALP dominance in New South Wales. Across the state the Greens more than doubled their representation on local councils and looked set to take control of several inner-city ALP strongholds (Sun-Herald, 28 March 2004). However, dubious last minute deal-making between Labor, Liberal and independent councillors saw the Greens shut out of the mayoral contest in several areas (Sydney Morning Herald, 13 April 2004) inciting the anger of many local residents (The Glebe, 15 April 2004). But if the marked increase in the Green vote represented a backlash against the ALP, as many analysts believe, denying those voters what they consider to be a just and democratic outcome at the local government level may have further consequences for the Carr Government at the next state election.

An Eye to the Future

In yet another blow to his leadership credentials, Bob Carr’s treasured status as “the greenest premier the nation has seen” was eroded by various government actions in the first six months of 2004. A range of proposed legislative and bureaucratic reforms caused some commentators to express the fear that “environmental management is heading into the chaotic cloud which has consumed the rail network and hospitals” (Sydney Morning Herald, 10 May 2004). The cuts to the Department of Environment and Conservation announced in the mini-budget (Sydney Morning Herald, 19 April 2004) combined with the scrapping of a plan to map New South Wales vegetation (Sydney Morning Herald, 16 February 2004) seemed at odds with the premier’s public stand on climate change (Sydney Morning Herald, 31 March 2004). It seemed the future for New South Wales would not be so green after all.

This apparent dilution of the premier’s environmental values added to the degree of cynicism that greeted the announcement of a plan to develop a thirty-year blueprint for Sydney’s future development. But as Sydney looked to the future, so too did Carr and his colleagues. With Latham installed as federal leader of the Labor Party there appeared little hope that Carr’s speculated move to federal politics would come off (Sydney Morning Herald, 22 March 2004), but other members of the government offered some surprises of their own. After owning up to approving the secret $23 million bid to buy the Sydney SuperDome, much to the outrage of the premier (Sydney Morning Herald, 28 May 2004), Treasurer Michael Egan contemplated life as a journalist or a second-hand bookseller (Sydney Morning Herald, 26 June 2004). Former minister Eddie Obeid deepened his disgrace in a highly dubious visit to Lebanon, apparently to intervene in the elections in his local village (Sydney Morning Herald, 29, 30 May and 1, 2, 3 and 4 June 2004). And in a surprise move Carr blessed the installation of New South Wales Labor General Secretary, Eric Roozendaal to a Labor seat in the New South Wales Upper House that will be vacated later this year (Sydney Morning Herald, 19 March 2004).
The problems that have beset the Carr Government during the first six months of the year have been almost entirely of their own making. Even amid the chaos and the crisis, the beleaguered state opposition could not manage to land a blow. Opposition leader, John Brogden, has taken on an almost comic role as the “victim’s champion”, standing by one tragic family after another in his quest to embarrass the Carr Government. However, as party discipline broke down in a factional brawl at the newest branch of the party, the New South Wales Liberals succeeded only in embarrassing themselves (Sydney Morning Herald, 7, 8 May and 16 June 2004).

Bob Carr should consider himself lucky. In the absence of an effective opposition he has survived a period in which his leadership may well have been called into question. One can only speculate as to how long this luck can last.

Victoria
January to June 2004

NICK ECONOMOU
Monash University

Crime and law and order matters dominated the political debate in Victoria in the first half of 2004. Law and order controversies began with the death of Victorian state cricket coach and former South Australian cricketing legend David Hookes at the hands of a security officer officiating at the Beaconsfield Hotel in St Kilda where Hookes and team-mates had been celebrating the end of the Pura Cup cricket season. Apparently assaulted some yards away from the hotel following an altercation with the door-man, David Hookes’ passing away at the nearby Alfred Hospital became the catalyst for a public outpouring of grief. There was also a community backlash against what was perceived as inadequate government supervision of the private security industry. Hookes’ assailant, meanwhile, was charged with manslaughter and had to withstand a media siege of his home as well as a series of death-threats being made against him and his family (Age, 23 January 2004). This incident was to mark the beginning of a violent year in Melbourne that would sorely test the reputation of the Victoria Police and would place additional pressure on the already embattled Police and Emergency Services Minister, Andre Haermeyer, for whom the “police files” scandal reported on in previous Chronicles refused to go away (Age, 15 February 2004).

The first half of the year was also a testing period for the Bracks government’s management of the policy debate. A number of contentious issues arose during this review period, including an on-going controversy over faulty cameras being used to detect speeding drivers on Victoria’s road network, more controversy over the government’s contentious decision to levy tolls on the proposed Frankston-to-Mitcham freeway, and a final decision on the location of a toxic waste dump. Planning matters were very much to the fore during this time, with the government also grappling with the on-going dispute with the commonwealth over use of the former military site at Point Nepean as well as fending off anti-development protests emanating from the suburbs.
Victorians also mourned the passing of former Liberal Premier Sir Rupert (Dick) Hamer, who passed away at the age of eighty-seven on 23 March. After serving in the Australian army with distinction during the Second World War, he entered parliament in 1958 and served as premier from 1972 to 1981. He was remembered as an urbane premier who had a great interest in conservation matters and the arts. He was very much a progressive liberal especially when compared with the patrician and conservative style of his predecessor, Sir Henry Bolte. In his retirement from politics, Hamer became a patron of the arts and a great supporter of a number of regional and urban conservation projects (Age, 24 March 2004). Sir Rupert Hamer’s state funeral was held in St Paul’s Cathedral (Age, 31 March 2004).

The Underworld, the Police and Politics

In the city of John Wren and the “larrikin push” headed by Squizzy Taylor between the wars, and the infamous connection between the Victoria police and the city’s illegal abortion rackets of the 1960s and 1970s, Melbourne has always experienced some level of organised crime. Normally organised crime does not have an impact on the political debate, although governments can be made to move on this matter if criminal activities impinge upon the broader community’s sensibilities. Over the past decade Melbourne’s underworld had been, according to crime reporters, in the grip of a power struggle between rival factions for control of the city’s vice industries in which an extraordinary number of prominent figures were being murdered. Increasingly these murders were being carried out in the midst of the public going about their day-to-day business. One underworld figure, for example, was shot amidst a shopping strip in suburban Chadstone, and two other figures were shot in full view of their children at a junior football clinic in Melbourne’s western suburbs. A third killing occurred within weeks of the football shooting when a prominent stand-over man, recently released on bail, confronted and was shot by a leading underworld figure in the middle of lunch-time in a pizza restaurant in inner-city Carlton (Age, 24 May 2004).

The Carlton shooting put great pressure on the Victoria police to account for their apparent inaction in the face of such brazen disregard for the law and public safety. A police spokesman assigned with Operation Purana, the special operations squad convened to investigate underworld activity, assured the community that these incidents were being investigated but that the refusal of family members of the deceased to co-operate with authorities was hampering inquiries. Meanwhile, the killings continued. Another prominent underworld figure was shot outside his home in the exclusive inner-eastern suburb of Kew, and then two other people, supposedly under the care of the police under a witness protection program, were also executed. Allegations that corrupt police had released information about the whereabouts of these protected witnesses to underworld figures ahead of the murders were made in the press. This was the last straw for both the police and the government. Having been away on recreation leave at the time of these murders, Chief Commissioner Christine Nixon cut short her overseas holiday and returned to address the underworld crisis (in the meantime, yet another underworld figure was shot in the front bar of a Brunswick hotel). Announcing that Operation Purana would be given additional resources and a brief to be more pro-active in dealing with the alleged power struggle taking place, Nixon also declared her intention to commence dismissal proceedings against allegedly corrupt police.

The pressure on the Bracks Government was no less intense. Finally having an issue with which it could seek to embarrass the government, the Liberal opposition began to call on the premier to convene a royal commission in to police corruption (Age, 5 April
Outraged callers to talk-back radio stations were no less fulsome in their advocacy of an official inquiry. The controversy once again brought Police and Emergency Services minister, Andre Haermeyer, to the centre of public attention. As if the eruption of gang warfare wasn’t enough, the minister was also subject to reports that his wife was being investigated on allegations that, in the course of her work as a union official, she had committed a number of assaults. Haermeyer’s approach to the organised crime problem was to give fulsome support to Chief Commissioner Nixon (who was, after all, a Labor appointment) but to resist calls for a royal commission.

Haermeyer’s resistance to the royal commission inquiry mirrored the opposition being expressed by the Police Association via its secretary, Paul Mullett. This made the minister vulnerable to allegations that he was putting his government’s political relationship with the police union ahead of the public interest. Consequently, the escalating sense of crisis associated with both Haermeyer’s performance and the news that the underworld executions were continuing became the catalyst for the intervention of Premier Steve Bracks. The premier maintained the policy of not calling a royal commission. Instead, the government passed legislation creating the position of Special Ombudsman to undertake investigations into allegations of police corruption. Former head of the Department of Premier and Cabinet during the premiership of Labor’s John Cain Jr, George Brouwer, was appointed to the position. As part of his enhanced power, the Special Ombudsman was to be given power to undertake telephone surveillance of suspect police (Age, 3 June 2004). This proposal was immediately compromised by a dispute with the Commonwealth Attorney-General, Philip Ruddock, who indicated that his government was not keen to allow the states to move into this area of activity. This dispute remains unresolved.

In the meantime, the premier also announced a special inquiry into the circumstances of the leaking of police information and the subsequent murder of protected informers. This inquiry was to be headed by former Queensland Royal Commissioner, Tony Fitzgerald QC. The premier announced that Fitzgerald’s inquiry would be limited to strict terms of reference and would not constitute a broad de facto royal commission. Fitzgerald concurred with the premier, and then indicated that he would not be taking a high profile in his work (Age, 3 June 2004). Neither of these appointments stemmed the flood of community criticism directed at the government via talk-back radio and newspaper letters and, indeed, newspaper editorials also attacked Bracks for not instituting a royal commission. It was the police themselves that took the momentum out of this issue. Within days of the appointment of both inquisitors, a major police operation in Brighton rounded up the remaining surviving underworld figures when another attempted execution was foiled. The main underworld figures (and one of their lawyers) were charged with attempted murder or conspiracy to commit murder, and all currently languish on remand awaiting trial.

The State Budget

The shenanigans of Melbourne’s underworld obscured some of the more significant items on the Bracks government’s policy agenda, including an important change in direction signalled by the state budget brought down by Treasurer John Brumby in May. Since its election in 1999, the Bracks Government had taken a conservative approach to managing the state’s finances. The government has sought to return annual budget surpluses whilst simultaneously seeking ways in which the state’s indirect tax burden on business could be reduced. In order to manage surpluses alongside reducing state taxes, the Bracks Government sought to constrain expenditure particularly on those areas such as health and education that are renowned for their ability to consume
public finance. This has sometimes brought the government into conflict, particularly with unions covering public sector workers in these fields for whom Brumby’s fiscal parsimony is tantamount to a repudiation of the Labor tradition.

While it continued the policy of trying to reduce state taxes and charges for business, the 2004 budget did herald a shift in the government’s attitude towards expenditure with significant increases occurring particularly in health and education. The freeing up of funds for these important areas was due partly to increasing pressure from back-benchers to have ministers address the bread-and-butter policy concerns of their constituents, and partly because of the availability of funds thanks to increased revenue from the state’s real estate boom and the flow-through of Goods and Services Tax revenue.

Brumby’s overall financial package was actually released in two stages. Some days prior to the handing down of the budget the government released an Economic Statement that flagged its intention to reduce charges such as stamp revenue and payroll tax as well as providing support for infrastructure projects including the controversial “synchotron” that is to be developed adjacent to Monash University. The statement also flagged some of the government’s less popular proposals including an increase in private car registration fees and a plan to index increases in these fees to the Consumer Price Index (Age, 3 May 2004). This cleared the way for the budget to announce substantial increases in government commitments to a range of projects and, also significantly, increases in the number of nurses and teachers to be employed by the state. The health budget was to receive an additional $1.6 billion in a bid to alleviate surgery waiting lists. Part of this money was also earmarked for expansion of existing hospital infrastructure. A $92 million dental service was also flagged. Education expenditure was also to increase, with $486 million earmarked for recruiting an additional 250 teachers. The government also announced a rolling capital works program designed to refurbish state schools as well as commence construction of six new schools (Age, 5 May 2004).

The Bracks Government owed its initial election to office in 1999 to a swing to Labor in the state’s provincial cities and adjacent regions, and these have always tended to fare well under Labor budgets. In the 2004 budget, regional development was again cited as an area of particular need and received increased funding for infrastructure and roads. The Age newspaper noted (5 May 2004) that the Geelong region (with its four Labor-held lower house seats and its two Labor-held upper house seats) figured prominently in these allocations. The Bracks Government also sought to address the issue of tax relief for new home buyers partly in response to a relief scheme initiated by the Labor government in neighbouring New South Wales. Under the Bracks scheme new home buyers will be able to receive a $5,000 assistance grant to offset state government charges subject to a means test. The treasurer announced that the budget was projected to return a surplus of $545 million notwithstanding the increase in outlays. In short, the 2004 budget was a highly political creature. As the Age editorial put it in its summary: “The Bracks Labor Government has presented itself as pro-business, but in this budget it has not ignored Labor’s traditional constituencies either.”

Policy Problems and Industrial Tensions

In addition to the unfolding drama over law and order, the Bracks Government had to deal with a host of difficult policy issues particularly with respect to transport, gambling and the environment. The government was also embarrassed somewhat by the apparent unravelling of the tender agreement that underpinned the government’s
construction of a film and television production studio in the Docklands area. At issue here was a commitment by the successful tenderers, Central City Studios Holdings, to establish a development fund to finance local productions. With the studio completed, operational investigations into the fund revealed that no money actually had been committed despite the terms of the tender (Age, 16 May 2004). The opposition seized on this matter to reinforce their claims that, firstly, the Bracks Government had built a “white elephant” at Docklands and, secondly, that the failure of Central Studio Holdings to meet their obligations was systematic of a general failure of the tendering process under the Bracks Government. On the basis of this, the opposition wrote to the Auditor-General requesting an investigation into the tendering process (Age, 6 April 2004).

The Bracks Government was very active in environmental and planning matters. As part of its marine parks policy the government announced that recreational and commercial fishing would not be permitted in areas declared as marine parks (Age, 1 April 2004). The government also announced that it had concluded an agreement with the owners of logging licenses in the disputed Ottways Forest region. Having promised to stop logging in these forests in the 2002 election, the government sought — successfully, as it turned out — to buy back previously issued logging licences (Age, 24 February 2004). Political considerations were also to the fore in the government’s decision to locate a toxic waste dump in the Mallee region and, in so doing, reverse a previous decision to locate the dump near the regional city of Ballarat (Age, 20 April 2004). Resident opposition to the Ballarat proposal celebrated its success, but the indications were that residents living near the new site would be mounting their own not-in-my-backyard campaign. The government’s decision on the dump represents the third re-location of the facility in as many years. Up in arms, too, were residents living adjacent to proposed wind-farm sites. The Bracks Government is committed to sustainable energy projects such as wind farms and many such projects have been planned for a variety of regions. The government announced in April that it would undertake extensive environmental impact studies of these projects in a bid to placate residential opposition. This is an issue that will dog the government as these impact assessments are completed (Age, 6 April 2004).

Meanwhile, the Bracks Government continued to be plagued by problems in the transport policy area. The government continued to withstand attacks on its decision to construct the Frankston-to-Mitcham (nee Scoresby) Freeway as a toll road. In addition to repeated anti-toll campaigns being instigated particularly by the Liberal-dominated Knox City Council, the government also was put under pressure by a claim made by Opposition Leader Robert Doyle that tolls for the new freeway could be as high as $20 per trip (Age, 31 March 2004)! Doyle made this claim in response to revelations that the freeway tolls would increase in line with the Consumer Price Index. Doyle’s claims well may have been hyperbolic, but the government’s nervousness about this issue was reflected in the way that Premier Bracks, rather than Transport Minister Peter Batchelor, led the public refutation of the opposition’s claims.

Batchelor’s absence from the $20-toll-controversy may have been due to his being otherwise preoccupied with other transport policy problems. In the early New Year the government announced a reversal of a previous decision to halve state government subsidies to disabled passengers using the state’s Multi-Purpose Taxi Program. This program allows disabled passengers to have half their taxi fares paid by the government. The Bracks Government’s decision to curtail the reach of the subsidy resulted in a major protest campaign being directed against Labor back-benchers. In
February the government gave in, with the premier again cast in the role of government spokesman announcing the policy reversal (Age, 19 February 2004). Meanwhile, Bracks also had to deal with the on-going controversy of the break-down of the state’s speed-detection camera system. With many motorists having been erroneously fined for speeding the government felt it had little choice to do anything other than issue refunds. The Age (20 May 2004) reported that $351 million dollars would be refunded to some 90,000 motorists who had been booked for speeding during the period the faulty cameras had been in operation.

Had any of these motorists chosen to get to work by public transport instead of their cars they well may have noticed another set of policy changes. In a set of decisions precipitated by the failure of the privatisation of public transport by the Kennett Coalition Government, the Bracks Government announced a reform of the train and tram sectors. Previously fragmented and handed over to a number of private operators (including the National Bus group that runs some of Melbourne’s bus systems), the Bracks Government decided to bring trains and trams back under the management of single authorities. The two bodies responsible for this infrastructure are now Yarra Trams and Connex (who will run Melbourne’s rail system). Even the private rural rail operator West Coast railways was also terminated and their Melbourne-to-Warrnambool service brought back under the auspices of the state-operated regional service operator, V-Line (Age 19 February 2004). Melbourne’s public transport system is now subject to a private monopoly with the state government deciding to double the rate of government subsidies paid to the operators from $256 million per annum to $457 million (Age, 20 February 2004).

The private monopolies indicated that employment redundancies might be necessary in the public transport sector as part of the reform process — an announcement that brought threats of industrial action by public transport unions. Indeed, the first six months of 2004 were to be dogged by persistent threats of industrial disputation by public sector unions generally. Between January and June the Bracks Government was threatened with a strike by the state’s teachers over pay and conditions (Age, 4 May 2004), an angry reaction from train and tram drivers over changes to public transport, a dispute with state-sector nurses over nurse-to-patient ratios (Age, 26 April 2004), and, of all things, a threat by Melbourne-based ABC staff to strike over a decision by the Corporation’s management to syndicate television sports news from Sydney (Age, 14 February 2004). Industrial strife was also present in the private sector. In April the Australian Workers Union threatened to instigate bans on oil and gas production in Bass Strait and Gippsland as part of its new workplace agreement (Age, 5 April 2004). Yet for all these threats of industrial disruption, few strikes or bans were actually put into place with the Bracks Government usually finding a way to re-start negotiations with the unions or, as in the case of the nurses’ dispute, giving in to core demands.

Conclusion

The eruption of warfare amongst Melbourne’s organised crime syndicates provided an exciting, if somewhat alarming, element to an otherwise dull political debate. The government’s Police and Emergency Services Minister clearly had a tough time of it in the first half of 2004, but, as the Age’s senior state political correspondent David Broadbent put it, the Bracks government was clearly assisted by the “[…] total lack of effective opposition” (Age, 25 April 2004). Despite its problems with organised crime, speed cameras, toxic waste dumps, wind farms and restless unions, the Bracks Government continued to enjoy strong support from voters as measured by the opinion polls and the Robert Doyle-led opposition appeared to be unable to capitalise on the
government’s myriad policy problems. Little change, then, in Victorian politics since Labor’s land-slide victory in the 2002 election.

Queensland
January to June 2004

JOHN WANNA
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A Re-Pete Landslide at the 2004 State Election

Premier Peter Beattie caught the opposition completely by surprise announcing the state election on 14 January, while most Queenslanders were still on holiday. The Opposition Leader, Lawrence Springborg, working on his farm, raced back to Brisbane, while the Liberals’ Leader, Bob Quinn, caught an early flight interrupting his family holiday in Sydney. Just as with the 2001 poll, Beattie’s timing meant the campaign would occur over the summer break with few paying attention to politics. Beattie’s repeat of a successful tactic reeked of opportunism.

Beattie brought on the snap poll in an attempt to clear the air over systemic maladministration exposed in the Families Department. The department charged with protecting children had failed to act in hundreds of cases of child abuse — especially children in foster care and particularly indigenous children. The public inquiry held by the Crime and Misconduct Commission (CMC) in 2003 discovered a culture of cover-up in the besieged department. Even when given evidence of cases of sexual abuse it felt powerless to act and often did not forward matters to the police. The CMC produced an interim report in January 2004 citing 110 recommendations for change. Beattie admitted publicly that both his government and the department “had failed” and that he would provide funding to implement the reforms (Courier-Mail, 7 January 2004). He stated his intention of seeking a mandate to fix the foster care crisis.

Beattie initiated the election claiming he was “putting the children first” (Courier-Mail, 21 January 2004). However, while ostensibly the main premise of the election, the issue of children in foster care rarely surfaced again during the campaign. The premier’s plan was a ruse to defuse or neutralise a potentially damaging issue.

The premier’s decision gave his opponents just eight days to organise and nominate candidates. The opposition and minor parties had not chosen a full list of candidates and so, with the election underway, began a scramble to find suitable candidates to run in designated electorates. One-third of the electorates (or twenty-nine of eighty-nine) managed only two or three candidates when nominations closed.

Labor entered the election from a position of invincible strength, holding almost three-quarters of the seats (sixty-six in the eighty-nine-seat parliament) but worried it would lose ground it had won for the first time in 2001. The National Party held twelve seats, while the Liberal Party retained only three — two of which had retiring sitting members, namely Joan Sheldon and David Watson. One Nation still held on to two seats and six seats were in the hands of popular independents (Peter Wellington, Liz Cunningham, Dolly Pratt, Chris Foley, Lex Bell and Elisa Roberts). Beattie was able to capitalise on such fragmentation and present his party as the only side capable of
governing. By contrast, One Nation looked washed up; the feuding Liberals were out of momentum; the Nationals were simply waiting for a “correction” to return them their former seats; and the independents were solely focused on holding their own seats. Labor used the campaign slogan “Keep Queensland Moving”, while the Nationals opted for “Restore the Balance”.

If Beattie was dogged by the foster care scandal and had lost three experienced ministers (Matt Foley, Steve Bredhauer and Wendy Edmond had announced their intention not to recontest), his main south-east opponents were even more mired in misfortune. The Liberals were distracted by factional conflicts and internal litigation. The state director of the party, Brendan Cooper, resigned two months before Christmas, blaming internecine factionalism and “lunacy” in the party as the reasons for his departure. His replacement, Geoff Green, began the job the day after the poll had been announced. After a bruising battle, Bruce Flegg won the party’s preselection for the safe seat of Moggill only to then face a legal challenge from the losing candidate Russell Galt. The challenge was defeated and Flegg survived but only after a barrage of Queen’s Counsels’ opinions on the legality of the decision were fired by both sides.

The Nationals promised a clean campaign that focused on the “positives” and avoided negative campaigning. Springborg kept his promise refusing to engage in derogatory politicking or negative advertising. They did run ads criticising “Re-Pete Pete”, implying Beattie merely repeated apologies for problems instead of fixing them (Courier-Mail, 26 January 2004). In response Labor did not attack the Coalition with any vehemence, merely running a few ads with Springborg and various former leaders depicted as skittles being knocked over and falling by the wayside.

A Downplayed “Non-Campaign”

The entire campaign was low-key, with few major promises and the main actors behaving in a far less flamboyant manner than previously.

With no three-cornered contests to distract it and One Nation finally dealt with as a divisive issue, the coalition campaigned intensively in regional Queensland, hoping to excite opposition to the government over issues such as the sugar crisis, drought, the lack of regional services, and Labor’s tree-clearing policy. The so-called ten “sugar seats” (from Mulgrave to Nicklin) attracted much attention and pre-occupied the main efforts of the leaders (sugar had been excluded from the US Free Trade Agreement). Disgruntled farmers ambushed Beattie when he visited Cairns and a “posse of angry sugar farmers […] stormed his car” (Weekend Australian, 31 January 2004). Farmer protests were encouraged by the maverick federal independent MP, Bob Katter, who followed the premier on the street trying to shout him down. Beattie with dead-pan earnestness accused Katter of orchestrating a “political stunt”? Strangely, to emphasise coalition unity Bob Quinn toured regional Queensland with Springborg, neglecting Brisbane and the south-east corner. He was accused of going walkabout. Fellow Liberals criticised his performance believing he was not campaigning on core issues of interest to their support base of urban professionals and business people (Courier-Mail, 20 January 2004).

Policy promises were few and far between. Labor promised to prioritise employment opportunities for Queenslanders, creating some 34,000 new jobs over the next three years. The Coalition released 101 new policies but most seemed rehashes of previous positions and did not attract attention. The Coalition briefly pulled one over Labor early in the campaign when it announced a policy to exempt first home-buyers of stamp duty on residential homes up to a purchase price of $250,000 — the
government initially refused to match this promise but responded to this commitment by matching the offer in the second last week of the campaign. The tactic was neutralised (see *Weekend Australian*, 17-18 January 2004). Immediately after the election the Treasurer Terry Mackenroth brought forward the concession to apply from 1 July 2004 fearing a housing market downturn.

One Nation stumbled through their third campaign with their iconic leader Pauline Hanson, only just released from gaol, taking almost no part in the proceedings. She made one appearance in the final days of the election at a small protest rally held outside the front gates of the Parliament over the issue of political interference in the judiciary. She made no impact throughout the election. Strangely, the party’s parliamentary leader, Bill Flynn, seemed to display no enthusiasm or direction. He was not helped by the poor financial position of the party meaning it had to conduct the election without any paid TV advertising (*Australian*, 15 January 2004). He also adopted an unusual approach to campaigning, choosing not to door-knock the electorate but to hide in his parliamentary flat in Brisbane drinking beer. When he went to his electorate with journalists and visited a local pub no one recognised him (*Weekend Australian*, 31 January 2004). One Nation promised to stand at least seventy candidates but could only find fifty-one candidates, and only one, the sitting member for Tablelands, Rosa Lee Long, won a seat.

By the time the “great debate” — a non-event — occurred, Springborg was already in a defeatist mood. On the election eve he claimed he was “in for the long haul”, and that the reform of the Coalition (perhaps forming a single conservative party) would be his immediate priority after the election. Without that, he believed, the conservatives would have no chance of ever winning government (Leaders’ Debate, 6 February 2004). Springborg’s tactic seemed to be about positioning himself for a serious tilt at government in 2007.

**Campaign Casualties**

Without properly checking on all its candidates, the Nationals were forced to sack two candidates during the campaign. First to go was Maryborough candidate, Michael Giles, who was dumped for not admitting to a domestic violence order when seeking pre-selection. The second case was more bizarre involving a former anarchist and Nazi party member, Dan van Blarcom, who was preselected and nominated for Whitsunday before his past surfaced in national papers. An old photograph was unearthed showing him at a public event in Canberra in 1970 with Nazi swastika and black leather jacket (*Courier-Mail*, 30 January 2004). Van Blarcom, who now worked as a sea captain, claimed he was an undercover agent but was dis-endorsed too late to remove the National Party label from the ballot paper.

The main casualty of the campaign was the Tourism Minister, Merri Rose, who was forced to resign from the ministry in the first week of the campaign. Known as the “minister for having a good time”, she was confronted with allegations that she had bullied her ministerial staff and drivers and that her son had taken her electoral car to Sydney to watch a rugby game. These revelations dominated the campaign coverage in the first week creating more than a minor distraction to Labor. Beattie accepted her resignation but Rose did not step down as Labor’s candidate for her seat of Currumbin — which she held by a significant margin. The opposition, not wanting to be seen to be negative, did not attack Rose and allowed the scandal to pass. But the former minister created further problems for herself by petulant attacks on the media, swearing at journalists, then attending a dinner with expelled Labor rorters from 2000-01 (old AWU mates), and with subsequent revelations of falsified ministerial records. In the
midst of the minor crisis, with Rose’s safe seat of Currumbin looking at risk, Beattie observed a little disingenuously that Labor had become the underdog meaning he was now “worried about the whole sixty-six seats” (Courier-Mail, 16 January 2004).

In a last ditch measure to save Rose and preserve support for Labor in the Gold Coast seats, Beattie announced he would expedite the troubled Tugun bypass motorway (a long planned but delayed freeway to ameliorate the major bottleneck at the southern end of the Gold Coast). Using Transport Department costings supposedly while the government was in caretaker mode, the announcement was greeted with protests against the compulsory resumption of homes in the transport corridor. Just two days before the poll, the announcement was portrayed as a rerun of the events dramatised in the film The Castle where residents fought their case through to the High Court and won. The Premier’s last-minute pitch was evidence Labor sensed a rebuff on the coast and feared the seat of Currumbin was lost.

The Unsurprising Result and Third Beattie Ministry

Despite a small swing of 2 per cent against the Beattie government, and a swing to the Coalition of almost 7 per cent, the government was returned in a repeat landslide — winning sixty-three seats in the Assembly (or 70.8 per cent of the parliamentary seats). Labor recorded a net loss of only three seats, although more seats changed hands. Labor lost Burdekin, Burnett and Charters Towers to the Nationals, and Currumbin to the Liberals, but gained Keppel from the Nationals. The Liberals held their three existing seats (Robina, Moggill and Caloundra: the latter by just 1.3 per cent), and won Surfers Paradise from the independent Lex Bell while crushingly defeating Merri Rose in Currumbin (with a massive 18 per cent swing). The Nationals recorded a net gain of three seats by winning Lockyer back from the One Nation leader Bill Flynn. The result gave Labor a thirty-seven seat majority in the parliament.

2004 Queensland State Election Results

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<th>Party</th>
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<td>5 (+2)</td>
<td>+4.2</td>
</tr>
<tr>
<td>Greens</td>
<td>72</td>
<td>145,522</td>
<td>6.7</td>
<td>-</td>
<td>+4.3</td>
</tr>
<tr>
<td>One Nation</td>
<td>51</td>
<td>104,980</td>
<td>4.9</td>
<td>1 (+1)</td>
<td>+3.8</td>
</tr>
<tr>
<td>Democrats</td>
<td>1</td>
<td>943</td>
<td>0.04</td>
<td>-</td>
<td>-0.3</td>
</tr>
<tr>
<td>Independents</td>
<td>52</td>
<td>125,516</td>
<td>5.8</td>
<td>5 (-1)</td>
<td>-5.5</td>
</tr>
<tr>
<td>Informal</td>
<td></td>
<td>43,657</td>
<td>2.0</td>
<td></td>
<td></td>
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</tbody>
</table>

Source: Electoral Commission Queensland, 2004

The Greens achieved their highest state vote with some candidates winning over 20 per cent of the vote (in Mt Coot-tha and South Brisbane). The Greens vote reached double figures in sixteen seats. One Nation slumped to its lowest result since 1998 when the party first contested a state election. Most of the One Nation vote drifted back to the other two conservative parties with each gaining a small positive swing. The vote for independents also dropped generally across the state (except where sitting independents were ensconced). Only one sitting independent, Lex Bell in Surfers Paradise, was defeated while four sitting independents recorded large swings towards them. Indeed, some of these independents now sat on huge margins after the final distribution of preferences (Peter Wellington in Nicklin with 79.5 per cent; Chris Foley
in Maryborough on 68.0 per cent; Dorothy Pratt in Nanango on 62.7 per cent; Liz Cunningham in Gladstone on 61.2 per cent and Elisa Roberts in Gympie on 60.0 per cent).

Beattie’s third ministry was announced on 12 February producing surprises but also severe disappointment among those in the queue who believed they were destined for the front bench. There were six vacancies — three from retirements, one minister was defeated (Rose) and two were demoted (Nita Cunningham and Dean Wells). While the senior ministers largely remained in their previous portfolios (Peter Beattie as Premier and Trade Minister; Terry Mackenroth as Deputy Premier, Treasurer and Sports Minister; Anna Bligh as Education and Arts Minister; Rob Schwarten as Works and Housing Minister; Rob Welford as Attorney-General; Henry Palaszczuk as Primary Industries and Fisheries Minister; and Stephen Robertson as Natural Resources, Mines and Energy Minister), a number of other serving ministers were moved around. Apparently, the health and police portfolios were difficult to fill — with none of the senior ministers wanting these poisoned chalices (Rob Welford in particular declined Health). Eventually, two ministers with little bargaining power were persuaded to serve, Gordon Nuttall in Health and Judy Spence in Police. Warren Pitt returned to the ministry (from 1996) as minister for Communities and Disability Services. Five other new faces were promoted — John Mickel (Environment); Desley Boyle (Local Government and Planning) and Margaret Keech (Tourism, Fair Trading and Wine Industry). Two novices were promoted to the ministry above the factions (Chris Cummins — who became Emergency Services minister and Liddy Clark who was made minister for Aboriginal and Torres Strait Islanders — an appointment that caused some controversy because she was Brisbane-based and lacked previous involvement with indigenous communities).

Regional representation was an important consideration in determining the new composition with Pitt and Boyle from northern Queensland, Keech and Cummins from the Gold and Sunshine Coasts respectively, Mickel from Logan and Clark from Brisbane. Beattie had apparently gone around to the three main factions telling them how many they were entitled to and from what region of the state they were to select someone. The AWU ended up with three of the new positions (Pitt, Boyle and Mickel) compared to one each for the Labor Unity/Old Guard (Cummins) and the Left (Keech), and one factionally independent (Clark). The AWU’s position was bolstered by the fact they lost comparatively few seats in the election and were entitled to three positions (one replacing Rose, and two from organising “departures”). When parliament resumed in March the AWU’s Ray Hollis retained the post of speaker despite being challenged earlier within the Labor caucus and on the day by the independent Liz Cunningham (who lost on party lines 63-24).

The Ferment over “Winegate”

The inexperienced Liddy Clark soon immersed herself and the government in a stupid scandal when a $10 bottle of red wine was discovered on board a plane she and her staff had chartered to visit the “dry” Aboriginal community at Lockhart River. Whilst the staffer Teresa Mullan argued that Clark was aware of the wine (taken to enjoy a drink on the long flight home), as were other officials and the department head, the minister denied that she knew of the wine (although she told the Premier she would resign if he asked), as did the department head Warren Hoey. The Premier immediately said he was “absolutely furious” and that the incident was “hugely embarrassing” (Courier-Mail, 4 March 2004). But claims of a cover-up were soon aired. The blame was initially pinned on Mullan, who in a messy manner was dismissed then reinstated.
in another department, then on the pilots who had flown the plane. The CMC inquiry which lasted around six weeks found that there were discrepancies in the version of events recalled by the principal players but evidence of official misconduct was unsubstantiated. The CMC found four of those involved had not been honest with police and others had not told all they knew. But the report noted that it was hard to prove beyond reasonable doubt that any misconduct had been committed, although no-one denied the wine was taken to the community and that some of the party knew it was there. Although seemingly trivial at one level, the scandal blew into an intensive baptism of fire for the neophyte minister.

Alcohol was also the subject of a ministerial ban when the new State Development Minister Tony McGrady forbade staff of his department to drink during work hours — including at special events and hospitality functions. McGrady also cut back on all but absolutely essential air travel for his staff. His tough line was popular in the media, but unpopular with staff who began a petition opposing the decree — and even the opposition leader argued McGrady’s ban was “over the top” and an “over-reaction” (Courier-Mail, 28 February 2004).

Brisbane City Council Elections

The Liberal Party regained some political momentum when it wrested the Lord Mayoralty of Brisbane from Labor with a significant swing at the 27 March local government elections. The mayoral position was an elected-at-large office but had so far remained with the same party that won the majority in the council. Coming from behind, the Liberals’ Campbell Newman (son of former Senator Jocelyn Newman) won a substantial victory over the colourless Tim Quinn (who had inherited the top job when Jim Soorley resigned with less than twelve months to go in his fourth term).

The election was formerly fought on shortfalls in council services (neglected potholes) and a grand vision for a network of tunnels crisscrossing Brisbane to ease traffic flow (Courier-Mail, 21 February 2004). Newman’s proposal was the more ambitious costing some $3.8 billion over a decade funded with $2-per-trip tolls. Just two weeks before the election the Liberals trailed Labor by 29 per cent to 45 per cent in opinion polls. But a series of scandals and secrecy issues ensued — fanned by hysteria about flood study projections coming on the thirtieth anniversary of Brisbane’s 1974 floods and by claims of household recycling waste going into the general rubbish compartments in waste removal trucks. The media accused Tim Quinn and his Labor administration of a deliberate cover-up.

In the mayoral election Newman polled 47.1 per cent to Quinn’s 40.6 per cent on first preferences while the Greens Drew Hutton polled 10.1 per cent. Newman won with 52.5 per cent of the two party preferred vote — capturing one-quarter of Green preferences (Quinn could have won with 85 per cent plus Green preferences). In the ward elections the council remained Labor controlled, with the ALP holding seventeen of the twenty-six wards and councillors David Hinchcliffe and Maureen Hayes vying for the deputy mayoral position and caucus leadership — Hinchcliffe was elected leader in April and became deputy mayor. Newman was immediately involved in controversy when his brother-in-law Sebastian Monsour broke into Brisbane Water headquarters on the evening of the election ostensibly at Newman’s request. Newman’s first budget brought down in June was not endorsed by the Labor council, leading to some intense horse-trading over proposals.

In another turn-around, Gold Coast mayor Gary Baildon was defeated by former Olympic runner Ron Clarke, and controversial Alison Grosse was defeated in Maroochydore.
Blackouts and Musical Chairs

Electricity blackouts, brownouts and the slow repair of damaged power poles caused Premier Beattie to call for a review in late February of Queensland’s electricity infrastructure and the levels of maintenance undertaken by Energex and Ergon. Initially, Energex claimed that the problems were not caused by insufficient maintenance on ageing infrastructure, but later it transpired that a lack of investment was a major problem for the corporation. Many argued that the extraction of substantial “dividends” by the state government to square its books was the root cause of the blackouts — a claim denied by the Premier. The review chaired by finance expert Darryl Somerville reported in July stating that the electricity corporations had given too much focus to improving their financial results, and had overstretched the infrastructural capacities of the system. The review team recommended that the energy providers increase capital and maintenance investment, while government should set preferred levels of service and make them known to the corporations. Meanwhile, in August 2004 ministerial responsibility for Energy was taken from Stephen Robertson’s Natural Resources portfolio and given to John Mickel — who had served less than six months as Environment Minister — on the grounds Energy needed closer ministerial attention. Energex would continue to be a sensitive issue for Labor as the year progressed — with the suicide of the chief executive of Energex and claims of political interference in the board and management of the entity.

State Budget

In the lead-up to the Beattie Government’s seventh Budget the Treasurer banned the lobby group Commerce Queensland from the budget briefing process because it had campaigned against Labor earlier in January. Despite his having been an effective Treasurer, the executive officer of Commerce Queensland had questioned whether Terry Mackenroth, a former boilermaker, could handle the finances of the state. The Treasurer claimed that if they wanted to “be part of the opposition they can be” and “if they want to campaign against me, I’m not about to make it easy for them” (Courier-Mail, 15 June 2004).

The $23.4 billion State Budget was premised on a $2.3 billion surplus (for 2003-4) inherited as a result of higher stamp duty and investment returns, and increased payments from the GST. When delivering the Budget, Mackenroth presented figures showing Queensland had received around $7.2 billion in GST payments, $1.4 billion in stamp duty and $806 million in gambling taxes. Investment in capital works was expected to reach $6 billion. Mackenroth, described as the “best Treasurer in Australia by a country mile” by the Premier, predicted a sizeable surplus of $646 million over the year ahead — retained as a buffer against future needs. The main items of increased spending were in health (9 per cent) and education (11 per cent), while tax cuts of about $1 billion would be implemented over the next four years. Mackenroth claimed that Queenslanders paid $1,614 in state taxes per annum compared with an average of $2,056 across the other five states. The opposition retorted that Labor had failed to plan ahead and had merely benefited from good fortune, while the Treasurers in New South Wales and Victoria accused Queensland of “growing fat” at their expense because of cross-subsidisation.

Final Political Footnotes

As the government began a shaky start to its third term, the premier was rolled at the ALP’s state conference. A strong advocate of the Free Trade deal with the US, the Premier was rebuffed by a cross-factional union/rank-and-file urgency motion
condemning the trade deal at the June conference. The AWU supported Beattie’s stance against the Left unions and members of Labor Unity. Beattie, however, said he would continue to personally support the deal and “support the FTA where it stands to benefit Queensland” (*Courier-Mail*, 14 June 2004). It was also reported that succession plans were afoot in the ALP with the high-profile Education Minister Anna Bligh (Left) and Transport Minister Paul Lucas (AWU) being urged to form a cross-factional alliance or ticket to secure the premiership when Beattie called it a day. Beattie did not dissuade speculation over the succession issue — which in turn kicked along the story.

As the months passed after the state election, Coalition talks over a possible merger sank into the mire. Some Nationals — especially Springborg — were keen on one new party coming into existence into which both conservative parties would fold their memberships and parliamentarians. But some senior conservatives and the Liberal hierarchy remained unconvincing of the merits of the proposal. They still hoped that with a separate identity the Liberals would be able to rise to become the largest conservative party in the state eventually claiming the premiership. Federal Nationals also publicly opposed the merger. Petty issues — such as which side could claim the deputy opposition leader’s job and entitlements — were often the subject of major dispute, as were ownership claims over seat territory. The disagreements resulted in both parties remaining out of coalition and each nominating separate front benches. Coalition politics seemed condemned to remain in the same rut they had trodden since the late 1970s. Some things in Queensland political life do not change easily.

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**Western Australia**

**January to June 2004**

**HARRY C J. PHILLIPS**

*Parliamentary Fellow, Western Australian Parliament; Adjunct Professor, Edith Cowan University.*

**LIZ KERR**

*A/Principal Research Officer, Legislative Assembly, Parliament of Western Australia*

The first six months of 2004 witnessed a series of keen pre-selection battles in the major political parties as elections loomed at both the federal and state level for late 2004 or early 2005. According to *Newspoll* in *The Australian* (5 July 2004), both the Labor Party and Coalition remained steady with first preferences at 38 per cent and 42 per cent respectively, and the Greens at 7 per cent for the April and June period. The *Westpoll* (19 June 2004) readings for June were higher with Labor at 45 per cent, the Coalition at 44 per cent and Greens 6 per cent. One Nation and the Australian Democrats both registered at one per cent. Premier Geoff Gallop maintained a clear lead over Colin Barnett in the preferred premier stakes. Surprisingly, poll support for Labor had not fallen during a major electricity blackout in mid February when the government forced the Chief Executive Officer of Western Power to resign. The long-awaited Kennedy Police Royal Commission report was tabled without altering the poll readings, as was the case with the State Budget.
Budget

Details of the government’s budget became known to the public before its parliamentary tabling on 6 May by Treasurer Eric Ripper. The West Australian had published key components two days before its official release, which was scheduled ahead of the 11 May Federal Budget. This prompted an investigation to determine whether breaches of the Public Sector Management Act and the WA Criminal Code had occurred.

In macro-economic terms, though, most of the news was good with economic growth predicted at 6.75 per cent and unemployment to fall from 6 per cent to 5.75 per cent. With the benefit of an additional unexpected $231 million Grants Commission allocation from Canberra, it followed that the state could maintain its much heralded Triple A investment status.

In what the government labelled a “Families First” budget (drawing a “Business Last” retort from Ross McLean at the Chamber of Commerce and Industry), there were no increases in electricity, public transport, water rates, car registration and driver’s license fees. The forecast reductions in stamp duty were delivered, accompanied by the abolition of such duty for first home buyers on houses worth less than $220,000. The Police Services budget was increased by over 8 per cent, Health by 5.4 per cent and Education and Training by 3.1 per cent. The government, according to budget figures, planned a record $3.9 billion on capital works projects. On the down side was the forecast increase in state debt, much of which could be put down to a $1.5 billion expansion of Perth’s rail network, including the controversial Perth to Mandurah rail line.

Parliament

The 2004 parliamentary year was associated with the centennial of the building of Parliament House and the 175th anniversary of the foundation of British settlement in Western Australia. A People’s Day was conducted on Sunday 4 April after the Legislative Assembly had held an inaugural regional sitting at Albany between 23 and 24 March. A Citizens’ Guide to the Parliament and an electronic virtual tour of parliament were also launched in this period. On 30 March the Parliamentary Library was recommissioned on the Harvest Terrace wing of parliament (its home from 1904 to 1964). Meanwhile, in April “Solidarity Park”, Perth’s unofficial “workers embassy”, situated opposite the southern entrance to the parliament, was listed as a heritage site.

In early April there were media reports of a move by Attorney-General Jim McGinty to introduce into the Legislative Assembly a proposal to delete specific references to God in various oaths, affirmations, affidavits and statutory declarations. The Bill had originally been moved in the Legislative Assembly on 4 December 2003 and was based on recommendations of the Law Reform Commission of Western Australia. However, claims by McGinty of initial support for the legislation appeared to be ill founded and the government did not attempt to progress the Bill.

The government faced a “log-jam” with nearly fifty Bills at mid year requiring passage through the Legislative Council. About half of this number were classified as priority Bills such as the extensive State Administrative Tribunal legislation and the contentious Gene Technology Bill 2001. Early in the parliamentary year, the government’s reform agenda suffered two major blows. The attempt to split Western Power into four separate businesses failed to win passage in the Legislative Council, although some measures were passed. The Retail Shops and Fair Trading Bill (2003), confirming the existing arrangements for retail trading hours with no Sunday trading
save for the tourist precincts, and to provide for the extension of weekend trading in
2005, was rejected.

Political Parties

Reports from the Western Australian Electoral Commission in early January that
official donations by business organisations to the state’s political parties had been
halved gave no comfort to the parties as they grappled with pre-selection disputes. In
March the ALP national executive was forced to intervene in Western Australia as a
consequence of a major row between the party’s factions. Senator Mark Bishop, a right
faction member, accused two “left” unions of inflating their membership numbers to
gain greater voting entitlements on the party’s state executive. The national executive
took over the preparation of a report for a national audit panel formed to investigate
allegations of branch stacking. Attempts to broker peace deals within the ALP
collapsed which left the national executive to conduct a ballot to make the final pre-
selection decisions. In late June a dramatic eleventh-hour intervention by Premier
Gallop led him to telephone Federal Opposition Leader Mark Latham demanding all
sitting MPs in the state parliament be accommodated. As the national executive agreed
with Gallop’s wishes it spared several MPs facing serious pre-selection threats.

The Liberal Party also faced a plethora of pre-selection battles in both Houses. Early
in the year Bernie Masters lost a bitter pre-selection for Vasse, to Busselton Shire
President, Troy Buswell. Masters then resigned from the party indicating his intention
to run as an Independent Liberal at the next election. Deputy Leader Dan Sullivan
needed the timely intervention of Leader Colin Barnett to thwart an attempt to give the
Mitchell nomination to Michelle Riley, an electorate officer in Federal MP Geoff
Prosser’s office. Former footballer Trevor Sprigg finished ahead of a “Melbourne Cup”
field, for the safe seat of Murdoch, following the unexpected retirement of former
Cabinet Minister, Mike Board. There also were rumblings over the selection of Colin
Edwardes to stand for the marginal seat of Kingsley in place of wife Cheryl Edwardes,
a very capable former minister who had decided to retire. In the North Metropolitan
Region the State Council eventually determined the ticket order that meant that Alan
Cadby, a former Hale School mathematics teacher who had entered parliament in 2001,
was relegated to an unwinnable ballot position. The fallout was the announcement of
his resignation from the Liberal Party and an assertion that Colin Barnett had not been
as loyal to his incumbents as Premier Geoff Gallop.

Whilst successful in blocking former Minister Doug Shave’s return via an upper
house seat, Leader Colin Barnett had to accept the return of former Minister and critic
Graham Kierath, who won endorsement for Alfred Cove. Another Barnett critic, Rod
Sweetman, whose Ningaloo seat disappeared in the 2003 redistribution, was left
searching for a district. Another marginal WA seat making news was the federal seat of
Stirling. Originally the party had selected Paul Afkos, a high profile businessman and
part owner of the Perth Glory soccer team. Following probes by the Director of Public
Prosecutions over his alleged links with a convicted drug dealer, a decision was made
for Afkos to step aside for a young 31 year old property consultant, and political
advisor, Michael Keenan.

The National Party managed to persuade Terry Redman, the Principal of the WA
College of Agriculture, to nominate for the seat of Stirling, replacing retiring former
Minister Monty House. On 19 March, after several months of negotiations with the
Liberal Party, an announcement was made of a forthcoming “coalition contract”. Both
Max Trenorden and Colin Barnett, as the respective National and Liberal Party leaders,
admitted they faced opposition from their colleagues concerning the allocation of shadow portfolios such as transport.

Following an announcement in early March that Upper House Greens member Christine Sharp would stand down at the next election, there was much speculation about her successor. Meanwhile, One Nation was dealt a blow on 1 June when MLCs John Fischer and Frank Hough, respectively the former National President and former National Director, resigned from the party to become Independents. This action effectively gave control of One Nation to a rival faction. Both groups had been waging a Supreme Court battle since 2002, with the polls confirming that One Nation support had drastically dropped.

**Environment**

Industrial emissions in the state’s north-west caused additional problems for the government when the Environmental Protection Agency warned that predicted increases in nitrogen levels on the Burrup Peninsula could damage local vegetation and Aboriginal rock art. Minister Judy Edwards came under attack for allowing proponents of the $11 billion Gorgon gas project on Barrow Island to conduct their own Environmental Review and Management Program. Opponents of the idea claimed the project warranted a full and open public inquiry due to the island’s status as a Class A nature reserve.

The controversial $500 million Port Coogee marina development 4.5 kilometres south of Fremantle was given the go-ahead, after a protracted campaign to abolish the deal failed in early June. The plan for a marina had long been the subject of debate and was opposed by environmentalists and residents groups concerned at the scale of the development. Perhaps the most controversial aspect of the plan was the former state government’s decision to allow the seabed to be included as part of the deal. Planning and Infrastructure Minister, Alannah MacTiernan, conceded the arrangement resulted in a reduced benefit to the taxpayer due to the undervalued land deal struck between the developers and the previous government.

**Energy**

Soaring temperatures in the first few months of the year created more than a few headaches for Energy Minister Eric Ripper. Power supplies were cut due to maintenance on the Dampier to Bunbury gas pipeline, and a report into the December 2003 fire that killed two women, burnt out 15,000 hectares of land and killed at least 10,000 sheep, found Western Power equipment at fault. Adding to his woes, the Minister was forced to publicly apologise for comments made by Western Power CEO Stephen van der Mye, who had refuted the findings. Western Power’s problems continued in the following weeks as pipeline owners, Epic Energy, cut the state’s major power supply for maintenance, leaving the state with a critical power shortage during some of the hottest days of the summer.

Temper flared when the Perth Metropolitan region was subjected to blackouts as air conditioners placed a critical strain on power supplies. Van der Mye was removed from his position in February following a souring of relations with the Minister. Harvey Collins, a former banker, was appointed in the position until 30 June, 2004. Meanwhile, Epic Energy’s financiers withdrew their support for the company, ostensibly due to the inflexibility of tariffs set by the energy regulator, forcing Epic to put the pipeline on the market. The pipeline, sold to Epic by the Court Government in 1999 for $2.4 billion, fuels around 50 per cent of Western Power’s total electricity generating capacity.
Education

Education issues were thought to be crucial with federal and state elections looming later in the year. In March, Federal Education Minister Brendan Nelson announced a broad set of conditions that schools will have to meet in order to secure their share of a $31.3 billion funding package over the next four years. In response the Federal Opposition Education Spokesperson, Labor’s Jenny Macklin, repeated the assertion that the Coalition Federal Government was extending its policy of favouring private education. Alan Carpenter, the State Education and Training Minister, who was nevertheless supportive of the notion of national testing, reinforced this theme. Meanwhile in Western Australia the threatened disruption to the beginning of the school year, arising from a dispute over school bus contracts, did not materialise. Minister Carpenter also announced that most pupil free days would be abolished, or more accurately, moved to the end of the year.

Legislation to establish a Western Australian College of Teaching passed all stages of the parliament, but awaited assent and proclamation. Early in the year the government announced its intention to spend $500,000 a year on a specialist team to try to improve the academic performance of students in the Tertiary Entrance Examination (TEE). It was apparent that higher education contribution charges (HECS) were going to increase, and the public universities in Western Australia announced varying fee structures for 2005. Both the University of Western Australia and Edith Cowan University indicated that a maximum fee rise of 25 per cent would be sought, Murdoch University discounted the extent of the increase while Curtin University of Technology opted to retain their existing range of fees.

Health

The Reid Review of the state’s health system delivered its final report in March with key recommendations focussing on the amalgamation of two of the State’s biggest teaching hospitals, Princess Margaret and Sir Charles Gardiner. The proposed merger, estimated to cost up to $2 billion, was intended to prevent duplication of services at the hospitals, which are situated only a few kilometres apart. A proposal for a new 600-bed teaching hospital in the southern suburbs and another in the north was also proposed, along with a downsizing of services at Fremantle Hospital and changes to other outer metropolitan health services. The proposal, which received in-principle support from Minister McGinty, achieved mixed support elsewhere, with Opposition Leader Colin Barnett expressing disagreement with the plan. Later, in June, Minister McGinty announced that he would defer a feasibility study on the planned merger, although the government was committed to having both hospitals operate from one site within thirteen years.

In March, Premier Gallop reversed his earlier decision to axe plans to build a hospital at Moora, following the unusual campaign involving the delivery of bricks to the premier at every opportunity (see previous chronicle). In April, Federal Health Minister Tony Abbott chose Western Australia as the site to announce his government’s plan to open ten free after-hours GP clinics at or near major teaching hospitals across Australia. The state government expressed approval for the plan, with Public Accounts Committee Chairman John D’Orazio indicating his committee had recommended the move after finding that a shortage of after-hours doctors was increasing pressure on hospital emergency departments. The AMA, however, criticised the plan, claiming evidence was lacking to show that patients with non-urgent medical problems are causing congestion in emergency departments.
Justice

The newly established Corruption Crime Commission (CCC), which replaced the former Anti-Corruption Commission (ACC), came into operation on 1 January 2004 following Commissioner Kennedy’s advice in the interim report of the Police Royal Commission in December 2002. Retired District Court Chief, Judge Kevin Hammond, was named as Commissioner, with high profile criminal lawyer Malcolm McCusker QC as the Parliamentary Inspector.

The long-awaited final report of the *Royal Commission into whether there has been Corrupt or Criminal Behaviour in the Western Australian Police Service* was handed down early in March to mixed reviews. The inquiry, which cost an estimated $28 million, examined the activities of around 500 former and serving officers on matters dating back to 1985, with over fifty officers having adverse findings recorded against them. The report found there had been significant and sustained corruption over a twenty-year period, however it was unlikely there would be a significant number of prosecutions or that disciplinary proceedings would be launched as a result of the report.

Children’s Court President, Judge Kate O’Brien, left her position in February to return to the District Court after criticism of her performance, in particular leniency towards juvenile offenders. Judge O’Brien was replaced by Judge Denis Reynolds who, within hours of taking over the job, had handed down a number of jail sentences. Police Minister Michelle Roberts came under prolonged pressure to resign, following the escape of nine prisoners from the Supreme Court in June. The prisoners, including armed robbers and sex offenders, had been under the control of private security firm, Australian Integrated Systems Management Corporation Pty Ltd (AIMS), when they were able to escape on foot through the Supreme Court Gardens. Four of the prisoners were captured within hours, with the other five taken into custody over the following twelve days. Two of the prisoners were involved in the armed robbery of a suburban TAB at the time Minister Roberts was facing a sustained attack in the Parliament on 15 June. The Minister announced on the following day that an independent inquiry into the escape would report to the Parliament in August 2004.

Police Commissioner Barry Matthews completed his five-year term in the top police job on 20 June, when he handed the reins to Western Australian local, Karl O’Callaghan. Matthews’s relationship with Police Minister Michelle Roberts had at times been strained, to the point that the government had encouraged him to vacate the position six months before his term was due to expire. O’Callaghan, one of the first officers in the Western Australian police force to obtain a PhD, commenced his term in the wake of the Royal Commission, throughout which he had the benefit of working closely with Matthews.

Industrial relations

Negotiations between the state’s public sector unions and the government continued in January, with the government indicating it would settle for a 3.3 per cent a year wage increase for the state’s 30,000 public servants. The offer came soon after police won a pay rise of 15 per cent over three years, while teachers were awarded around 14 per cent. CCI spokesperson, Lyndon Rowe (who later took a government position as Chairman of the Economic Regulation Authority), criticised the turnaround on the 3 per cent wages policy, claiming the government lacked credibility for not sticking to its initial policy decision.
Union and industrial unrest punctuated the first half of the year, with a particular focus on the areas of transport and construction. The Australian Rail, Bus and Tram Industry Union was criticised in February for failing to ensure striking workers returned to work following a ruling by the Western Australian Industrial Relations Commission on Friday 13 February 2004. Lawyers for construction giant BGC lodged a complaint in the Federal Court in March, after the Western Australian Industrial Relations Commission ruled to allow unions the right of entry to work sites. The appeal to the Federal Court aimed to determine whether Western Australian right of entry rules cover workers who have signed Federal Workplace Agreements.

**Sources:** This chronicle has been compiled from coverage of *The West Australian*, *The Sunday Times* and *Australian* newspapers: Western Australian Parliamentary Debates (*Hansard*); and Standing Committee Reports.

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**South Australia**

*January to June 2004*

**Haydon Manning**  
*Political and International Studies, Flinders University*

The period under review saw some familiar South Australian themes; rumours of large manufacturing plant closure; more deal making on the River Murray’s future and another court decision concerning the Commonwealth’s plan to locate nuclear waste in the state’s north. Less familiar, and announced with much alacrity by the premier, was the “State Strategic Plan” but striking a different note, the Anglican Archbishop resigned after troubling evidence came to light concerning systemic failure to deal appropriately with claims of sexual abuse by clergy.

**The State Strategic Plan**

In May 2003 the Economic Development Board recommended development of a “whole of government State Strategic Plan to provide guidance and discipline to government agencies on priorities for action” (*A Framework for Economic Development*, 2003 p. 24). The head of Premier and Cabinet handed the premier a draft response in December 2003 and, it appears, Premier Mike Rann was most dissatisfied with the bureaucracy’s effort. To address this weakness, he convened a committee of senior ministers to give direction and when the Plan was released three months later he trumpeted: “There is a renewed sense of purpose in the air” (*The Advertiser*, 1 April 2004). Set within six overarching objectives; Growing Prosperity, Improving Well Being, Attaining Sustainability, Fostering Creativity, Building Communities and Expanding Opportunity, it ostensibly sets current and future governments a series of immediate, medium and long-term objectives. For Rann the most pressing objectives concern achieving the AAA credit rating within three years and orchestrating the introduction of “whole of government” improvements in communication between departments and between ministers. Toward the medium term (and an expected second-term Rann Government) are the bold objectives of leading the nation in transparency of government decision making and service delivery cost effectiveness, and exceeding national economic growth rates over the next ten years. Reducing landfill waste by 25 per cent within ten years and attaining a positive inflow of people
to the state by 2009 are representative of the type of benchmarks the Plan sets for government.

Notwithstanding the fact that many targets are set beyond 2014 and will, conceivably, outlive the premier’s tenure, he welcomed the fact that “we will be measured along the way” and seemingly relished the task ahead — “most people think this is politically dicey and that we have created a rod for our own back, I think this is a good thing” (Radio interview, ABC 891 Mornings, 1 April 2004). In answer to a question from Opposition Leader, Rob Kerin, who raised doubt as to the government’s commitment to regular review, the premier pledged that an independent group “will make a judgement every two years on the progress we make as a state” (Hansard, House of Assembly, 1 April, p. 1, 899). To this end, he envisages that the three boards (Economic Development, Social Inclusion and Roundtable on Sustainability) will be charged with the task of pressuring “every public service head and every minister” to meet the targets. In theory the Plan now takes a prominent place as an economic and social policy measuring stick for future governments, whatever their political colour.

Receiving favourable press coverage, and extended commentaries in the Adelaide Review’s May edition, the Plan presents genuine benchmarks and, assuming a stronger state economy, many of its aims may reasonably be met. On the other hand, it is not without problems, most notably the very obvious tension between the expenditure austerity required by the AAA credit rating objective and the call on government expenditure required to push economic growth via education and infrastructure expansion, and the introduction of more sustainable environmental practices.

Adelaide-Darwin Rail Link and Mitsubishi’s Woes

Much celebration surrounded the launching on 15 January 2004 of the Adelaide to Darwin rail link, a project some would say was 150 years in the making and others a mere nine years (Advertiser and Australian 15 January 2004). While Prime Minister Howard christened the $560 million rail link “the Snowy of steel”, a reference to the 1950s Snowy Mountains hydro electric scheme, others were sceptical. For example, stevedoring “guru”, Chris Corrigan, said: “They’ve spent $2 billion building a railway for five trains a week and a few cartons of beer and I’ve described the financial returns on that as being smaller than tick’s testicles” (Sunday Territorian, 16 January 2004). Optimists maintain that the rail link will win its share from road and sea transport, boost tourism, and have the added virtue of promoting industry in the North.

During January the future of Mitsubishi Motor Corporation’s manufacturing plants, located in southern suburban Adelaide appeared in doubt and sparked intense lobbying of Mitsubishi by the state and federal governments desperate to stave off closures. With Mitsubishi’s partner, Daimler-Chrysler, refusing a $10 billion bail-out of its Japanese plants the future for Mitsubishi’s 3,500 Adelaide work force looked decidedly bleak (Advertiser, 27 April 2004). Mitsubishi’s Australian operations suffer underinvestment in robotic assembly and relatively low yearly production runs of around 30,000 compare unfavourably with international benchmarks of around 100,000 (Australian Financial Review, 22 April 2004; Weekend Australian, April 22-23 2004). Local sales volume was declining and exports were down 50 per cent over the last two years so when the decision to close only the Lonsdale Plant, with the loss of 700 jobs, was announced Federal Finance Minister, Nick Minchin, felt it “a good news day” (Advertiser and Australian, 22 May 2004).
Introducing this year’s budget, Treasurer Kevin Foley chastised former Labor and Liberal governments for their profligate ways: “I’m someone who strongly believes we’re too highly taxed in this state and have been for generations” (Australian, 28 May 2004). Foley launched into a general critique of big government, high taxes and the need for “the private sector [to] fill a larger proportion of the economy”. Due to stronger than expected economic growth and a property boom which delivered $263 million more in property taxes than predicted in last year’s budget this, Foley’s third Budget, registered a $52 million surplus. Treasury predicts balanced accrual budgets over the next four years and significant cash surpluses rising to $165 million in 2006-07 (Advertiser, 28 May 2004). With state debt expected to be eliminated within three years the treasurer presented a confident picture for the state and underlined the government’s commitment to the State Strategic Plan — “Mr Speaker, throughout this address, I have referred to the State Strategic Plan […] this Budget has been framed with the objectives and targets of the State Strategic Plan in mind” (House of Assembly, Hansard, 27 May 2004, p. 2, 284).

While the budget’s central purpose was to demonstrate fiscal rectitude the government was keen to project the image that it remained a “Labor Budget”: “this government has made an enormous effort to target and direct expenditure to the areas of greatest need […] These are the priorities of Labor”. Foley pointed out that, compared with the last Liberal Budget of 2001-02, successive Labor budgets had increased spending by 14 per cent, a rise of $1.3 billion (House of Assembly, Hansard, 27 May 2004, p. 2,282). In large part this increase simply follows inflationary pressures and concomitant increased revenue. In relation to the government’s priorities it is clear that increases budgeted for Health of 12 per cent ($285 million) and Social Security and welfare of 15 per cent ($72 million), plus abolishing former Premier, John Olsen’s much vaunted Department of Business, Manufacturing and Trade (saving $40 million) illustrate some of the finer grain differences between Labor and Liberal administrations. But education does not enjoy the boost one might have expected with a 5 per cent increase ($127 million) while hardly surprisingly, Public Order and Safety receives a 7 per cent increase ($64 million) (State Budget 2004-05, Budget Paper 3, p. 2.7). On the other side of the ledger a range of fee increases, ranging between 3 to 4 per cent, were introduced for public transport, motor licence and vehicle registration and traffic infringements. These were largely expected and, in light of the introduction of water restrictions last summer, a 4.4 per cent rise in water charges came as no surprise.

**Water Politics — the National Water Initiative**

Under the front page headline, “It’s all Flow: Historic Murray deal signed”, the Advertiser (26 June 2004) pronounced “South Australia is the big winner from a historic national water deal which will trigger extra flow within weeks for the ailing River Murray”. The politics of negotiating water entitlements, compensation for water foregone and protection of eco-systems associated with the Murray-Darling Basin, is now a feature of South Australian political discourse. Respected water scientist with the CSIRO, Professor Peter Cullen, commented that the national water pact was about finding a means to recover water against the water entitlement “mess” presided over by the various Basin States for more than 100 years (Australian, 28 June 2004). But not everyone agrees with Cullen. During April an interim report by the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry claimed that the Basin’s environmental problems were exaggerated, and that the science
underpinning the case for increased flows was “inadequate” (*Advertiser*, 6 and 7 April 2004). Wilson Tuckey, a political maverick and former Howard Government resources minister, tried to rally the Coalition backbench to support the Standing Committee’s findings. State Environment Minister, John Hill, vigorously weighed into the debate saying the report was a “stalling tactic” initiated by a “bunch of dunderheads” incapable of appreciating the science behind the case for immediate action to increase river flows. A host of scientists expressed their disgust and the Murray-Darling Basin Commission former chief executive pithily observed: “The evidence is overwhelming. You just have to look. They are really making a choice of whether they want to run a river like a channel or they want to run a river as a river” (*Australian*, 6 April 2004). The consensus among scientists clearly indicates that the Murray River requires at least 1,500 gigalitres to restore its health and this assessment may eventually prevail with the 500 gigalitre return of flow representing the first instalment.

During the weeks leading up to the June meeting of the Council of Australian Governments to ratify the National Water Initiative (discussed in the previous chronicle) there was speculation that the Premiers and Commonwealth would fail to reach agreement on the thorny issue of apportioning the cost of compensation to farmers for any loss of water entitlements. Late last year an in-principle agreement to increase river flows by 500 gigalitres prompted the Basin’s horticultural communities to fear they’d been dealt out of any compensation. To allay these concerns the state and commonwealth governments plan to use part of the $500 million fund announced last year to help improved irrigation practices. While irrigators currently consume 50 per cent of the Basin’s flow they should find that, with assistance to introduce new technologies, the task of handing back 4 per cent of their water entitlement is not too burdensome (*Weekend Australian*, 26-27 June 2004). For many the initiative represents important recognition that water is, legally speaking, now on the same footing as land, and whenever government requires additional water for environmental purposes monetary compensation is guaranteed. The National Party and Farmers’ Federation are satisfied that water entitlements will be protected with the establishment of the National Water Commission to oversee the development of the water entitlements market. As part of the initiative it was also agreed that, from 2014, whenever the Basin is stressed by drought the Government may call upon water users to forego 3 per cent of their water rights’ allocation without compensation.

**A Federal Court Appeal Upheld — the Saga of National Nuclear Waste Disposal**

The nuclear waste disposal site continued to occupy public attention. The International Atomic Energy Agency criticised the Commonwealth for its lack of public consultation over its acquisition of land in the state’s far north (*Australian*, 30 January 2004). In February, a two-day public forum sponsored by the Commonwealth Government brought together advocates and dissenters. The Commonwealth explained that it had the authority under the Australian Radiation Protection and Nuclear Safety Agency to construct the waste dump. State Environment Minister, John Hill, disputed this view and told reporters that the State Government eagerly awaits the outcome of its appeal to the Full Court of Federal Court against the Court’s December 2003 finding that the Commonwealth’s acquisition of the land was legal (*Australian*, 26 February 2004). In June the appeal was upheld and, as a result, the Commonwealth was again stalled. Exasperated, Federal Minister for Science, Peter McGauran, said no alternative sites were on the agenda and that in view of the Court’s decision legislative change appeared necessary to assure the Commonwealth’s objective (*Australian*, 26 June 2004). With the Commonwealth forced back to the drawing board and the Federal
Labor Party saying an alternative site outside South Australia should be found, this matter may feature during the 2004 national election where the Coalition holds three South Australian seats by slender margins.

To Abolish or Not? The Case of the Anangu Pitjantjatjara Lands Council

Greeted with the headline “Self Rule is Finished”, members of the Anangu Pitjantjatjara Lands Council spent the next fortnight confused as to whether or not laws enacted twenty years ago to give them custodianship over their lands remained in place or had been abolished by the Rann Government (Advertiser, 16 March 2004). The Lands Council is responsible for managing communities in the state’s far north-west and stood accused by the government of mismanaging a $7 million health initiative and failing to address growing incidence of youth suicide and petrol sniffing. Lands Council chairman, Gary Lewis, learned of the decision through the media and tried to rally opposition to the government’s position, calling upon “all Aboriginal people, trade unions and the community to defend land rights, human rights and self determination” (Advertiser, 17 March 2004). The government installed retired assistant police commissioner, Jim Lister, as an “administrator” a move which gained the tacit approval of the Aboriginal and Torres-Strait Islander Commission and the local Njaanyatjarra Pitjantjatjara Yankunytjatjara Women’s Council. Council chairwoman, Yanyi Bandicha, explained that the Council supported the appointment of an administrator because petrol sniffing was getting worse and agreed that the Lands Council had mismanaged health funding (Advertiser and Australian, 18 March 2004).

During the following week Aboriginal Affairs Minister, Terry Roberts, informed the media that the government was not “blaming the Council” (Australian, 20 March 2004). With Jim Lister resigning after less than a week in the job due to ill health it appeared that the government had been ill-prepared to deal with the matter. Suddenly there was to be a “co-ordinator” rather than an “administrator” appointed and, much to its relief, the Lands Council was informed that it would retain its legislated power (Advertiser, 25 March 2004). Prominent Aboriginal leaders such as Lowitja O’Donoghue called for the government to apologise for its heavy-handedness. In the event, the government eventually managed to ease the pressure by announcing, in early April, the appointment of former Labor federal minister, Bob Collins, to the co-ordinator’s position. Married to a Tiwi Islander, Collins is viewed widely as better connected to black communities and more understanding of black culture than most white politicians (Adelaide Review, May 2004). However, in late June, he suffered a serious road accident, and doubts now arise as to his capacity to meet what is a pressing challenge.

Neglect and Inaction — the Church and Paedophilia

“He needs to do the decent thing and tender his resignation by the close of business today”, said acting Premier, Kevin Foley, of the embattled Anglican Archbishop, Ian George (Advertiser, 10 June 2004). Shortly after, the Anglican Church’s Professional Standards Committee urged his immediate resignation after it criticised his handling of victims’ testimony regarding complaints of sexual misconduct by clergy and church officials. Archbishop George’s difficulties arise from his failure to address thoroughly some thirty claims of sexual abuse by clergy and his apparent suggestion to a St Peter’s School chaplain in 1992 that he flee the country or face the matter of his sexual abuse of a fourteen-year-old school boarder being reported to the police (Advertiser, 2 June 2004). An Anglican Church Board of Inquiry, chaired by a retired Supreme Court judge, found that church leaders, including Archbishop George, viewed victims’
accusations as mischievous and generally thought it unlikely that a member of the clergy would abuse a child (Advertiser, 1 June 2004). At George’s request the Board of Inquiry’s report was tabled by the Premier in Parliament and subsequently passed on to the Police Commissioner. In late June the South Australian police paedophile task force made nine arrests across three states and commenced extradition proceedings against the former St Peter’s School chaplain (Australian, 21 June 2004; Australian, 28 June 2004).

Demise of a DPP Head
The resignation of Department of Public Prosecutions head, Paul Rofe, while viewed by the Advertiser and government as entirely appropriate, raised the ire of many in the legal fraternity. Late last year the premier sought the offices of Solicitor-General, Kris Kourakis QC, to report on the DPP’s conduct of the Nemer case (see previous chronicle) and, in particular, the processes underpinning plea bargaining. The Kourakis report was critical of Rofe’s handling of the case and recommended that all future negotiations between the DPP and defence counsel be recorded. While the report was well received by commentators, others argued that Rofe had been harshly treated by Kourakis and the government (Advertiser, 20 April 2004; Adelaide Review, May 2004). Facing constant media scrutiny, and effectively deserted by Attorney-General Michael Atkinson, Rofe consistently sought to defend the independence of the DPP from political interference and made it clear that he would leave if he felt his office was compromised (Advertiser, 19 April 2004). He resigned in early May saying that: “Given the nature of the Kourakis report and what’s happened since I think it’s better for the office that I go now rather than create further difficulties” (Australian, 4 May 2004).

Tasmania
January to June 2004

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The half-year through to the end of June 2004 read like the first section of the classifieds being concerned with “births, deaths and marriages” as far as much of the Tasmanian media was concerned. The birth of a new government in February was precipitated by two tragic retirements due to illness. The resignation of Treasurer David Crean in February was followed within the same month by the even more stunning and unexpected retirement of the Premier, Jim Bacon, due to lung cancer. The loss of two members of the political triumvirate that managed the state for nearly six years was a severe blow to the ALP and the new government as it attempted to regroup. The marriage of Mary Donaldson to Crown Prince Frederik of Denmark offered a welcome and widely celebrated moment of public joy for the state in May. This was followed rather quickly, however, by political and personal loss with the death of the former Premier, Jim Bacon, in June.

These events marked out the some very dramatic points in a turbulent six months for Tasmania. Yet much of the politics of this period was driven by established themes such as health, justice and economics. A budget was prepared and presented; it was
defended and attacked much the same as the previous year. The new government of Paul Lennon itself, indeed, looked very like the government of Jim Bacon as it had so little room for change, given the small size of the parliament. The Liberal Party appeared to find new energy for opposition with the ALP changes, however, and by the end of the half year were focusing their fire more on the government than on the Greens. Forestry remained a continuing cleavage in state politics. So too did gaming, public safety and health. Tourism, which had been a pillar of strength for the government, showed signs of cracking under the weight of external changes and public expectations. The role of the new Governor not only remained controversial, the debate deepened and took on constitutional dimensions. Much changed in the first half of 2004 but much remained the same.

The new Lennon Government

The speculation that had been growing for nearly a year was confirmed at the end of January when State Treasurer David Crean announced that he would have to retire due to a kidney ailment (Examiner, 2 February 2004). Crean, son of Whitlam treasurer Frank Crean and brother of federal shadow treasurer Simon, advised he would step down immediately as treasurer and not recontest his seat in May. The nearly six years that he had served as treasurer from the red velvet benches of the Legislative Council were counted a success by virtually all sides of the parliament as well as by the business community and the public. His independence from treasury and his skilled discipline in pursuing an effective debt reduction strategy earned high marks even from his opponents (Mercury, 2 February 2004). His loss to the government was bound to be hugely significant. Crean was one of a triumvirate, that included Premier Jim Bacon and Deputy Premier Paul Lennon, which had had the dominant say in state policy-making within the government for five and a half years.

With some irony of hindsight, the media reported that Premier Jim Bacon had “reasserted his iron grip on the Tasmanian Labor Government” when making the adjustments to Cabinet in the wake of Crean’s departure (Mercury, 3 February 2004). It was claimed that factional rivalries were put firmly in place by a premier who was determined to remain in control. The key moves were the appointment of Deputy Premier Paul Lennon as Treasurer, the transfer of forestry to Primary Industries Minister, Bryan Green, as part of his new position as Infrastructure, Energy and Resources Minister and the promotion of Cabinet Secretary, Steve Kons, to a ministry. The principal loser in the shuffle was the Legislative Council which no longer retained a ministry despite having five endorsed ALP members. The MLCs may well have been a casualty of the fractional tensions as the Left’s most ambitious members outside the ministry were in the Council.

Only a few weeks later, the government was rocked again. The oft-denied rumours of the premier’s ill-health over the preceding year were tragically confirmed by Jim Bacon himself in February. With his wife Honey at his side, Premier Bacon announced that he had been “an idiot” for smoking against medical advice and thereby acquiring the terminal lung cancer that had been diagnosed ten days earlier on Friday the 13th (Mercury, 24 February 2004). Bacon announced his retirement from office in a month’s time during which he would be taking leave, Bacon identified a number of items of unfinished business that he wanted to achieve yet. These included: a successful land transfer of Cape Barren Island to Aboriginal ownership; agreement on an advisory panel for a cultural precinct on the Hobart waterfront, and an effective cabinet reshuffle to provide for a seamless transition to the new Lennon Government (Advocate, 24 February 2004). The Greens, despite objections from the ALP and the
Liberals, added a legacy objective of their own after his death in June; a demand for a total ban on smoking in public venues (*Mercury*, 24 June 2004).

The factional ripples from Crean’s resignation were reinvigorated by Bacon’s announced departure and the opportunity for advancement tested factional loyalties severely. The first blow came with a contest over the Deputy Premier’s position. The Left’s Bryan Green lost to the Right’s David Llewellyn as a result of defections from such factional members as Ken Bacon and Lara Giddings, who had been denied a ministry a few weeks earlier (*Mercury*, 26 February 2004). The factional ripples became a raging storm when Giddings defied the Left faction’s support for MLC Lin Thorp as their preferred candidate for a ministerial commission. Giddings accepted Lennon’s offer of the posts of Minister for Economic Development and Minister for the Arts thus attaining the ministry for which she had hoped earlier. The bitterness ran deep and the Left faction again found itself divided and out-manoeuvred by the Right (*Mercury*, 2 March 2004). Further snubbing the MLCs, Ken Bacon (no relationship to Jim Bacon) was unexpectedly included as Minister for Tourism, Parks and Heritage in a ministry expanded from eight to nine.

The 2003 state budget had excited very little attention but the 2004 budget was front-page news. Of course, a part of the interest stemmed from the fact that this was the new Premier’s first outing as Treasurer. It made little difference that much of the work had been done under the previous Treasurer, David Crean. Nevertheless, Treasurer Lennon pronounced his programme the “heart of gold” budget when he introduced it into the parliament in May 2004. The government loosened the public purse-strings to spend an additional $100 million on a social package that included $45 million toward an affordable housing strategy, $17.7 million to address family violence, $16 million for regional medical services in north-west Tasmania and more than $3 million for child protection. The racing industry attracted $22 million while vocational training for construction, tourism and hospitality garnered an additional $25 million (*Mercury*, 21 May 2004). New spending notwithstanding, Lennon held to the Crean strategy of debt reduction with the aim of retiring all State debt by 2007.

The Opposition Parties

The media and Opposition parties were somewhat less complimentary than Lennon about the new Treasurer’s first effort. They saw it less as a heart of gold and more of one of a cheaper alloy. The Treasury was full, according to the critics, yet the government failed to meet so many urgent needs. The Liberals willingly acknowledged that there were some “goodies” in the budget but wanted tax cuts as well as increased expenditure on road maintenance, child protection and mental health. The Greens saw a longer term electoral ploy in the budget. As they saw it, the social and health expenditure would be spun out over several years, serious national parks needs were left unmet, and other community requirements still begging for attention just to ensure that the government retained a war chest for its next election campaign (*Mercury*, 21 May 2004).

The unfortunate circumstances that brought about a new government in March undoubtedly affected its legislative programme as some new ministers stumbled in finding their way. New minister, Ken Bacon, was under pressure from the start. He failed to recognise his first call as a minister and seemed unprepared to answer. Later, Opposition Leader Hidding accused Bacon of misleading the Parliament over dealings with a Local Government Council over protecting the forests of the Blue Tier (*Mercury*, 23 April 2004). Some members of the media thought the successor-designate to Paul Lennon’s previous role of government “hard man”, Bryan Green,
lacked bite, referring to him as the government’s “attack puppy” (Mercury, 23 April 2004). Health Minister, David Llewellyn, had to survive an early censure motion over the reduction of services at the Mersey Community Hospital. However, health remained a troubled portfolio throughout the period under review up to Estimates Committee hearings in June when Llewellyn again came under sustained, further fire from the Opposition. Despite a record thirty-four minders to assist him, shadow minister Sue Napier had Llewellyn struggling to answer charges that his bureaucracy was strangling service delivery. Napier claimed it took up to six months to advertise a new position, twenty-three people to sign-off on recruiting to fill it, and an average of eighty-one days to fill it (Mercury, 2 June 2004). The new venom in the Liberals’ attacks did not put the government on the back foot entirely. Nevertheless, it showed more fight and exposed more ministerial weaknesses than the Liberals had managed previously under the Bacon Government.

The Greens were shaded somewhat by the Liberals performance although they still punched above their weight having only four MHAs to pursue their role as a loyal, but not official, opposition. Forestry and environmental protection remained their principal public focus with forestry continuing to enable the Greens to mobilise national support as with the major mainland rallies in June against old growth logging in Tasmania. The Greens enjoyed considerable public support for their criticism of a government twenty-year monopoly deal with Federal Hotels on poker machines until an incorrect set of figures led the Greens’ spokesperson, Kim Booth, to assert Federal Hotels would reap a $3.1 billion after-tax profit from the arrangement (Advocate, 10 June 2004). The government counter-attacked on the maths and the Greens lost much of the advantage on this issue, which had gained ground for them on their social policy agenda. Neither party opposed the 38 per cent rise in support for the costs of Government House despite their growing disquiet on the role of the Governor.

**The Republican Governor**

Governor Richard Butler was in the news throughout the period under review. The reasons were various but few of the stories were to his credit, leading him to claim in exasperation that he was the subject of a media-driven witch-hunt (Mercury, 5 April 2004). The charge, which the Governor repeated later (Mercury, 7 June 2004), may have had some substance as rumours abounded that freedom of information requests were being pursued on the mainland in an effort to discredit him through his career in Foreign Affairs. Nevertheless, the Governor was, himself, the architect of much of the interest in his activities having announced his intention to reform the office in taking it up the previous year. Naturally, there was curiosity as to precisely what an outspoken republican would do to reform a monarchical office from within.

One obvious, if inconsistent, direction appeared when he refused to become Patron of St John Ambulance on the grounds that he would thereby become an Honorary Knight of St John (Mercury, 4 March 2004). The selectivity of the Governor on matters of royal connections drew attention to other problematic engagements with the Tasmanian community. The Governor’s uneasy relationship with the military was highlighted in mid February when the State RSL voted against inviting the Governor to fill the post of patron (Mercury, 12 February 2004). The Governor, in turn, declined a customary invitation by the Australian American Association to attend its annual Coral Sea commemorative Wreath Laying Service in May. It was the first occasion in more than thirteen years that the Governor did not attend this celebration of Australian-US relations.
The unwillingness to honour traditional community engagements, however, was not the principal concern that the Lennon Government had with Government House. The Governor’s speech for the Australia Day weekend provoked a public reaction for its political candour, which many took to be partisan in character (Mercury, 24 January 2004). Two months later, the Governor’s remarks criticising the US Administration of George Bush proved too much for Premier Lennon. Rather than expressing his views privately, as might have been expected, the Premier took the unusual step of indicating his displeasure publicly with a crossing of a constitutional line between political and apolitical comment. Lennon made his rebuke open, warning the Governor against any further such comments (Examiner, 1 April 2004). The extraordinary nature of the Premier’s criticism put Government House under unprecedented public scrutiny. Liberal Leader of the Opposition, Rene Hidding, joined in the pressure by demanding to know where the line in the sand had been drawn for the Governor (Liberal Party press release, 31 March 2004). Governor-watching thus became a sort of political sport with all the media covering a speech to the Royal Society a few weeks later on weapons of mass destruction to see if he remained on his “best behaviour” (Advocate, 21 April 2004).

Media scrutiny was intense even abroad. While in Europe to represent the State of Tasmania at the Mary Donaldson’s marriage to Crown Prince Frederik of Denmark, Richard Butler, had an audience with H.M. Queen Elizabeth II who, wearing her crown as Queen of Australia, he represents in Tasmania. London correspondent Bruce Wilson claimed the audience “lasted only a few minutes” and he reported that Australia House described it “as a matter of formality” with the audience being squeezed in between Chinese Premier Wen Jiabao and Finnish President Tarja Halonen (Mercury, 12 May 2004). The apparent brevity of the visit put more pressure on the State Government that controversially gave the Governor an additional $50,000 in travel funds for the trip (a 36 per cent add-on to his annual allowance of $140,000) because of the additional duties Butler was to undertake on the trip. The criticism wounded so deeply that, on his return, Governor Butler wrote a personal letter to the newspaper to correct the record regarding the significance of his visit to the Queen (Mercury, 27 May 2004).

Forestry
The sniff of a federal election hung in the air throughout the six months under review and, as expected, this applied more heat to the already super-heated issue of forestry on the Apple Isle. Mark Latham, still in the honeymoon period after his assumption of the ALP leadership, visited Tasmania as promised, to see the Styx River Valley forests in company with Greens’ leader, Bob Brown, who described Latham as the “Prime Minister in waiting”. The visit provoked considerable debate as to the federal ALP’s strategy for some sort of deal with the environmental movement on preferences at the expense of the Tasmanian ALP (ABC, 21 March 2004). Perhaps to offset this speculation, Latham spent the first day of his two-day visit in the company of the State Forests Minister, Bryan Green, and Forestry Tasmania officials. He also avoided any visit to a woodchip mill or any stockpiles that might embarrass the State ALP Government. The media presence provided one measure of how important the issue was likely to be for a federal election. Nearly twice as many reporters covered the Latham visit as covered Prime Minister Howard’s visit the previous month (Mercury, 18 March 2004).

The reconsideration of the Tasmanian forestry issue, including the Regional Forestry Agreement (RFA), was not the province of only one side of politics. The influential Liberal backbencher, Bill Heffernan, as the Deputy Chairman of the Senate
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Rural Affairs Committee, made critical comments on the ABC’s “Four Corners” programme from his investigation of plantation forestry in the State (ABC, 16 February 2004). The State Liberal leader, Rene Hidding, found himself in a similar position to his ALP counterpart, Paul Lennon, defending Tasmanian forestry practices and the RFA against federal criticism.

Tourism

The three ferries bearing the name Spirit of Tasmania have become almost icons for the Bacon/Lennon Governments and their success in promoting Tasmanian tourism. A routine parliamentary hearing into Government business enterprises exploded when a suggestion of scandal was raised regarding the purchase of Spirits I and II. Kerry Finch, MLC for the seat of Rosevears, presented allegations that the first two vessels had been purchased well above their real value. Acting Premier Lennon and TT-Line executives Nick Evers and Peter Simmons vigorously attacked Finch’s allegations as baseless (Mercury, 5 March 2004). Strangely, even the Mercury was so caught up with the iconic untouchability of the ferries that it editorialised the following day against Finch for abusing parliamentary privilege and warning him to think more carefully about its use in future! The cost of the ferries appeared again in the Estimates Committee hearings in June where the decision to purchase Spirit III was questioned as having been taken against departmental advice in favour of a lease arrangement (Mercury, 1 June 2004). The question had more gravity in the wake of the revelation the week before that Spirit III was seriously under-utilised and may well prove to be a ship too many (Mercury, 25 May 2004).

Given the State’s dependence on tourism, the introduction of the down-market Qantas subsidiary, Jetstar, might have been seen as a welcome addition to the Tasmania’s transportation infrastructure. The industry’s local response was mixed, however. The new connection was deemed “cattle class” by a leading travel agent who feared it would downgrade Tasmania’s standing as a tourist destination. The cheaper fares and increased number of seats were potential benefits for the state’s growing tourism sector but these were likely to be offset by the loss of convenience in making international and domestic connections, increased international connection costs and loss of inter-line arrangements for baggage (Mercury, 1 March 2004). The outburst had some effect for a few days later Qantas relented on some points to reinstitute what were deemed “business friendly” flights by the main carrier to meet the commercial travellers’ needs. The role of Jetstar continued to be debated as teething problems and transport requirements for tourism, cargo and commerce remained under review.

One Wedding and a Funeral

The much-anticipated marriage of Tasmanian Mary Donaldson to Crown Prince Frederik of Denmark was celebrated in Copenhagen on 14 May. The event was every bit as joyous as Mary’s admirers in Tasmania hoped it would be. Various ways of marking the union were embraced in Tasmania from the fairy tale dress-up day for the current students at Mary’s old school in Taroona to a wedding supper at the Grand Chancellor Hotel for the adults to watch the ceremony live from Copenhagen (Mercury, 15 May 2004). Such a significant occasion could scarcely be expected to be entirely free of opportunism. Her Tasmanian and Australian background were celebrated with foods, wines, special events and music brought over with the Governor-General, the Governor and other dignitaries to show the Danes where their royal bride had her origins. Her father, John, however, wore his clan kilt as a reminder of her Scottish ancestry.
The death of former Premier Jim Bacon on 17 June came unexpectedly to most Tasmanians. Only days before his death in hospital Bacon had posted a letter on a government website to tell well-wishers of his recuperation at home with Honey nursing him. The state news media was dominated by tributes and assessments of Jim Bacon’s career until his state funeral on 24 June. Both as a recognition of the public interest and Bacon’s non-religious beliefs, the state funeral was held in the Federation Concert Hall with an overflow capacity and large screens in adjacent rooms. The funeral was a carefully orchestrated celebration of Bacon’s life that drew the cream of the ALP’s leadership past and present to Hobart and included: Gough Whitlam, Mark Latham, all state premiers and the ACT Chief Minister (Mercury, 25 June 2004). Significantly for the symbolism of unity that the funeral represented for the party, even former defectors were welcomed back. Doug Lowe, the Tasmanian premier who left the ALP in 1981 when he was removed from the leadership following a party revolt, read a moving eulogy. The grief of all the mourners at the late Premier’s funeral was genuine but few could doubt that the emphasis on creating a positive “Bacon legacy” would benefit the ALP also when it began its quest for another term in 2006.

Northern Territory
January to June 2004

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Introduction
Various topics occupied the Northern Territory’s political stage during the period under review. The Country Liberal Party (CLP) continued to grapple with its relatively new role in opposition. Economic policy was much debated. Legal and Indigenous matters, the Northern Territory Public Sector, education, local government elections, health care and a police investigation into alleged incidents involving former Senator Bob Collins all also received some attention.

The Country Liberal Party
It was revealed on 5 January that the CLP’s Member of the Legislative Assembly for Port Darwin, Sue Carter, was facing a battle for her seat from within her own party. Senior party sources indicated that Darwin Business Association President Braedon Earley hoped to run for the CLP in Port Darwin at the next election. Carter, though, said that she would not go without a fight.

On 10 February ousted Opposition Leader Denis Burke was welcomed back into the CLP’s shadow cabinet. In a minor reshuffle, he picked up the portfolios of Defence Support and Transport and Infrastructure. The Leader of the Opposition, Terry Mills, said that there was no bad blood between the pair after he took over the leadership in November 2003. Burke claimed that he was pleased to get back into the fray. Other changes in the reshuffle included Deputy Leader Richard Lim losing Transport and Infrastructure to Burke but picking up Corporate and Information Services from Fay Miller. Stephen Dunham lost Defence Support to Burke while Peter Maley lost Housing to Miller.
CLP frontbencher Stephen Dunham was forced to deny that he was drunk after Speaker Loraine Braham removed him from the Legislative Assembly on 17 February for swearing and claiming that there was “very little opportunity to speak in this place”. Leader of Government Business Paul Henderson said that Dunham was “virtually screaming at” the Speaker. Dunham conceded that he had been “a tad belligerent” (Northern Territory News, 19 February 2004).

High profile Aboriginal woman Maisie Austin was chosen on 29 February to contest the Labor-held House of Representatives electorate of Lingiari for the CLP at the next federal election.

Opposition Leader Terry Mills on 1 March announced candidates for six former CLP Legislative Assembly electorates in Darwin’s northern suburbs, believed to be where the next election would be won and lost. They included the owner of a Melbourne Cup winning racehorse and former teacher, Wendy Green, in Casuarina. Other candidates were an architect, an ambulance worker, a consumer affairs investigator, a police officer and a petrol company manager. “We have a team here”, Mills claimed, “covering a wide range of activities within the Northern Territory community” (Northern Territory News, 2 March 2004). On 6 April it was announced that Eddie Fry, an Indigenous mining industry consultant, would oppose the Chief Minister in her seat of Fannie Bay. The party found itself in an embarrassing situation, however, shortly after it made known on 22 April that Kerrie Kyriacou, the President of Darwin’s Cyprus community, was the candidate for Wanguri. On the following day the Northern Territory News pointed out Kyriacou was not only still a financial member of the Labor Party but had twice sought Labor preselection. Kyriacou argued in her defence that she had, in fact, always been a CLP supporter and that her Labor membership was “just a once-off thing” (Northern Territory News, 23 April 2004). In spite of the embarrassment, the CLP refused to disendorse her.

Labor Party polling revealed on 3 April that while 55 per cent of respondents felt the Northern Territory Government had annoyed them, some 65 per cent liked Chief Minister Clare Martin as opposed to 18 per cent who preferred Terry Mills. Mills responded that he believed that other polling late in 2003 showed negative results for the government.

The Northern Territory News reported on 11 May that prominent CLP frontbencher Peter Maley was, again, working as a barrister. He appeared for a Tennant Creek businessman but on 10 May said that his fee for the case went to the Darwin law firm Withnall, Maley and Company rather than to himself personally. Maley was a partner in the firm. On the following day he announced that he would leave parliament at the next election and “contribute to the Territory” by going back to legal work (Northern Territory News, 12 May 2004). It was, though, well known that he was concerned about what he regarded as the poor quality of CLP candidates chosen for Darwin Northern suburbs electorates and, in particular, Kerrie Kyriacou’s preselection. He was, in addition, chastened by his failure to win CLP leadership during 2003. On 12 May Opposition Leader Mills intervened to point out that Maley quit only after he was sacked from the Opposition frontbench two days earlier. Maley denied Mills’ version of events, saying that he had recommended to Mills that he lose the portfolios he held after tendering his resignation.

Another well-known CLP frontbencher, Tim Baldwin, announced on 1 June that he would also quit at the next election. The member for the vast rural electorate of Daly, Baldwin said that he wanted to return to private enterprise. He was one of four Members of the Legislative Assembly who voted for Burke in the 2003 leadership spill
yet he denied that he was unhappy with Terry Mills as leader. Daly, with an Aboriginal population of 58 per cent, would be difficult for the CLP to retain unless it chose a candidate who, like Baldwin, had good rapport with the Indigenous community.

On the following day Mills called on all CLP Members of the Legislative assembly to seriously consider their commitment to the party, which, he maintained, was going through generational change. He wanted a commitment from all his party’s candidates that they would serve full-term, regardless of the result of the next election.

The CLP shadow ministry on 30 June was as follows:

- Terry Mills — Leader; Treasurer; Racing, Gaming and Licensing; Territory Development; Railway; Asian Relations and Trade; Sport and Recreation
- Richard Lim — Deputy Leader; Chairman of the Policy Development Committee; Education, Employment and Training; Corporate and Information Services; Communications; Ethnic Affairs; Central Australia
- Sue Carter — Leader of Opposition Business; Health and Community Services; Senior Territorians; Arts and Museums
- Tim Baldwin — Primary Industry and Fisheries; Environment and Heritage; Parks and Wildlife
- Denis Burke — Transport and Infrastructure; Defence Support; Lands and Planning
- Jodeen Carney — Attorney-General and Justice; Women’s Policy
- Steve Dunham — Business, Industry and Resource Development; Essential Services
- John Elferink — Police, Fire and Emergency Services; Local Government; Indigenous Affairs; Community Development; Regional Development
- Fay Miller — Tourism; Housing; Youth Affairs.

The Economy

The arrival in Darwin of the first train from Adelaide on 17 January was cause for much celebration in the Northern Territory. As Nicolas Rothwell observed, “The coming of the railway, a hundred years after its first proposal, throws the spotlight once more on the untapped promise of the far north” (The Weekend Australian, 17-18 January 2004). A couple of days later a national economic forecaster, Access Economics, predicted that the Territory would enjoy an annual growth rate of 4 per cent for the next five years. Figures released on 11 March showed that Territory unemployment fell in February for the ninth month in a row. A new independent quarterly forecast from Drake International on 4 April concluded that the Northern Territory would lead Australia with a 3.5 per cent increase in employment between April and June 2004 due to a surge of jobs in hospitality and tourism.

Not all the evidence, though, was so positive. On 22 January the Northern Territory Chamber of Commerce said that its latest report on business expectations showed that the economy was in decline. Peter Murphy observed in the Sunday Territorian on 1 February that the Territory’s “theoretical prosperity” was not getting through to small business, noting the recent closure of a chicken processing plant near Darwin and the need for more tourists. A day later, representatives of the building industry complained that excessive government payroll taxes were adding to their costs. The protests here ultimately forced the Territory government on 14 February to promise that it would pay back taxes worth more than $500,000 and not collect others worth millions more. Australian Bureau of Statistics figures released on 19 March showed that the Territory’s adult population was still in sharp decline.

Chief Minister Martin revealed on 16 February that superannuation payments to Members of the Legislative Assembly could be reduced before Christmas. Her announcement was similar to that of various other Australian political leaders and
followed the Territory Labor Party’s promise to review the parliamentary superannuation scheme before it came to power in 2001. The necessary legislation, she continued, would be introduced into parliament before the end of the year. If passed, the legislation could end lucrative payments for Territory politicians.

The Leader of the Opposition, Terry Mills, on 17 February announced a range of CLP policies focusing on tax cuts, welfare reforms and Asian trade. He said that a CLP government would reduce payroll tax, end the HIH levy on small business, change the ways in which stamp duty was collected and review all Territory-generated taxes. Treasurer Syd Stirling responded that the plan would reduce revenue for essential public services such as hospitals and schools.

On 8 March a group of Darwin businesses said that it planned to shun the government’s Power and Water Corporation and seek an alternative power supplier following the announcement that electricity costs for medium-sized businesses would increase gradually over several years. One business source maintained that the increases would mean job losses and possible company closures. On 17 March the Darwin City Council revealed that it was offering up to $1 million to attract another electricity company to the Territory and was looking at setting up its own water reservoirs. Under considerable pressure on the matter, the government backed down on 30 March with Treasurer Syd Stirling announcing that the planned increases would be phased in over eight years rather than four as originally intended.

A shipping link between Darwin and Hong Kong was vital, Chief Minister Martin said while on a trade mission to China on 13 April, to the success of the new Northern Territory railway. “What we are looking at now”, she explained, “is how we can make sure Darwin is included in this movement of containers around the world – particularly those coming to and from Australia” (Northern Territory News, 14 April 2000).

The federal Budget handed down on 11 May was, in some respects, beneficial for the Northern Territory. In addition to tax benefits applying across Australia, the Territory gained from increased defence expenditure, greater Goods and Services Tax (GST) revenue, more aged care places, a high-speed search and rescue aeroplane, money for roads and offshore exploration incentives. The information on greater GST revenue was too late to be included in the Territory Budget announced a week later but on 22 June Treasurer Stirling said that the additional funds would be used for infrastructure projects. In so doing, he rejected Opposition calls to scrap a planned 1 July increase in the insurance component of motor vehicle registration.

Among the principal points in the Territory Budget handed down on 18 May were an increased payroll tax threshold, removal of the HIH Insurance levy on workers’ compensation insurance, a record infrastructure budget, the establishment of an independent administrative appeals tribunal for dealing with disputes on taxation and mining royalty assessments and the reduction of public liability insurance requirements for some businesses. Treasurer Syd Stirling claimed that the Territory was now the lowest taxing jurisdiction for small and medium business in Australia. Opposition Leader Mills welcomed the business focus but commented that the Budget’s “real acid test is whether it is going to give Territorians real work and whether it is going to relieve the cost of living for families” (Northern Territory News, 19 May 2004). A Northern Territory News editorial on 19 May described the Budget as solid and expansionary but was critical of a lack of detail. How much of the capital works expenditure, it asked, “will filter down to small business, the bedrock of the Territory economy?” In his formal response to the Budget, Terry Mills on 19 May pledged to introduce stamp duty and payroll tax cuts valued at $45 million a year if the CLP was
elected to office, leading Syd Stirling to claim that such cuts were unworkable. New taxes, he argued, would have to be introduced to cover the revenue shortfall. More Territory residents would be able to afford their first home loans under changes to a government scheme that became known on 11 June. The cap on loans that the Territory government offered would be increased from $180,000 to $240,000 from 1 July. Rapidly rising house prices prompted the move.

The Northern Territory’s severe gambling problems attracted attention again on 27 June when Opposition Leader Terry Mills pushed for gaming legislation passed by the Legislative Assembly during the previous week to be referred to a select committee. This would, he argued, provide an opportunity for community groups such as the Salvation Army and Relationships Australia to be consulted. He observed that the legislation could result in up to 120 more poker machines in Darwin’s central business district and hundreds more across the Territory.

**Law and Order**

On 2 February Darwin City Council launched an unprecedented campaign to persuade the Northern Territory Government to overhaul its controversial pool fencing legislation (discussed in previous chronicles). An open letter signed by all 13 Council members called for the repeal of the *Swimming Pool Fencing Act*. Lord Mayor Peter Adamson said that the Act was inflexible and did not provide for common sense. The Opposition joined the fray when on 9 February it argued that the government had kept secret a loophole that allowed people to sell their homes with illegal pool fences.

In a generally unexpected back-down, on 12 February Chief Minister Martin conceded that the legislation was “wrong” (*Northern Territory News*, 13 February 2004). In what was seen as a major concession, compliance regulations would be overhauled. When new legislation was pushed through parliament during the following week, thousands of non-compliant pool fences would again be legal. Martin admitted that the existing Act was unworkable and apologised to “all those people who wanted to do the right thing but were frustrated in doing that” (*Northern Territory News*, 12 February 2004).

On 22 March the Minister for Justice, Peter Toyne, called on Aboriginal people to stop committing crimes. The number of Aborigines in Northern Territory jails was, he said, “unacceptable”. But, he went on, “If people continue to break the law, we have to continue to put them in jail” (*Northern Territory News*, 23 March 2004). His remarks followed the release of statistics showing high rates of Indigenous participation in violent crime in Darwin, Katherine and Tennant Creek. On 14 April Toyne announced a $41 million overhaul of the Territory’s adult corrections system that was designed to prevent the mainly Aboriginal prison population from re-offending. These included a new low security wing at Darwin Prison.

The High Court of Australia on 17 June rejected the North Australian Aboriginal Legal Aid Service (NAALAS) appeal against the appointment of Northern Territory Chief Magistrate Hugh Bradley (see previous chronicles). The failed challenge was expected to cost Territory taxpayers more than $2 million. In a unanimous decision the High Court found that the integrity of Territory magistrates was not compromised by political interference. The judgement followed NAALAS’s four-year battle against Bradley’s appointment by Chief Minister Shane Stone in 1997. Bradley on 23 June said that he was happy the matter was over with the court’s clear decision.
Indigenous Affairs

The Minister for Local Government, John Ah Kit, announced on 18 February that his government would crack down on incompetent local councils supposed to be serving the needs of mainly Indigenous communities. Up to 70 per cent of these were not meeting basic requirements such as collecting rubbish. Between 10 and 20 per cent of them, he maintained, were “dysfunctional” (Northern Territory News, 19 February 2004).

Chief Minister Clare Martin stopped short on 30 March of supporting the plan of her party’s federal leader, Mark Latham, to scrap the Aboriginal and Torres Strait Islander Commission (ATSIC). But she acknowledged that in its existing form the organisation was not viable. The CLP shadow minister for Indigenous Affairs, John Elferink, said on the same day that he supported the plan in principle, pointing out that “the outcomes ATSIC has delivered for Indigenous Territorians have been awful no matter who has been captainsing the ship” (Northern Territory News, 31 March 2004).

In late April the Northern Territory’s most powerful Indigenous leader, Northern Land Council (NLC) Chairman Galarrwuy Yunupingu, suffered a major setback in his campaign to overturn an under-age sex law. He wanted the full council to condemn the Territory government after the government removed Aboriginal customary law as a defence for men charged with having sex with girls under 16 years of age. But the NLC’s Women’s Council voted in favour of the law and Yunupingu was forced to withdraw his motion. It was believed to be the first occasion on which he had been defeated on a major issue.

The Northern Territory Public Sector

On 19 February Chief Minister Clare Martin responded to an Opposition proposal to give first preference to “qualified Territorians” in the appointment of public servants, particularly to executive positions. Martin said that the idea was “obscene, offensive and counter-productive”. Sixty per cent of Territory residents, she added, were born outside the Territory. “The Opposition”, she argued, “is saying to them, ‘you are not welcome’” (Northern Territory News, 20 February 2004).

A report released on 26 February concluded that bullying and violence were rife in the Northern Territory Fire Service. It recommended 10 changes in the Service’s management. These included a flattening of the senior management structure, improvements in specialist operations and strategic expertise, increased community and parliamentary accountability, transparent and accountable merit-based appointments and promotions and additional expertise in adult education, vocational training and industrial relations. The report followed an investigation into the service by a Melbourne-based consultancy company. The Fire Service head, Paul White, said that the report was a “bitter pill to swallow” (Northern Territory News, 27 February 2004). The government accepted all the report’s recommendations and allocated funding to cover their implementation.

Treasurer Syd Stirling reported in response to parliamentary questions on 16 June that a Sydney-based consulting firm, Metis, the directors of which had strong Labor Party links, had been awarded at least three lucrative Northern Territory Government contracts, all of which bypassed the tender process through certificates of exemption. Opposition Leader Terry Mills said that the government thus left itself open to “allegations of corrupt activity” (Northern Territory News, 17 June 2004). In rejecting the claims, the Chief Minister said that the Procurement Review Board approved all the contracts.
**Education**

It was revealed on 26 February that some Vocational Education and Training fees at Charles Darwin University had been raised by up to 1500 per cent. University Vice-Chancellor Helen Garnett defended the increases, saying they would result in greater equity. “It was not equitable”, she continued, “to have the same subjects with the same staff being charged different fees” (*Northern Territory News*, 27 February 2004). But Opposition Leader Terry Mills called on the government to overturn the fees. The Minister for Education, Employment and Training, Syd Stirling, responded that he was also concerned and his department was discussing the issue with the University.

On 15 April Minister Stirling released the results of a major report into secondary education in the Northern Territory. Its recommendations included changes to the stages of schooling, the reorganisation of educational services into learning precincts, changed approaches to distance education in remote communities, the establishment of a quality services agency, the accreditation of schools, greater emphasis on developing individual student pathways with more support for vocational education and a new teaching and learning framework. Stirling promised that the government would engage in a comprehensive Territory-wide consultation process on the report running through until the end of July before any decisions were taken or recommendations adopted.

**Local Government Elections**

Local government elections took place in the Northern Territory on 29 May. While various aspirants for office were party members, the only party to endorse candidates was the Greens, most of whose candidates fared poorly. Peter Adamson, a former CLP minister, was quite comfortably re-elected as Lord Mayor of Darwin after the distribution of preferences. Fran Kilgariff and Annette Burke (the wife of former CLP Leader Denis Burke) were returned as the Mayors of Palmerston and Alice Springs respectively. The elections for aldermanic positions in Darwin saw four long-serving aldermen defeated and five new aldermen elected.

**Health Care**

In early June there was growing concern in the Territory about a lack of intensive care specialists. On 10 June Health Minister Peter Toyne admitted that the intensive care unit in Alice Springs did not operate for “four or five” days due to a staff shortage (*Northern Territory News*, 10 June 2004). He also conceded to a parliamentary estimates committee hearing in Darwin 23 June that two of the eight anaesthetist positions at Royal Darwin Hospital were vacant. Opposition spokesperson on Health Sue Carter said the problem with anaesthetists was continuing to hamper health services at the hospital.

**Bob Collins**

Bob Collins, a former Labor Senator and Commonwealth minister and a key adviser to the Martin government, was very badly injured when a motor vehicle he was driving crashed in Kakadu National Park on 20 June. He was taken to Adelaide for specialist treatment. It was revealed on 30 June that he was the subject of an investigation by Northern Territory police relating to incidents allegedly occurring in Maningrida during the 1980s. Chief Minister Clare Martin was understood to have been briefed on the matter but a government media spokesperson referred all inquiries to the police.
Overview

It has been argued that no-one outside the Australian Capital Territory is interested in its political life (Canberra Times, 27 February 2004), but developments in the first half of 2004 may provoke considerable debate and attention, including the launch of the first Bill of Rights in Australia and the introduction of same-sex adoption rights. Alongside these are a series of more territory-focused issues that have gained prominence including the continuing inquiry into the devastating bushfires of 2003 and the upcoming election.

Several other issues received considerable attention this year, including the ongoing debate about the construction of an Australian Capital Territory prison and its hotly contested location, and the fierce community debate over the Gungahlin Drive extension. Whilst such issues have held centre stage for many Canberrans, developments in relation to human rights and the bushfire inquiry have been the most important developments for a wider audience.

Human Rights in the Australian Capital Territory

In the first half of 2004, the Australian Capital Territory became the first jurisdiction in Australia to introduce a Bill of Rights. The Assembly passed the Human Rights Act of the Australian Capital Territory in March 2004. The Act came into operation from 1 July 2004 with the central aims of respecting, protecting and promoting human rights. There was strong opposition from many corners including Prime Minister Howard, who referred to the Act as “ridiculous” (Canberra Times, 2 July 2004), and New South Wales Premier Carr who stated that a Bill of Rights was “an admission of the failure of parliaments, governments and the people to behave in a reasonable, responsible and respectful manner”. Despite such opposition, Chief Minister Jon Stanhope has set an interesting precedent in the Australian context and “may well be a bigger name come the end of the year than he was at the beginning” (Canberra Times, 27 February 2004).

The Liberal Opposition, together with MLA Helen Cross (Independent), opposed the Bill in the Legislative Assembly, with support coming from Greens MLA Kerrie Tucker (who expressed disappointment at the limited scope of the Bill) and MLA Roslyn Dundas (Democrats). The basis for opposition to the Bill was wide-ranging and multi-faceted. It was argued that this was a case of social engineering; that no other jurisdiction had enacted a Bill of Rights; that there would be judicial politicisation; that there was a clear lack of community support and interest; that the territory could not afford the associated costs; and, that there were more immediate issues to be dealt with (Australian Capital Territory Parliamentary Debates (ACTPD), 2 March 2004, p.452). Shadow Attorney-General Bill Stefaniak drew heavily on New South Wales Premier Carr’s publicly voiced opposition to a Bill of Rights and claimed that the bill was “the

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most important and dangerous legislation the Assembly would have passed in its short history” (*Canberra Times*, 1 March 2004).

The Bill drew heavily on rights set out in the *International Covenant on Civil and Political Rights* and included the following civil and political rights: recognition and equality before the law; the right to life; protection from torture and cruel, inhumane or degrading treatment; protection of the family and children; the right to privacy and reputation; freedom of movement; freedom of thought, conscience, religion and belief; peaceful assembly and freedom of association; freedom of expression; freedom to take part in public life; the right to liberty and security of person; the right to humane treatment when deprived of liberty; rights for children in the criminal process; the right to a fair trial; rights in criminal proceedings; the right to compensation for wrongful conviction; the right not to be tried or punished more than once; rights in relation to retrospective criminal laws; the right to freedom from forced work; and rights of minorities (*Human Rights Act*, 2004: Part 3).

Chief Minister Stanhope indicated that the government would take a “building block” approach, with further rights to be considered for inclusion over time (*Canberra Times*, 1 March 2004). Despite debate around what rights should be included, Chief Justice Terence Higgins argued in an address to the National Press Club on 3 March 2004 that:

Legislative innovation has the potential to fundamentally alter the way we think about, administer and protect the fundamental human rights of all people within our land. In time it may stand as an example for far wider, even constitutional, reform in other Australian jurisdictions.

Despite claims to the contrary, Higgins argued that the Act would not involve a transfer of political power to the judiciary. This was largely because the Bill of Rights was an Act of parliament that could be altered (or abolished), rather than a constitutional amendment. In large part, Higgins claimed, the Act was a “check on the legislature” by setting out rights that it “should not legislate to override”. This reflected the obligation to review proposed legislation to ensure it did not conflict with the Act, and the Attorney-General’s obligation to prepare a “compatibility statement” for each Bill before the Assembly. This fitted with the Stanhope government’s recent reforms in terms of addressing legislation that discriminated on the grounds of sexual preference.

Higgins claimed, despite debate on judicial politicisation, that the Bill of Rights merely expanded the repertoire of rights recognised that the courts may enforce. Rather than focus on potential judiciary politicisation associated with the Act, Higgins stated “we should be far more concerned about where our current political climate will take us without it”. Given that this is the first Bill of Rights in Australia and the heated debate that surrounded its introduction, we can expect considerable focus on its operation from 1 July 2004.

The other controversial area where the Australian Capital Territory attracted national attention was the passing of the *Parentage Act* 2004, which allows same-sex couples to adopt children. This was particularly interesting in the context of a growing and lively national debate about what constitutes a family, a marriage and parents. The Liberal Party opposed the Bill “in the best interests of children” and again accused the Stanhope Labor Party of “social engineering” (ACTPD, 10 February 2004, p.86). The Liberal Opposition claimed that far from being in the best interests of children, the Bill was “about pandering to […] political factions and minority radical groups” and did
not reflect the wishes of the electorate (ACTPD, 10 February 2004, p.105).

Chief Minister Stanhope argued, however, that the Labor Government was elected on a platform of removing legislative discrimination against gays and lesbians in the Australian Capital Territory (ACTPD, 10 February 2004, p.131). The Bill was passed with support from MLAs Cross (Independent), Dundas (Democrats), and Tucker (Greens). Since the Bill was passed it has been suggested that Prime Minister Howard could attempt to overturn legislation on both human rights and same-sex adoption (Canberra Times, 9 March 2004). It was suggested by Chief Minister Stanhope that the Prime Minister may use the Australian Capital Territory’s new laws as part of a wedge politics strategy (ABC Radio, 18 February 2004).

In related reforms, wide-ranging changes were also introduced with the Sexuality Discrimination Amendment Act 2004 which made changes to some twenty-six Acts to remove discrimination based on sexuality and marital status. This largely involved the substitution of “domestic partner” into legislation to replace references to spouse, husband or wife. This was the second tranche of the Stanhope government’s reform agenda related to the removal of sexuality-based discrimination and involved legislative amendments in a range of areas including: administration and probate; evidence; trustees; and, workers compensation. Linked with the Human Rights Act, these changes set the scene for some interesting debate in the coming territory and federal elections, particularly when the Prime Minister has been flagging these as critical issues.

**Coronial Inquiry into the 2003 Bushfires**

In January 2003, Canberra was devastated by bushfires which claimed four lives, over five hundred houses, and which burnt around 70 per cent of the Australian Capital Territory’s land. A series of investigations have since been held with a range of reports being produced including the House of Representatives Select Committee’s Nation Charred: Inquiry into the Recent Australian Bushfires in November 2003 and the territory government’s Report of the Inquiry into the Operational Response to the January 2003 Bushfires (the McLeod Report) released in August 2003.

Currently, the devastating bushfires of January 2003 are the subject of ongoing investigation in the Australian Capital Territory Coroner’s Court. The Court is investigating the cause, origin and circumstances of the fires and will also undertake inquests into the associated deaths. A parade of key personnel has already fronted the Inquiry, including Chief Minister Stanhope, officials from the Emergency Services Bureau, and the New South Wales Rural Fire Service Commissioner. There has been extensive coverage of the coronial inquiry in the press and evidence is expected to continue for several months in total before the Coroner can hand down a decision. It is anticipated that a decision and recommendations will come late in 2004.

The 2003 bushfires highlighted a series of issues with emergency services in the capital and the Stanhope Government has sought to address these with the creation of the Emergency Services Authority which will begin operations from 1 July. The new authority is intended it be “more streamlined, responsive and prepared” and will report

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2 Stefaniak MLA claimed that 90 per cent of submissions during the public consultation stage indicated opposition to the Bill (ACTPD, 10 February 2004, p.87).

directly to the Emergency Service Minister (Canberra Times, 2 July 2004). New legislation governing the authority, the Emergency Services Act 2004, has provisions for the community to be warned of potential danger prior to the declaration of a state of emergency. Such changes are a response to failings that are expected to be identified in the coronial inquiry and form the basis for a series of recommendations. The Inquiry is still underway with proceedings to recommence in August.

**Election Lead-Up**

2004 is an election year for the Australian Capital Territory’s Legislative Assembly and in the lead-up Treasurer Ted Quinlan handed down the “people’s budget”. The expected $150million surplus turned into a $92.8 million surplus and the Labor government announced a range of sweeteners. The chronic shortage of housing in the problematic and over-inflated housing market gained considerable attention. Public housing will receive an additional $20 million ($33 million was also recently allocated to “housing affordability”) and emergency housing an extra $1.6 million. Together with stamp duty concessions for home buyers and a major land release, these announcements were all aimed at tackling Canberra’s increasing housing prices and the problems encountered by low income earners. Health, education and emergency services all received additional funding and a range of capital works projects were earmarked for funding including the controversial Australian Capital Territory prison which will receive $110 million (Canberra Times, 5 May 2004).

The Legislative Assembly election is set for 16 October this year and, given the issues that have emerged in the ACT, both of territorial and national significance, it is expected to provide an interesting forum for debate alongside the federal election.