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Howard’s Divisive Style Comes to the Fore: Never Recant, Never Stand-down, Gradually Give Ground

Questioned in late 2006 over the wisdom of invading Iraq, Prime Minister John Howard insisted he did not agree with those who went about “recanting everything they supported when they were in positions of authority”. He argued that

[...] in public life you take a position, and I think particularly of the decisions I have taken in the time I have been prime minister. I have to live with the consequences of those both now and into the future. And if I ever develop reservations, I hope I would have the grace to keep them to myself, because I think you take a position and you have got to live by that and be judged by it (Australian, 22 November 2006).

His message was simple: if he had any personal reservations about invading Iraq he was not about to admit it or to say sorry.

By late 2006, the Iraq occupation increasingly overshadowed the internal politics of both the US and the UK, but in Australia the quagmire of Iraq was a far less potent political factor. As one of the original “coalition of the willing”, Howard was implicated in the decision but had far less at stake than the other leaders and no list of casualties to inflict political pain. Moreover, the Labor opposition had not managed to turn the unpopular war into a political positive for itself. This was surprising given that, by October 2006, a Lowy Institute poll found some 80 per cent of Australians believed the war to have failed (Australian, 3 October 2006) and even a former SAS officer (Peter Tinley) publicly questioned the strategy to invade Iraq.

Nevertheless, such concerns did not translate into declining polls for the Coalition. Throughout the year, the government and opposition remained virtually neck-and-neck in the opinion polls with Labor unable to open up a significant poll lead despite the government’s problems. In two-party-preferred terms the Coalition was often one or two points behind Labor but ahead in the primary vote. Only in early September did the Coalition fall below 40 per cent when John Howard granted pay increases to MPs and virtually restored their superannuation benefits. By November support for the Coalition and Labor was again on level terms. The fact that the polls were not worse for the government meant that increased pressure was placed on Kim Beazley as Opposition Leader for not being able to “cut through”. It would eventually bring down his leadership and see the opposition turn in desperation to its fourth leader, Kevin Rudd, to challenge the astute Howard.
Botched Provocation Forces Costello to Call off his Leadership Challenge

Once Howard had celebrated his tenth anniversary in office on 2 March 2006, his leadership again came under pressure from Treasurer Peter Costello and his supporters who wanted a firm indication of when Howard would resign. The following month Howard said he would not consider retiring until at least the end of the year, an undertaking repeated by his closest advisers. The prime minister’s unilateral statement apparently annoyed Costello. Without the numbers to win in the party-room (he had around 27 votes out of the 109 in the party), Costello decided to go public with demands the prime minister give him a final date for the leadership transition. Speculation was heightened when, as a result of the Australian Electoral Commission’s redistribution of New South Wales seats, the boundaries of the prime minister’s seat were redrawn making the seat marginal (down to 3-4 per cent). Some pundits thought Howard would retire rather than risk losing his seat at an election. Costello attempted to promote his own cause by initiating some new policy ideas (such as calling for a “recast federalism” in which the Commonwealth would exercise all the economic powers, have carriage of energy policy and export infrastructure and have full responsibility for taxation). His plan caused uproar from state premiers and only received lukewarm support from Howard and his ministerial colleagues.

On a visit to the Solomon Islands, and still angry over Howard’s procrastination, Costello refused to deny that a secret deal had been made before the 1996 election. Journalists eventually revealed that a verbal agreement between Costello and Howard had been made in December 1994 when the latter was pushing to regain the Liberal leadership. The deal was witnessed by former minister Ian McLachlan who released a personal note he had penned at the time of the exchange. Costello and McLachlan both recalled that Howard gave certain undertakings in exchange for Costello not challenging him at that time for the leadership. Howard denied any deal was made. As the tension mounted, Costello called his bluff saying:

Howard asked me not to nominate for the Liberal Party leadership because he did not want a vote in the party-room. He told me that he intended to do one-and-a-half terms as prime minister and then would hand over. I did not seek that undertaking. He volunteered it and I took him at his word (Australian, 11 July 2006).

The effect of this statement meant both protagonists were accusing each other of lying, and a formal challenge looked imminent.

But no leadership challenge materialised. Costello refused to challenge formally or to stand down from the front bench. He simply continued to turn up to cabinet meetings and conduct government business. Howard also refused to sack his Treasurer or orchestrate in the party-room to have him dumped as deputy leader. Howard attempted to salvage his position by stating that the party determined the leadership. Immediately, the party responded with senior Liberal ministers arguing that the PM should be allowed to go at a time of his own choosing, and many backbenchers committing their support and pleading with him to lead them into the next election. The Nationals’ Deputy Prime Minister Mark Vaile even weighed in, claiming Howard was essential to a Coalition win in 2007. This led Howard to announce at a press conference on 11 July that there was an “overwhelming desire” in the party room “that Mr Costello and I, in our current positions, continue to work for the benefit of the Australian people” (Australian, 12 July 2006).

After the truce was concluded, Costello received little public sympathy — with many cynically observing he had been foolish to accept the word of a politician. He came out of the episode looking naïve, inept and politically weakened. Howard was
also damaged by the incident — appearing again to have put his personal interests ahead of his integrity and, to some, seemed weak because he did not sack the Treasurer. Opinion polls found that 66 per cent of voters preferred Howard (up 4 per cent) compared to only 20 per cent that favoured Costello (Newspoll, July 2006).

A few months later Mark Vaile quietly changed portfolios as the AWB scandal intensified. He swapped his Trade portfolio for the domestic portfolio of Transport and Regional Services (a straight exchange with the Nationals’ Warren Truss). The move was viewed as evidence that Vaile was hoping to evade accountability over AWB and that the Nationals were failing to register their message in the bush owing to the leader spending his time overseas. Howard did not take the opportunity to make other changes to his ministry at the same time despite much speculation that he would.

**COAG — Mutual Agreements to be Kind to One Another**

Directly on the back of the leadership tussle, COAG met in July after months of sniping and agenda-framing politics from both levels of government. In the lead-up to COAG both Costello and Howard had articulated various federal visions for the future, but with Howard’s less confrontational style (than Costello’s), the state premiers warmed to his proposals — even endorsing him as the better leader to remain PM. Howard meanwhile promised billions of dollars for policy reform initiatives and caved in to the states’ demands for a national reform council that would determine how much states would receive for making reform efforts. With so much mutual adoration and back-scratching COAG was described as a “love in”. The heads of government agreed on a major incentive scheme for quality service delivery in health, education and social policy, a new $4 billion mental health plan, more medical places at universities, reductions in business red-tape, water reforms and dam size arrangements, and plans to coordinate infrastructure. The governments also agreed to a “human capital plan” covering progress goals and measures from pre-birth to the health of those of working age. The plan covered childcare reform, uniform pre-school curriculum, starting age and standards, dietary standards, and measures of serious illness including diabetes. The states were allowed to make their own decisions regarding stem cell research.

**The Commonwealth wins crucial High Court Cases**

The High Court found in the Commonwealth’s favour in two important test cases. The first concerned freedom of information. The Australian’s freedom of information editor Michael McKinnon was granted leave to appeal to the High Court in February 2006 in a challenge against the government’s decision to exempt Treasury documents from FOI. McKinnon had sought to obtain two internal Treasury reports (one on the effects of income tax bracket creep and the other on the first-home buyers’ scheme) but was unsuccessful. Treasury refused access with the Secretary of Treasury Ken Henry issuing “conclusive certificates” restricting access in the public interest. The newspaper then lost an appeal to the Administrative Appeals Tribunal and the full bench of the federal court, which ruled the government’s “conclusive certificates” preventing the release of the documents were legal.

The High Court case turned on the issue of whether reasonable grounds existed for the Treasurer to issue a certificate “exempting” the requested documents from disclosure on the basis that they related to the “deliberative processes of government” and that disclosure would be “contrary to the public interest”. The High Court’s majority 3-2 decision to deny the appeal — handed down on 6 September, 2006, at a cost of over $1 million — was characterised by the Sydney Morning Herald’s FOI
Editor as a “virtual how-to guide […] for ministers of the Crown who want to keep documents secret” (*Sydney Morning Herald*, 7 September 2006).

In essence, the majority of the High Court found that, where a minister makes a claim of “reasonable grounds” for the issuing of a conclusive certificate, provided the stated grounds are not “absurd”, the Administrative Appeals Tribunal (the first point of recourse in the event an FOI application is rejected) is not obliged to “undertake a balancing exercise” to test the “reasonableness” of a minister’s claims (see *Australian Press Council News*, November 2006 - Volume 18(4)).

The Commonwealth also won a second High Court case in November involving a challenge by the Labor states to its industrial relations legislation. In a 5-2 decision the High Court ruled that the Commonwealth’s reliance on its corporations power to enact the industrial relations legislation was valid. The court’s decision not only clarified the legality of the *Workplace Relations Act* (*Work Choices*) but, with an expansive interpretation of the Constitution, also gave the Commonwealth wider powers to use the corporations power in other policy areas. Commentators talked of the decision rewriting the federal arrangements and allowing the Commonwealth to regulate “everything”.

**The Continuing War on Terror and on Radical Imams**

In July Australian forces were involved in intense fighting against the Taliban and al-Qa’ida forces in Afghanistan — killing hundreds of enemy fighters with 150 casualties in one battle alone and six Australians wounded. Meanwhile, the al-Qa’ida network was reported as having threatened that “Australia is not secure” from terrorism and that its politicians should not attempt to interfere in Indonesian politics.

After spending almost five years in gaol in Guantanamo Bay without being charged, David Hicks seemed to be in perpetual detention. The Australian government appeared reluctant to take up his case with any real commitment, although Howard did make public calls for the Bush administration to charge him in July, and the Attorney General Philip Ruddock made similar requests later in the year (as did state and territory attorneys-general who demanded his return). A full-page open letter to the Australian government signed by “tens of thousands of Australians calling for the return of David Hicks” appeared in newspapers in late July. It increased pressure on the government over its inactivity and inability to secure the repatriation of the Australian detainee. David Hicks’ father Terry Hicks also waged a singular campaign to get his detained son charged and back home even if it meant coming home to a gaol term.

Meanwhile, Jack Thomas (“Jihad Jack”) appealed to the federal court over his detention on terrorism charges (for receiving money and training with al-Qa’ida). In August the appeal court overturned the conviction. His release into the community, led federal police to use terrorism laws to impose a nightly curfew and requirements to report to police three times a week. Both the Hicks and Thomas cases continued to attract notoriety — serving as “test cases” for the authorities and causes célèbres for civil libertarians.

The “culture wars” continued against radical Muslim clerics and Islamic migrants perceived as having no intention of integrating into Australian society. There was much bi-partisan support for proposals to teach Muslims English and have them adopt “Australian values”. Opposition leader Kim Beazley, anxious to go one better than Howard, suggested that *all* people entering Australia should sign visa pledges to uphold the Australian values of freedom, democracy and gender equality. His plan would have included not just intending migrants but also tourists and short-term visitors — an idea regarded as somewhat whacky even by his own side of politics.
Radical Muslim leaders in Sydney, such as the Sheik Taj Din al-Hilali, of the Lakemba Mosque, Sydney, and Sheik Mohammed Omran of Melbourne continued to court controversy with inflammatory comments — at times attempting to out-do each other in extremism. In October, Hilali likened women in skimpy dresses to “uncovered meat” who incited men and invited rape. His comments were roundly condemned by all sections of the community including many moderate Muslims (who attempted to remove or suspend him from his position). Omran complained that Muslim rapists received harsher sentences than non-Muslim rapists. Their comments prompted the government to reconsider its commitment to multiculturalism (eventually dropping the word from the ministry and replacing it with “citizenship”), and to focus on Australia’s “Muslim problem”.

Utilities Under Strain: Water, Petrol and Telstra
With almost half of Australia (and most of the inland Eastern states) drought-affected and more than half of all farmers qualifying for exceptional circumstances relief packages, climate change and water usage became a priority issue again. In New South Wales only 3 per cent of the state had had satisfactory rainfall over the past five years. Spokespeople talked of “entering new territory” and that the crisis was a one in a thousand drought (later proved to be non-factual). In response, the federal government called a water summit and announced that a new federal water ministry and an Office of Water Resources would be established (Australian, 26 September 2006). The federal government accused the states of evading their responsibilities and not taking enough action to prevent the water crisis.

Petrol prices suddenly sky-rocketed in mid 2006 with prices per litre reaching $1.45 in city areas and up to $1.70 in the bush. The government’s response in August was to offer a subsidy (of up to $2,000) for the conversion of petrol cars to LPG fuel and cash grants (of $1,000) for the purchase of new LPG cars (costing around $670 million). Although the scheme was generally well-received, problems soon emerged with reports of waiting times of up to one year to undertake the actual conversion.

The government finally announced the sale of the third tranche of Telstra (T3 of 19 per cent) — taking private ownership in the communications giant to 68.9 per cent (with the remaining public stake of 31.1 per cent going into the Future Fund, an investment fund meant for future public infrastructure and meeting unfunded superannuation liabilities of federal public servants). Telstra shares had dropped to around $3.50 despite the second tranche of shares selling for $7.40. This had wiped around $10 billion from the value of the company. Anxious that the third tranche (estimated at around $8 billion worth of shares) would not be fully subscribed, the government launched an expensive advertising campaign to promote the shares (over $20 million) and constructed a purchasing scheme highly beneficial to investors (part payment up front, full dividends immediately, and second payment due in eighteen months). The government also instructed its backbenchers to go around and “talk up” Telstra — despite having a very public brawl over appointments to the board with the current Telstra board and CEO Sol Trujillo. In the end when the offer opened in November the shares were over-subscribed and the government sold off around 35 per cent with only 17 per cent left in public hands. The government was left crowing it had judged the market with precision.

History Wars, Literacy Disputes and the Fight over Education
Intergovernmental conflict over education and culture intensified over the year with key protagonists becoming more strident in their rhetoric. The initial fight was over the
teaching of Australian history in schools. The federal government and some educational critics believed either that insufficient history was being taught in classrooms or that the “wrong history” was being indoctrinated into young minds (post-modernism). There was also criticism of the growth of outcomes-based education philosophies (non-competitive, achievement-oriented) against the more traditional emphasis on facts and the basic three “R”s. Teachers were accused of not having the required qualifications in the areas they were asked to teach. Critics also pointed to the lack of good grammar and English proficiency even among students who supposedly had graduated from university.

To address concerns and give the Commonwealth some rationale for intervention, the prime minister and education minister called a “history summit” in August to which they invited school educators and academic specialists (states and territories were also invited but declined to participate). The Commonwealth insisted at the summit that traditional history be re-established in schools curricula as a “stand alone subject” rather than the current “fragmented stew of themes and issues”. To ensure his wishes prevailed the prime minister threatened to suspend funding to states that refused to comply. Three states initially indicated they were satisfied with their current cross-disciplinary outcomes-based subjects (Queensland, South Australia and Western Australia), but quickly caved in under federal pressure claiming Howard was bullying them to surrender. Later the debate widened to include geography (which was described as being taught as nothing but a series of issues), science and mathematics (which were believed to be declining in importance).

Other Announcements: Media Policy; Climate Change and Stem Cells

The government, after months of deliberation and secretive consultation with industry, announced media ownership “reforms” that were supposedly aimed at giving consumers greater benefit — or in Communications Minister Senator Helen Coonan’s words “expanding media choice”. To virtually no one’s surprise, the changes announced in September greatly benefited some of the existing players who thought their Christmases had come early. Cartoons appeared depicting Coonan as the genie in the lamp granting extravagant wishes to media barons. James Packer (PBL) and Kerry Stokes (Seven Network) were most enthusiastic and quick to move to consolidate their commercial interests. News Ltd however was more upset by the government’s failure to allow additional free-to-air licenses while granting approval for the existing free-to-air TV channels to offer up to two new digital channels.

The main opponents of the new media laws were the Nationals (especially the maverick senators who refused to toe the party line). They were worried that metropolitan media concentration would mean far less choice and more syndication in the bush — with local news and information drastically curtailed. Already some of the regional radio station networks were reducing local news content and broadcasting centralised syndicated news (eg Macquarie radio broadcasted news from the Gold Coast and Bendigo to over ninety regional radio stations, yet, ironically, decided to quit the radio business when the new laws were introduced). The media laws were passed the Senate in October. Although the Nationals’ Barnaby Joyce crossed the floor three times, Family First senator Steve Fielding lent support to the government (but the minister could determine the timing when the new flexibilities would apply). In anticipation, the media empires began to cash themselves up (with private equity deals) and scramble for prized assets. Coonan feigned surprise that the media laws had “ignited a media frenzy” but her protestations did not wash with many observers (Weekend Australian, 21-22 October 2006).
Howard publicly changed his views on climate change — arguing that greenhouse warming was now a serious problem and that a new Kyoto treaty (more favourable to Australian interests) should be negotiated. Australia continued to stand out from the international community by refusing to ratify the original Kyoto treaty with its specific targets. Instead, around the time that the Stern Review on the Economics of Climate Change was released in October, Howard began advocating a nuclear-powered future as a clean alternative. His first advocacy of a nuclear option was made in July in an address to the Committee of Economic Development of Australia. Howard also floated the idea of an Australian uranium enrichment reprocessing industry to increase the value of the mineral in export terms (along with widening its uranium sales to additional countries). He then called for a report chaired by the former Telstra chief (and nuclear scientist) Ziggy Switkowski which was delivered in November. As expected the report was highly supportive of adopting nuclear power — claiming it was both cleaner and cheaper in the long run (and would help reduce carbon emissions and greenhouse gases while using local uranium). It warned that a nuclear industry would require the development of local expertise and a supply of graduates in nuclear engineering. The mining industry immediately predicted a uranium boom and began to pressure governments to grant five new licenses for new uranium mines. The state governments were less enamoured with one premier after another asking where the proposed nuclear plants would be located and each ruling out their state.

The Coalition backbench again exercised its muscle in annulling the ban on therapeutic cloning. After insisting Cabinet was in hard-line opposition to stem cell cloning research, the prime minister eventually accepted that the governing parties would be permitted a conscience vote on the issue when voting on the legislation (a private members bill drafted by former Health minister Senator Kay Patterson). The Health minister, Tony Abbott, attempted to run a scare campaign to defeat the bill (such as saying it would allow for “human-animal hybrids”), but his efforts seemed to backfire with scientists publicly disagreeing and many moderate MPs attacking his misleading deceptions, and one colleague describing his interjections as “psychotic rubbish”. The Bill was passed by the Senate in November by 34 votes to 32. During the stem cell debate, Abbott chose to lambast the media for tagging him “Captain Catholic”.

Commissioner Cole’s Long Awaited Report on AWB Ltd

Terence Cole, head of the inquiry investigating whether the AWB had acted illegally under Australian laws, presented his final report in late November. While the report was critical of the government, ministers and officials, it made no adverse findings against them nor recommended anyone in government face charges. It also cleared the principal Commonwealth departments that oversaw the trade deals, while commenting that they did not have systems in place to monitor the deals or provide guidelines on how staff should proceed. The report highlighted a culture of complacency within both the government and the wheat agency, and recommended many former AWB executives be charged with deception. It accused the AWB of being devoid of ethics and anxious to avoid scrutiny. It also claimed that the United Nations should accept some blame as it had signed off the deals.

Although the inquiry largely was seen as a whitewash exercise, many politicians and officials came out of it looking incompetent, indolent and unprofessional. Many had given evidence that they had not read cables, not asked questions, dismissed rumours, and not passed on information to ministers. In defensive mode, DFAT was reportedly incensed that its officers had come under criticism. Meanwhile, John Howard went
onto the front foot over the issue, demanding that the opposition apologise to his ministers for besmirching them and accusing them of lying. Beazley hit back saying “this is a shameless government. They are saying with pride ‘we are not criminally culpable, we were merely incompetent and negligent’” (Australian, 28 November). But rather than abolish the single desk, Howard called for a review of the policy and consultation with farmers.

**Policy Vacillations and “One Gaffe Too Many” Cost Beazley his Job**

While the Democrats lost their founding leader in August (Don Chipp died aged eighty-one), Kim Beazley’s leadership of the ALP imploded. For months, the powerful Right faction (especially in New South Wales and Victoria) had been actively agitating against his leadership, canvassing options and putting together an alternative support base. Their preferred replacements to the Beazley-Macklin duo were Queenslander Kevin Rudd (loosely tied to the right) and Victorian moderate left-winger Julia Gillard.

There was no allegation from Labor insiders that these two had been actively undermining Beazley or planning to run against him; they were drafted towards the end of the ploy. The factional power-play attracted much criticism with insiders labelling the parliamentary representatives of the factions as “daleks” and control freaks doing the bidding of their overlords.

Rudd had been making moves to capture the Christian vote, claiming that the conservative parties did not have a monopoly on the religious vote. Media sources also highlighted Beazley’s supposedly poor polling — claiming he did not have the “ability to cut through”. Beazley also refused to reshuffle his front bench and remove retiring MPs from their shadow portfolios, while leaving talented ones out of his line up. Then, after a string of media gaffes (the last one when Beazley confused US adviser Karl Rove with comedian Rove McManus, see Weekend Australian 18-19 November), confidence in his leadership evaporated. Despite his henchmen claiming there was no mood for a leadership change, and written pledges of loyalty from Rudd, the media were scathing of Beazley’s efforts. One Australian editorial stated: “after 10 years and 10 months of Kim Beazley, it is still virtually impossible to say what he stands for” (22 November). With polls showing Rudd was more popular than Beazley in late November, Rudd and Gillard announced they would stand as a team for the leadership on 1 December.

In a party room vote on 4 December, Kevin Rudd was elected leader of the parliamentary party by 49 votes to 39. Julia Gillard was elected unopposed as his deputy. Rudd and Gillard immediately went on the road with a whistlestop “getting to know you” tour. Over the next few weeks, Rudd set about re-shaping his front bench, making room for high-profile Peter Garrett, Craig Emerson, Chris Bowen and Bob McMullen but dropping Annette Hurley.
New South Wales
July to December 2006

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The last six months of 2006 did not go to plan for the Iemma government. With the state election just months away, Premier Morris Iemma had no doubt planned a period in which to consolidate his leadership and convince the electorate that he was capable of solving Sydney’s transport crisis and economic woes. Instead the period produced scandal after scandal as ministers fell by the wayside and the government began to fray at the edges. One would think that this was the perfect opportunity for the Opposition to stride ahead in the polls, but Opposition Leader Peter Debnam had his own problems, including a display of very poor judgement in the year’s final parliamentary sitting days.

The Tripodi Imbroglio

In August the scandal-plagued Minister for Energy, Ports and Waterways and former Minister for Housing and Minister for Roads, Joe Tripodi, was in the news once again. A front-page banner headline declared, “Tripodi profited on public land” (Sydney Morning Herald, 16 August 2006). The accompanying story, which ran over several days, outlined allegations that from 1996 to 2000 Tripodi had been a shareholder in the company Westside Property Developments, which had bought and sold millions of dollars worth of government land and Department of Housing properties that were considered “surplus”. Tripodi had also been involved in other deals involving the sale of public land through another company he part-owned, New Arm Investments. During this time Tripodi had served as either chair or deputy chair of the parliamentary committee overseeing public accounts.

Although Tripodi maintained that he had “at all times” publicly declared his shareholdings to the parliament as required by law, it appeared that he had not disclosed the fact that he was profiting through the sale of public property. The appearance of wrongdoing was exacerbated by the involvement of Frank Gelonesi, the government-appointed chairman of the Greater Western Sydney Economic Development Board who had recently been questioned by the Independent Commission Against Corruption (ICAC) over his role in the sale of some other Department of Housing properties. Gelonesi was also revealed as one of Tripodi’s donors although his accountancy firm had also audited Tripodi’s political donations (Sydney Morning Herald, 16 August 2006).

Tripodi initially claimed that he had asked the ICAC to investigate his interests in a company in 2002, but was forced to retract this statement after the commission declared that it was untrue. The new revelations were referred to ICAC following media coverage. Premier Iemma opted to stand by Tripodi, despite the fact that this was not the minister’s first brush with scandal. In 2000 Tripodi had been accused of sexual misconduct against a Democrat staffer at a party, a claim again investigated by ICAC with no finding made against him. In 2004 Tripodi was prominent during the Orange Grove development inquiry, although again no findings were made against him. This time around the Premier promised to tighten the financial disclosure laws rather than accede to calls that Tripodi should stand aside (Sydney Morning Herald, 17 August 2006). But the scandal did not go away. In November Tripodi made headlines
again, this time for his association with a “millionaire club” and his attempts to promote a town centre-style development on a piece of land owned by the Calabria Community Club whose directors include one of Tripodi’s policy advisors (Sydney Morning Herald, 13 November 2006). For the Premier, who by then had been forced to sack two other ministers, the pressure was growing.

Cronulla claims another victim

The political beat-up — and fallout — from the racially motivated violence on Sydney’s beaches in December 2005 continued into the second half of 2006. Opposition Leader Peter Debnam drew ridicule from all quarters by persisting with his hysterical rhetoric, announcing in July that there were still at least “200 Middle Eastern thugs” whom he would “round up” if elected in 2007, declaring:

“At dawn […] on the 25th of March, my instruction to the police commissioner will be to take as many police as you need and charge them with anything to get them off the streets (Sydney Morning Herald, 19, 20, 21 July 2006).

Police Minister Carl Scully did not hold back either, in October suggesting that a young man who had burnt the Australian flag outside the Brighton-le-Sands RSL club following the violence at Cronulla, and who had already apologised to members of the club in a private meeting, should be “humiliated and embarrassed as much as he could possibly be” in front of the club’s members (Sydney Morning Herald, 4, 5 October 2006).

In the end, however, it was Scully himself who was to be humiliated and embarrassed.

The Opposition accused Minister Scully of withholding the report into police conduct during the December violence claiming that the government wanted to “rewrite the report” to lessen public criticism. Scully responded with outrage, denying that the report had been finalised and accusing the Opposition of “inventing stories” and making up a “Watergate cover-up conspiracy” (Sydney Morning Herald, 18 October 2006). The very next day Scully was forced to retract his statement after the report’s author, retired assistant police commissioner Norm Hazzard, contradicted the minister’s statements about the completion of the report. Scully admitted that the report had in fact been given to Police Commissioner Ken Moroney’s office a month earlier, although he maintained that the report was “incomplete” as further interviewing of senior police was required (Sydney Morning Herald, 19 October 2006).

Amid calls for his resignation, the Opposition accused the minister of misleading parliament. In an effort to end the scandal the Premier ordered the release of the contentious report. However the key finding of the report — that the police handling of the violence was “inadequate and flawed” — did little to quell suspicion that Scully had been attempting a cover up (Sydney Morning Herald, 19, 20, 21 October 2006). As one newspaper editorialised, Scully seemed to have again “taken careful aim and shot himself straight through the foot” (Sydney Morning Herald, 20 October 2006). The blood would continue to flow when it was revealed that Scully had misled parliament a second time when he denied having phoned the ABC newsroom on 16 October to persuade them not to follow up on suggestions that the Cronulla report was in fact complete. This time the shot in the foot proved fatal. Premier Iemma forced Scully to resign claiming the minister had made “one mistake too many”. Following Scully’s departure, John Watkins would have police added to his responsibilities in the troubled transport portfolio (Sydney Morning Herald, 25, 26 October; The Australian, 28 October 2006).
With Scully out of the way, the spotlight turned to the contents of the report. Controversial elements of the report included criticism of the role of talkback radio hosts in fanning racial conflict. There were also disputed allegations of confusion in senior police command and management during the violence that underscored divisions among senior detectives (Sydney Morning Herald, 28 October, 2 November 2006). Confusion continued as the first anniversary of the violence approached, with the Premier claiming knowledge of police intelligence concerning planned repeat attacks, although senior police insisted that no such intelligence existed (Sydney Morning Herald, 7 December 2006). The government expressed relief when the anniversary passed without incident (Sydney Morning Herald, 11 December 2006).

The Orkopoulos Scandal

If the Scully debacle in the last weeks of October was bad for the government, then the first weeks of November marked a new low for Premier Iemma’s leadership. First the disappointment of revelations that “star recruit” former Rural Fire Services Commissioner Phil Koperberg had had an Apprehended Violence Order taken out against him by his former wife (Sydney Morning Herald, 5, 6 November 2006). Next came the disgraces of Local Government Minister, Kerry Hickey, admitting to a succession of speeding offences (Sydney Morning Herald, 8 November 2006); another Labor MP, Tony Stewart quitting after being caught drink-driving (Sydney Morning Herald, 18 September 2006), and the Labor candidate for Port Stephens also quitting after being charged with drink-driving (Sydney Morning Herald, 6, 7, 8 November 2006); and finally, the body blow: the arrest of Aboriginal Affairs Minister, Milton Orkopoulos, charged with thirty drug and child sexual assault offences.

Orkopoulos immediately resigned from parliament, but maintained his innocence. Among the charges were allegations that he has used government funds to pay for sex with a fifteen-year-old boy whom he had also regularly supplied with cannabis (Sydney Morning Herald, 9 November). Amid claims that he would lose his parliamentary pension as well (Sydney Morning Herald, 14 November) Orkopoulos attempted suicide just days before his close friend and former Labor branch president, Patrick Roughan, was also charged with child sex offences (Sydney Morning Herald, 15, 16 November). Orkopoulos survived his suicide attempt and faces a possible prison term if the charges are proved in the court case to come.

But the scandal had a deeper impact for the Iemma Government. Questions were raised about process, as Police Commissioner Ken Moroney confirmed that he had alerted senior police bureaucrats two days before the charges were laid. The bureaucrats had informed Minister Watkins, who in turn had alerted the Premier’s Chief of Staff. The Premier himself claimed not to have known until the night before Orkopoulos’ arrest. Moroney claimed that this was “normal procedure” (Sydney Morning Herald, 9, 10 November 2006). Two Opposition MPs later alleged that Orkopoulos himself had told them about the police investigation some three weeks before he was charged (Sydney Morning Herald, 13 November). Questions were also raised about the manner and timing of the allegations being brought to police attention in the first place, allegedly up to a year before charges were laid, with the Opposition demanding answers about “who knew what, when” (Sydney Morning Herald, 10 November 2006). One paper editorialised that the Orkopoulos affair had left an “increasing stench” over the Iemma Government, adding floridly that the “unmistakable odour of moral turpitude” had now been added to the “rank smell of incompetence” (Sydney Morning Herald, 9 November).
In the midst of Iemma’s “two weeks of hell” (*Sydney Morning Herald*, 9 November 2006), between Scully’s sacking and Orkopoulos’ arrest, the state’s long-serving Attorney-General, Bob Debus, announced his retirement from state politics in March 2007 to contest the federal seat of Macquarie (*Sydney Morning Herald*, 30 October 2006). While this was another blow for the Premier, it was Debus’ resignation that also pushed Opposition Leader Peter Debnam to take the “fertile ground” he had inherited through the Orkopolous affair (*Weekend Australian*, 11 November 2006) and turn it quickly to muck.

**Debnam Crosses a Bridge Too Far**

For the State Opposition the second half of 2006 brought its own challenges. Leader Peter Debnam was still struggling to make an impact with voters, with front page headlines like “Peter who?” doing little to enhance his credibility (*Sydney Morning Herald*, 29 July 2006). Meanwhile the Liberal Party’s internal wrangling, including continued allegations of branch stacking, preselection ballot “rorting” and a “takeover” by the Christian Right (*Sydney Morning Herald*, 1, 18, 19, 24, 25 July, 14, 16, 18, 19, 21 October 2006) were a distraction from policy announcements such as the plan to close Sydney’s ocean outfall sewage flows and controversial plans to cut the public service (*Sun-Herald*, 23 July; *Sydney Morning Herald*, 24 July, 6, 11 December 2006).

Yet despite needing a 10 per cent swing to win office the beleaguered Debnam remained publicly optimistic about his chances in 2007 (*Sydney Morning Herald*, 2 September 2006).

In reality, however, Debnam seemed unable to influence even his own party in preselections for 2007. The Opposition Leader’s views were ignored in preselection battles that led to the dumping of MPs including Stephen Pringle and senior Shadow Minister Andrew Humpherson (*Sydney Morning Herald*, 16, 18 October, 6, 7 November 2006). Particular problems were highlighted through two high profile preselections.

The first involved Deputy Director of Public Prosecutions, Greg Smith, in the safe seat of Epping. Debnam found himself at the centre of controversy during Smith’s preselection when the government revealed that Debnam had phoned Smith in relation to a decision not to proceed with charges against an alleged pedophile. Debnam rejected suggestions that he had interfered in the case despite the fact that Smith later reinstated the charges (*Sydney Morning Herald*, 26, 28 August; *Weekend Australian*, 26 August 2006). A few weeks later the newly preselected Smith was again in the spotlight following suggestions that he had alerted a senior Crown prosecutor about the alleged discovery of child pornography on the prosecutor’s personal computer before the matter was reported to the police. Further controversy followed with calls that, once preselected, Smith should have immediately stepped aside from his role with the DPP to avoid any suggestion of political interference in criminal matters. This last claim brought the government into conflict with the DPP who claimed that Smith should take at least six weeks to wrap up his caseload (*Sydney Morning Herald*, 19, 20, 21, 22, 23, 25, 26, 27 September 2006).

The controversy was all the more frustrating for Debnam given that Smith had not been the Opposition Leader’s choice of candidate in Epping to begin with. Earlier in the year the seat had seemed certain to go to federal Sex Discrimination Commissioner, Pru Goward, well known as a close friend of Prime Minister John Howard and who was being backed by the moderate sections of the Liberal Party, including Debnam. Wielding their increasing influence, however, the Right of the party saw their favoured candidate, Smith, safely over the line. The setback to Goward’s political aspirations
was brief, however, as her preselection for the Liberal-held seat of Goulburn became almost a certainty with the retirement of sitting member Peta Seaton. The remaining obstacle for Goward, lawyer Martin Laverty who also had eyes on the Goulburn seat, withdrew from the contest following pressure from both Debnam and Howard (Weekend Australian, 22 July, 5 August, 23 September; Sydney Morning Herald, 13, 14, 16, 18, 19, 20, 23 September; Sun-Herald, 17 September 2006). With her impeccable political connections and undeniable ambition, Goward’s future career will be one to watch.

Debnam should perhaps have been content with putting out the Smith and Goward bushfires and gone back to the job of announcing pre-election policy. Instead he was unable to resist the opportunity to capitalise on the government’s dramas, possibly damaging his own reputation beyond repair.

In the days following the Orkopoulos scandal and suicide attempt, Debnam claimed in parliament that another, unnamed government minister was “under investigation by law enforcement authorities” (Sydney Morning Herald, 16 November 2006). After repeated calls to name the minister Debnam obliged the following day, alleging in parliament that Debus was under investigation by the Police Integrity Commission in relation to claims that he had misused his ministerial powers. In a spectacular and convincing display of outrage Debus pointed his finger across the chamber at Debnam, labelled him a “grub” and demanded that he, “Walk 15 paces out [of the chamber] and say it again, say it now!” (Sydney Morning Herald, 17 November 2006). Debnam’s allegations were completely debunked in the days that followed when they were denied by the PIC itself and it became evident that the claim had originated with federal Liberal Senator Bill Heffernan and a previously discredited informant. The Opposition Leader was accused of abusing parliamentary privilege in his attempt to discredit government ministers (Sydney Morning Herald, 17, 18, 20 November; Weekend Australian, 18, 25 November 2006). So acute was the Opposition’s embarrassment at their leader’s blundering that it seems unlikely Debnam would have survived in the top job were the election more than four months away.

All Eyes on March 2007

The drama and scandals on both sides of the chamber made it difficult for Premier Iemma to maintain focus on his plans for victory at the looming election. Key infrastructure problems continued to haunt him, particularly with regard to transport, roads and tunnels. July saw Graham Mulligan, the chief executive of the company operating the troubled Cross City Tunnel, accuse the government of threatening the company unless they introduced a package of road changes designed to stop the tunnel becoming an election issue. Mulligan claimed he was told by government officials, “We will not let the [tunnel] bring down the Government […] If you cross us, we have 16 media advisors and you only have one” (Sydney Morning Herald, 1 July 2006). The government denied the claims but Mulligan persisted in his calls for compensation, labelling the tunnel “the most controversial infrastructure project in the world” (Sydney Morning Herald, 5 August, 6 September; Weekend Australian, 5 August 2006). Speculation continued about the opening date for the Lane Cove Tunnel, a potential pre-election headache for the Government if it opens ahead of its May 2007 schedule (Sydney Morning Herald, 22 September, 16 November, 9 December 2006).

Continuing problems in Sydney’s rundown transport infrastructure also plagued the government. Questions about privatising Sydney’s iconic ferries, the continued rejection of a light rail system for the CBD, expensive road tolls, and poor rail safety (Sydney Morning Herald, 4 August, 2, 4, 5 September, 11 October 2006)
overshadowed policy announcements such as the new Urban Transport Statement (Sydney Morning Herald, 20, 23 November 2006) and plans to improve safety on trains (Sydney Morning Herald, 30 August 2006). Not even the long-awaited State Plan (Sydney Morning Herald, 8, 22 August, 1 September, 6, 16 November 2006) or the announcement that the shelved desalination plant was back on the agenda (Sydney Morning Herald, 17 November 2006) had much impact on voters. A spate of road deaths involving P-plate drivers put further pressure on the government to tighten rules for young drivers (Sydney Morning Herald, 24 October, 8, 25, 29 November, 2, 4 December 2006).

Yet despite the scandals and despite Premier’s Iemma’s failure to really make an impact with new policies, Labor’s twenty-four-seat lead over the Opposition will be hard to overcome. Peter Debnam did not capitalise on Labor’s poor standing in the polls, and his inept parliamentary performances and sometimes ludicrous rhetoric left Centrebet’s predictions of a Liberal victory in 2007 seeming fanciful (Sydney Morning Herald, 29 July, 21 November 2006). But six months of scandal had turned voters off both major parties with new polls reflecting a trend in favour of the independents and minor parties (Sydney Morning Herald, 21 November 2006). If that trend continues, predictions of a hung parliament in 2007 may prove correct.

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**Victoria**

July to December 2006

**NICK ECONOMOU**

*Monash University*

As provided for by the amended state constitution, the citizens of Victoria went to the polls to elect new a parliament on 25 November. This election was to be historic regardless of the outcome, for amongst the changes to the Victorian system brought about by the Bracks Labor government’s reform of the constitution in 2003 was a major change in the electoral system by which the upper house — the Legislative Council — would be chosen. Instead of the single member-system using preferential voting, the new upper house (reduced from forty-four to forty members) would be made up of multi-member electorates using the Single Transferable Vote (STV) method of proportional representation. In bringing about these changes the Bracks government ran the risk of instituting an electoral system that would, in likelihood, hand control of the upper house to any of the minor parties who could secure the 16.6 per cent necessary to win a seat in one of the eight “regions” returning five representatives each. Committed to reforming the upper house in this way following its election to minority government in 1999, the Bracks government tried to make the best of this decision to deny itself complete parliamentary dominance by projecting this reform as evidence of its commitment to “good government”.

This was something of a necessity for the government as the policy debate leading up to the election (constrained as it was by the onset of the fixed election date) had been dominated by accusations of excessive governmental secrecy and lack of accountability over policing and gambling decisions. Once again the Bracks government’s complex relationship with the Victoria police, involving its support for Commissioner Christine Nixon on the one hand and its anxiety to retain the support of
the Victoria Police Association on the other, underpinned this debate. The government was also under pressure from various major projects failing to stay within their budgets and from an intensifying water crisis as the state experienced one of its driest winters on record. For all of these problems, the Bracks Labor government was comfortably returned in the 25 November poll, although the outcome of the historic election for the Legislative Council was to perplex all but those with a little knowledge of the state’s political history when a minor party hitherto considered to be close to extinction — the Democratic Labor Party (DLP) — secured a seat and joined the Nationals and the Greens as part of a clutch of minor parties holding the balance of power in the new upper house.

Prelude to the Poll: the Policy Debate

A diminution of the policy debate appeared to be one of the consequences of the provision of fixed four-year terms for the Victorian parliament and the prescription of the election date under the constitution as amended. With the government now mindful of the prospect of an election in November, little by way of policy initiative was undertaken save for addressing those matters of urgency ahead of the poll. The deepening sense of crisis surrounding the state’s parlous water situation was one such issue. With the failure of significant winter rains to fall in the review period, Victorians were warned that an increase to the third level of water restrictions for Melbourne residents appeared very likely. The water situation in rural Victoria was even worse. The major provincial cities of Ballarat, Bendigo and Geelong were already under stage three water restrictions, with a number of rural shires — including some in the normally high-rainfall areas of South Gippsland — expressing some concern about either having run out of water or of running out of water once the summer holiday period began.

In the light of this, the Bracks government announced some water policy initiatives, one of which subsequently was to have a negative impact on Labor’s electoral fortunes in the Gippsland-based La Trobe Valley. While planning for these initiatives had been going on for some time, and the Gippsland part of the policy had been mentioned by the government in June, the Bracks government made two major water policy announcements on rural water resources in October. As a response to the water shortages facing Ballarat and Bendigo, the government announced imminent construction of a “Goldfields Super Pipeline” designed to bring water from northeastern reservoirs to the central goldfields. The project was priced at $180 million and slated for completion by 2008. The government also announced development of bore water resources in the Ballarat area, a conservation program for households in the affected districts, and the development of water recycling for the region (Media Release, 17 October 2006). Some critics alleged that this plan was based on the dubious assumption that water resources in the north-east were capable of meeting the extra demand being placed on them, but, in the main, interests in Ballarat — a very important town to the Labor party’s electoral interests — seemed to be happy that the government was seen to be doing something about their water problems.

On the next day, the Bracks government announced its plans for Gippsland and the La Trobe Valley. Here another major pipeline was proposed, only this time, unlike the Goldfields pipe that was to carry fresh water, the La Trobe Valley pipe would be bringing sewage and industrial waste from metropolitan Melbourne to a proposed recycling plant to be built in the Valley after which the treated water would be used for cooling purposes by the energy generating plants located in Morwell, Moe and Traralgon. The government argued that this would relieve industrial demands on fresh
water from the nearby Blue Rock and Thompson dams that could be used instead to provide fresh drinking water for Melbourne (Media Release, 18 October 2006). As rational as this plan appeared to be (especially to Melbourne consumers), locals in the La Trobe Valley were incensed by what they saw as a plan to take away Gippsland’s fresh water resource in exchange for Melbourne’s effluent. That the recycled water would only be used for industry did not divert regional parochialism from casting this decision as yet another example of how the Valley was being exploited by the city. The political consequences of this policy were to emerge on 25 November.

In the meantime, the Bracks government spent the pre-election period fending off one claim of poor administration after another. A study of the “fast rail” infrastructure put in place by the Bracks government between 1999 and 2002 indicated that, for all the expense involved, the new rail service was no faster than the old system it replaced (Age, 24 August 2006). The Auditor-General, Wayne Cameron, also had the government in his sights over excessive expenditure of public money, this time on government advertising. The Auditor-General found that, in the period since it was last elected to office, the Bracks government had spent $520 million on government advertising — a figure he considered to be excessive (Age, 15 September 2006). The government was also under pressure again over gambling policy. The controversy this time was over the granting of an operational license to the Tattersalls Corporation. The issues involved the tendering process and reports that a former Labor minister in the Cain government, David White, had acted as a lobbyist on behalf of the company (Australian, 18 November 2006). In the meantime, the Bracks government had announced that it would seek to reduce the number of electronic gaming machines from clubs and hotels in lower income-earning suburbs and rural shires (Herald Sun, 12 October 2006).

A couple of interest groups sought to use the pre-election period to exert pressure on the government. Doctors working in public hospitals announced their intention to campaign against the government in protest at what they claimed to be a lack of adequate funding (Herald Sun, 16 July 2006). More ominously for the government was an indication from the Victoria Police Association — the police union — that it was also considering running a campaign against the government (Herald Sun, 31 July 2006). A number of issues had been nagging away at the relationship between the government and the police union that Bracks had previously worked so hard to maintain. In addition to ongoing disagreements over wages and working conditions was a deterioration in relations between the union and the Chief Commissioner, Christine Nixon. This all came to a head on 19 September when the Commissioner announced a major reorganisation of the police in which the Armed Robbery squad was to be disbanded (Age, 19 September 2006). This coincided with news that this decision followed release of findings of violent and illegal conduct on the part of the squad by the Office of Police Integrity (OPI). The OPI and the police union have also had a troubled relationship over the years. As the government went into the election it appeared as if the Liberal opposition might enjoy the advantage of being endorsed by the police association. No such endorsement was to come. In fact, the Australian newspaper was to report on the day of the election (25 November 2006) that a “deal” had been struck between the police association’s Paul Mullett and the then police minister Tim Holding.

The Election Campaign

Writs for the 2006 election were issued by the Governor, David de Kretser, on 31 October, thus allowing for slightly less than four weeks of election campaigning.
Ahead of the official campaign launches for the major parties most of the early election news was about the minor parties. With the new election system for the upper house correctly assumed to provide minor parties with greater scope to win seats in the parliament, there was early interest in the role the Greens might play in the Legislative Council especially if, as the opinion polls were predicting, the party was to win enough seats to hold the balance of power. There was also some interest in the formation of a new minor party called “People Power”. Seeking to combine disability services constituents and the strong anti-gambling lobby, People Power also enjoyed additional press interest because media commentator, corporate activist and former editor of Crikey.com.au, Stephen Mayne, was a part of the People Power executive and would be contesting a seat in the upper house region of Southern Metropolitan. As it turned out, Mayne was later to announce his withdrawal from the election to allow him to participate in debates about the federal government’s reform to media laws (Herald Sun, 19 October 2006). Later still, Mayne indicated that he was back in the contest, but by then reports about tensions within the higher levels of the nascent party were beginning to leak.

While all this was going on the Greens were the focus of an attack by radio station 3AW where some talk-back commentators accused the party of having a policy to legalise heroin use. The Greens sought to counter this by alleging that media preoccupation with the party’s social welfare policy emanated from behind-the-scenes lobbying by a semi-secret religious group, the Exclusive Brethren, which had also been active during the Tasmanian election. The link between religion and politics was also provided by Family First, the party that succeeded in winning a Senate position in Victoria at the 2004 federal election and were confident of winning a seat in the Legislative Council. The Nationals — or, more correctly, the VicNats — indicated an intention to run candidates against sitting Liberal MPs with the hope of increasing their parliamentary presence. All of this minor party activity drew attention to the complex matter of how preferences would be directed in contests for both houses — a matter that would become quite controversial ahead of the official pre-poll period where it appeared as if Labor and the Liberals had agreed to exchange preferences in a some rural seats in return for Liberal support of Labor candidates in inner city seats under real threat from the Greens (Age, 13 November 2006).

The major parties kicked off their campaigns with television advertisements (mostly negative) and then the leaders participated in a largely forgettable televised debate (Age, 4 November 2006). The major parties officially launched their campaigns on the same weekend in mid-November. The Liberal launch took place at the Kingston Town Hall and featured an address by Prime Minister John Howard. A promise to reduce stamp duty for home buyers and to alleviate land tax were the centrepieces of Opposition Leader Ted Baillieu’s speech (Age, 12 November 200). Labor’s launch was in the Labor stronghold of Ballarat and featured Premier Steve Bracks. Labor’s core theme was to ask voters for another term to continue the government’s reform program (Age, 13 November 2006). While the launch sought to be positive, the real tone of the Labor campaign was to be found in previously released election advertisements that targeted Baillieu by reminding voters that the opposition leader had been party president during the years of the Kennett Liberal-National coalition government, and then, in separate advertisements, accusing a Baillieu family-owned real estate company of profiting from the sell-off of school properties during the Kennett years (Age, 26 October 2006).
The Liberals responded by attacking the government over its broken promise on levying tolls on the Frankston-to-Mitcham freeway in a campaign that included television advertising, roadside advertising and an extensive on-the-ground campaign in electorates adjacent to the controversial freeway. The opinion polls indicated that the government would be returned, albeit with a reduced majority. The task for Baillieu appeared to be less about winning the election and more about trying to regain as many seats lost in the 2002 land-slide as possible, including a number of previously safe seats in the mid-to-outer eastern suburbs of Melbourne.

The Result

The government was returned with a reduced majority (a total of seven Labor Assembly seats were lost — six to the Liberals and one to the Nationals) following a two-party preferred swing to the opposition of 3 per cent.

Table 1: 2006 Election Result, Legislative Assembly

<table>
<thead>
<tr>
<th>Party</th>
<th>Primary Vote %</th>
<th>Swing</th>
<th>Seats (change)</th>
<th>TPV %</th>
<th>Swing TPV %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALP</td>
<td>43.0</td>
<td>-4.9</td>
<td>56 (-7)</td>
<td>54.8</td>
<td>-3.0</td>
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<tr>
<td>Liberal</td>
<td>34.4</td>
<td>+0.5</td>
<td>22 (+6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National</td>
<td>5.1</td>
<td>+0.8</td>
<td>9 (+2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liberal and National</td>
<td>45.2</td>
<td>+3.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greens</td>
<td>10.0</td>
<td>+0.3</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family First</td>
<td>4.3</td>
<td>+4.3</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People Power</td>
<td>0.5</td>
<td>+0.5</td>
<td>0</td>
<td></td>
<td></td>
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<tr>
<td>Others</td>
<td>2.4</td>
<td>-1.8</td>
<td>1 (-1)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Informal vote: 4.5%
Participation: 92.7%

Electorates changing in 2006

Labor to Liberal (6)
- Narracan, Evelyn, Hastings, Ferntree Gully, Kilsyth, Bayswater
Labor to National (1)
- Morwell
Independent to National (1)
- Mildura


The government lost its upper house majority, however, with the minor parties holding the balance of power after a count that was not finalised until the middle of December. After weeks of counting, Labor secured nineteen of the forty upper house seats available, the Liberals won fifteen seats and the Nationals two. The historical outcomes included the election of three Greens — the first to be elected to the Victorian parliament. Finally, the DLP also secured a seat courtesy of a favourable preference deal including a decision by the Victorian ALP to preference the DLP ahead of the Greens. This effectively meant that the Greens failed to win the fifth seat in Western Region despite comfortably outpolling any of the other minor parties on the primary vote, including the DLP. The Greens accumulated their seats by winning the fifth seat.
in each of the metropolitan Regions of Western, Northern and Southern. As noted, the DLP’s success was in the Geelong and western districts-based Western Region. The Nationals also picked up two seats — one each in the rural regions of Eastern and Northern.

Table 2: 2006 Election Result, Legislative Council

<table>
<thead>
<tr>
<th>Party</th>
<th>% Vote</th>
<th>Seats</th>
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</thead>
<tbody>
<tr>
<td>ALP</td>
<td>41.4</td>
<td>19</td>
</tr>
<tr>
<td>Liberal</td>
<td>34.5</td>
<td>15</td>
</tr>
<tr>
<td>National</td>
<td>4.4</td>
<td>2</td>
</tr>
<tr>
<td>Greens</td>
<td>10.5</td>
<td>3</td>
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<tr>
<td>Democratic Labor Party</td>
<td>1.9</td>
<td>1</td>
</tr>
<tr>
<td>Family First</td>
<td>3.8</td>
<td></td>
</tr>
<tr>
<td>People Power</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>Australian Democrats</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>1.2</td>
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</table>

Informal vote 4.2%
Participation 92.7

Seats won

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<tr>
<th>Region</th>
<th>ALP</th>
<th>LIB</th>
<th>NAT</th>
<th>GRN</th>
<th>DLP</th>
<th>FF</th>
<th>OTHERS</th>
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<td>Eastern Metro</td>
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<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eastern</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern Metro</td>
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<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Northern</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>South East Metro</td>
<td>3</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Southern Metro</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Metro</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td></td>
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</tr>
<tr>
<td>Western</td>
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<td>2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total:</td>
<td>19</td>
<td>15</td>
<td>2</td>
<td>3</td>
<td>1</td>
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</tr>
</tbody>
</table>


The spectacular DLP result, combined with the length of time it took to finalise the upper house count, tended to obscure the implications of the lower house result. The Bracks government had lost seats, but then, given the size of the margin it was defending, losses were inevitable. The crucial question for Baillieu was one of just how many seats he would need to win back from Labor for his party room colleagues to consider him a viable leader for the future. With the exception of the unexpected win following a 10 per cent swing in Narracan, the Liberals’ six seat gain occurred in outer eastern and southern metropolitan electorates and were very close results. No less significant were the eastern metropolitan seats that the Liberals failed to win such as Mount Waverley, Gembrook and Forest Hill. The Liberals made no inroad in regional Victoria save for Narracan. Here the outcome reflected a pattern that was discernible across the regional and rural electorate where sitting members were punished for some of the Bracks government’s policy decisions. Labor lost Narracan to the Liberals and adjacent Morwell to the Nationals because of the water recycling policy. In the far-
western rural seat of Mildura, locals were angered by the Bracks government’s plan to locate an industrial waste dump at Nowingi, deep within the electorate. Sitting member Russell Savage, an independent, lost his seat to the Nationals as a result.

In some respects, the government suffered a not dissimilar pattern in the swing against it in some metropolitan areas, although the Liberals failed to obtain any real advantage from this in terms of representational outcomes. The most important locale for the greater-than-average anti-government swing (5 per cent in these districts compared with 3 per cent state-wide) was the Frankston-Mitcham Totted Freeway corridor. Anti-government swings greater than 5 per cent occurred in Mitcham, Frankston, Forest Hill and Carrum. These swings were not enough to displace their sitting Labor members, although the member for Forest Hill, Kirstie Marshall, had to wait nearly two weeks before the Victorian Electoral Commission verified that she had retained her seat. Meanwhile, the Labor losses of Bayswater, Kilsyth and Ferntree Gully were in areas close to the disputed freeway.

Labor had been fearful of losing one or a number of its inner city seats to the Greens, with Health Minister Bronwyn Pike, the member for Melbourne, considered to be most likely to surrender her seat. Once again, however, the Greens’ performance failed to match the expectations of the press and no Greens were elected to the lower house. Other minor party performances were much weaker, although Family First polled 13 per cent in the safe Labor outer-western metropolitan district of Kororoit and, at 4.3 per cent state-wide, obtained the largest share of the minor party vote after the Nationals and the Greens.

**Reshuffles and Recriminations: After the Election**

Post-election recriminations within the Liberal party began in the media on the Sunday after the election when former party president, Michael Kroger, used an ABC radio interview to accuse certain Liberal MPs of failing to have worked hard enough on key policy issues. Days later the press reported that a not dissimilar accusation had been made by Philip Davis MLC and levelled directly at his namesake David Davis whom he also described as “treacherous” for good measure. David Davis had just been narrowly elected deputy leader in the upper house (*Age*, 29 November 2006), but for the sake of unity and to help Baillieu with whom he is factionally aligned, David Davis withdrew his nomination for the upper house deputy leadership. This allowed for Andrea Coote — apparently a factional ally of Philip Davis — to gain the position. This event served to remind how deeply factional divisions between the so-called “Kennett” group and the “Kroger-Costello” group were now running within the party. Baillieu’s first important post-election task was to try to alleviate these factional tensions. In the meantime, Baillieu announced his shadow ministry, which included himself as leader (Arts), Louise Asher as deputy (Water and Environment), Philip Davis as leader in the Council (Education), Andrea Coote (Community Services), Robert Clark (Treasurer), David Davis (Industry), Martin Dixon (Employment), Matthew Guy (Planning), David Koch (Racing), Nick Kotsiras (Multiculturalism), Wendy Lovell (Housing), Andrew McIntosh (Police), Terry Mulder (Transport), Denis Napthine (Ports), Michael O’Brien (Gaming), Gordon Rich-Phillips (Finance), Helen Shardey (Health), Ken Smith (Local Government), Murray Thompson (Scrutiny of Government), John Vogels (Agriculture), Kim Wells (Assistant Treasurer) and Mary Wooldridge (Mental Health).

Over on the government side there was movement in the ministry, with four new ministers appointed to replace some incumbents considered to have either underperformed or to be dispensable to the faction leaders who organise these things.
Former Gaming Minister John Pandazopoulos was retired from the ministry as was former Ports Minister Candy Broad and former Manufacturing Minister Andre Haermayer (arguably better known for his controversial time as police minister during the police files scandal (The Australian, 29 November 2006)). Into the ministry were to come Joe Helper, Dick Wynne and Lisa Neville who were all rewarded for their performances in their respective electorates. Joining the ministry, too, would be Tim Pallas, the former chief-of-staff of the premier’s private office and recently elected MLA. Some interesting shifting of portfolios also occurred, with Tim Holding losing police and Lynne Kosky losing education responsibilities to John Lenders. The new Bracks government now comprises Steve Bracks (Premier, Multicultural Affairs), John Thwaites (Deputy Premier and Water, Environment and Climate Change), Daniel Andrews (Gaming), Jacinta Allan (Employment), Peter Batchelor (Manager of Government Business in the Assembly and Minister for Energy and Resources), John Brumby (Treasurer), Bob Cameron (Police), Joe Helper (Agriculture), Tim Holding (Finance), Rob Hulls (Attorney-General), Gavin Jennings (Community Services), Lynne Kosky (Public Transport), John Lenders (Leader in the Upper House, Minister for Education), Justin Madden (Planning), James Merlino (Sport), Lisa Neville (Mental Health), Tim Pallas (Roads and Ports), Bronwyn Pike (Health), Theo Theophanous (Industry) and Richard Wynne (Housing, Local Government).

Conclusion
The Labor domination of Victorian politics continued after 25 November, albeit in a slightly modified form as a result of its failure to win a majority of seats in the new Legislative Council. It would appear that the upper house, once thought of as moribund, will be the fascinating chamber in the new parliament as the collection of parties representing a wide range of political viewpoints gets the chance to test the limits of the recently amended Victorian constitution. Bracks made some minor adjustments to his front bench, while Baillieu came out of the election with his leadership authority intact. The Victorian debate moved into recess ahead of the Christmas holiday period, although the urgency of the water debate, and the not unrelated climate change debate, received added impetus as the tinder dry eastern highlands and north-central districts came under severe bush-fire attack. The persistence of the drought with the onset of an early fire season suggested that the start of 2007 was going to be a very difficult and uncomfortable time for Victorians.

Queensland
July to December, 2006

PAUL D. WILLIAMS
Griffith University and The Courier Mail

Overview
The last half of 2006 saw some government crises — health and water — continue, and new crises emerge over scandals involving former ministers and protests over dams and Palm Island. But a lacklustre — even self-immolating — Opposition failed to
exploit these dramas that, after a change in the Liberal leadership, saw the Labor
government comfortably returned at an early general election.

Before the Storm…

Health issues again launched the period when news leaked of a memo from
Queensland Health Director-General Uschi Schreiber that hospital surgery waiting lists
remained static, despite government advertising, costing more than $3 million,
claiming the contrary (Courier Mail, 10 July, 2006). But water remained the
government’s principal concern. In considering two dam proposals, Premier Peter
Beattie faced angry protestors in July at Rathdowney (near Beaudesert), only to tell
them that Wyralong (near Boonah) would be the new dam site, and not Tilley’s Bridge.
Fifteen properties at Boonah were set for resumption at a cost of $30 million. But
Beattie’s problems had only begun at the Traveston Crossing (near Gympie) dam site.
Despite offering the “good” news of halving the dam’s size, the premier still faced
2,000 hostile locals. Noosa Labor MP Cate Molloy continued her opposition to the dam
(see previous chronicle) and voted with the Opposition at an Estimates Committee
hearing in demand of the tabling of all related documents.

Around the same time, the Premier launched into capital works overdrive and
announced $10 billion of infrastructure spending over four years, largely, it was
assumed, to placate an anxious business community before the state election. Sacked
Minister Gordon Nuttall continued to cause grief when it was alleged he had granted a
waste water removal contract without tender. Fire-fighters, too, had their grumble,
taking out full page newspaper advertisements claiming to be the lowest paid in
Australia. But the Coalition’s troubles also mounted when a major Liberal Party donor,
businessman David Kemp, declared the Coalition “unelectable” (Courier Mail, 13 July
2006). An Estimates Committee then heard Tarong Power Station continued to receive
water from the rapidly depleting Wivenhoe Dam, despite a ministerial ban since
February. The premier later attracted opprobrium when he claimed to measure
ministers’ performances by the number of press statements released. When ministers
rebelled, Beattie backed down.

As the Toowoomba plebiscite on recycled water approached, Beattie stirred
speculation of an early election when he talked up the need for his own mandate for
recycling. The referendum on 29 July, however, easily failed, with 61.8 per cent
against the proposal, and despite the strong advocacy of Toowoomba Mayor Di
The month ended with Independent Gympie MP Elisa Roberts blaming the Nationals for her decision to quit politics at the next election.

August began with a spat between Premier Beattie and Brisbane Lord Mayor
Campbell Newman, each accusing the other of “playing politics with water” (Courier
Mail, 1 August, 2006). It was unsurprising that water recycling should continue to
interest, with one opinion poll finding 65 per cent of Queenslanders in support
(Courier Mail, 5-6 August, 2006). The government capitalised on this and took out full
page newspaper advertisements championing its water grid plans. Most concluded an
early election was looming. A sense of panic then crept into the Coalition, with Liberal
Party deputy Bruce Flegg defeating leader Bob Quinn in a party room ambush. Quinn
then announced he would not recontest his Gold Coast seat, adding it was obvious that
“not all one’s enemies are on the other side”, and with Quinn’s wife referring to the
Liberals as a “pack of dastards” (Courier Mail, 8 August, 2006).

The pre-campaign then took a bizarre turn when Nationals leader Lawrence
Springborg rejected water recycling because it would change the sex of fish. But
Deputy Premier Anna Bligh fared little better when, observing Liberal MP Michael Caltabiano’s absence from the parliament for a serious medical appointment, she remarked the MP was being treated for “pathological lying” (Courier Mail, 11 August, 2006). It was at this time a Courier Mail opinion poll delivered bad news for the government, revealing that Labor’s primary vote had slipped to 42 per cent to the Coalition’s 43 per cent, yielding a two-party-preferred (2PP) vote of 49 to 51 per cent in the Coalition’s favour (Courier Mail, 12-13 August, 2006). Interestingly, the poll also indicated that Flegg’s accession would make 12 per cent of voters “more likely” to vote Liberal, and 5 per cent “less likely” — a net gain for the party of seven points. The poll delivered few surprises in terms of issue salience, with voters rating the following as “very important”: health (86 per cent); water (83 per cent); education (71 per cent); law and order (63 per cent); roads (52 per cent) and transport (37 per cent). Importantly, Labor was rated as the better manager on all issues except health. One in four voters was undecided as to vote choice.

The 2007 State Election

The Campaign: Premier Beattie formally advised the Governor on 15 August for a 9 September poll, replicating the minimum twenty-six-day campaigns of 2004 and 2001. The pretext for calling an early election remained curious: the premier had said before the official announcement that he had been undecided whether to call a by-election in the seat of Bundaberg as Labor incumbent Nita Cunningham ailed (a contest certain to be lost), or call a general election. But Beattie’s alleged indecision was found wanting when an angry elector revealed he had received Labor campaign literature specifying 9 September before 15 August. The premier had clearly been caught out. But the Coalition suffered an infinitely worse start when, facing a joint press conference on the first day, Springborg and Flegg failed to answer the simple question of who would be premier should the Liberals win more seats than the Nationals. Dismissing the question as “mere speculation”, the pair’s maladroit handling led that evening’s news, and thereafter shaped the entire campaign. The ALP could not believe its luck. But the government was also hurt when renegade anti-dam MP Cate Molloy resigned her ALP membership and announced her independent candidacy. Another Independent MP, Elisa Roberts, bemused voters with her on again-off again campaign in which she declared, then retracted, three times her decision to retire.

From day one it became clear Beattie would adopt a new campaign style. Where Beattie’s previous campaigns resembled “one-man bands” (despite the superficial “Team Beattie” tag), this campaign saw a genuine partnership with Deputy Premier Anna Bligh — with suburban billboards picturing their smiling visages and proclaiming “Strong leadership / Strong economy / Strong Queensland”. Labor pledged an array of policies including: a 5 per cent mandated ethanol content in petrol within five years; major upgrades of Gold and Sunshine Coast hospitals; extra training for emergency workers; a $35 million literacy program; $3 million for school chaplains (in a bid to placate potential Family First voters); and — Labor’s centrepiece — a promise to cut stamp duty for first home buyers. The Coalition similarly pledged: the “naming and shaming” of juvenile offenders; improved rail transport; English as a compulsory school subject; the cutting of small business “red tape”; four new dams; underground power cables; inner city tunnels; and — its centrepiece — taxpayer-funded surgery in private hospitals for anyone who has waited longer than the recommended period. Labor’s pledges totalled $3.88 billion; the Coalition’s topped $5.75 billion (Courier Mail, 9-10 September 2006).
The campaign was unusually sober and devoid of stunts. Amazingly, after the campaign’s first week, there occurred a major reversal in public opinion, with Labor reclaiming the lead. According to the Courier Mail poll, Labor’s primary vote had soared to 45 per cent, compared to the Coalition’s 40 per cent (Liberals 24 per cent; Nationals 16 per cent). In 2PP terms, Labor’s lead was very comfortable at 53 to 47 per cent (Courier Mail, 19-20 August 2006). It seemed Lawrence Springborg’s problems were encapsulated when one Coalition supporter — enthused at meeting Springborg — asked the Opposition leader his name. But Labor’s attack instead focussed on the Coalition’s alleged disunity, with advertisements warning: “If you can’t govern yourselves you can’t govern Queensland.” The Coalition hit back with negative advertisements in which the sister of a man who had died while awaiting surgery blamed Peter Beattie personally for her sibling’s death. Another Liberal pamphlet letterboxed in the marginal Labor seat of Clayfield depicted a cemetery with similarly contentious allusions.

But the Coalition could not seem to catch a break. Flegg, when holding a press conference on the teaching of fundamentals in schools, for example, could not answer simple questions on Australian history. Later, he missed a golden opportunity when, following a press conference, a woman outside Cairns Hospital complained how her father could not be admitted. Flegg left the scene before capitalising on the drama. Meanwhile, Springborg’s momentum was lost mid-campaign when his father-in-law died, forcing him to take time out for his family. A promised temporary truce between the two sides failed to eventuate. By the end of the second week Labor’s public opinion lead had widened. The government now stood on 47 per cent of the primary vote, the Liberals on 22 per cent and the Nationals on 18 per cent, which translated into a 2PP lead of 54 to 46 per cent in Labor’s favour. Interestingly, 42 per cent of voters now said changing Liberal leaders was a “bad idea”, compared to 27 per cent who still approved (Courier Mail, 26-27 August, 2006). The Coalition was further distracted in the campaign’s last week when two Australian icons — Steve Irwin and Peter Brock — were tragically killed. Two other developments dominated the day before the poll. Firstly, the leaders’ debate saw a surprise narrow “win” for Springborg over Beattie while, secondly, an opinion poll found Labor’s 2PP lead had increased further, 56.5 per cent to the Coalition’s 43.5 per cent. Sixty-two per cent of respondents rated Beattie the best campaign performer, 18 per cent Springborg, and just 2 per cent Flegg. In response to the question, “Does Labor deserve to win?”, a not unexpected 57 per cent said “no”, while only 39 per cent said “yes”. But perhaps the most telling explanation for the easy return of the Beattie Government lies in voters’ response to a comparable question, “Does the Coalition deserve to win?” Only 26 per cent responded “yes”, with an emphatic 68 per cent saying “no” (Courier Mail, 8 September, 2006).

Put simply, while most voters felt the ALP had failed in policy, even more felt the Coalition unready to govern.

Polling day saw the nomination of 329 candidates, with Labor nominating in all eighty-nine seats, the Greens in seventy-five, the Liberals in forty-nine, the Nationals in forty (there were no three-cornered contests), One Nation in four, and with forty-six Independents (Courier Mail, 23 August, 2006). For the first time in decades, the Australian Democrats failed to nominate a single candidate. Each of the major parties once again adopted the “Just Vote One” strategy offered by Queensland’s Optional Preferential system. The election also saw the retirement of twelve MPs, including ten from the government’s side: Jim Fouras (Ashgrove); Terry Sullivan (Stafford); Nita Cunningham (Bundaberg); Daryl Briske (Cleveland); Lesly Clark (Barron River);
Don Livingstone (Ipswich West); Tom Barton (Waterford); Henry Palasczuk (Inala); as well as Speaker (Tony McGrady) and the troubled Gordon Nuttall (Sandgate). The Liberals’ Bob Quinn (Robina) and The Nationals’ Marc Rowell also retired.

Results:

Table One: Seat Share and Change from 2004, by Party, 2006 Election

<table>
<thead>
<tr>
<th>Party</th>
<th>Seats Won in 2006</th>
<th>Seats Won in 2004</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALP</td>
<td>59</td>
<td>63</td>
<td>-4</td>
</tr>
<tr>
<td>Liberals</td>
<td>8</td>
<td>5</td>
<td>+3</td>
</tr>
<tr>
<td>Nationals</td>
<td>17</td>
<td>15</td>
<td>+2</td>
</tr>
<tr>
<td>(Coalition)</td>
<td>(25)</td>
<td>(20)</td>
<td>(+5)</td>
</tr>
<tr>
<td>One Nation</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Independent</td>
<td>4</td>
<td>5</td>
<td>-1</td>
</tr>
<tr>
<td>Total</td>
<td>89</td>
<td>89</td>
<td>-</td>
</tr>
</tbody>
</table>


More seats changed hands than the above figures might suggest. To the surprise of some, Labor won back the three by-election seats lost in 2005-06: Gaven (from the Nationals); Redcliffe (from the Liberals); and Chatsworth (from the Liberals’ star MP, Michael Caltabiano, to celebrity candidate and former television sports presenter, Chris Bombolas). The Liberals won three: Kawana, Clayfield and Noosa — all expected gains given they involved troubled ministers and a renegade Government MP. The Nationals won two seats: Bundaberg (from Labor) and Gympie (from One Nation-turned Independent). A couple of results still surprised: Bundaberg was won only narrowly by the Opposition, despite its infamy as the locus of the Dr Patel health scandal; and Gladstone, too, was only narrowly retained by the once-popular Independent Liz Cunningham. Twenty-eight women were elected to the Legislative Assembly, with twenty-three from the Labor side alone.

Table Two: Primary Vote (%) and Change from 2004, by Party, 2006 Election

<table>
<thead>
<tr>
<th>Party</th>
<th>2006</th>
<th>2004</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALP</td>
<td>46.92</td>
<td>47.01</td>
<td>-0.09</td>
</tr>
<tr>
<td>Liberals</td>
<td>20.10</td>
<td>18.50</td>
<td>+1.60</td>
</tr>
<tr>
<td>Nationals</td>
<td>17.82</td>
<td>16.96</td>
<td>+0.86</td>
</tr>
<tr>
<td>(Coalition)</td>
<td>(37.92)</td>
<td>(35.46)</td>
<td>(+2.46)</td>
</tr>
<tr>
<td>One Nation</td>
<td>0.60</td>
<td>4.88</td>
<td>-4.28</td>
</tr>
<tr>
<td>Greens</td>
<td>7.99</td>
<td>6.76</td>
<td>+1.33</td>
</tr>
<tr>
<td>Democrats</td>
<td>-</td>
<td>0.04</td>
<td>-0.04</td>
</tr>
<tr>
<td>Family First</td>
<td>1.89</td>
<td>-</td>
<td>+1.89</td>
</tr>
<tr>
<td>Independents</td>
<td>4.68</td>
<td>5.85</td>
<td>-1.15</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>100.00</td>
<td>-</td>
</tr>
</tbody>
</table>

Remarkably Labor, with 54.9 per cent of the 2PP, had suffered only a tiny swing of 0.6 per cent from 2004 (http://www.roymorgan.com/news/polls/2007/4/129).

After the Deluge...

In a sombre tally room on election night Beattie appeared so downbeat in accepting his fourth term that one wit queried if he had actually lost. But the premier’s humility probably evaporated when caucus colleagues dubbed him the “Emperor of George Street”, a moniker that allowed him sufficient latitude to significantly expand his frontbench with five additional parliamentary secretaries to a total of eleven, in addition to his cabinet of eighteen. Beattie then announced he would change his leadership style and, in eschewing his tried-and-tested “trench” leadership, would now adopt a “helicopter” view (Courier Mail, 13 September, 2006). This included devolving responsibility to Deputy Bligh, now charged with overseeing a new mega-ministry of Treasury and Infrastructure. To the chagrin of many, two key portfolios — Aboriginal Affairs and Small Business — were also absorbed into other departments. Similar changes occurred in the Opposition: Lawrence Springborg, so widely praised for his Herculean efforts, stepped down before being challenged by Jeff Seeney, who assumed the position without contest, with Fiona Simpson elected his deputy. Rumours of Springborg taking a federal Senate or House seat abounded. Strangely, while many presumed Flegg would be deposed for his clumsy leadership, he retained his position unchallenged. Immediately, the idea of a merger between the two parties was back on the table. But any new-found Coalition harmony soon deteriorated. In Seeney’s first week in the job, he publicly fell out with the Liberals for not consulting with Flegg over shadow cabinet appointments, and for plucking the juicy Infrastructure portfolio for the Nationals (Courier Mail, 22 September, 2006).

The government, too, was brought back to earth with a thud when the Palm Island death of Aborigine Cameron (Mulrunji) Doomadgee while in police custody in late 2004 resurfaced. In late September, Acting Coroner Christine Clement had found Doomadgee’s death was unlikely to be an accident, that his arrest was “not appropriate”, and that the initial police investigation into his death was “lacking in transparency and objectivity” (Courier Mail, 28 September, 2006). The Attorney-General then referred the matter to DPP Leanne Clare. Police Union President Gary Wilkinson expressed his displeasure, alleging the Coroner bore an “anti-police agenda”. Police Commissioner Bob Atkinson then attracted criticism for failing to stand down Senior Sergeant Chris Hurley, the officer at the saga’s centre.

But Labor’s troubles then seemed to multiply. The party’s pre-selection processes — six years after the Shepherdson Inquiry into vote rorting — were again called into question when branch electors and candidates in the federal seats of Flynn and Moreton were accused of false enrolments. But it was more damaging when it was revealed Attorney-General Linda Lavarch had rejected (before the election) an offer from Dr Jayent Patel’s legal team to return the accused to Queensland, a “deal” refused on the basis of being too generous to Patel. Despite only muted public outcry from patient support groups, Lavarch compounded the drama through a clumsy press conference at which she appeared to contradict herself. Lavarch resigned from cabinet several days later citing depression. Energex’s troubles also continued, with the resignation of yet another CEO, Andrew Kremor, this time as a result of allegations of insider share trading. It was around this time Beattie lightened the mood with a bizarre suggestion to reform the Australian Senate and — like the German Bundesrat — allow that chamber to appoint, without election, sitting state premiers as genuine state representatives. But this did nothing to alleviate bad news on ever-deteriorating infrastructure, especially
when, in mid October, the Riverside Expressway — among the busiest of Brisbane arterials — was closed when surface cracks were discovered, and then, on 1 November, when Level Four water restrictions were introduced to the state’s southeast.

As November began, Labor Premier Beattie made the unprecedented statement that voters should re-elect the Liberal Brisbane Lord Mayor in 2008. But this apparent act of bipartisanship failed to help Anna Bligh as she was despatched to Gympie to face, over five hours, 1,500 anti-dam protestors (*Courier Mail*, 4-5 November, 2006). The faction-ridden branch of the Queensland Liberals underwent its own metamorphosis when the long-dominant Santoro-Caltabiano faction lost control of the state executive to Flegg’s moderate group. Any negative publicity of party division was soon forgotten, however, when two enormous government scandals broke. In early November, it was alleged former minister Gordon Nuttall had received $300,000 in part payments from businessman Ken Talbot who, days later, resigned as Macarthur Coal CEO. Nuttall, previously sacked for lying to a parliamentary committee over his knowledge of the Dr Patel case, had, when in opposition in 1998, described Talbot as “shady and corrupt” (*Courier Mail*, 10 November, 2006). Beattie, despite their previous closeness, was then quick to dissociate himself from Nuttall, labelling him “appalling” and demanding he resign his party membership or face expulsion (*Courier Mail*, 20 November, 2006). Nuttall chose the former. Beattie then promised voters he would “eyeball” his seventeen cabinet colleagues to ensure no other minister had breached the pecuniary interests register (*Courier Mail*, 21 November, 2006).

Annoyingly for the Opposition, new Speaker Mike Reynolds interpreted Standing Orders with a heavy hand and, arguing that because Nuttall’s case had been referred to the Parliament’s Ethics and Privileges Committee, the issue could not be discussed in the House. Remarkably, just two days after the Nuttall story broke, it was alleged another troubled former minister, Merri Rose, had blackmailed the Premier via a third party. It was reported that Rose had demanded a well-paid government job and, if not forthcoming, she would go public with some shameful secret (*Courier Mail*, 11-12 November, 2006). As Beattie was overseas, Bligh leapt to the premier’s defence, declaring he had “nothing to hide”. But the Coalition failed to capitalise on these sagas, instead consumed by its own inner conflicts. After publicly falling out over water recycling, Seeney publicly proposed a radical new option whereby the Coalition leader would be elected by a majority of the joint party room, opening the way for a Nationals leader to stay on as premier even if holding fewer seats than the Liberals. Flegg had not been briefed on the proposal and, enraged, he walked out of the meeting (*Courier Mail*, 25-26 November, 2006).

December broke with news that Beattie would bite the water recycling bullet and hold his own plebiscite in southeast Queensland on 17 March. But attention soon turned to federal politics. As the Nationals finally settled their Senate pre-selection brawl and re-nominated sitting Senator Ron Boswell to again head their 2007 ticket, Beattie placed an each-way bet on the looming Labor leadership contest, heaping praise on both Kim Beazley and Kevin Rudd. The period closed with a potentially explosive political story. In mid December, DPP Leanne Clare rejected the Coroner’s report and found there was insufficient evidence to prosecute Senior Sergeant Hurley over the death of Mulrunji Doomadgee. Protests then emerged in Brisbane and on Palm Island, with locals warning the premier to stay away. Beattie ignored the calls and visited anyway, but also ignored pleas to intervene and overturn Clare’s decision. But, within weeks, Beattie and new Attorney-General Kerry Shine had succumbed to pressure and appointed retired Justice Pat Shanahan to review the decision. But
Shanahan immediately stood down when it was revealed he had served on the interview panel that had initially appointed Clare. Around the same time, figures released showed the Beattie Government employed a staggering 528 public servants to deal solely in communications and public relations at an annual cost of $37 million (Courier Mail, 4 December, 2006). Given the enormity of the Hurley affair that was about to engulf Queensland, the premier would need every “spin doctor” he could marshal.

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**Western Australia**

July to December 2006

**HARRY C.J. PHILLIPS**

*Parliamentary Fellow, Western Australian Parliament; Adjunct Professor, Edith Cowan University and Curtin University of Technology*

**LIZ KERR**

*Principal Research Officer, Legislative Assembly, Western Australian Parliament*

Although the second half of 2006 witnessed the continuation of astonishing economic growth in Western Australia, as high as 14 per cent, accompanied by the nation’s lowest unemployment rate of 3.1 per cent, opinion polls indicated that the Carpenter Labor government had experienced a dent in its electoral support. According to Newspoll (29 December 2006), Labor’s primary vote had fallen from 42 per cent in the July to September period to 38 per cent by Christmas. On the other hand, in the same period the Liberal Party had risen from 37 to 40 per cent. Nevertheless, Alan Carpenter maintained a high satisfaction rating and was discernibly the preferred premier ahead of Liberal leader Paul Omodei, whose ratings had marginally improved after a “winter of discontent” in the party. Westpoll (12 December 2006) revealed a bad dip for Labor in November with some recovery in December, which may be attributed to the early November publication of taped telephone conversations by the Corruption and Crime Commission (CCC). The tapes provided both sensational media copy and more than a few headaches for the premier as one of his cabinet chickens came home to roost in spectacular fashion. On a lighter, although some may have said darker note, December witnessed the introduction of a three-year daylight savings trial following an unusual legislative journey.

**CCC Hearings**

The hearings of the CCC in the second half of 2006 uncovered a series of inappropriate relationships involving some Ministers of the Crown and were to have ramifications for the Carpenter cabinet, resulting in two sitting members’ resignations from the Labor Party, a pre-Christmas reshuffle and the end of one political career after twenty years. In late August and following his embarrassing resignation from cabinet in May, former Minister John D’Orazio was forced to resign from the Labor Party altogether after the CCC uncovered evidence of his dealings with a Bayswater panel beater who had allegedly offered to “help” the then police minister with a number of unpaid speeding fines. Premier Carpenter considered the actions represented “serious misconduct” and “appalling judgement”. D’Orazio, however, maintained his innocence...
and remained in the parliament as the Independent member for the seat of Ballajura. Not so for Small Business Minister and Minister for the South-West Norm Marlborough, who emerged as a central figure in the CCC probe into a $330 million development proposal at Smith’s Beach near Yallingup in the state’s south-west. The November hearings revealed that former premier Brian Burke had wielded such undue influence over Minister Marlborough that he was forced to resign from the cabinet, the parliament and the Labor Party. The experienced Marlborough had only gained the ministerial post with the departure of Geoff Gallop as premier, who had refused to consider Marlborough’s membership in the cabinet due to his known links with Burke. The latter, with business partner Julian Grill, another former minister, had lobbied on behalf of proponent, Canal Rocks Pty Ltd, and questions were raised as to the appropriateness of meetings Marlborough had brokered between the proponent and the Department of Conservation and Land Management. Then, in a humiliating ninety-minute session on 8 November, it was revealed Marlborough was in possession of a mobile phone, purchased by Burke, for the sole purpose of secret conversations between the two long-time friends. The CCC publicised covertly taped discussions between Marlborough and Burke, some of them taking place within the parliamentary chamber, in which Burke instructed the minister on how to answer questions regarding their relationship. The tapes also revealed that Burke had been consulted in a failed attempt to appoint former Busselton Shire Council President Beryle Morgan to the South-West Regional Developments Commission.

Problems associated with the CCC probe were not limited to Labor government members. Deputy Opposition Leader Troy Buswell was reported for discussions with party power-broker Noel Crichton-Browne in the parliament car park prior to a CCC interview on the inquiry into the Smiths Beach proposal. The CCC was scheduled to resume its proceedings in February 2007, at which time it was expected to target political staffers and high profile public servants. In a post-script to the first half of the year, former Acting Commissioner of the CCC, Moira Rayner, was found not guilty of attempting to pervert the course of justice for advising long-time friend and former Clerk of the Legislative Council Laurie Marquet that he was the target of a CCC inquiry.

**Cabinet Reshuffle, Parliament and Parties**

When Premier Carpenter indicated that Marlborough’s place in the previous seventeen-person ministry would not be filled in the 13 December 2006 re-allocation of portfolios he evoked some expressions of disappointment from party members, particularly those who sought an increase in the ratio of women in cabinet. Ljiljana Ravlich, who had been under siege in Education and Training, lost the portfolio but was retained in the cabinet with a less prominent post. Education went to Mark McGowan, who relinquished the electorally sensitive Environment portfolio and a new department of Climate Change to the relatively inexperienced Tony McRae. John Bowler was relieved of the Ministry for Resources and assisting in State Development because of his admitted contacts to Brian Burke (and Julian Grill), yet in apparent recognition of his competence was returned to Local Government in place of John Ford. The ever challenging Indigenous Affairs Ministry was transferred to Michelle Roberts, at her request, from Sheila McHale who retained Tourism, Culture and the Arts. Francis (Fran) Logan had Resources added to Energy as well as Industry and Enterprise, with Deputy Premier and Treasurer Eric Ripper assuming the State Development portfolio, previously held by Premier Carpenter. The Premier held Federal-State Relations, Trade, Innovation and Public Sector Management but gained Science.
Some eighty Acts were passed by parliament in 2006. Sweeping changes were made to liquor licensing laws, said to be based on Victoria’s earlier reforms. Changes included metropolitan liquor stores being permitted to trade on Sundays between 10am and 10pm, a public interest test allowing community views to be considered before approval of licences and a new small bar licence to enable the sale of non-packaged alcohol without a meal. New premises though, would remain subject to local government approval. Also included were a number of proposals to improve the management of alcohol-related social problems. Opponents contended the laws would allow retail giants to open their scores of packaged liquor outlets on Sundays, while others considered they ignored the February 2005 referendum, which emphatically indicated that voters did not want Sunday trading deregulated. Initially, the Liberals opposed key components of the Bill, with former front bencher Dan Sullivan leading the charge. Nevertheless leader Paul Omodei was able to convince most of his party to back him in a reversal of policy. The Consent to Medical Treatment Bill was keenly scrutinised as it intended to allow for “living wills”. Such wills would have effect when someone was mentally incapacitated and was unable to make reasoned judgments regarding life-sustaining treatment.

The Liberals also faced party dissension during the passage of legislation for the public funding of political parties, said to help ensure a level playing field for candidates contesting elections. Set at an indexed $1.39 per valid primary vote on 30 June 2006 the amount was to be adjusted for inflation but could only be claimed for electoral expenditures if 4 per cent of the constituency vote was achieved. The Liberals who eventually voted against the Bill were Dan Sullivan, Sue Walker, Graham Jacobs, Rob Johnson and Anthony Fels. Independent Elizabeth Constable opposed the move as she had done three years earlier, arguing in part that the guaranteed source of funds would make political parties even less responsive to community concerns.

The National Party was united in their support for public funding, but had decided to embark on a “balance of power” strategy for country seats at the next election due in 2009. The Nationals resolved not to form a coalition with the Liberal Party either before or after the next election but would visit both major parties to see if either would form an alliance. Leader Brendon Grylls said the Nationals’ decision to strike out as an independent party was attracting membership and financial support. However, John Patterson, Vice-Chairman of the 500 Club, a key political support group, warned that the move would cost the Nationals more than $100,000 dollars at the next election because the Club would not support entering an alliance with Labor. Another contested aspect of National Party strategy was an indication that it would devote resources to the 2007 federal election including a tilt at a Senate seat and a challenge to Liberal Wilson Tuckey’s firm hold on the division of O’Connor. One major policy difference between Tuckey and the Nationals was the latter’s commitment to the so-called “single desk” for the sale of Australian wheat. Condemnation of the Australian Wheat Board’s (AWB) “kickback” sales to Iraq by the Terrance Cole Inquiry had given rise to a major policy row giving Tuckey a platform for the abandonment of the “single desk”. By year’s end there appeared to be no immediate policy solution as Prime Minister Howard had decided to end the AWB’s export veto by temporarily handing it to Peter McGauran, the Federal Agricultural Minister.

Meanwhile federal pre-selections troubled the political parties. Challenges to Liberal Party incumbents Judi Moylan (Pearce) and Dennis Jensen (Tangney) were eventually thwarted although Jensen needed the persuasion of the Prime Minister and a State Council vote to overrule the initial selection of former party staffer Matt Brown. In
Forrest, State Council voted to endorse more senior Nola Marino due to the pending retirement of Geoff Prosser after Busselton Shire Council Vice President Philippa Reid had withdrawn following concerns that her evidence to the CCC about the Canal Rocks development on 27 October may damage the party. Labor too faced a pre-selection battle for the Senate. State MLC Louise Pratt won the number one party position with the domino effect meaning that experienced Mark Bishop (who before Christmas briefly signalled he would retire) was demoted to number two and incumbent Ruth Webber was pushed to the highly vulnerable number three position on the party list. There were rumblings about the Liberal Party Senate ticket for 2007 as veterans Alan Eggleston and Ross Lightfoot, in addition to the younger David Johnston, expressed a desire to continue in office. However, Australian Democrat Andrew Murray indicated he would retire at the next election, creating a golden opportunity for a Green to win the final seat in Western Australia.

“Let there be light” declared newspaper headlines as a perennially contentious policy issue for Western Australians was suddenly thrust on the public agenda. A move to introduce daylight saving before year’s end came about through an unlikely alliance between newly Independent Member for Ballajura John D’Orazio and former Liberal Leader Matt Birney, in the form of a Private Member’s Bill. Party members were given a free vote on the Bill to allow for a three year daylight saving trial, followed by a referendum to adopt the summer time policy permanently. The move angered some sections of the community who believed that the issue was dead after rejection in referendums held in 1975, 1984 and 1992. After a smooth ride through the Legislative Assembly, the Bill’s architects became frustrated with delays to its passage through the Legislative Council as 1 December had been nominated as the starting date. Passage for the Bill was finally gained but not before media discussion about the relevance of the upper chamber. D’Orazio had made a call for the Legislative Council’s abolition, which in 2007 was to celebrate its 175th anniversary, as days were lost in circuitous debate.

Education

Divisions, both political and educational, over Outcomes Based Education (OBE) continued without resolution. David Wood, the newly appointed Chief Executive Officer of the Curriculum Council, admitted he had blocked the ratification of a planned course after he had viewed the sample examination. More than a dozen courses of study were nonetheless ratified in December for implementation in 2008. Professor Jim Tognolini’s report, *Meeting the Challenge of Assessing in a Standards Based System* found that assessing students by OBE Levels was too crude for tertiary education. One subject given focus was history as Federal Education Minister Julie Bishop convened an Australian History Summit on 17 August with participation from leading historians and commentators. The Summit prompted recommendations for making Australian history compulsory across the nation’s schools. At times the debate drifted into consideration of a national curriculum for History, and a national schools curriculum but this was accompanied by expressions of concern from state ministers about an “education take-over” or “power-grab”. This response also greeted a national accreditation agency for universities. Moreover, national testing outcomes for literacy, numeracy and civics and citizenship yielded varying interpretations

The feasibility of shifting Year 7 students from primary to high school remained contentious and indeed one of the last decisions made by Ljiljanna Ravlich as Education Minister was to refuse a Freedom of Information (FOI) application to release a report on the matter prepared by the Department of Education and Training
(DET). Other matters which prompted criticism of the Education Minister included her handling of truancy in remote Aboriginal communities, an education grant to the Construction, Forestry, Mining and Energy Union to oversee new two-year apprenticeships, DET tenders and looming teacher shortages. Of particular significance was a CCC report tabled in parliament on 16 October 2006 which contained recommendations aimed at strengthening the DET’s methods of dealing with allegations of sexual misconduct between teachers and students. What soon became a public issue was the extent of the minister’s knowledge about DET’s handling of the matter, including a report prepared by former Education Department Chief Executive, Peter Browne, about the Department’s Complaints Management Unit. The Opposition demanded the minister’s resignation, but it was DET Chief Executive Paul Albert who complied with a government request to accept a Management Initiated Resignation (MIR). In mid-November in the Legislative Council, former Coalition Education Minister Norman Moore successfully moved for a Select Committee to examine the MIRs for Albert, and Alby Huts, the former Executive Director of Human Resources at DET. The committee, chaired by Giz Watson (Greens WA) and including Norman Moore (Liberal) and Graham Gifford (Labor), found in its pre-Christmas report that the working relationship between the CCC and DET had become increasingly dysfunctional between June 2005 and October 2006 and that the minister had not been adequately briefed in writing by Albert over the CCC misconduct inquiry. Albert’s reasons, outlined in three oral references to the inquiry, were regarded as insufficient by the committee.

**Public Sector**

In July Energy Minister Fran Logan had to use his powers under the *Electricity Corporations Act 2005* to order the Western Power Board to produce documents about payouts to executives totalling more than $2 million. The documents were then passed on to outgoing Auditor-General Des Pearson who, in his Second Public Sector Performance Report for 2006, released in August, highlighted deficiencies in record keeping in respect to executive remuneration. The Auditor-General also pointed out that in the context of public ownership and oversight of this corporatised entity, the level of probity and transparency provided by the Western Power Board and that expected by the Minister and Parliament, who act on behalf of the community, needed to be clarified.

The Department of Community Development (DCD) came under sustained attack in the second half of 2006 in the face of some disturbing cases of child neglect which further fuelled the call for mandatory reporting of child abuse in WA. Minister Sheila McHale had been relieved of the problematic portfolio, which went to the relatively inexperienced David Templeman in February 2006. Templeman was faced with growing community outrage over a series of departmental blunders, said to have resulted in the deaths of at least two children and possibly many more. The Coroner Alastair Hope furthered the debate with searching inquests into deaths in 2003 of two children, both of whom had been returned to questionable home situations by the DCD shortly before their deaths despite family members’ pleas weeks earlier for the DCD to intervene. Late in the year the government announced an independent review, headed by former WA Health Department executive Prudence Ford that was to include comment on mandatory reporting in its report, expected in mid-January 2007.

In July Premier Carpenter ignited a debate on the merits of quarantining a portion of the state’s gas reserves when he suggested the government may not approve future gas projects, primarily on the North-West Shelf, unless companies agreed to set aside
reserves of up to 20 per cent for local use. Gas giant Woodside opposed any such plan while the premier found bipartisan support for the idea in Liberal frontbencher Colin Barnett and former Nationals’ leader Max Trenorden. After months of negotiations the government resolved in early October to require WA gas producers to quarantine 15 per cent of their gas reserves for the domestic market. The level was lowered from 20 per cent in association with the inclusion of the concession of a commercial viability clause. Woodside Chief Executive, Don Voelte, initially vowed to fight the move, a stance backed by Federal Industry and Resources Minister Ian Macfarlane, who contended it would threaten investment. Premier Carpenter, though, was aware that the contentious policy was likely to be politically popular.

Local Government

A report commissioned by the Western Australian Local Government Association (WALGA) and compiled by Curtin University’s Greg Craven warned in August that many local authorities were facing dire times. As three months earlier another substantial report titled “Ensuring the Future Sustainability of Communities” by the Local Government Advisory Board had addressed similar themes it kept debate about the viability of local governments in the foreground. A Local Government Amendment Bill had to be split with support for a proposal to shift biennial local government elections from May to October being separated from a contentious proposal to change the voting system. From 1995 plurality or “first-past-the-post” had been used to elect local government councillors. However, the government had proposed to have the preference (or alternative) vote in single member contests and a form of proportional representation in the increasing number of multi-member wards which had become more prevalent in country shires. Criticism of the voting reform, particularly from Liberal MLCs and WALGA, forced reference of the matter to the Environment and Public Affairs Standing Committee of the Legislative Council.

Another matter impinging upon local government was the wide publicity given to the Sporting Stadium Taskforce, chaired by the influential former Under Treasurer and current Chief Executive of the Chamber of Commerce and Industry, John Langoulant. A successful season by the Fremantle Dockers and a memorable one point victory by the West Coast Eagles over Sydney in the Australian Football League (AFL) Grand Final, helped stimulate public discussion about a larger stadium in Perth. Given the possibility of another stadium option, namely at Burswood, the delivery of the report, due in March 2007, was awaited with interest.

South Australia
July to December 2006

ANDREW PARKIN
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The Rann government emerged from the South Australian election of March 2006 with a comfortable House of Assembly majority. It had been preoccupied over the previous four years with maintaining its creative but potentially precarious coalition with key non-Labor members in the House. How was a Rann government based on a solid Labor majority now going to behave? The perpetuation of the strange coalition was not in
question: the re-inclusion in cabinet of the National Party’s Karlene Maywald and the Independent Rory McEwen had been foreshadowed before the election and honoured immediately afterwards. But what was a secure parliamentary backing going to mean in relation to policies, initiatives and the pace of change? The last six months of 2006 provided the first sustained opportunity to observe the government in these terms.

**Budget 2006**

Any government’s annual Budget statement provides an insight into its goals and priorities. Kevin Foley would normally have delivered the 2006 Budget — his fifth as Mike Rann’s Treasurer — in May, but in this instance it was delayed until 21 September. Two explanations were proffered for the delay: the February-March election campaign had disrupted the usual preparation cycle and, more ominously, an external consultant (Greg Smith, former Executive Director of the Commonwealth Treasury’s Budget Group) had been commissioned to advise on opportunities for significant cost savings.

In the end, Foley delivered a well-received Budget incorporating a number of measures that, he later admitted (Sunday Mail, 24 September 2006), did not go as far as Smith had recommended but did move in the direction of cost savings. Notwithstanding Labor having denounced the Liberal Opposition’s March election pledge to cut 4,000 public service positions, Foley budgeted for a reduction of 1,572 such positions in order to accommodate a $695 million reduction in public-sector costs and zero growth in general government expenditure over the next four years. Two agencies were to be abolished, both of them having an internal public-sector focus: the Department of Administrative and Information Services and the Office of the Commissioner for Public Employment (Hansard House of Assembly, 21 September 2006; Advertiser, 22 September 2006).

Exactly how the overall staffing reduction was to be achieved was not immediately clear, with seemingly contradictory follow-up explanations from Treasurer Foley and the Minister Assisting the Premier for Public Sector Management, Jay Weatherill, about whether targeted separations were contemplated. The eventual explanation discarded this option and focused instead on attrition and redeployment (Advertiser, 25 September 2006), a less alarming (though still far from welcome) prospect from the perspective of the Public Service Association. The projected public-sector job losses are a net figure; on the positive side of the ledger, this target accommodates 200 additional school teachers and 400 additional police officers.

The revenue side of the Budget had two interesting features, one involving no change and the other notable change. The “no-change” feature was the unexpected absence of any announcement on payroll tax. South Australia’s payroll tax regime is arguably the highest in Australia and is routinely a major focus of the business lobby’s Budget submission, but Foley proposed no reduction in its impost. The “notable change” feature was a cautious expansion of the public-sector borrowing program. Any proposal to increase government debt levels would previously have been politically difficult. South Australian politics, and the Labor Party in particular, still carry scars inflicted by the State Bank collapse in the early 1990s. This catastrophe had ballooned state debt to alarming levels until the Olsen Liberal government’s controversial privatisation of the Electricity Trust enabled substantial repayment. Foley had also worked assiduously to restore the state’s AAA credit rating, a goal finally achieved in September 2004, and this status is liable to be jeopardised by a perception of irresponsible indebtedness. On the other hand, there has been an increasing recognition, not least within the business sector, of an under-investment in
infrastructure provision and maintenance. The time was judged to be right for a careful
return to capital-works borrowing. Foley announced a $3.7 billion capital works
program over the next four years, a debt-funded arrangement to be ameliorated by an
expansion of various public-private partnerships projected to inject $600 million of
private-sector funds into the process. These capital works are focused principally on
the construction of six so-called “super schools”, hospital upgrades and new prison
facilities.

The overall budget “bottom line” forecast is that, by 2009-10, there should be a
$208 million surplus in the recurrent general-government account, along with a $220
million deficit in the capital account. The treasured AAA credit rating will be retained
(Australian, 22 September 2006).

For Opposition Leader Iain Evans, the essential characteristic of the Budget was its
“broken promises and missed opportunities”, especially in relation to its failure to
reduce payroll tax levels. In his parliamentary speech in response, Evans began with
the observation that “this is not a Liberal budget; this is a Rann budget”, a curious
phrase he chose to repeat several sentences later (Hansard House of Assembly, 26
September 2006). Doubtless this form of expression was deliberate, since by then the
tone of some journalistic analysis had been to the contrary: Tom Richardson in the
Independent Weekly (23 September 2006) thought the Foley budget “adds up to a good
Liberal budget” while Michael McGuire in the Sunday Mail (24 September 2006)
agreed that it was “a Budget the Liberals would like to have delivered”. While the main
business lobby, Business SA, predictably bemoaned the lack of tax relief (“a bitter
blow for the business community”), it otherwise described the Budget as “fiscally
responsible with continued surpluses and debt levels within manageable limits”

Policies and Programs
Premier Mike Rann summed up 2006 as a year in which the ongoing drought “presents
our state with the greatest challenge”. For Rann, this was not simply an episodic test to
be endured until the inevitable rains, whenever that might be. Rather, it reinforced a
global climate-change perspective that, arguably well ahead of any other Australian
political leader, Rann has been promoting for a number of years. Rann proudly badges
himself as “the only Minister for Climate Change in the country” and provocatively
describes the issue as “a greater threat to us than terrorism” (Advertiser, 24 December
2006). In policy terms, this has led to initiatives ranging from a broad climate-change
strategy (see http://www.climatechange.sa.gov.au/) to specific interventions focused
especially on water. Restrictions on the use of urban reticulated water were imposed.
The premier was an active participant in various cross-state and national COAG-type
discussions (such as the Prime Minister’s November Water Summit) on the
management of the Murray-Darling Basin. National commentary on the Murray-
Darling issue typically misses an intriguing aspect of South Australia’s involvement:
that this is a negotiation in which the state is represented at the ministerial level not by
a Labor partisan but rather by the National Party’s capable Karlene Maywald in her
capacity as Minister for the River Murray and for Water Security. Maywald’s active
involvement constitutes an important and under-appreciated exception to the
otherwise-valid generalisation that Commonwealth-State relations since February 2002
can be interpreted as a “Coalition versus Labor” confrontation, and it brings an
interesting dimension to the ongoing intergovernmental negotiations over water issues.

The Budget announcement about six new “super schools” embodied a brave
countervailing proposal: to close seventeen existing schools and preschools in
Adelaide’s northern and western suburbs. School closures are politically sensitive, not least for a Labor government which has a claimed focus on community services and whose party apparatus encompasses a strong inbuilt teacher lobby. The school-closure issue was entrusted to a deft, and evidently successful, strategy of community consultation. A series of local meetings involving parents and other community stakeholders was persuaded to vote in favour of closing local schools and instead relocating to their respective proposed new “super schools” (Advertiser, 16 December 2006). As an exercise in defusing a potentially volatile issue, and in effecting genuine change on a matter more typically characterised by political reticence and inertia, the process and outcome can reasonably be described as a policy triumph.

In late September, the Environmental Protection Authority issued a supplementary operating licence to enable Australia’s fourth uranium mine, located at Honeymoon in South Australian territory eighty kilometres west of Broken Hill, to move towards operational capability. In the process, the Rann government stepped boldly into the Labor Party’s vexed policy dispute about uranium mining. Premier Rann stoutly maintained that the licence did not breach Labor’s national “no new mines” stance because Honeymoon was an “existing mine” by virtue of having been given its initial licence by the Kerin Liberal government in early 2002 (Australian, 30 September 2006). In view of the initial trials at Honeymoon having been terminated by the Bannon Labor government back in 1982, this is best interpreted as an attempt to bypass an awkward intra-party debate, at least until Rann and others succeed in overturning Labor’s policy at the party’s 2007 National Conference.

Throughout this period, the Rann government’s innovative State Strategic Plan, initially promulgated in March 2004 with seventy-nine specific measurable policy and program targets, was undergoing its first significant revision process. A Community Engagement Report, the product of an extensive state-wide consultation process, was released in November, with the revised Strategic Plan itself scheduled to be launched in the New Year.

Another on-going process aimed at major future announcements was the work of the Government Reform Commission, chaired by former Queensland Premier Wayne Goss, which had been established in late June. An initial announcement in September recommended imposing limited-term contracts on a larger number and wider range of senior public servants, a proposal explained by Goss in the somewhat contradictory context of “a war for talent […] [in which] we have to make the Government the employer of choice” (Advertiser, 11 September 2006). Further announcements from the Commission on central-agency arrangements and customer-focused service delivery were expected in the New Year, with the Commission itself to terminate at the end of 2007.

Politics and the Law

Previous chronicles have documented the startlingly testy relationship that the Rann government, and the premier in particular, have developed with the Adelaide legal profession and with the government’s own appointed Director of Public Prosecutions, Stephen Pallaras. The government’s perspective is that it has a right to inject its own democratically legitimate priorities into a system otherwise too fettered by the traditions and privileges of the legal profession and by perspectives — whether promulgated from the court bench or from within the prosecutor’s office — that appear too “soft on crime”. The relationship grew even more testy towards the end of 2006.

It was revealed in December that the government had initially refused to endorse one of three nominations put forward by the Chief Justice for elevation to the rank of
Queen’s Counsel (a status no longer bestowed in other States but still alive, at least for now, in what seems to be the defiantly un-republican State of South Australia). The rejected nominee happened to be the barrister who had acted for the defendants in several high-profile cases into which the Rann government had intervened in pursuit of harsher penalties and stronger prosecutorial strategies, and hence there was speculation about political retribution being involved. The Chief Justice responded to the rejection of one nominee by withdrawing all three (among them a reasonably prominent Labor Party identity who had stood unsuccessfully as a Labor parliamentary candidate). After meeting at his own initiative with the premier and assuring him that the rejected nominee was “a person of the highest integrity and suitable for appointment”, the Chief Justice finally succeeded in having all three ratified as QCs by Cabinet (Advertiser, 30 December 2006). Having conceded the battle, the premier then proceeded to widen the war. He announced an urgent review into the “somewhat clubby” QC system, presumably with the intention of foreshadowing its abolition in line with the now-prevailing practices in other states. The proposal, he explained, was “all about improving the quality, standards and accountability of the legal profession” (Advertiser, 28 December 2006).

The final week of parliament in December featured an extraordinary insight into the ongoing animosity between the Director of Public Prosecutions, Stephen Pallaras, and the Auditor-General, Ken MacPherson. The Auditor-General has been politically engaged in a way not normally associated with his office, and the direction of his political engagement (such as in defending various actions of the Attorney-General, as documented in previous chronicles) has typically been to the comfort of the Rann government. This pattern continued in December. The underlying issue in this case is the uncertainty about whose authority should prevail when the legal independence claimed by the Director of Public Prosecutions clashes with the financial auditing independence claimed by the Auditor-General. First, the two protagonists — Pallaras and MacPherson — each tabled reports in parliament that criticised various actions undertaken by the other. MacPherson then argued that the criticism of him by Pallaras amounted to Pallaras “acting unlawfully”. Pallaras responded (on radio) that this was “blatantly wrong”, an “outrageous, outrageous allegation” and “arrant nonsense” (Advertiser, 25 November 2006). Before a Parliamentary Committee agog at the performance, MacPherson then described Pallaras as having “misguided claims to omnipotence”, as thinking “he’s God Almighty” and as somebody “you would have thought would have learned from Hitler; he opens up World War III on every front” (Advertiser, 7 December 2006).

The government seemed more entertained than worried about the fight. Treasurer Foley, while explaining that he thought Pallaras was a “sook”, did not seem inclined to think that some intervention was needed: “Who cares? Let them squabble” (Advertiser, 9 December 2006). Attorney-General Michael Atkinson was a little more concerned at the two officers “knocking the bejesus out of one another” and even-handedly opined that both have “something to answer for in their conduct in this dispute”. Meanwhile Premier Rann managed to incorporate both reassurance and implied threat in his summation: “I will not interfere in the DPP’s statutory independence, and he will not interfere in my independence in doing my job” (Hansard House of Assembly, 7 December 2006).

**Parties and Polls**

The South Australian branch of the Labor Party may be travelling comfortably within its own domain but it embarrassed its federal leader, Kim Beazley, during its State
Conference in October. Non-union journalists were excluded from covering the conference, a closed-shop practice that all other branches of the party have apparently abandoned. In Canberra, Prime Minister John Howard and Federal Treasurer Peter Costello, embroiled in a national campaign over the new industrial relations laws, eagerly seized the opportunity to denounce undue trade-union influence in the Labor Party, and to elaborate their standard “no ticker” jibe at Beazley into a new “no ticket” variation (Advertiser, 17 October 2006). For his part, Beazley — who had initially shrugged off the incident as a local matter — succeeded in getting Labor’s National Office to over-rule the South Australian branch, allowing any journalist to cover State Conference in the future (Advertiser, 19 October 2006).

The sole remaining Australian Democrats MP, Legislative Council member Sandra Kanck, has developed a propensity to generate what some observers, including other office-holders in her own party, regard as the wrong kind of publicity. In late August, Kanck (a passionate advocate of voluntary euthanasia) decided to read into Hansard a detailed exposition of various methods of ending one’s own life efficiently, tidily and with minimal impact on others. “I am not advocating suicide”, she declared, “but I am advocating the right of people to end their life should they find themselves suffering intolerably […] information about the most benign ways to do this should be readily available to those who seek it” (Hansard Legislative Council, 30 August 2006). Premier Rann described the speech as “distressing and unforgivable” (Hansard House of Assembly, 31 August 2006). Minister for Mental Health Gail Gago, who had earlier pleaded with Kanck “not to do this rash and irresponsible thing” (Hansard Legislative Council, 30 August 2006), claimed that the Democrat “would be held responsible for the deaths of anyone prompted by her actions to take their own life” (Advertiser, 31 August 2006). With the support of the two Family First and two No Pokies members of the Council, the government successfully moved for Kanck’s presentation to be removed from the Web-accessible version of Hansard, a form of part-censorship with its own interesting precedent-setting implications. Kanck mailed out hardcopies of the speech to any inquirer (“Dear Constituent, Thank you for requesting a copy of my speech. […] I appeal to anyone who is thinking of ending their lives to first contact their doctor or Lifeline […]”), a service described by the Advertiser (6 September 2006) as “Kanck’s mail order suicide”.

Meanwhile, the Liberals have been left to ponder the doleful prospect of another three years in Opposition. Their Leader Iain Evans had to endure the indignity of a Sunday Mail poll finding that eight out of ten respondents, including two-thirds of Liberal voters, could not name him (Sunday Mail, 5 November 2006). All that Evans could reasonably say in response was that “the Opposition Leader’s job is the worst job in politics, but I am focused on 2010” (Advertiser, 10 November 2006).

Other polls undertaken during the period under review confirm the long haul ahead for the Liberals. The Morgan Poll undertaken over September and October estimated Labor’s primary support at 53 per cent and the Liberals at a lowly 30.5 per cent. On a two-party-preferred basis the estimated Labor/Liberal split was 62/38, even worse for the Opposition than the crushing 57/43 split at the March election (Advertiser, 16 November 2006). The Newspoll for the October-December period was only slightly better for the Liberals, with Labor at 47 per cent on primary vote and 58 per cent on a two-party-preferred basis, and the Liberals at 33 per cent and 42 per cent respectively. Ominously, Premier Rann’s lead on the “who would make the better Premier?” question had widened: whereas in March, Rann had enjoyed a 42-point lead over his then opponent Rob Kerin, he now had opened up an even more massive 47-point lead.
over Iain Evans (Australian, 9 January 2007). The fixed-term election scheduled for March 2010 is a long time away, but will this political eternity be long enough for the Liberals to figure out a way to bridge these gaps?

While the second half of 2006 saw the Rann government operating under unaccustomed conditions of parliamentary security, its style and behaviour have changed little from their pre-election character. This is as much a commentary on the level of confidence, indeed bravado, that the government displayed in its first term as it is on its approach since then. This is a government of a steady and sustained rather than radical disposition. Short-term events and crises are managed with apparent ease; meanwhile a longer-term agenda, less amenable to media headlines, is being set in place via the Strategic Plan, the Government Reform Commission and other such devices. These are matters on which progress is necessarily slow and incremental. Come March 2010, it is likely that Labor, like the Liberals, will feel that they too need a bit more time to finish the job at hand.

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**Tasmanian**

*July to December 2006*

**RICHARD HERR**

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If one issue served as the Tasmanian media’s motif for the second six months of 2006, it was the scandal of the Tasmanian Compliance Corporation’s (TCC) monopoly control of builders’ accreditation. The “TCC Affair” erupted on the front pages at the end of June and seemed to gather strength throughout the rest of the year. Not only did this cost the Labor Premier Paul Lennon his deputy, it reinforced the impression of a government embattled despite its clear electoral victory in March. Largely because of the government’s *annus horribilis*, all the sources of opposition enjoyed a relatively free rein. The Legislative Council continued to be a thorn in the government’s side by virtue of its parliamentary independence. The new Liberal Leader, Will Hodgman, benefited from an extended political honeymoon with the public and the parliament scarcely troubled by ALP attacks on his youth and inexperience. The Greens too found a government that was being managed by the political agenda rather than managing it an easy target — at least on the relatively limited occasions that the parliament sat in the second half of 2006.

**The TCC Affair**

The storm set in train by allegations of impropriety in the granting of a monopoly to the TCC to control the accreditation and registration of those working in the building industry proved uncontrollable. The government had sought to forestall further adverse publicity by ordering an independent audit by the accountancy firm KPMG but the affair only deepened. Deputy Premier, Bryan Green, first attempted to reduce the building heat by offering a personal apology for entering into a secret deal, which established the monopoly and included a $2.5 million penalty payment. The apology, however, deepened his and the government’s crisis with the admission of an “error of judgment” (Mercury, 5 July 2006). The ensuing no-confidence motions allowed the
Liberals and the Greens to draw out their interpretations of the Deputy Premier’s error of judgment and to allege prevarications in his explanation for his actions.

As his parliamentary detractors bayed more loudly for his scalp, Green sought to make light of the accusations of cronyism by asserting that the affair had only made him more popular with his Braddon electorate. The hollow laughter this evoked signalled the end as, the following day, he was forced to resign from the ministry (Mercury, 14 July 2006). The government used the language of “standing down” or “stepping aside” to suggest Green would be back to resume his old leadership positions as soon as the matter was resolved. Premier Lennon even took over the vacant portfolios and declined to appoint a new deputy as an indication of how strongly he felt that Green’s departure was temporary. He may well have believed that the TCC affair would prove no more than a storm in a teacup but both his and Bryan Green’s hopes were dashed.

Green’s woes were extended in August when new allegations were made that he had abused his office by interfering in an industrial court case. The Opposition Leader, Will Hodgman, had secured leaked e-mails, which he claimed showed that Green had instructed his staff not to pursue the prosecution of a café proprietor who was accused of underpaying his staff. Green claimed his actions were merely to protect the anonymity of one of the workers (Mercury, 31 August 2006). Even as this set of claims were emergent, another attack was made on the embattled Bryan Green charging that he may have acted to protect the interests of John White, the TCC’s Tasmanian co-owner and a former ALP minister, against a proposed foreshore walkway that would have impacted on White’s Battery Point property (Mercury, 1 September 2006).

The continuing scandal came to a commercial head in late September when the government revoked the TCC monopoly agreement following the KPMG audit. However, the action only reignited the controversy. Premier Lennon refused to make the KPMG report public citing advice from the Solicitor-General. This upset the opposition parties who wanted to restock their armouries with the political ammunition they expected to find in the report. A second incendiary was the amount of money that the TCC turned over to the government to administer builder registrations for the remainder of the year. The sum of $143,239 was clearly inadequate, the critics claimed, especially when, even in disgrace, the TCC directors, John White and Glen Milliner, had been given an $800,000 “golden parachute” by the government for less than four months work (Mercury, 27 September 2006).

The legal culmination of the scandal was reached the following month when Tim Ellis, the Director of Public Prosecutions, decided to lay criminal charges against three individuals for their parts in the affair. Bryan Green, his electorate officer Guy Nicholson and John White were accused of conspiracy to interfere with a minister carrying out his duties (Mercury, 26 October 2006). The laying of criminal charges not only significantly elevated the political damage of the scandal for the ALP but it also impacted on the Legislative Council committee that had done so much to bring the matter into the open. Initially the committee understood it would not violate the sub judice constraints as long as it did not pursue subjects that bore directly on the possible criminality of the three accused. However, before it could meet again, Paul Harriss, the committee chair, announced the committee would suspend its inquiry until after the trial. The fourth of the inquiries into the TCC, that of the Auditor-General, also had to be suspended.

The matter did not come to a complete halt nonetheless. The KMPG report made it into the public arena when the Mercury obtained a copy through a Freedom of
Information application. The Hobart newspaper revealed that the accountancy firm’s review had found that the TCC had failed to perform adequately in the three areas that KPMG was asked to audit (Mercury, 7 November 2006). The report concluded that the TCC failed to deliver “value-for-money” in the services it provided to builders; failed to establish an effective internal governance process; and failed to provide the required consumer protection mechanisms. While not finding formally that the TCC’s charges were excessive, the report did note that the company’s annual fees were substantially higher than in other States and that it was awash with surplus funds.

**Government and Opposition**

Premier Lennon had attempted to carry on as if the TCC affair had only put Bryan Green’s career on temporary hold. The criminal charges against Green forced the government to address the need for a cabinet reshuffle. The reallocation of portfolios was long overdue despite being premature in the normal life cycle of a Government because the jury-rigged arrangements after Green resigned had begun to hamper the efficient running of the Government. Nevertheless, the reshuffle was not without risks since the factional balances would be difficult to maintain. The Left could not expect to replace Green with another of their own yet, in the eyes of the Left, the dominant Right faction to which the Premier belonged was responsible for the party’s sagging public image. For its part, the Right blamed the Left, which included Green and White, for the TCC fiasco. The Right’s Attorney-General Steve Kons was appointed the new Deputy Premier and centrist Michelle O’Byrne took over as Minister for Community Development while the Premier retained Green’s portfolios of Economic Development and Resources (Mercury, 26 October 2006). Ominously for Green, Lennon expressed the hope that this reshuffle would be the last until the next state election.

The Legislative Council maintained its position as an active house of executive oversight in the second half of 2006. However, this did not necessarily extend to its role as a house of review. The three days of sitting scheduled for the first week of October were cancelled due to a lack of business from the House of Assembly (Mercury, 6 October 2006). While MLCs legitimately blamed the lack of workload on an absence of government bills, they admitted there were private member motions, debate on the merits of the megastore and access to TCC materials that could have occupied some of the cancelled days. Nevertheless, the Legislative Council managed to make very effective use of their non-sitting days.

The Legislative Council committee investigating the TCC affair found itself at loggerheads with the premier over access to the KPMG audit report. The Premier claimed that the Solicitor-General had given him advice that this could put the committee members at risk of legal action. The extraordinary assertion that the committee might not be fully protected by parliamentary privilege incited both disbelief and outrage. The committee chair, Paul Harriss, threatened a constitutional challenge and even the Clerk of the Senate, Harry Evans, was drawn into assessing a claim all commentators found to be preposterous. In the end Lennon agreed to surrender the report but warned the risks were on the committee’s collective heads (Mercury, 11 October 2006).

The Liberal Party enjoyed its extended honeymoon with the media and the public but was unable to take full advantage of the government’s difficulties. Polls did not reveal any dramatic resurgence for the Liberals but provided some solace in that the ALP did appear to be losing public support (Examiner, 11 December 2006). The media enjoyed the occasional humour of the Liberal Leader Will Hodgman having to
discipline his father Michael but in the main this was a period for the young leader to grow into his job.

The Tasmanian Greens continued to make headlines during the period under review but not always for their vigorous pursuit of the government. In August, Greens Leader Pegg Putt was the centre for media speculation when she went on holiday rather than attend the party’s State Conference (Mercury, 11 August 2006). Former state leader and now Greens Senator Christine Milne scored another headline with her claim that the state Liberal party had collaborated with the secretive Exclusive Brethren religious sect in placing anti-Green advertising in the campaign for the March state election (Mercury, 17 August 2006).

All sides of the parliament were united, however, in October when both chambers sat for an historic three-day session in Launceston. Premier Lennon proudly announced that this was the first time both houses of any parliament in Australia had sat together outside their capital venue (Mercury, 18 October 2006). The meeting was part of year-long celebrations of the sesquicentenary of parliament and self-government in Tasmania.

Health and Welfare

The State’s health crisis continued to plague the government in the second half of 2006 despite its electoral promises and the increases projected in the May budget. In July, the staff of the Royal Hobart Hospital claimed to have received instructions to slash their budgets by several million dollars (Mercury, 27 July 2006). Lara Giddings, the Health Minister, initially rebuffed the claims but, as the controversy continued with the AMA joining in to demand the cuts be reversed, she changed tack and blamed the hospital for living beyond its means. The assertion provoked a virtual media blizzard of rebuttal from the RHH staff and administration.

The controversy took an altogether new direction when the Premier completely reversed policy on the state’s leading public hospital. In his “State of the State” address, Lennon announced that building an entirely new hospital on a greenfield site to replace the Royal was firmly on the government’s agenda. Yet during the March election campaign, the ALP had asserted that this would be “a massive waste of money” (Mercury, 27 September 2006). The “$450 million cure” for the ills of the Royal might have sidetracked the complaints against the Royal’s services and facilities for a time but it opened new lines of criticisms. With a total cost escalating up to an estimated $800 million when the Treasurer canvassed funding options the following day, a sell-off of government assets appeared to be the preferred option for financing the project. The question was which one? The site was an additional issue since the government could not say where the new hospital would be built or what would be done with the Royal’s prime central city site.

The administration of child protection was an issue virtually throughout the second half of 2006. In August, the Children’s Commissioner, David Fanning, made the news when his wife Carol Reeves, was appointed the head of Children and Families Services (ABC, 25 August 2006). The potential for a conflict of interest caused concern in both political and administrative circles especially as the role of the Children’s Commissioner had been so prominent in the past two years within Tasmania. A month later, Fanning announced his resignation to take up an appointment as the foundation magistrate in Australia’s first Neighbourhood Justice Centre. Filling the ensuing vacancy became another source of drama. Shortly after Health Minister Giddings had to admit serious failings in the child health protection system, she had to accept the resignation of Fanning’s stand-in replacement, Dennis Daniels, for having worked in a
facility where child abuse had occurred four decades previously. The taint of an employment connection was sufficient to undermine his suitability even for the temporary appointment.

The Business of Government

The Premier stunned community groups and environmentalists in early July with the political bombshell that the Ralph’s Bay development project was back on the table after having been shelved the previous year (Mercury, 5 July 2006). Cries that the $300 million coastal estate housing project had only been postponed so the ALP would not have this environmental issue on the agenda for the election appeared to be backed up when the Premier declared it to be a “project of state significance”. The Walker Corporation later admitted it had only intended to withdraw its estate proposal until after the March election to see if the ALP would be returned with a majority (Mercury, 6 September 2006). Adding to the public cynicism, the announcement came in the heat of the TCC scandal and was seen by critics as attempt to take the focus off Bryan Green.

The motion to confirm “project of state significance” status for the proposal passed the Parliament in September. The issue put serious pressure on two ALP members of the Legislative Council, Alison Ritchie and Lin Thorp, whose electorates either included or were adjacent to Ralph’s Bay especially as the government supported reducing the size of the Ralph’s Bay conservation area to assist the proposal (ABC, 1 September 2006). In the event, the Legislative Council only approved the development proposal as a project of state significance after the government agreed to extend the conservation area not reduce it (Mercury, 6 September 2006).

Media allegations that the Tasmanian Government was itself responsible for a controversial commercial development near the Hobart airport provoked angry denials from Planning Minister Steve Kons (Mercury, 18 August 2006). A huge Direct Factory Outlet retail proposal had the capital’s merchants on edge for months as critics alleged that it had the capacity to seriously affect their bottom lines. The ensuing dispute over planning responsibility revolved around which level of government should be held accountable for the project. The state government owns the company, Hobart International Airport Pty Ltd, which leases the land around the airport on which the megastore is to be built from the Commonwealth. Adding to the confusion, the Lennon Government supported the development but wanted the Commonwealth to be seen to carry the planning can for the social and economic impacts on local businesses. The Liberals, Greens, Hobart City Council and the Tasmanian Chamber of Commerce and Industry all added their voices to concern over the planning process (Mercury, 20 September 2006). The Hobart City Council commissioned studies the findings of which indicated that the project was so large it would devastate the CBD businesses.

Premier Lennon provoked another round of debate over the government’s role in the market with an announcement that the Hawthorn Football Club would be known as the “Tassie Hawks” as a result of a five-year sponsorship deal (Examiner, 2 September 2006). Critics intimated that the deal was intended more to ensure the government’s investment in Launceston’s Aurora Stadium did not become a white elephant than to promote “brand Tasmania” interstate. Far from winning community support, the naming rights sponsorship drew fire from nearly all sides. Some in tourism feared that the money could come from the notional profit on the recent sale of the SPOT III ferry. When this was denied, virtually every other interest with a budgetary shortage appeared to identify the sponsorship funds as money lost to them. The opportunity cost of the deal weighted heavily on one of the ALP’s leading MLCs, the former mayor of
Glenorchy, Terry Martin, who was said to be contemplating resigning from the party partly because of the Premier’s decision (*Mercury*, 13 September 2006).

**Forestry**

Gunns Ltd, Tasmania’s largest timber company, again suffered two reversals in court during August. Senator Bob Brown and Tasmanian Greens Leader, Peg Putt, were awarded legal costs against Gunns after the failure of Gunns second statement of claim against twenty environmentalists and groups. Later in the month Justice Bernard Bongiorno struck out the third statement of claim (*Mercury*, 28 August 2006). The company vowed to continue its legal vendetta.

In the meanwhile, the Gunns’ proposed Tamar Valley pulp mill continued to meet obstacles, some self-inflicted. It was forced to admit that one of its key pollution figures was in error by a factor of forty-five times the number that it submitted to the Resource Planning and Development Commission. The Wilderness Society and Greens MHA Kim Booth demanded to know what figures in Gunns’ integrated impact statement might be wrong while Gunns’ executive chairman John Gay claimed the figure was still three times lower than the state guidelines for dioxins (*Mercury*, 20 September 2006).

**In passing**

The warnings of a particularly dry summer with substantial fire risks appeared to be borne out by unusually early and severe bushfires in October. Arson was suspected for some of the fires that blazed in and near Hobart (*Mercury*, 13 October 2006). Much worse was to come in December when even more destructive bushfires overwhelmed the southern and eastern third of the state endangering whole communities.

Premier Lennon achieved one of his rare public successes when Tasmania became the first state in Australia to compensate members of the “Stolen Generation” (*Mercury*, 19 October 2006). The government established a fund of $5,000,000 for the Aboriginal children forcibly removed from their families.

Treasurer Michael Aird was pleased to announce in September that Tasmania’s precarious population balance had re-established a pattern of growth with eighteen quarters of population increase. Tasmania still had the slowest growth rate of any state at 0.7 per cent a year (*Mercury*, 22 September 2006).

Discovery of the carcass of a young male fox on the side of a midlands’ country road apparently killed by a car brought unhappy confirmation that Tasmania indeed had a fox problem (*Mercury*, 2 August 2006).

Princess Mary of Denmark returned to Hobart for a private family visit in December but nothing she does in her former home state is entirely private where the Tasmanian media is concerned. This visit was even less so as she had young Prince Christian in tow.
Northern Territory
July to December 2006

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Introduction
The period July to December 2006 was characterised by significant surprises, tensions and arguably change in the government’s fortunes. The resignation of senior minister Peter Toyne left the government without one of its best performing ministers and the resulting reshuffle saw what many observers considered the demotion of Chief Ministerial aspirant Paul Henderson. The surprise introduction of road safety laws, tensions within the Labor caucus and the announcement that the ALP should no longer count on the Indigenous vote all led to a perception that the political landscape was changing.

By-Election
On 29 August 2006, Peter Toyne, the Minister for Justice and Attorney-General, Minister for Health and Minister for Central Australia, the member for the Central Australian seat of Stuart, announced his resignation effective from 1 September 2006 from both the ministry and parliament, citing medical advice.

A by-election for the electorate of Stuart occurred on 23 September. This is a largely remote electorate, which starts at the edge of Alice Springs, and stretches north and north-west of Alice Springs. The electorate extends to Yuendumu and further north, and traverses the Tanami Desert to include Kalkarindji and Top Springs in the Victoria River district. Eighty-four per cent of the electorate’s population are of Indigenous origin. (NT Electoral Office).

Six candidates contested the election, including the ALP’s candidate Karl Hampton, formerly a ministerial officer to Peter Toyne. The CLP returned to an old tactic of running two candidates, Lloyd Spencer-Nelson and Rex Granites Japangka, calculated to maximise the party’s vote by attracting a wider range of voters. The CLP’s candidate at last year’s general election, Anna de Sousa Machado, ran as an independent, as did Gary Cartwright, the former ALP member for Victoria River (now Daly) from 1990 to 1994. Finally, there was a third independent, Peter Tjungurray Wilson.

The last time that the CLP had run two candidates in one seat was in 2001 and observers wondered if the elevation of former member of the Legislative Assembly, Rick Setter, as CLP President underlay a return to dual candidates.

The election became controversial when the ALP requested the Electoral Commission conduct unscheduled mobile polling at a small community and at Tennant Creek, which was not in the electorate. The ALP had claimed some enrolled voters had gone on a football trip, or had failed to vote for some other reason, and had not arranged for postal voting. Although the ALP candidates were present at all three unscheduled polling places, the five non-Labor candidates were given no advance notice of the extra opportunities to vote, or only a few hours’ — not enough to be at the polling places or to have helpers attending with how-to-vote cards.

Whilst non-ALP candidates were highly critical of the arrangements, Electoral Commissioner Bill Shepheard noted: “We can vary the schedule as we receive
information. It’s been done before, when there were sorry camps or funerals” (Alice Springs News, 28 September 2006). Little more than half of the 4434 voters enrolled turned out to vote and only 2,003 or 45 per cent cast valid votes. (Alice Springs News, 28 September 2006) The ALP retained the seat with a swing against it of about 10 per cent, winning 61.5 per cent of the vote on a two-party preferred basis. The CLP’s two candidates achieved 38.5 per cent of the vote on a two-party preferred count (ABC News, 24 September 2006). Cartwright, received 280 primary votes, Machado 155 and Wilson, 20 (NT Electoral Commission website).

New Ministry
On 1 September 2006, Chief Minister Clare Martin announced a new ministry. There was one new minister, Chris Natt, representing the electorate of Drysdale.

The reshuffle saw major changes with every minister taking on new responsibilities including the Chief Minister with a new portfolio of Major Projects. At the same time high-profile minister Paul Henderson lost a number of portfolios, a move that many watchers considered a demotion. The Leader of the CLP Opposition, Jodeen Carney, claimed the move was “humiliating” for Henderson. “The Chief Minister has, with the stroke of a pen, sidelined him,” Carney said (The Australian, 2 September 2006).

The new ministry announced was:

Clare Martin (Fannie Bay): Chief Minister, Minister for Asian Relations and Trade, Minister for the AustralAsia Railway, Minister for Indigenous Policy, Minister for Major Projects
Syd Stirling (Nhulunbuy): Treasurer, Minister for Justice and Attorney-General, Minister for Statehood
Paul Henderson (Wanguri): Minister for Employment, Education and Training, Minister for Tourism, Minister for Public Employment
Chris Burns (Johnston): Minister for Health, Minister for Police, Fire and Emergency Services, Minister for Racing, Gaming and Licensing
Kon Vatskalis (Casuarina): Minister for Business and Economic Development, Minister for Regional Development, Minister for Defence Support, Minister for Sport and Recreation, Minister for Essential Services
Delia Lawrie (Karama): Minister for Planning and Lands, Minister for Infrastructure and Transport, Minister for Family and Community Affairs, Minister for Multicultural Affairs
Marion Scrymgour (Arafura): Minister for Natural Resources, Environment and Heritage, Minister for Parks and Wildlife, Minister for Arts and Museums, Minister for Women’s Policy, Minister for Senior Territorians, Minister for Young Territorians
Elliot McAdam (Barkly): Minister for Local Government, Minister for Housing, Minister for Central Australia, Minister for Corporate and Information Services, Minister for Communications, Minister assisting the Chief Minister on Indigenous Policy
Chris Natt (Drysdale): Minister for Primary Industry and Fisheries, Minister for Mines and Energy

McArthur River Mine
A planned expansion of the McArthur River Mine continued to cause difficulties for the government. Xstrata wanted to redirect the McArthur River, located near the existing mine, for 5.5 kilometres and develop a pit in the river channel. The mine
contributes around $350 million annually to the Northern Territory economy and employs about 350 people at the site.

Six months after rejecting a proposal to expand the mine on environmental grounds, Environment Minister Marion Scrymgour announced on 28 August that she was satisfied with a revised plan. “An expansion of the mine at McArthur River can go ahead”, she said (The Australian, 29 August 2006). The minister did however, express concern in regards to several environmental issues.

On 13 October 2006, the Territory Mines Minister, newcomer to the ministry, Chris Natt, approved Xstrata’s proposal to convert the McArthur River Mine to open-cut operations. The government required a security bond of $55.5 million before the expansion commences, re-assessable annually. The government also required the company to fund an independent monitoring assessment process. (NT Government Media Release, 13 October 2006).

The approval included the most controversial aspect of the decision, the diversion of a 5.5 kilometre section of the McArthur River around the proposed open pit as part of the process. Preventative measures by Xstrata to secure the site during flooding are now included and an independent expert said the new plans for river diversion are sound. Opponents of the scheme cited the possible impact on the groundwater in the area of the new open-cut pit, threats to endangered species of fish and the potential to harm commercial and recreational fishing in the Borroloola area (Northern Territory Environment Centre website).

On 15 October, over forty Traditional Owners drove 1,000 kilometres from Borroloola to speak to the Government and the wider public about their opposition to the McArthur River mine expansion. The decision and arrival of the Traditional Owners sparked a protest from the member for Arnhem, Barbara McCarthy, a traditional Yanyuwa woman who pleaded with the government to heed the owners’ views. Painted with white clay from her traditional land in the Borroloola region, McCarthy made an impassioned speech, pleading for all members to sit and listen to the traditional owners. She said she “felt compelled to speak out, saying how could she represent her electorate if she could not even represent her own people?” She went on to say that “no amount of money could compensate her people for the diversion of the river and that Indigenous elders consider diverting the river risks destroying their culture by disturbing the land that is home to the rainbow serpent” (ABC News Online, 20 October 2006). Federal government approval for the expansion of the mine occurred on 20 October 2006. Conservation groups are now considering legal action over the decision.

Unparliamentary Behaviour

The behaviour of parliamentarians became an issue in July when Deputy Speaker Len Kiely was obliged to resign from both the Deputy Speaker’s role and as chair of the Public Accounts Committee amid allegations of sexual harassment. A female security guard at the cricket match between Australia A and Pakistan A in Darwin lodged a complaint with the government that Kiely made several inappropriate remarks after being refused alcohol in an official NT Government corporate box (Northern Territory News, 14 July 2006).

Opposition Leader Jodeen Carney described Kiely’s alleged behaviour as “appalling” and called on Chief Minister Clare Martin to sack him from the Labor Party immediately. “What he is alleged to have said is absolutely offensive and demonstrates he is not fit to be in parliament” (Northern Territory News, 14 July
The Chief Minister described Kiely’s behaviour as “stupid and unacceptable” (*The Australian*, 15 July 2006).

Kiely apologised privately to the security guard but claimed that he could not remember the incident. “I’m not saying I was so drunk that I can’t remember, I’m saying that those particular comments that were attributed to me, I don’t recollect making”, he said. Kiely later admitted he had a drinking problem and had seen a professional alcohol counsellor “who is going to help me drink responsibly” he said. (*Northern Territory News*, 19 July 2006).

In the revised government line-up after the September cabinet reshuffle Kiely became a member of the statehood and legal and constitutional affairs committees.

**Indigenous Affairs**

On 4 August, Mick Palmer, the former Police Commissioner quit as co-chair of the Indigenous child abuse inquiry before it began, due to the demands of other commitments, especially his role as Inspector of Transport Security. It transpired the Chief Minister knew about the resignation a week before the media revealed it, thus enduring more criticism about the failure of the Inquiry to start work. Palmer was replaced by Rex Wild QC, the former Northern Territory Director of Public Prosecutions (ABC Radio 4, August 2006).

Mid-October brought revelations that Chief Minister Clare Martin had known of allegations that young girls were being “prostituted for petrol” in central Australia eighteen months before she ordered the inquiry into violence and child abuse in remote Aboriginal communities. It transpired that she had written a memo to the police minister in November 2004 about the topic but failed to order an inquiry into violence and child abuse June 2006, the day after ABC’s Lateline program aired several allegations about sexual abuse at Mutitjulu (*The Australian*, 11 October 2006).

The Martin government also continued the confrontation with the federal government over Indigenous issues. In October, permits to enter Aboriginal lands became the point of conflict, the federal government wanting to remove this requirement and the NT government opposing such a process. In November the dispute between the governments continued, this time over funding for a boarding school on the Tiwi Islands. Clare Martin argued that if the federal government saw a need for a new school it should provide the funds regardless of whether traditional owners sign a head lease over the township of Nguiu. Federal Minister, Mal Brough, said, “if you think that you don’t like what the Federal Government is doing, do what is just and right, put a school on Melville Island or at Nguiu, do it now and fully fund it” (ABC Radio, 22 November 2006).

In mid-November, media reports suggested that Chief Minister Clare Martin had lost the support of five of the six Aboriginal members of the Labor caucus, making her potentially vulnerable to a leadership challenge. Her perceived poor handling of Indigenous issues was the cause for lack of confidence in her leadership. Housing Minister Elliott McAdam was the only Indigenous member to continue supporting Clare Martin. Chief rival, Paul Henderson, reportedly had the support of at least ten of the nineteen MPs in caucus if he challenged for the leadership. (*The Australian*, 18 November 2006).

Martin immediately denied any rifts within caucus. “The comments in *The Australian* weren’t even speculation, they were pure imagination”, she said (*News.com.au*, 18 November 2006). A spokesman for the Chief Minister said: “It is a non event, it’s not true. Clare Martin has the strong support of her caucus colleagues to lead the Government as it continues to tackle the challenges in the Northern Territory”
(News.com.au, 18 November 2006). At the same time Martin denied any intention of standing for the federal seat of Solomon, currently held by the Country Liberal party’s Dave Tollner.

On 23 November, the Chief Executive Officer of the Northern Land Council, Norman Fry, announced at the Country Liberal Party Christmas party that the ALP should no longer assume that Indigenous people would vote for them (ABC Radio, 24 November 2006).

Local Government

The Lord Mayor of Darwin, Peter Adamson, became news in November when the Council called in the police to investigate allegations that the mayor had misused public money to purchase a refrigerator valued at $949. Adamson purchased the refrigerator on 1 July, claimed the money from Council, and reported it as a donation to the St Vincent de Paul Society. The refrigerator later turned up in a second hand shop operated by the East Timor Sunrise Society on 3 November, the mayor having allegedly donated it on 28 October.

The original delivery docket for the refrigerator in July showed the Mayor at his home in central Darwin had signed for it. The Mayor was also allegedly unable to account for $1800 of gift vouchers, which he said, were gifts to charities but was unable to recall which ones (Northern Territory News, 7 November 2006).

Later media reports indicated that all council members had lost confidence in the mayor and considered he should step down during the investigation, Adamson declined to stand aside (Northern Territory News, 8 November 2006).

Adamson initially said that he had done nothing wrong and would reveal his defence to the police (Northern Territory News, 7 November 2006). He later revealed that he declined to speak with police on the advice of his solicitor (ABC Radio, 23 November 2006).

The council’s guidelines for expenditure of public money and allowances came under further criticism when it appeared in the media that the mayor had lent a former girl friend his ratepayer-funded car for two weeks. The mayor said he had “full personal use” of the council car and had lent it out “a couple of times” (Northern Territory News, 21 November 2006).

The Mayor appeared in court to answer four dishonesty offences on 21 December with the hearing being set down for late May 2007. He remains on leave from the council (Northern Territory News, 22 December 2006)

Traffic Laws

In October 2006, a Road Safety taskforce issued a final report on measures to reduce the Northern Territory’s road toll. Amongst many recommendations was a proposal to reduce the open road speed limit to 110 kph in line with the rest of Australia. Immediately, letter-writers to the Northern Territory News argued against this proposal. On 2 November, the Chief Minister announced that the government had accepted all the principles of the NT Road Safety Taskforce Report. “The Stuart, Arnhem, Barkly and Victoria Highways will all have 130 km/h speed limits” she said. “Demerit points will be introduced to deter people from driving dangerously — they’ll be enforced by more police on our roads” (Media release, 2 November 2006).

The Chief Minister also announced a range of increased penalties for offences such as drink driving, failing to wear seat-belts and running red lights. These moves were seen as essential but politically unpopular and a brave step for any government to take.
Statehood
After a lull during late 2005 and early 2006, statehood came back into focus during the latter part of 2006. Public discussion about statehood is being encouraged by the Northern Territory Government, with more than 80 per cent of the 1,000 Territorians surveyed saying the Territory should be equal to the existing states, but they say they want to know the terms and conditions of statehood before agreeing to it (ABC News, 13 November 2006).

The House of Representatives Legal and Constitutional Affairs Committee held sittings in Alice Springs and Darwin in November at the suggestion of the Federal Attorney-General Philip Ruddock. It held a three-day seminar to gather information on recent developments to advance statehood and explore the implications for federal arrangements (Northern Territory News, 6 November 2006).

Indigenous residents however, are still unsure of statehood. The Northern Land Council (NLC) says the Territory government cannot be trusted to run the Aboriginal Land Rights Act if it becomes a state (ABC Radio, 16 November 2006).

Law and Order
The perennial issue of law and order continued to make headlines. Attacks on bus drivers at the Casuarina bus depot, damage to property and assaults on property owners at the Nightcliff Shopping Centre all caused concern (Northern Territory News, 19 November 2006). Arguments over police staffing levels culminated in the Legislative Assembly on 30 November 2006 when the Opposition leader tabled a leaked document purporting to show that the number of police on the beat has risen only marginally since the government commenced a major recruitment drive. The government disputed the authenticity of the document amidst uproar in the Assembly. (Northern Territory News, 1 December 2006).

Conclusion
The latter part of 2006 has seen more controversy in Territory politics, with the government having several difficult and contentious issues to deal with. In the same way that the middle of the year saw the government floundering over Indigenous issues, the same can be said at the end of 2006, with the government still looking ragged and the Chief Minister facing the first real threat to her leadership since the 2001 election.

Australian Capital Territory
July to December 2006

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Release of the Coronal Inquiry into the 2003 Bushfires: Finally
The biggest story in the Territory over the last few years undoubtedly has been the bushfires which caused devastation in January 2003 and the subsequent trials, tribulations, and blame-games that have ensued. Following on from reports released by the House of Representatives Select Committee (Nation Charred: Inquiry into the
Recent Australian Bushfires — November 2003 and the Territory government (Report of Inquiry into the Operational Response to the January 2003 Bushfires — August 2003), the Territory’s Coroner’s Court established an inquiry into the cause, origin and circumstances of the fires. In combination with the inquiry the Coroner, Maria Doogan, also undertook inquests into the deaths of four people killed in the firestorm. First flagged to report in late 2004, the inquiry was subjected to a series of delays most notably following an application to the Supreme Court to have Doogan disqualified. The application was significant because the Territory government was one of the parties involved, much to the dismay of residents and members of the Legislative Assembly who claimed there was a clear conflict of interest for Jon Stanhope who, at the time, was Chief Minister, Attorney-General and also appeared as a witness in the inquiry. When the Coroner’s findings were eventually released on 19 December 2006 in The Canberra Firestorm: Inquests and Inquiry into Four Deaths and Four Fires report, Doogan publicly noted that the legal action had delayed her proceedings by at least one year.

When the two-volume, 800 page report was finally released it included seventy-three recommendations. Doogan found that “[t]he most notable and alarming deficiency concerns the management of the Emergency Services Bureau by its senior officers during the entire period of the fires” (The Canberra Firestorm, Vol. 2, p. 214). Related to this she identified a range of factors that had contributed to the cause of the firestorm: the failure to aggressively attack the initial fires; inadequate performance in terms of command and control; the failure to follow the Australasian Inter-Service Incident Management System Incident Control System which undermined fire fighting in the field; inadequate resourcing, preparation and planning resulting in inadequate numbers of maps and bulldozers, overgrown fire trails, and a lack of plans or strategies to fight fires once they reached the suburbs; a failure to warn the Federal Police which undermined their ability to respond to the emergency; and poor communication and coordination across the Territory-New South Wales Border. Most alarmingly Doogan found that the Emergency Service Bureau did not adequately warn residents of the impending danger and this had resulted in higher levels of property loss, panic and confusion.

Following Westminster traditions, Doogan found the responsible minister to be Jon Stanhope who, in addition to being the Chief Minister, was also the Attorney-General. In this role he was responsible for the Department of Justice and Community Safety which incorporated the Emergency Service Bureau. He was also acting Minister for Police and Emergency Services between 17 and 19 of January 2003. In addition to finding him the Minister responsible, Doogan found that cabinet had been warned during a briefing of the impending disaster two days before the fires had struck and had failed to adequately warn residents. Drawing on radio interviews with Stanhope during this period, she found the potential for disaster had been seriously underplayed.

Stanhope responded immediately to the findings and, on the day of the report’s release, issued a media release setting out what he claimed were a series of factual mistakes in the report. He argued that many of the comments attributed to him had not been tested as he had not been asked about them during the inquest, that selective quoting of public announcements had been made by the Coroner, and that he was not, in fact, the responsible minister at the time (Media Release, 19 December 2006). On the 20 December Stanhope released statutory declarations from two ministers present at a cabinet meeting to which the Coroner made significant reference (Media Release, 20 December 2006). Neither of the ministers was called before the inquest. Stanhope
reiterated his belief that Doogan’s findings were wrong and that she has no evidence to support her finding that the now infamous cabinet meeting had been briefed in such a way as to raise significant alarm (Canberra Times, 21 December 2006). He referred to evidence given during the inquest by five people in attendance at the cabinet meeting pointing out that not one of them testified that the briefing received had “alarmed” them. On this issue Stanhope argued that “[t]he Coroner is simply wrong, there is absolutely no evidence to sustain that claim” (Canberra Times, 21 December 2006).

The findings prompted calls for Stanhope to resign which he, predictably, refused to do: “As Chief Minister, I accept overall political responsibilities for the actions of my Government, but I have no intention at all of resigning” (Canberra Times, 21 December 2006). He also rushed to the defence of officials from the Emergency Services Bureau who had been condemned in the report: “I am aware of the very significant and detailed criticisms of a number of ACT officials directly involved with fighting the ACT bushfires […] They are men of enormous honour […] I believe they did their best. I stand by them. I do not believe they are deficient at their duties” (Canberra Times, 21 December 2006).

The Schools Debate: Consultation and Closures

Another issue that dominated in the Territory related to the future of public schooling. The very notion that public schools would be closed raised hackles in the Territory and presented a major challenge to the newly-minted MLA and Minister for Education and Training, Andrew Barr. Following the announcement of closures in June, Barr conceded in July that not all the nominated schools would shut (Canberra Times, 8 July 2006) and that there would be room for changes to the plan during the consultation phase. Alongside the announcement that there would be closures was a huge funding boost for the public system. However this too raised considerable backlash. Rick Kuhn, reader at the Australian National University, argued the promise of funding pitted schools against each other and encouraged the general population not to oppose the closures (Canberra Times, 8 July 2008).

The six-month consultation phase provided plenty of time for debate and criticism, or as Rick Kuhn noted, plenty of time to be loved, hugged and consulted to death in a process not unlike death by boa constrictor. Early on Treasury was accused of overstating cost differences between small and large schools to justify the government’s school closure plan. But Barr argued that there were broader factors than just finances considered in closures including the best interests of students and the broader community (Media Release, 17 July 2006).

When the Opposition weighed into the debate it only served to illustrate the ongoing tensions and instability in the Liberal camp. First they asked for an extension of the consultation period which was promptly rejected by the government. The Opposition spokesperson on education, Vicki Dunne MLA, claimed in the Assembly that school closures were wrong in 2006 and they had been wrong when proposed by Liberals in the 1990s. The Liberals were further embarrassed when they had to cancel a public forum on education reforms due to a lack of interest. This, Barr argued, showed the Liberals could not develop a clear policy or an understanding of educational issues in the Territory (Media Release, 19 October 2006).

Following six months of consultation, Andrew Barr released the final blueprint for Territory schools, noting the original plan had been amended to better reflect views in the community. More than 350 written submissions were received during the consultation phase and Barr noted that he had attended more than 700 meetings and 100 school visits during this time (Media Release, 13 December 2006). In his media
release Barr argued that the reforms were underpinned by record levels of investment to “ensure that the [Territory’s] public education system is equipped to continue to provide world-class education to our students in the 21st century” (13 December 2006). This meant $90M over four years for upgrading the physical infrastructure of public schools, $20M for information technology improvements, and a merging of preschools and primary schools to create streamlined pathways for young students. The sting for the community, however, was that 23 schools (as opposed to 39 in the original plan) would close. This however created furor in the community and threats of legal action by the Parents and Citizens Council were floated following the announcement. Private sector schools also voiced some concern about their ability to cope with the increased demand that could follow.

In addition to his baptism by fire with schools closures, Barr also waded into the ongoing and protracted negotiations with school teachers over their latest pay deal. In late October, Barr issued his fifth and final offer to the Australian Education Union and accused them of being unwilling to compromise during the negotiations (Media Release, 26 October 2006). Following on from a year of unsuccessful negotiations and several months of strike action, the parties announced they would enter private mediation and accept the decision of an independent arbitrator (Canberra Times, 1 November 2006). By year’s end the new agreement had not been finalised.

**Stanhope versus the Federal Government: The Battle Continues**

Chief Minister Stanhope has enjoyed an acrimonious relationship with the federal government and this was exacerbated and highlighted across several issues in the latter part of 2006. As reported in the previous chronicle, 2006 was notable for the passing of legislation permitting same-sex unions, which was subsequently disallowed by the Governor-General on 13 June 2006, sparking considerable deliberation. In September debate began in the Senate to consider a private members bill introduced in June by Senator Bob Brown in response to the Governor-General’s vetoing of the Territory’s civil unions legislation. The purpose of the *Australian Capital Territory (Self-Government) Amendment (Disallowance Power of the Commonwealth) Bill* was to remove the power of the Commonwealth to disallow legislation passed in the Australian Capital Territory. Brown argued that unlike the case of the Commonwealth parliament overturning euthanasia legislation passed in the Northern Territory in 1996, the decision to disallow the legislation was taken in the Prime Minister’s office rather than through debate in the chambers. This, Brown argued, was potentially unconstitutional as the Constitution states that the federal parliament has the right to overturn legislation. Hence one of the key features of the bill was to enshrine a requirement for a bill to be passed by the parliament in cases where the federal government wanted to overturn legislation. Senator Humphries (Liberal) noted however that the *Australian Capital Territory (Self-Government) Act* had already allowed this power to be transferred to the federal executive. Regardless, Senator Carr (Labor), argued that “it is inappropriate for governments to seek, in a burst of political populism, to slither down to Yarralumla in the dead of night to have executive fiats imposed upon the people of the Australian Capital Territory [or] to stick the shiv into the local government, put out a press release and make out what big fellows you are” (Hansard, 14 September 2006). Senator Lundy (Labor) argued that the current situation which had resulted in the *Civil Union Act* being disallowed by the Commonwealth was “unsatisfactory and undemocratic” (Senate Hansard, 14 September 2006).

As debate continued lobby groups continued to disparage the very idea of permitting the acknowledgement of same-sex unions. The Australian Christian Lobby claimed
that the amended legislation would simply substitute the term “union” with “partnership”, and that the whole exercise was “a platform for Jon Stanhope to promote himself as a civil libertarian, to detract attention from issues of real importance to most Canberrans such as rate rises, schools and hospitals” (Media Release, 23 October 2006). The Lobby called on the federal government to block any attempts by the Stanhope government to enable same-sex unions to be legal. In return Stanhope argued that the group “did a grave disservice to their cause” by criticising the revisions prior to their public release. This, he argued, “exposes its real motivation and leaves [it] wide open to the accusation that it is motivated by nothing more than prejudice and antipathy toward homosexuality (Media Release, 24 October 2006).

When the Civil Partnerships Bill was tabled in the Legislative Assembly on 12 December the Attorney-General, Simon Corbell, noted there were significant similarities between the revised bill and the original legislation. However, he noted that there had been changes made to satisfy the concerns of the commonwealth government including use of the term “civil partnership” to distinguish it from terms used in the Marriage Act and the likening of a civil partnership to a domestic partnership rather than marriage. The Liberals accused the Stanhope government of being especially provocative with Bill Stefaniak noting that, “[l]ike naughty boys and girls, they just want to keep picking fights with the Commonwealth to try and big-note themselves.” The Federal Attorney-General, Philip Ruddock made it clear he was disappointed not to have had the chance to review the bill prior to its introduction to the Assembly. He noted that, “If you are looking to conclude a situation in a less confrontational way, you obviously would make known what you had in mind and invite some consideration of it” (Canberra Times, 13 December 2006).

In other battles, Stanhope continued to antagonise the federal government by refusing to introduce complementary anti-terror legislation on the grounds that it breached human rights legislation in the Territory. Stanhope had ushered through Territory legislation in May 2006 and had steadfastly refused to adopt measures to echo the federal framework. In an editorial in The Australian, Stanhope was accused of trying to turn Canberra into a “bush Amsterdam” and a safe haven for terrorists (25 July 2006). However his actions were hardly surprising given his very public show of opposition to Howard’s approach.

Following along this theme, Stanhope took the provocative step of nominating Terry Hicks, the father of Guantanamo Bay detainee, David Hicks, for the father of the year award on the basis that he had “displayed the finest and noblest qualities of parenthood over the past four years” (Media Release, 3 August 2006). Stanhope has long been an opponent of the federal government’s attitude toward, and treatment of, Hicks. Earlier in the year he had publicly lamented that it had taken five months for Hicks’ family to secure a phone call with him and again called on the federal government to repatriate Hicks, “[t]he appalling neglect of Mr Hicks by his own government must not be allowed to continue and the uncertainty regarding his fate must not be allowed to drag on” (Media Release, 15 July 2006). Further on Hicks, Stanhope publicly decried the fifth anniversary of his incarceration without charge, singling out the Prime Minister for abandoning him and for suggesting that the delay was mainly Hicks’ fault: “what Mr Howard and his Ministers seem to be saying is that if only Mr Hicks has been willing to surrender his right to a *fair* trial, he could have had a *swift* one. Under what possible twisted reading of the law would that constitute justice?” (Media Release, 9 December 2006).
On a lighter note, a performance by a Canberra school in the Territory’s rock eisteddfod did nothing to endear Stanhope (or public schools) to the federal government. The performance by Calwell High School of “The Devil’s in the Detail” which took a satirical look at the federal government’s industrial relations laws walked away with the trophy (Canberra Times, 7 July 2006). Minister for Workplace Relations, Kevin Andrews claimed that whilst it was appropriate for teachers to educate students about current issues it was wrong for them “to politically hijack a rock eisteddfod […] This is totally inappropriate, regardless of which side of politics is being targeted” (The Australian, 8 July 2006).

Other Happenings in the Territory

Several other notable issues deserve mention at the close of 2006. Vicious fighting in the Liberal camp continued through the remainder of the year. In November the deputy leader, Richard Mulcahy was sacked after a party room vote and Jacqui Burke moved into the role. Rumours had swirled around Mulcahy for weeks regarding a secret report into financial activities at the Australian Hotels Association during his term as Executive Director. The existence of the report further fractured an already unstable Liberal camp sparking off threats of legal action between MLA Steve Pratt and the Liberal’s President, Gary Kent and prompting Mulcahy to claim he had been subjected to a “long-term political witch-hunt” (Canberra Times, 18 November). Whilst much was made in the press about the link between the secret report and his sacking, it was also suggested that Mulcahy had been making noises about town that he would challenge Stefaniak for the leadership prior to the 2008 election (Canberra Times, 15 November 2006). The infighting spilled over to the annual conference where a fierce battle for the presidency took place. Gary Kent retained the role after calls for his resignation following the publication of a letter clearly exposing the bitter divisions within the parliamentary wing of the party he sent to Steve Pratt was leaked to the press.

In September the Auditor-General released the report of an inquiry into the management of Rhodium Asset Solutions Limited, a government-owned corporation which provided fleet management services. The audit report found considerable disregard for due diligence in the expenditure of taxpayers’ funds, a lack of formal rules and procedures related to operations and ethics, inadequate risk management strategies, and a failure of senior management to meet expectations of due care and integrity (ACT Auditor-General’s Office Performance Audit Report Rhodium Assets Solutions Limited, September 2006). In response, the government announced it would sell its shares in Rhodium as this was not “core government business” and its sale would allow Rhodium to expand without exposing the government to risk (Media Release, 23 November 2006).

The government was also the beneficiary of some good news. In October, Treasurer Stanhope announced a surplus of $137 million for the financial year — based on the new Australian standards (Media Release, 19 October 2006). Soon after, Standard & Poor gave the Territory an AAA credit rating which Stanhope took as a vote of confidence in the Territory’s economy and his government’s fiscal management. The mid-year review in December showed that the net operating deficit was $42.5 million, around half that predicted in the Budget, reflecting higher than expected returns (Media Release, 22 December 2006). There was more good news when the Territory recorded an unemployment rate of just 2.8 per cent — the lowest in the country — in combination with the highest wages in the nation. In September Stanhope took great pleasure in letting the “Canberra-bashers” know that his constituents were also found
to be the happiest in the country. And, he claimed he would let them in on a secret: “notwithstanding the attempts by scaremongers to ‘talk down’ life in the city, the national capital was a fantastic place to live” (Media Release, 12 September 2006).