Shadow Dancing Towards the 2007 Election

The election year began with Prime Minister John Howard facing the new Opposition leader, Kevin Rudd. Two developments were immediately apparent: as a younger fresher face Rudd played up his novelty value and quickly won public support; whereas Howard did not know how to handle his new “conservative” adversary. Rudd adopted the tactic of constantly calling himself the “alternative prime minister” while making national announcements and issuing invitations for summits as if he were running the government. He promised to reform federal-state relations, to work collaboratively with the states on matters such as health care, to invest in an “education revolution”, provide universal access to early childhood education, and to fast-track high-speed broadbanding at a cost of $4.7 billion.

Rudd also began to stalk and shadow the prime minister around the country — a PM “Doppelgänger” — appearing in the same cities or at the same venues often on the same day (even going to the Sydney cricket test match together). Should his office receive word of the prime minister’s intended movements or scheduled policy announcements, Rudd would often appear at the location first or make upstaging announcements to take the wind from the PM’s sails. Politics was a tactical game like chess and Rudd wanted to be seen taking the initiative. He claimed he thought “it will be fun to play with his [John Howard’s] mind for a while” (Weekend Australian Magazine, 10-11 February 2007).

Although voters still thought the Coalition most likely to win the next election (by a margin of 42-39 per cent — see The Australian, 5 January 2007 or at odds of $1.80 to $1.90 at Centrebet), Howard was initially perplexed by this behaviour. He found it hard to pigeon-hole Rudd or to mount an attack on him that resonated with the public. He gradually responded by matching the Opposition’s policy announcements.

Howard’s political judgement also went a little awry. Returning in his VIP plane from the East Asia Summit in The Philippines, the prime minister and his wife (still officially on holiday) diverted the plane to take a few days’ stopover in Broome. Predictable criticism of the sojourn was quick to materialise with both the Opposition and the media claiming the side-trip was funded at taxpayers’ expense. The Howards then agreed to repay the costs of two commercial flights. Although the prime minister’s office regarded the attack as a political smear campaign, the lapse indicated that the PM’s usual astuteness had momentarily departed him.
Restyling the Ministry — the Annual Facelift

Immediately after returning from his annual holidays in late January, John Howard again tinkered with his ministry. He sacked two ministers: Senator Amanda Vanstone and Gary Hardgrave, demoted John Cobb, and secured the ministerial resignations of Senators Rod Kemp and Sandy Macdonald. Cabinet was expanded by one to eighteen with the inclusion of the Human Services portfolio (but now had only two women members). Howard moved Kevin Andrews sideways to the Immigration ministry (minus multiculturalism that disappeared in the reshuffle) and replaced him with Costello-supporter Joe Hockey in the controversial workplace relations portfolio. Ian Campbell was given the ministry of Human Services and kept in cabinet. The ambitious Malcolm Turnbull was also promoted straight to cabinet from the ranks of parliamentary secretary — as Minister for the Environment and Water. Andrew Robb was also made a full minister — in the Vocational and Technical Education portfolio — but appointed to the outer ministry. Senator George Brandis and Nigel Scullion were both promoted to the outer ministry — as the Arts and Sports Minister and Minister for Community Services respectively. Peter Lindsay and Tony Smith became new parliamentary secretaries. Howard also created the new title of “assistant minister” for Christopher Pyne (to buy him off) and John Cobb (as a way of allowing the Nationals to save face). Four Costello supporters were promoted in the changes, suggesting Howard finally had to accommodate their ambitions. In a footnote to pretentiousness, the Queenslander George Brandis had himself appointed senior counsel by the Queensland bar despite not practising law since he entered parliament in 2000.

The reshuffle was caused by two factors: to promote better the government’s message prior to the 2007 election, and to be more competitive against a revitalised Opposition. Howard wanted the new ministers to de-fuse the controversial issues that could potentially damage the Coalition such as water, climate change, workplace relations and immigration. The move also created some notable stand-offs between the government and opposition spokespeople — with Malcolm Turnbull pitted against Peter Garrett, Joe Hockey against Julia Gillard, Kevin Andrews against Tony Burke, and Andrew Robb facing Kim Carr. Labor also augmented its own “star” candidates for the next election — selecting the former national secretary Gary Gray for Brand in Western Australia; the former ABC presenter Maxine McKew to run in the PM’s marginal electorate of Bennelong (needing just 4 per cent to unseat the PM); celebrity wife Nicole Cornes for Boothby; Rudd’s numbers man Mark Arbib as New South Wales Senate candidate; and the ACTU’s Greg Combet to contest Charlton (held by Labor member Kelly Hoare). Labor also appointed a high-flyer business adviser, Sir Rod Eddington, to help it mend relations with the business community.

But if Howard considered he had put the finishing touches to his ministry he was mistaken. The long-running corruption and “improper influence” scandal involving former premier Brian Burke, which brought down four state ministers in Western Australia, suddenly burst into federal politics. While Rudd banned his colleagues from having any dealings with the disgraced former Labor premier, he admitted to having three meetings with Burke in 2005. The Treasurer Peter Costello launched a savage attack on Rudd saying in parliament “anyone who deals with Mr Brian Burke is morally and politically compromised”. It then transpired that the new Human Services Minister Senator Ian Campbell (also from Western Australia) had met with Burke over a development proposal. Campbell was forced to resign on 3 March — after which the Coalition quickly let the Burke scandal drop. Campbell’s resignation caused a further
mini-reshuffle with Senator Chris Ellison promoted to cabinet as Human Services Minister and Senator David Johnston replacing him as Justice Minister in the outer ministry. A deflated Campbell then resigned from the Senate in May.

To add insult to injury, a former minister Gary Hardgrave along with two other Liberal backbenchers (Andrew Laming and Ross Vasta) were investigated by federal police for fraud involving “phantom” staff (partners) and electoral expenses diverted to the Liberal state campaign. Police raided their offices and seized documents. Vasta had to pay back $24,000 due to “administrative errors”, but no charges were laid against any of the three “entrepreneurs”. Labor’s frontbench also lost its spokesperson for legal affairs, Kelvin Thomson, in March after it was revealed that he had written a personal reference for the convicted drugs trafficker and fugitive “Fat Tony” Mokbel.

Polls improved for the Opposition immediately Rudd won the leadership; both the party vote (to 55 per cent) and Rudd’s personal approval (56 per cent) climbed in January and remained at these levels in the months ahead. Labor peaked at a two-party lead of 61 per cent to the Coalition’s 39 per cent in March — a twenty year high point (The Australian, 20 March 2007). After that, support plateaued, but Labor often remained sixteen-nineteen points ahead on a two-party preferred basis. Some commentators began to doubt the veracity of the polls or found other reasons to explain the phenomenon (e.g. not polling mobile phone users, fewer landline phones, increased refusals to participate).

Federal Parliament Resumes — Mutual Scare Campaigns

When parliament resumed in early February, Rudd adopted the tactic of studiously ignoring Howard while at the despatch box, often turning his back on the prime minister and not giving eye contact when the government was answering opposition questions. Questioning focused predominantly on the impact of Work Choices and climate issues. The government attempted to insist on national approaches to policy problems while Labor tended to make general pronouncements that were light on detail. Labor explicitly refused to formulate a tax policy of its own, saying the government’s tax system was adequate and that it would be “evaluating our options” when in government. This seemed a nonsensical position intended to be politically astute.

In response to the revitalised Opposition, Howard employed a series of scare tactics against Labor and its new leader. According to the government, Labor would deliver higher inflation, trigger higher interest rates, increase construction and building costs, and cause a downturn in business investment. Rudd was accused of thrusting a “dagger at the heart of Australia’s prosperity” (The Australian, 28 February), killing jobs with its IR policy and later, when Labor’s new environment spokesman, Peter Garrett, made pronouncements about restricting coal production, the government declared Australia would face a “Garrett recession” if Labor were elected.

Often the attacks became personal. Both leaders accused each other variously of being lazy, shallow, poll-driven and incompetent. Attacks on Rudd continued focusing on his personal credibility or vanity — even Alexander Downer accused him of being vain! He was portrayed as inexperienced in leadership and policy development. He was accused of being “gutless” because he would not specify Labor’s plan for the reduction of troops in Iraq. The Coalition also tried to paint Labor’s stance as anti-US which was intended to dent Rudd’s national security credibility. He was accused of exaggerating his humble beginnings and embellishing stories he and his mother had been dispossessed from the small family farm when his father died (see The Australian, 12 March). His wife Therese Rein also came under scrutiny when it was revealed she ran
large businesses (with revenues of $175 million) profiting from Commonwealth employment programs and had underpaid staff in her agencies (some of whom were on common-law contracts). After recognising the political difficulties, she eventually agreed in May to sell her job placement businesses. Rudd was also accused of politicising the public service and having eroded freedom of information legislation when he was a bureaucrat in Queensland.

**Arrivederci Senator Santoro — Ciao Four New Amigos**

In March, the Minister for Ageing (and former Queensland minister) Santo Santoro became enmeshed in a scandal entirely of his own making — leading to his resignation from the ministry and from parliament. Initially it appeared that the minister had overlooked some of his pecuniary interests and failed to declare $6,000 worth of shares he held in a biotechnology firm. Later he stood in the Senate to apologise for having not declared another seventy-two share trades while minister. It appeared as though his factional enemies in the state Liberal party had spread rumours of impropriety and leaked some of the dirt. The Queensland Liberals then threatened to disendorse him as their Senate candidate or expel him from the party. In response to pressure from his own party, Santoro announced his resignation from the Senate with immediate effect. According to one of his ministerial colleagues he “had behaved like a dope”, and had “paid the ultimate price” (*The Australian*, 22 March). His Senate vacancy was vigorously contested by former minister Bob Quinn, machine man Mark Powell and Sue Boyce — who had been next on the Senate ticket in 2004. As would-be kingmaker, Santoro continued to try to use his influence to nominate his successor, but the Liberals rebuffed his efforts and appointed Sue Boyce in April to fill the casual vacancy. As it happened four new senators were appointed in short succession. Simon Birmingham was appointed in May to replace Senator Jeannie Ferris who had died in April. Then in June, Amanda Vanstone was replaced by Adelaide businesswoman Mary Jo Fisher while Perth gardener and former adviser to Richard Court, Mathias Cormann, was appointed to replace the out-going Ian Campbell.

Santoro’s replacement in the ministry was Christopher Pyne who became a “full” minister for the first time (Minister for Ageing). Meanwhile, as expected, Amanda Vanstone was appointed Ambassador to Italy in April, suggesting a back-room deal had been done perhaps as far back as October 2006.

**Overt Centralism from Canberra**

The Howard government expressed deep frustration in a number of policy areas usually left in the hands of the states: most notably in water management, indigenous health and wellbeing, educational curriculum and standards, and economic infrastructure. On water, John Howard made an unexpected pitch in late January offering to take over management of the Murray-Darling river system, with an injection of $10 billion over ten years. His plan had not gone to cabinet nor had it involved the input of Treasury — causing the head of the department Ken Henry to criticise the policy in a leaked speech to his own staff. Howard accused the states of mismanagement and over-allocation of water leading to record low flows of water in the downstream river system. Howard’s intervention was sparked by plans announced by the Queensland government to sell off 8 billion litres of water from the upper Warrego River that would otherwise have fed into the system — as well as an announced plan by Rudd to set up a super-ministry of water and new water management authority (a move that prompted Howard to elevate Turnbull to cabinet as Water minister). Despite a section in the Constitution giving the states the right to river
waters, the Commonwealth proposed that the states should “refer” their powers to the Commonwealth in exchange for the federal investment — allocated to improve water efficiency, fund water projects and other conservation measures. The Opposition was generally supportive of the move with Rudd volunteering to “broker” the deal with the four affected Labor state premiers. While initially the premiers greeted the Howard proposal with qualified “in principle” support, Victoria under Premier Steve Bracks hardened its opposition. This stand-off placed the entire policy framework in doubt for months — even though the Commonwealth committed itself to go ahead with a new national water authority.

Education minister Senator Julie Bishop pushed the states and territories to adopt national educational standards and consistency in curricula in key subjects. Her plan was part of an ongoing tussle with state educationalists over the content and quality of education. She increased pressure by explicitly using the threat of future funding as a stick to try to make states accede. She also insisted the states use performance-related pay for teachers to weed out the under-performers, and for principals to be given the right to hire and fire teachers at the school level. However, the states were critical of the federal government’s rhetoric and the minister’s lack of follow-through with funding promises (even for her own agendas — such as when Costello refused to allow her to fund a performance pay scheme).

Infrastructural bottlenecks again hit the news with stories of fifty to 150 ships lying idle off Newcastle or Dalrymple Bay. The government severely criticised states for failing to use GST revenues to extend vital economic infrastructure and at one point suggested taking over ports if states did not lift their game. Hold-ups were further exacerbated by state rail monopolies, single tracks, and unreliable crews. As housing became more expensive the Commonwealth then jumped on this issue, calling on the states to cut stamp duties on properties and free up more outer-suburban land for new houses. Repossessions rose as housing affordability deteriorated, but the Commonwealth refused to double its first homebuyers’ scheme.

COAG met in April and addressed prospective agendas on climate change, infrastructure and health. $200 million was made available to treat the diabetes epidemic. $126 million was set aside to investigate climate change. National standards for teachers were agreed. A new energy regulator was proposed, and national rail safety measures were to be adopted. $40 million over four years was allocated to remote indigenous communities to develop work skills. While some of the premiers were dissatisfied that more was not promised on climate change or on economic reform and human capital agendas, the meeting concluded harmoniously.

As the fortieth anniversary was marked of the 1967 referendum recognising Aborigines, the issue of indigenous inequity and disparities in wellbeing became a high priority. In April the Prime Minister ordered all Commonwealth agencies to devise their own action plans to address the issue. He also urged the corporate sector to undertake more aid and employment opportunities. Reports pointed to “shameful” disparities in lifespan between indigenous people and non-indigenous (on some figures up to twenty years difference). Sexual abuse of women and children was again highlighted in a major report to the Northern Territory government — entitled Little Children are Sacred. The report indicated high levels of sexual abuse, sexually transmitted diseases and the rape of children in dysfunctional communities affected by “rivers of grog”. When the Territory government failed to act on the report in late June, John Howard declared the situation a “national emergency” and announced that the Commonwealth would step in, seizing land, abolishing the permit system, banning
alcohol, providing extra health services and sending in the army to keep order. He also promised that welfare payments would be quarantined to ensure families were fed. His announcement divided indigenous leaders between those who agreed with the drastic action and those who thought it was patronising and knee-jerk.

The Battle Over Work Choices

With the legality of the Commonwealth’s Work Choices legislation cleared by the High Court, industrial relations became one of the most fiercely contested policy areas in the lead-up to the election. It was one area where the Coalition and Labor had some keen points of difference — even if these tended to be more amplified rather than real. Labor argued that the government’s IR laws were unfair and creating a “brutopia”— and some polls found that up to 33 per cent of voters felt they would be worse off under the new laws. After much soul-searching, Julia Gillard announced initially that Labor would replace Work Choices, abolish AWAs and reinstall union awards (with penalty rates, holiday pay, minimum wages). Unfair dismissal laws were to be bolstered (but not fully restored) and strike ballots would be retained against union wishes. The industrial relations commission would be abolished and replaced with a Fair Work Australia panel. Her interim policy was immediately criticised by the government as retrogressive and by business as unworkable and costly. Howard described it as a “rollback” that handed power back to union bosses. The mining industry (almost entirely on AWAs) opposed the new policy claiming that up to $60 billion in future investments was at risk if non-award labour market flexibility was not preserved. Rudd also had to overrule and contain the anger of some of the more militant union leaders who opposed Labor’s bob-each-way policy, much of which looked as if it had been cobbled together on the run. He also had to expel some union leaders accused of standover tactics from the party. The resulting controversy caused many of Gillard’s frontbench colleagues to criticise her policy capacities. In response she indicated Labor would rethink the interim policy and make amendments. The government’s attack was undermined when Senator Bill Heffernan went over the top and accused her of being “deliberately barren” and unfit for leadership — he was forced to apologise by the prime minister.

By contrast, the government announced that Work Choices would be provided with a safety net and with tougher fairness tests on AWAs (which now numbered one million nationwide). As polls highlighted concern over the new laws, Howard announced that workers on less than $75,000 could not be worse off overall if they traded away other conditions. The fairness test would be implemented by an additional 600 fairness inspectors under a reformed Workplace Authority who would check every individual contract. Immediately, after this concession was announced the government began a massive advertising campaign promoting its “stronger safety net” — in an attempt to counter the unions’ negative advertising campaign against the laws. The campaign was reportedly to cost up to $60 million, taking the total advertising budget to well over $200 million for government promotions.

Hiding Funds for Rainy Days — Constrained Largesse in the 2007–08 Budget

The Treasurer delivered his twelfth budget facing an acute dilemma. The government had indicated in January that it would be an austere budget. While inclined to spend in an election year, the government feared even more the prospect of an expansionary budget hiking up inflation in a near-full employment economy — which would cause the Reserve Bank to lift interest rates and worsen the index of housing affordability. So, the carefully crafted budget provided modest tax cuts strung out over four years
costing $31 billion over that period. The Treasurer provided a one-off cash bonus of $500 to seniors and increased childcare assistance to almost $3 billion per annum. Of more interest, though, was the fact that Costello chose to park surplus funds in endowment foundations similar to the Future Fund (now with $52 billion parked in it). He announced that $5 billion would be invested in the Higher Education Endowment Fund for capital and research infrastructure (this fund would get a further $5 billion next year and could receive additional government contributions at a later date or even corporate donations). Education minister Julie Bishop claimed the fund may grow to $50 billion over time. The option to tie up money in these funds took it off-budget while countering Labor’s intentions of investing more in education. Costello also allowed universities to increase some business course fees.

To shore up its electoral base the government announced a $23 billion road and rail infrastructure package largely directed to regional areas. Rural assistance was also increased by $314 million, but less impressive was spending on the environment — with rebates available for solar panels and for community water tanks. Spending on indigenous people rose in total to $3.5 billion — with almost $1 billion going to housing ownership in communities. While journalists described the Budget as a “tactical masterstroke”, Labor described it as “cunning”.

In Defence, the government announced the scrapping of the navy’s Seaspire helicopter program — after the project ran massively over-budget and airworthiness of the ten helicopters in the fleet was questioned. Defence was also forced to accept the contract with US suppliers for 100 of the F-35 joint strike fighter planes after the US refused to allow the export of the superior F-22 Raptor. In June the government also committed to purchasing two of Spain’s F100 Navantia frigates at a total cost of $8 billion. With around 3,500 Australian troops in seven overseas operations, the budget also delivered increased spending on Defence (up $2 billion to $22 billion), including pay rises for troops, and improved equipment.

Over the early months of 2007 the Treasurer began to have serious concerns about major private equity deals (high priced buy-outs of profitable firms by private financial consortia which then left the firms with huge and possibly unsustainable debt levels). Qantas was one major target — by Macquarie Bank which proposed an $11 billion takeover — and supported enthusiastically by the Qantas board. When institutional and small investors rebuffed the deal in May (and after the government insisted on certain undertakings about the workforce and national character of the firm), the private equity takeover collapsed — leading to the resignation of the CEO Margaret Jackson.

Positioning on Climate Change

As debate over the magnitude of climate change intensified, the government claimed it had always had “a policy” — despite being in denial for some years and refusing to sign up to the Kyoto Protocol. Progress was so slow that the states themselves proposed to establish a carbon-trading scheme. The Prime Minister made it clear that he was less sceptical of greenhouse warming (becoming a “climate-change realist”) but stopped short of endorsing hard targets (such as a 60 per cent reduction in greenhouse gas emissions by 2050). He gradually softened his position proposing to support “aspirational targets”. A special PM&C taskforce on emissions, given the task of investigating the issues, consulting with business, and proposing options, reported in late May. It recommended a “regional” emissions trading scheme (involving countries around the Pacific) with pricing signals but stopped short of advocating precise emission targets. It argued the system could be in place by 2011 if action were taken but that nuclear power had to be considered.
The opposition was predictably critical — claiming that the government had wasted ten years with inaction (*Weekend Australian*, 3-4 February 2007). But while the party was happy to announce a $1.5 billion “clean coal” investment and establish a climate change review of its own under Professor Ross Garnaut, it ruled out any change in its opposition to nuclear power. When Environment spokesman Peter Garrett warned that we had to reduce our dependence on the coal industry — this posed further difficulties for the party with the largely non-unionised industry. The Greens leader Bob Brown went further arguing that coal exports should be capped and that no further coal-powered power stations should be commissioned.

**A Guilty David Hicks Returns Home**

Even after he had spent over five years in gaol at Guantanamo Bay, the Howard government gave the impression it was in no hurry to expedite the legal case against the captured terror suspect, David Hicks. Many senior ministers kept underscoring the seriousness of the charges against Hicks. They defended the delay and claimed that the incarceration had not caused him any mental illness. Hicks’ lawyers regarded the government’s stance as an attempt to “demonise” him to the Australian public.

But domestic pressure on the government mounted — especially as concern over the abuse to his civil rights widened and “bring David Hicks home” campaigns broadened into mainstream society. While Labor called for Hicks to be bailed in Australia awaiting trial, newspaper editorials, activist websites (such as GetUp) and Amnesty International all campaigned for a speedy trial and his repatriation. Coalition backbenchers in parliament also argued the government should ensure he receive a fair trial. The government then responded by lobbying US political and military leaders to allow Hicks to plead guilty in a plea bargain that would allow him to return to gaol in Australia — with his five years already served counting towards his sentence. In late March Hicks pleaded guilty to the charge of giving material support to terrorism. He was found guilty by the military tribunal and sentenced to seven years’ gaol — with the time he had served in Guantanamo counted. He returned to Australia on 20 May to spend the rest of his sentence in Adelaide’s Yatala prison.

**Total “Annihilation” — Is it Me?**

After five months of Rudd’s challenge, Howard remained perplexed by the strong support Labor was maintaining. The polls were stubborn and attacks on Rudd did not seem to have any effect. Trailing by 14 per cent, he asked his party whether their declining fortunes were down to his leadership. He told colleagues the party faced “annihilation”, asking them “is it me?” A poll conducted in May found 57 per cent of voters thought Labor would win the next election — the first time in nearly four years of regular polling.
It wouldn’t be an election year in New South Wales state politics without a bidding war on law and order. And so it was as the New Year dawned and the Premier, Morris Iemma, and Coalition Opposition leader, Peter Debnam, turned their attention to the looming March 24 state election. Iemma played out the habitual role expected of state premiers, standing shoulder to shoulder with his Police Minister, Ken Moroney, overseeing new police recruits and announcing more “police on the beat” (*Sydney Morning Herald*, 16, 26, 28 January 2007).

Not to be outdone, Peter Debnam raised the stakes. Bettering the 750 new police already announced by the government, he promised an additional 1,100 police under a Coalition government. In one of the profound Churchillian moments for which his forthcoming campaigning would become famous, Debnam described these 1,100 future recruits as “real police, in real stations, and in real patrol vehicles” (*Sydney Morning Herald*, 19 January 2007), presumably drawing attention to the virtual police operations of the present Labor era. He also pledged to end “soft” jail terms and to subject judge selection to greater scrutiny (*Weekend Australian*, 17-18 February 2007). Six weeks after his original police tender, and for no apparent reason other than electoral desperation, Debnam raised the bid to 1,700 police, and promised to introduce legislation that would make children responsible for criminal action (*Sydney Morning Herald*, 5 March 2007).

Debnam may have had more success if he had focused his attention less on naughty children and more on the delinquency of Labor MPs and ministers. Throughout January and February, Labor continued to be buffeted by scandals that had dogged the state government in 2006. The Court proceedings against sacked Aboriginal Affairs Minister, Milton Orkopolous, outlined thirty charges of child sex and drug offences (*Sydney Morning Herald*, 6-7 January 2007; *Weekend Australian*, 20-21 January 2007). Following hard on the heels of this embarrassment, Labor MP for the safe seat of Macquarie Fields, Steven Chaytor, was convicted of assaulting his girlfriend, which led to his immediate replacement (*Weekend Australian*, 20-21 January 2007). Parliamentary Secretary Tony Stewart also resigned after being caught drink-driving, Local Government Minister Kerry Hickey admitted to speeding offences, and David Field, Chairman of the Sydney Port Authority, accused Government Minister Michael Costa of elbowing him out of his job in favour of a Labor mate (*Sydney Morning Herald*, 20-21 January, 1 Feb 2007).

In addition, former minister Carl Scully resigned in mid-January, having failed to escape the consequences of his sacking as Police Minister in October 2006 for having twice misled parliament over matters relating to the Cronulla riots. Defiant to the end, Scully bowed out of politics after seventeen years saying that one day the state would thank him for the cross-city tunnel (*Sydney Morning Herald*, 15 Jan 2007), rather than seeing it as the debacle that most thinking people assume it to have been. However, as the receivers picked over the bones of the failed operator of the cross-city tunnel and as taxpayers picked up the bill, one of the private investors in the soon-to-be opened Lane Cove tunnel attempted to sell out (*Sydney Morning Herald*, 13-14 January, 8 February
While Premier Iemma rejected any suggestion that this signified a vote of no-confidence in the government, the entire episode again demonstrates some of the potential problems that arise with the private provisioning of public goods.

Individual scandals were not the only difficulty that the government faced in the run up to the election. Housing, water, and public transport also figured prominently as issues that a more competent opposition could have exploited. The media’s preoccupation with Sydney’s housing affordability crisis was a staple of political commentary in the months leading up to the election. House prices in Sydney have risen 75 per cent faster than wages over the past two decades, and houses are now 2.3 times more expensive than they were just a decade ago (Sydney Morning Herald, 3, 9, 10, 18 January 2007; Weekend Australian, 13-14 January 2007). Moreover, an international housing affordability survey found Sydney the seventh most expensive city in the world (Sydney Morning Herald, 23 January 2007). The government, however, rejected talk of a lack of affordability. Planning Minister Frank Sartor dismissed the above report as being that of a “remote hired gun” and asserted that there were “ample supplies of land” in New South Wales (Sydney Morning Herald, 23, 24 January 2007). This contradicted an earlier draft strategy paper that the minister had released, whose explicit purpose was to help the state cope with Sydney’s housing shortage. The plan involved enticing more than 150,000 new residents to New South Wales’s mid-north coast (Sydney Morning Herald, 18 January 2007).

With New South Wales still gripped by one of the state’s worst droughts on record, it was not surprising that water should become an election issue. The government confirmed its plans for building a desalination plant in southern Sydney and pushed its credentials on greenhouse policies (Sydney Morning Herald, 3, 8, 31 January, 17-18 February 2007). The Opposition railed against the plan, instead unveiling a plan that would see treated effluent as a back-up to Sydney’s water supply. To underline his confidence in treated effluent, Peter Debnam drank recycled water at a filtration plant on the Nepean River. Not satisfied with the mere demonstration effect, he could not help uttering another one of his ill-judged one-liners: “It’s delicious [...] This water tastes sweet. It tastes like water” (Sydney Morning Herald, 19 February 2007). In the first and only televised debate of the election campaign, Premier Iemma seized the opportunity offered: “On water recycling, Mr Debnam and I both agree — but with one key difference. My government will force industry to use recycled sewage. Mr. Debnam will force Sydneysiders to drink it” (Sydney Morning Herald, 19 February 2007).

The woeful state of Sydney’s public transport also became an election issue in February and March because of yet more headline-grabbing public transport fiascos. Premier Iemma had to apologise to the public over the traffic chaos that gridlocked the city and left thousands of commuters stranded when theQE II and Queen Mary II arrived in Sydney Harbour (Sydney Morning Herald, 22 February 2007). Barely three weeks later, he had to apologise again, as 4,000 commuters were trapped in a rail tunnel for more than two hours (Sydney Morning Herald, 15, 16 March 2007).

The Campaign and Election

The Coalition proved singularly incapable of turning such embarrassments for the Government into political capital for itself. When quizzed about why the Coalition would go to the election without an integrated vision that could fix Sydney’s transport problems, Peter Debnam dismissed it as “not the No. 1 issue” (Sydney Morning Herald, 14 March 2007). This failure to capitalise on the government’s transport woes was symptomatic of broader failings in the Coalition’s electioneering. In fact,
Debnam’s campaign — which at its launch on 25 February promised to “fix New South Wales” — was an exemplary study in how to lose an election against an unpopular government.

Peter Debnam was in full campaign mode by late January, wheeling out plans to tell when buses are late (“when it’s late, it’s late”, Debnam explained to those who cannot understand the meaning of words), and to freeze bus, train and ferry fares for four years. Labor’s Transport Minister John Watkins described this as a “lame stunt”, and claimed that the cost of the policy would be more than double the Coalition’s estimates (Sydney Morning Herald, 31 January, 6 February 2007). From there, Debnam would go on to score a series of own goals. On 9 February, he said he would scrap the government’s plans for redeveloping East Darling Harbour. The next day he back-pedalled, saying that he would be “studying the plan” closely rather than scrapping it (Sydney Morning Herald, 10-11 February 2007). That same weekend he addressed an anti-development rally in Hyde Park, saying that he would review political donations by developers to local and state governments, but refusing to say that he would not take donations himself (Sydney Morning Herald, 12 February 2007). Morris Iemma also successfully seized on the Opposition leader’s comments about cutting the state’s public sector workers by 20,000, which, the Labor Premier asserted, would damage service provision (Sydney Morning Herald, 17-18 February 2007).

In late February, Debnam sought to bolster his party’s electoral chances by presenting himself as a political action figure, photographed in both speedos and wetsuit (Sydney Morning Herald, 24-25 February 2007). But it seemed that the public was repulsed rather than attracted, with a Herald/AC Nielsen poll on 27 February showing that the Coalition was headed for electoral devastation. On a two-party preferred basis, the Coalition trailed Labor by 57 to 43 per cent.

Liberal powerbrokers were already beginning to express concern about Peter Debnam’s leadership style when he had what was, in the words of a Herald correspondent, “a day from hell” (Sydney Morning Herald, 28 February 2007). A photo opportunity was organized with the Banning family in Sydney’s far west, who had agreed to say that they would be $800 per year better off under a Coalition government. This was meant to be an appeal to John Howard’s battlers on the urban fringes, whom the Banning family was meant to personify. But it backfired horribly when it was revealed that the family owned eight properties. Peter Debnam battled manfully to suggest that these were just ordinary “Mum and Dad investors”, but the damage had already been done.

Meanwhile, Labor’s election campaign was officially launched on Sunday, 18 February. Standing beneath the government’s re-election slogan — “more to do but heading in the right direction” — Premier Iemma urged voters to stick with Labor, unveiled a campaign against family violence, and promised to spend $2 billion on school capital works (Sydney Morning Herald, 19 February 2007). Perhaps the most intriguing aspect of the campaign launch, however, was the absence of former Premier Bob Carr, who was pointedly not invited to the campaign opening. Carr’s presence, the Labor hard heads seemed to have concluded, would be political poison (Sydney Morning Herald, 14 February 2007).

By early March, Coalition financial donations had all but dried up, and Peter Debnam was implying that he had reduced expectations for the election, saying that his objective was to “win as many seats as possible” (Sydney Morning Herald, 2 March 2007). The Coalition’s position deteriorated further when it was revealed that two of the “four unprecedented crises” in the state that Debnam had identified — a water
crisis, a budget crisis, an economic crisis and a housing crisis — might not be as bad as he had portrayed. National accounts that were released on 7 March showed that supposed budget and economic crises in New South Wales were much exaggerated, with the state being back in the black, consumer demand surging and unemployment declining (Sydney Morning Herald, 8 March 2007).

Prime Minister Howard intervened in the campaign in the second week of March, urging the Coalition faithful that the election was winnable (Sydney Morning Herald, 10-11 March 2007). This was clearly more for the morale of New South Wales Liberals than it was a realistic assessment of their electoral prospects. Perhaps it also reflected a realisation by Howard, if not an explicit acknowledgement, that his own federal industrial relations policies were having a significant impact at the state level. Polling late in the campaign suggested that federal industrial relations laws were “the issue of most enduring concern in […] the state election” (Sydney Morning Herald, 23 March 2007). These same polls put Peter Debnam’s disapproval rating at a record 51 per cent. With the writing clearly on the wall, Debnam all but conceded in the final week of the campaign, telling voters that they now faced four more years of what he and his advertising gurus had dubbed the “guilty party” (The Weekend Australian, 17-18 March 2007; Sydney Morning Herald, 17-18 March 2007).

The election itself was a formality, with few if any surprises. Requiring an improbable 8 per cent swing to take office, the Coalition only managed 3 per cent. This eventually translated into only five additional seats, two of these being taken from independents rather than Labor (Manly and Pittwater, both on Sydney’s North Shore). Two Labor seats that were won by the Coalition on the night (Murray-Darling and Tweed, in the state’s far north-east) went to the Nationals rather than to the Liberals (Sun-Herald, 25 March 2007, Sydney Morning Herald, 26 March 2007), and it was only confirmed a week later that the Liberals had taken the once safe Labor seat of Port Stephens from the incumbent.

In the Upper House Legislative Council it was a similar result. In the forty-two-seat chamber, Labor and the Coalition maintained their numbers at eighteen and fourteen seats respectively. Only the Greens increased their share, going from three to four seats, on the back of winning nearly 9 per cent of the vote. The Greens’ strong showing was not enough to break through in the Lower House as they had hoped to do — with Labor-held Balmain and Marrickville being the most likely possibilities — but it does underline the extent to which they have now clearly emerged as the country’s third party, in both state and federal politics (Sydney Morning Herald, 26 March 2007).

The Aftermath

The response by the respective leaders on the night of the election was instructive. The re-elected Premier donned the mantle of humility, acknowledging that voters were not happy with his government:

Tonight we have been given another chance. We have been given a mandate, but it is a mandate with a message. The mandate is to get back to work, keep your promises and get services that we rely on moving in the right direction.

In Peter Debnam’s concession speech by contrast, people could be forgiven for thinking that they were listening to a victory speech. In this election, he said, the Coalition had achieved its first electoral swing since 1988, and that “a lot of people came home to the Liberal Party and the National Party tonight”. He added: “What we’ve achieved is a really healthy result. We have clawed back so much lost ground” (Sun-Herald, 25 March 2007). Peter Debnam was clearly living in a parallel political
universe to the one where a party under his leadership had just failed to take a single seat from a widely-discredited Labor government (Port Stephens was not confirmed as a Liberal win until a week later).

The day after the election Peter Debnam described the campaign against him as “the most vicious political campaign in history” (*Sydney Morning Herald*, 26 March 2007). While this was perhaps a hyperbolic judgment, it was true that Labor had taken attack advertising to a new and higher plane, successfully portraying the Opposition leader as an economically incompetent, failed entrepreneur. But Debnam had contributed mightily to the success of the Labor campaign, and the knives were already beginning to be sharpened on the night of his defeat.

Despite his backing from the right wing of the Liberal party, Debnam’s position rapidly became untenable. By the weekend following the election it became clear that the more centrist Liberal, Barry O’Farrell, could count on at least eighteen of thirty-one votes in a leadership showdown. Consequently, Peter Debnam resigned as leader on Monday 2 April, and O’Farrell was elected Coalition leader on 4 April (*Sydney Morning Herald*, 3, 5 April 2007).

O’Farrell immediately set about stamping his own mark on the party. He announced a shadow cabinet on 11 April, which promoted three new MPs to the front bench. Pru Goward was given the portfolios of climate change, environment and women; Mike Baird was awarded finance, commerce and youth affairs; and Greg Smith became the new shadow Attorney-General. Greg Pearce, one of the leaders of the Liberals’ moderate faction, received the coveted portfolio of shadow treasurer (*Sydney Morning Herald*, 12 April 2007).

On the other side of the parliament, Morris Iemma was consolidating his leadership with a major reshuffle of the Labor ministry. Ten new ministers were sworn in, including bitter enemies Phil Koperberg (climate change, environment and water) and Paul Gibson (sports, Western Sydney, and assistant to the Minister of Roads). Premier Iemma said that both were “mature men” who “know the rules”, an opinion that was concurred with by both men (*Sydney Morning Herald*, 31 March-1 April 2007).

But Labor’s time for basking in the light of their election victory was short lived. The day after appointing Paul Gibson, the Premier had to revoke the appointment, as allegations arose that in 1991 he had assaulted his former partner, the former Minister of Sport, Sandra Nori (*Sydney Morning Herald*, 3, 4, 5 April 2007). A policy advisor in the Premier’s office, Mark Aarons, was later identified as the person who had brought the allegation to the Premier’s attention, and was forced from his job, which created more strife for Labor (*Sydney Morning Herald*, 21-22 April 2007). The new government faced further frictions in mid-April, when the so-called bloc of “brown” Ministers — Michael Costa, Tony Kelly and Ian MacDonald — attacked the new “green ministry”. In particular, they aimed to curb the power of the new “super-portfolio” of climate change, created by Iemma and filled by Phil Koperberg (*Sydney Morning Herald*, 13 April 2007).

In early May, another political storm broke. This time it was over the less than enthusiastic response to hosting the APEC forum in September. Deputy Premier, John Watkins, said that Sydney stood to gain nothing from the meeting of world leaders: “This is an event that will bring disruption to the daily lives of hundreds of thousands of Sydneysiders with very little benefit to them”, he said. For this, Prime Minister Howard branded the Iemma government “small-minded and provincial”. Two days later the Premier backed down, saying that the chaos of the summit would all be worth it (*Sydney Morning Herald*, 1, 4 May 2007).
On 9 May, Premier Iemma announced that the government was reviewing whether or not to privatise the retail side of electricity provision in the state — a sale whose chief virtue was being touted as its raising of $4 billion that could then be used on infrastructure spending. Initially, trade union officials greeted the announcement with relative indifference. Within two weeks, however, unions were denouncing the possibility as a potential broken pledge by Labor, with thousands of job losses likely to be the result (Sydney Morning Herald, 11, 25 May 2007).

The beginning of winter saw a chill in the relationship between the government and that other great institution in Labor’s history — the Catholic Church. Cardinal George Pell warned Catholic parliamentarians that they faced “consequences” if they voted for therapeutic cloning, while stopping short of saying what those consequences entailed. Premier Iemma and his deputy John Watkins, both practicing Catholics, said that they would vote for the bill. Nationals MP, Adrian Piccoli, went further saying that the Cardinal’s comments were unacceptable: “We don’t accept that Muslims should influence politics, so I don’t see why Catholics should” (Sydney Morning Herald, 6 June 2007).

The government’s final big act in the first half of 2007 was the handing down of its budget on 19 June. Treasurer Michael Costa’s second budget had the good fortune of delivering a small surplus ($444 million) when it had been predicted that the budget would be in deficit. Perhaps the most notable aspect of the budget was the more than $12 billion earmarked for major capital works on roads, rail, health and education over the next four years. This was generally well received by business, union and community groups, but the leader of the Opposition, Barry O’Farrell, said that it simply reflected the neglect of these areas in the past (Sydney Morning Herald, online edition, 19 June; Sydney Morning Herald, 20 June 2007).

While there is certainly more than a grain of truth to O’Farrell’s claim, this could not detract from the state government’s successes in the first half of 2007. Despite all of the tribulations of ministerial scandals and transport meltdowns, the government maintained its electoral lead over the Coalition largely intact, and Morris Iemma consolidated his hold on the leadership of the government. If nothing else, this is a salutary lesson for all those who think that charisma is still important in politics.

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Victoria
January to June 2007

Nick Economou
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Climate matters dominated the Victorian political debate in the first half of 2007 as the recently re-elected Labor government under Premier Steve Bracks responded to a series of issues emanating from the seemingly endless drought. While the bushfire season had actually got off to an early start ahead of the Christmas break, the failure of any summer rain to eventuate meant that the state was particularly dry ahead of the traditionally difficult months of January and February. Indeed, in mid-January rolling thunderstorms that produced plenty of lightning but no rain ignited a series of fires that plunged Victoria into a major bush-fire crisis (Age, 18 January 2007). The worst fires
were those that raged out of control in the Victorian alpine area which is home not only to the state’s skiing industry but also a crucial catchment area from which Melbourne draws its water supplies. The alpine fires were in fact burning on two massive fronts: one to the north east that also damaged large areas of the state’s northern wine production, and one to the south emanating from the old gold mining township of Walhalla that threatened to come out of the mountains and engulf agricultural land in north Gippsland and even threatened the brown coal mines in the LaTrobe Valley that power the state’s electricity grid. At the height of the crisis the Morwell open-cut mine actually caught fire. Meanwhile, a wildfire burning near the New South Wales border cut the national electricity grid and plunged Melbourne into a long power outage on one of the hottest days of the year (Age, 21 January 2007).

In a cruel twist, the review period ended with another meteorological blow for the Gippsland region. The January-February fires were actually ended by the arrival of unseasonable rains. June, however, was to be a particularly damp month in Victoria and in the East Gippsland region the same low pressure system that flooded the Hunter Valley in New South Wales re-formed east of the Victorian coastline and dumped a deluge of rain that comprehensively flooded the Nicholson and La Trobe river valleys (Age, 28 June 2007). This resulted in substantial stock losses, damage to wineries and vegetable growing areas, and flooded the towns of Lakes Entrance, Bairnsdale and Sale. Thus Premier Bracks was forced to visit the Gippsland region twice in the review period to inspect the damage, to praise volunteers and to promise government assistance to help residents rebuild their businesses and communities. The irony in all this was that, as Gippslanders were waist deep in flood waters, the state’s total drinking water resource fell below 30 per cent capacity. The threat of fire damage to the Thomson Dam — the major reservoir in the alpine district — simply reinforced the community fear that the state would run out of water, and this precipitated a major debate on water resource policy beyond simply instituting ever more punitive restrictions on water use. This debate was to dominate the policy agenda.

Fires and a water crisis were not the only things to shock Victorians during the review period, however. In May an accident involving a semi-trailer led to fatalities and a fire in the Burnley Tunnel that precipitated a debate about driving culture and road speeds on Melbourne’s freeway system (Age, 24 May 2007). In early June a large truck crashed into a Melbourne-bound rural train service, the fatalities from which rendered the Kerang crossing accident one of the worst rail accidents in the state’s history (Age, 6 June 2007). Then, in mid-June on a Monday morning in the central business district filling with commuters walking from the city’s various railway stations to their places of work, a young man was seen assaulting a young woman outside one of the many twenty-four-hour night clubs that populate the city’s west end. When challenged by a couple of passers-by, the man took a pistol from his pocket and shot them and the girl he had been arguing with and then fled the scene. A major police response ensued and, within a week, Christopher Wayne Hudson was arrested for the alleged murder of solicitor and father of three young children Brendan Keilar, and the attempted murder of Dutch tourist Paul de Waard, and stripper Kara Douglas, with whom Hudson had allegedly been arguing (Herald Sun, 18 June 2007). Hudson had been associated with the Hells Angels motorcycle club, and the incident precipitated a debate about the need to crack down on such clubs and to tighten gun ownership laws. To the shock of Australian football-mad Victorians, it was later revealed that a prominent footballer from the Collingwood football club had been with Hudson some
days earlier and had witnessed an incident in the northern suburbs in which gunshots had been fired at police.

**Water, Water Everywhere and Scarcely a Drop to Drink**

Water dominated Victorian politics between January and June. Political skirmishes over this diminishing resource manifested themselves on two broad fronts — firstly, as a debate as to how the state might best secure water supplies for the future, and, secondly, as a battle with the federal Coalition government over the management of the Murray-Darling Basin. Both debates were driven by the basic fact that the drought was severely affecting supplies of water available for drinking (of utmost importance to residents of Melbourne and some of the larger regional cities who faced running out of water over summer) and the availability of the resource for irrigated agriculture. Irrigated agriculture is a very important part of the Victorian economy and is of great regional significance to communities in the Goulburn River valley such as Shepparton, and in the Sunraysia district including Mildura. It is also historically the case that farmers in the Riverina district of New South Wales have tended to integrate with the Victorian economy — an important consideration in the political dynamics of the Victorian government’s position on the federal government’s proposed take-over of the management of water resources in the Murray-Darling Basin as part of the Howard government’s “$10 billion water plan”.

In proposing to establish federal authority over the Basin’s management, which involves the allocation of water to the various users and interests including the drinking needs of Adelaide, the Howard government’s offer of substantial federal financial assistance helped expedite agreements to sign up to the plan from South Australia, New South Wales and Queensland. The Victorian government, however, refused to sign up and declared the need for further negotiations on the matter. Some commentators suggested that the Victorian government’s refusal to agree was part of a political campaign by Victorian Labor to embarrass the Liberal prime minister. The Bracks government, however, stated that its opposition was due in no small way to the request from irrigation farmers to resist the Commonwealth take-over, and partly from Victorian claims that its own allocation system was superior to anything the Commonwealth could come up with (*Age*, 22 February 2007). Victoria also claimed to be unhappy about the division of regulatory powers between the existing state-based authorities and the Commonwealth’s idea for a national advisory body. Premier Bracks indicated his government’s willingness to continue negotiations, however, and this began a series of meetings between Victorian officials and the federal Water Minister, Malcolm Turnbull.

These negotiations appeared to be slow and frustrating especially for the federal minister who, at one stage, declared that the Commonwealth might go ahead with its water plan without Victoria — a proposition that earned a prime ministerial rebuke and was soon withdrawn. With farmers still opposing the Commonwealth and with a state election a long way off, Bracks continued to hold out against an exasperated Turnbull. The process of the state and the Commonwealth sending each other drafts of proposed legislation continued on with little real prospect of agreement, and in late May the Victorian premier went so far as to publicly declare that, as far as his government was concerned, the Howard government’s water plan was “dead” (*Age*, 24 May 2007). Ominously for the state government, the Victorian Farmers Federation, who had previously supported the Victorian opposition to the Commonwealth plan, were reported to be lamenting the loss of access to federal funding and would consider
negotiations with the Howard government. Despite the premier’s statement, the federal water plan was still very much alive.

In the meantime, the persistence of the drought increased pressure on the Victorian government to address future development of the state’s water infrastructure. In mid-March the state’s total water storage fell below 30 per cent of capacity (Age, 18 March 2007). This was supposed to trigger the imposition of “stage four” water restrictions, but the government demurred on this and water minister John Thwaites announced some slight modifications to the existing stage three restrictions. Concerns about the impact of a restriction of water use for certain sections of industry were uppermost in the government’s decision to avoid stage four restrictions, and, indeed, may have also been the catalyst for a re-think on the matter of future infrastructure development. The government had flagged some initiatives ahead of the state election involving the use of recycled water, but opposition to this idea led to a declaration that recycling would not be used to supplement drinking water (Age, 30 January 2007). A number of interests, including the Liberal opposition, had been calling for the construction of new dams and a desalination plant. In January the government announced that a new pipeline would be built to take water from the state’s north-east and divert it to Ballarat (Age, 26 January 2007), but appeared to be less than enthusiastic about desalination plants. When the Treasurer, John Brumby, brought down the state budget in May the opposition looked in vain for any commitment to a plant that could convert sea water into drinking water.

For weeks the government took heavy criticism for its failure to come up with anything other than an idea to trap storm water and encourage householders to install water tanks as a response to the state’s water crisis. Then, on 19 June, Premier Bracks (not Water Minister Thwaites) convened a press conference to announce that a $3.1 billion desalination plant would be constructed near the south Gippsland town of Wonthaggi that would annually convert sea water into 150 billion litres of drinking water, and that a major pipeline construction program would take this water to the southern suburbs of Melbourne and growth corridors in the shires of Cardinia, Bass Coast and Casey (Media Release, 19 June 2007). Treasurer Brumby also announced that this project would be undertaken as a joint Public-Private Partnership (PPP), meaning that the government would be looking to a private company to build and run the facility. This announcement came as something of a shock especially to residents and councillors in the Bass Coast Shire within which the plant would be built. Local councillors welcomed the project and its potential boost to the local economy, but a major community backlash began to form, particularly over the lack of consultation. The premier, meanwhile, began to spruik the project in a television advertisement featuring a helicopter ride over the affected area. The speed with which this advertisement came out suggested that the government had had the Wonthaggi plant in mind for some time. The Opposition, for its part, attacked the premier for his use of tax-payer funded advertising to announce government initiatives. Within twenty-four hours of making this announcement heavy rain started falling across the state and east Gippsland was inundated with floodwater.

Other Policy Debates
There were other matters requiring government attention amidst this seemingly endless water crisis. Although it said nothing about desalination plants, Treasurer Brumby’s annual state budget — handed down on 1 May — was his most generous and expansive yet. With the state’s coffers brimming with GST revenue and indirect taxes gleaned from the state’s apparently endless real estate boom, the treasurer was able to
commit significant sums of money to a range of programs and projects. The three most significant outlays were in health, where $460 million was allocated for refurbishment and construction, education, where $510 million was set aside for new schools, and public housing, which was to get $500 million for new housing stock (an important consideration in the light of increasing pressure on low-income renters arising from the state’s escalating land values). The treasurer also addressed a long-standing dispute between the government and small business over land tax with the budget promising a reduction in the rate of tax payable on land valuations. In addition to this, the treasurer promised a reduction in payroll tax rates and a reduction in WorkCover insurance premiums (Age, 2 May 2007). For all of these commitments, Brumby was still able to claim that budgeted revenue would be greater than expenditure and that his budget was in surplus. The opposition disputed this view, pointing out that the capital works program was actually based on an increase in borrowing and opposition leader Ted Baillieu raised the spectre of government debt in his bid to try to counter the triumphalism of Bracks and Brumby.

In April the Victorian parliament debated legislation designed to clear the way for the expediting of stem cell research in Victorian universities and research institutions. The so-called “cloning bill” had been introduced to the Legislative Assembly by Premier Bracks where MPs were able to vote according to conscience rather than party blocs. Despite the strong opposition of a number of interests including the Anglican and Catholic churches, the bill was overwhelmingly passed with many Liberals — including leader Baillieu and deputy Louise Asher — voting with a substantial bloc of Labor MPs. Of the twenty-five who voted against the bill a number were Labor MPs including one minister, the then gaming minister James Merlino, whose union affiliation is with the Shop Distributive and Allied Employees union (Age, 19 April 2007). The bill also passed the Legislative Council — a chamber that is no longer under the government’s control thanks to the utilisation of proportional representation at the last state election. In this matter the Greens, who now hold the balance of power, supported the bill. On some other matters, however, the Greens voted with the Liberal and National parties and the DLP. Early in the new parliamentary term the upper house declared its intention to convene an ad hoc investigative committee into the granting of gambling licences by the Bracks government in the previous year (Age, 16 February 2007). In April relations between the Greens and Labor plumbed new depths when a proposal by the government to have an anti-nuclear energy clause inserted into the Victorian constitution was defeated by the Greens voting with the opposition (Age, 20 April 2007). Ostensibly the parties were at odds over the means by which a nuclear ban could be triggered, but the dispute again threw the tense competitive relationship between these parties into sharp relief.

Away from the rigours of the parliamentary debate, the Bracks government had some other policy problems to deal with. One of these was the question of the location of a toxic industrial waste facility. The Bracks government had intended to locate this facility at Nowingi in the state’s far west, but an adverse Environmental Impact Statement resulted in the government abandoning the plan (Age, 10 January 2007). This would have been a bitter outcome for former independent MP Russell Savage who lost his seat over this matter in the 2006 state election. Meanwhile, the government was also concerned about another impact study, this time on the effects of deepening the Port Phillip shipping channel where a dispute over the impact of widening the channel at Port Phillip Heads emerged. As community opposition to this plan began to mobilise, the treasurer reiterated his determination to have this project proceed (Age,
The success of the Melbourne Victory soccer team put pressure on another previously made policy decision, this time in relation to the development of a soccer-rugby specific facility at Olympic Park. Previously committed to building a 20,000 capacity stadium, Melbourne’s soccer interests succeeded in getting the government to commit to a 35,000-seat stadium (*Age*, 24 May 2007).

Health and policing caused the government difficulties during the review period. The emergence of a problem in the administration of health matters occurred following the death of a patient and the hospitalisation of others due to an outbreak of gastroenteritis at an aged care facility in the Melbourne suburb of Caulfield. At the same time that this was happening the Victorian County Court was being told that the Health Department had known about an HIV-infected man accused of deliberately spreading the disease in the Melbourne gay community but had failed to inform Victoria police. For these shortcomings the Minister for Health, Bronwyn Pike, dismissed the Chief Health Officer, Robert Hall (*Age*, 16 April 2007). Pike, only just surviving her joust with the Greens in her seat of Melbourne at the last state election, proved to be just as tenacious in defending her position in the face of calls from the opposition for her resignation as minister.

In the meantime, relations between the Bracks government and that section of the Victoria police represented by the Police Association and its secretary, Paul Mullett, were also tempestuous. At issue here was the negotiation of a new enterprise bargain for police officers although, as the government was keen to point out, these negotiations were supposed to be taking place between the police union and Police Command and not the government. Mullett — who, it had been reported in the *Age* (23 March 2007), had once sought pre-selection for the Liberal party — preferred to take up the battle with the government with whom, he intimated, something of a deal had been struck ahead of the state election (*Age*, 21 February 2007). Here again the complex relationship between the Bracks government and the Police Association was to emerge as a matter of controversy, with the opposition very keen to get to the bottom of the alleged pre-election agreement. Whatever Mullett might have thought about the government ahead of the election was now immaterial, however, and the impasse over police salaries remains unresolved amidst threats of industrial action.

**Politics: Low-Level Scandals**

The post-election period in Victoria was peppered with a couple of political scandals, one of which was to have a significant impact. In February the press reported that Liberal Legislative Councilor and deputy upper house leader-elect, Richard Della-Riva, was involved in a sex scandal. It was soon revealed that Della-Riva had made some suggestive remarks to a young female party member following a Liberal function. The inappropriateness of a married man making such comments was enough to have him resign from his leadership position — an outcome that pleased the so-called Kroger-Costello faction within the Liberal party who could install their preferred candidate as deputy leader and immediately precipitated claims that the details of the Della-Riva indiscretion had been leaked by factional players (*Age*, 6 February 2007). Over on the Labor side, Premier Bracks was confronted with news that the Labor member for Derrimut and parliamentary secretary for multicultural affairs, Telmo Languiller, had written a personal reference for a Walter Foletti who was known to have connections with Carl Williams, the underworld figure currently in court over a series of murders (*Age*, 13 March 2007). Ever since federal Labor MP Kelvin Thompson had been caught out over writing references for organised crime figures, Labor has tended to be hyper-sensitive to such claims. Languiller has powerful friends in the party, however,
and survived this minor scandal. Indeed, he was to survive another scandal some weeks later when it was revealed that he had falsified immigration documents pertaining to an application made by an uncle of his to migrate to Australia (Age, 28 May 2007).

A fairly low-profile member with support from his leader, Languiller was able to survive these embarrassing revelations. The government ran into more difficulties when revelations of allegations of improper use of ministerial resources were made against deputy premier and water minister John Thwaites. Thwaites also holds the portfolio of environment, and it was under the auspices of this role that he attended meetings of management committees for some ski resorts in the Victorian alpine area and for the Tidal River camping and resort facility at Wilson’s Promontory. It was reported that, on some occasions, Thwaites had gone to these places with his family and had stayed in resort lodgings free of charge. This was seized upon by the opposition as inappropriate use of his position as minister. Thwaites responded with a retort that the accommodation he had used had been fairly basic and that it had been offered in the context of his being required to do ministerial work in these locations (Age, 20 June 2007). The opposition did not really make an impact in pursuing this matter, but there was a sense that Thwaites had been personally affected by the attack on his family.

**Conclusion**

As June drew to a close a certain familiarity about the nature of Victorian politics was perceivable. The government had had some difficulties with both the policy debate and with a few peccadilloes involving its MPs, but the opposition had failed to make any real impact in pursuing these matters. The treasurer had managed to deliver a budget that enjoyed positive press coverage and good winter rains had alleviated the state’s water problems. The Bracks government appeared to be as ascendant as it had been at any time since its landslide election victory in 2002. Yet was this simply the calm before a storm? Toward the end of March the *Sunday Age* (25 March 2007) ran a curious piece suggesting that Treasurer Brumby — a former opposition leader who, it was well-known, had lost the leadership to Steve Bracks just before the 1999 election that had heralded the onset of a new Labor hegemony over Victorian politics — was considering quitting politics. This did not come to pass, of course, and Brumby went on to deliver the 2007 budget. By the end of the review period it was actually John Thwaites who was starting to look as if he had had enough and commentators began to contemplate the possibility of Premier Bracks tweaking his cabinet. At no stage did anyone consider that it might have been the premier himself who was contemplating quitting, apparently at the height of his power. But, as we shall see in the next Chronicle, June was to be a moment of calm ahead of spectacular change, the catalyst to which was a car accident involving the Bracks family Saab on a road in the premier’s electorate of Williamstown in the wee hours of a week-night in July.
Queensland
January to June 2007

PAUL D. WILLIAMS
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Overview
Labor began the period with renewed confidence despite looming headaches such as potentially falling short of completing major infrastructure projects (especially water), ministerial scandals resulting in criminal charges, and alleged political interference in the judiciary stemming from an Aboriginal death in custody. Perhaps Labor’s daunting public opinion lead, discussed below, and the Coalition’s continued in-fighting also bolstered the government’s resolve to press ahead with forced local government amalgamations, despite being perhaps the most unpopular public policy decision of Premier Peter Beattie’s nine-year government.

The Parties’ Electoral Standing
Incredibly, the government managed only to improve on its public opinion standing from last September’s election. Newspoll revealed Labor, during the April-June period, enjoyed a primary vote of 51 per cent (up from 46.9 per cent), with the Coalition on just 31 per cent (Liberals 20 per cent; Nationals 11 per cent — down nearly seven points). This equated to a staggering two-party preferred (2PP) split of 61 to 39 per cent (up from 54.9 / 45.1 per cent 2PP from last election). Beattie’s satisfaction rating remained at 46 per cent, while new Nationals leader Jeff Seeney could only muster 26 per cent (compared to previous leader Lawrence Springborg’s 24 per cent). Beattie’s 58 per cent as preferred premier continued to dwarf Seeney’s 19 per cent (http://www.newspoll.com.au/cgi-bin/polling/display_poll_data.pl). A Galaxy poll in June confirmed this trend, positioning Labor on 57 per cent of the 2PP vote compared to the Coalition’s 43 per cent (Courier Mail, 9-10 June 2007).

January
Peter Beattie may have been on his usual summer vacation but his government — under Acting Premier Anna Bligh — was afforded no time off as the “Mulrunji” affair spilled over into the New Year. Attorney-General Kerry Shine was given the task of finding an eminent jurist to review the decision of Director of Public Prosecutions Leanne Clare not to charge Senior Sergeant Chris Hurley with Cameron “Mulrunji” Doomadgee’s death in a Palm Island watch-house in late 2004 (see previous Chronicle). Former New South Wales Chief Justice Laurence Street was thereafter appointed to the task, one he duly completed by the end of January. When Street recommended Hurley face charges, the Police Union vociferously claimed “blatant political interference” (Courier Mail, 27-28 January 2007). Meanwhile, Anna Bligh was fighting another war on water. The year began with mounting concerns that $18 billion in infrastructure projects — particularly the Southeast Queensland Water Grid — would not be completed on time. Bligh then confirmed that recycled water — an option supposedly to be tested at referendum — would be compulsory should “drenching rain” not come by 2009 (Courier Mail, 6 January 2007). Should dam levels fall below 10 per cent, it was speculated that water bills would double, and some power stations “mothballed”. After conceding she had no “doomsday plan”, Water
Commissioner Elizabeth Nosworthy later made a graver faux pas when she answered — in response to the question why Southeast Queensland was not already on Level Five restrictions — there was no water crisis (Courier Mail, 24 January 2007). It seemed the government was simply gambling the drought would break.

Perhaps the biggest test of Bligh’s three weeks as Acting Premier was the handling of the Crime and Misconduct Commission (CMC)’s pressing of thirty-five charges against former minister Gordon Nuttall and Macarthur Coal CEO Ken Talbot for the latter’s alleged payment — in parcels of almost $10,000 each between 2002-05 — to Nuttall, a crime punishable by up to seven years’ jail (Courier Mail, 20 January 2007). The state Liberal and National parties, meanwhile, tried to look pro-active with the release of their latest twenty-five point Coalition agreement. But Liberal leader Bruce Flegg made his own gaffe when he agreed — in a bid to nullify the leadership issue that crippled the Coalition’s 2004 election campaign — not to challenge Nationals leader Jeff Seeney for the Coalition leadership, even if the Liberals won more seats than the Nationals. It hardly inspired confidence among Liberal voters.

February
The “Mulrunji” affair again began the month as around 2,000 police rallied in a Brisbane protest. While Police Commissioner Bob Atkinson refused to get involved, Beattie leaked Justice Street’s report to the media in justification of the government’s decision to challenge the DPP, forcing the Police Union to pass a “no confidence” motion in the Premier. Beattie did concede, however, to Union demands to install CCTV cameras in watch-houses in Indigenous communities. Water remained a sensitive topic for the southeast as Wivenhoe Dam’s capacity dropped to 20 per cent, and with two-thirds of Queensland now officially in drought. Beattie then found only derision when he suggested, off the cuff, that the state revive the long-shelved Bradfield Plan to divert northern rivers southward. North Queensland again featured when Local Government Minister Andrew Fraser discharged Innisfail City Council for poor finances and alleged bullying and infighting. Douglas Shire was placed on similar notice. Parliament thereafter saw rowdy scenes as Opposition leader Seeney called the House a “circus” with Beattie the “Chief Clown” (Courier Mail, 23 February 2007).

There were other allegations. Beattie sat on Nuttall’s controversial memoranda — issued in his last days as Health Minister — that requested $6 million in projects go ahead. The government appeared to plead ignorance until former Health Director-General Steve Buckland insisted they were available. The government finally passed the memos to the CMC on parliament’s last sitting day of the session. Deputy Premier Bligh then made the most of news that Queensland would lose $166 million in GST funding, attributing the loss to Queensland’s being the victim of its own success in surfing the economic boom.

March
Following allegations in late 2006 that Merri Rose had attempted to blackmail Premier Beattie, the Deputy DPP brought charges in early March — of “demanding a benefit with threats” — against the former Tourism Minister, an offence carrying a maximum of fourteen years’ jail. Under Queensland law, the details of the case could remain suppressed, despite media appeals for their release. In any event, Beattie insisted he had “nothing to hide” (Courier Mail, 2 March 2007). In late May, Rose was found guilty and sentenced to eighteen month’s imprisonment, suspended after three months. March also saw the Prime Minister visit Brisbane’s far west where he formally announced his $2.5 billion Goodna by-pass plan to relieve traffic congestion in the
Brisbane-Ipswich corridor. The Commonwealth’s proposal was a six-lane, nine-km road crossing Brisbane River four times and costing significantly more than the Beattie Government’s option to upgrade the existing road. Liberal leader Flegg was criticised for disloyalty when he — with Lord Mayor Campbell Newman — publicly opposed the Prime Minister’s plan. But water was never far from Queenslanders’ consciousness amid revelations the Department of Natural Resources had warned the government in 2000 of a looming water crisis. It was therefore tough for the Water Commission to sell its new water consumption target of just 140 litres per person per day, and even tougher to convince local government authorities the state would legislate to forcibly take over councils’ water rights should they not volunteer them.

The Beattie Government attempted to score points from a recent Australian Federal Police raid — for allegedly fraudulent use of taxpayer-funded printing expenses — on the offices of three Brisbane Liberal MPs. The state government failed to link Bruce Flegg to the saga soon known as “Printgate”. But Liberals soon cried foul when it was revealed the raid was led by the estranged wife of senior minister Paul Lucas. But Labor was itself embarrassed when Greenslopes MP Gary Fenlon also became embroiled in a CMC probe after it was alleged Fenlon and his wife enjoyed commercial interests in a company linked to Nuttall. A lighter moment soon descended when it was speculated Dr Heather Beattie, wife of the Premier, had been sounded out to run as Labor’s Lord Mayoral candidate in 2008. Heather politely scotched the rumours. But the Opposition was not amused when the government relaxed parliament’s dress code so that air-conditioning, so as to reduce greenhouse gases (GHG), could be turned down. Gentlemen MPs could now wear jackets and no ties, or ties and no jackets. The Opposition refused to change attire, with one Nationals MP suggesting they would soon be reduced to wearing “budgie smugglers” (*Courier Mail*, 14 March 2007).

A more serious event transpired when Premier Beattie contentiously won a House vote — along party lines — to extend his answer to a Dorothy Dix question beyond the usual three minutes. It was a new level of contempt for Question Time. But the Opposition could find little traction, especially as rumours circulated that Flegg was about to be challenged for the leadership by Tim Nicholls, the new Clayfield MP aligned with the Santoro-Caltabiano faction hostile to Flegg. The challenge proved to be a non-event, but remained most unusual as it seemed orchestrated from outside the parliamentary wing. Overt hostilities toward Flegg’s leadership continued when, in late March, police were called to investigate identity theft. It appeared an email had been fraudulently distributed in the name of Liberal Vice-President David Elson accusing Flegg of running a nefarious “slush fund”. Elson denied authorship (*Courier Mail*, 27 March 2007).

In the face of a looming electoral redistribution, Peter Beattie ruled out expanding the size of the House beyond eighty-nine members despite the state’s massive population explosion since the last increase in numbers in 1985. But Beattie demonstrated more flexibility when he “back-flipped” on uranium mining, reversing his previously ardent support for the coal industry. Conservation groups and trade unions complained loudly. That criticism was matched when Beattie announced new rules that would see defeated MPs receive a “resettlement allowance” of around $17,000 — equivalent to two months’ salary (*Courier Mail*, 22 March 2007). Beattie justified the ruling, which enjoyed bipartisan support, as merely following federal counterparts which, in turn, were based on the recommendation of the Commonwealth Remuneration Tribunal. Significantly, for the first time Beattie revealed just a few
details of how much state government assistance private industry enjoyed. In the first thirty months of Beattie’s Government, $6 million — including a one-off payment of $3 million to IBM — was paid in corporate assistance (Courier Mail, 20 March, 2007).

April
The new month again started badly for the Liberals as they were forced to defend their charging prospective candidates $1,500 each to contest pre-selection for the casual Senate vacancy caused by the resignation of Minister Santo Santoro. Front-runners included former state leader Bob Quinn, but businesswoman Sue Boyce eventually won the job to become the Liberals’ first woman Senator from Queensland since the 1980s. The Nationals attracted their own criticism for offering prizes, such as jewellery and holidays, to branch members recruiting the most new members. Premier Beattie was occupied by far weightier issues when he threatened the Commonwealth he would legislate to give Queensland its own power to tap telephones. Federal Attorney-General Phillip Ruddock was unimpressed, and suggested the move would be unconstitutional. Beattie again walked the national stage when he demanded the Commonwealth spend $30 billion on the states’ infrastructure.

Just as Level Five water restrictions were introduced, the government released a 2006 report recommending the world’s biggest desalination plant be built north of Brisbane (Courier Mail, 11 April 2007). Ironically, a Pacific earthquake near the Solomon Islands around the same time demonstrated just how inadequately prepared north Queensland would be in the event of a tsunami. But at least federal Environment Minister Malcolm Turnbull was thinking nationally when he suggested northern New South Wales rivers be diverted to southern Queensland for drought relief. Those south of the Tweed River were incredulous. Beattie, too, was thinking environmentally when he again backflipped, this time on GHGs. The Premier now fell into line with other states to put a united front to the Prime Minister at COAG arguing for a 60 per cent GHG emission reduction by 2050 (Courier Mail, 13 April 2007). Mid-April also saw Queensland’s biggest ever native title agreement when the Wujal Wujal community in north Queensland received recognition of traditional ownership of 230,000 hectares between Mossman and Cooktown.

Local Government Reform
The biggest political story of the period broke on 17 April when Beattie and Minister Fraser announced the greatest shake-up of local government boundaries in a century. After unsuccessfully trialling a program of voluntary mergers, the government lost patience and legislated for forced amalgamations. The Premier’s reasoning was simple: 157 councils were too many (especially when eighty-eight serviced populations of fewer than 5,000 people), especially with 43 per cent “financially distressed”. Amalgamations were needed, said Beattie, to prepare Queensland for continued growth. The government quickly appointed a seven-member panel to review all boundaries except Brisbane City Council. Beattie played clever politics: in appointing former Labor minister Terry Mackenroth, former Coalition members Di McCauley and Bob Quinn, the Premier could claim a bi-partisan committee. However, given that Quinn and McCauley were far from friendly to the new Coalition leadership, they would hardly do the Opposition’s bidding. As expected, the Local Government Association of Queensland and the Coalition virulently opposed forced amalgamations, even labelling Beattie a “dictator” (Courier Mail, 18 April 2007).

By April’s close, Queensland Health returned to the media’s attention when a report found more than 33,000 “incidents of patient harm or near misses” in Queensland
hospitals during 2005-06. The Premier was soon angered over another issue: when an alleged state government plan to evacuate two drought-stricken towns on the Darling Downs was reported, Beattie went into angry denial and instead blamed “some drunk” for misinforming The Courier Mail. Beattie would have been similarly disappointed when his own Director-General (and former Coordinator-General) Ross Rolfe resigned to take up a position with Babcock and Brown in Sydney. Given Rolfe has recently overseen the start of an $80 billion infrastructure plan, some saw a potential conflict of interest.

May

The new month began contentiously for Opposition leader Jeff Seeney when he was forced to apologise to the George Street press gallery after his chief of staff accused the media of having failed to meet a proper “intellectual standard” (Courier Mail, 2 May 2007). But the Coalition soon received some succour from an unlikely source when rugby league legend and regional Queenslander Shane Webcke addressed a 1,000-strong rally against forced council amalgamations at Barcaldine. Webcke so impressed locals there was talk of his Nationals pre-selection. Labor then found its own celebrity candidate for the Brisbane Lord Mayoral race in former cricketer Greg Rowell. But politics took a turn for the negative when the Opposition alleged ministerial staff had voted multiple times in an on-line poll set up by Nationals MP Rob Messenger to gauge opposition to the government’s controversial Traveston Crossing Dam. The Opposition, crying foul at the 85 per cent apparently supporting the dam, claimed they had traced ISP addresses to Bligh’s office. The matter was referred to the CMC which soon found no evidence of “manipulation”.

The Nationals continued to feud in public when deputy leader Fiona Simpson leaked her dismay at leader Seeney’s refusal to supply her with the usual deputy leader’s office and two advisory staff. The problem was soon rectified. But the government was now embarrassed when 1,000 pipes — imported from South Korea and destined for the Western corridor recycled water project — failed to meet Australian safety standards. Anger over forced council amalgamations soon reached a new pitch. As federal Labor leader Kevin Rudd urged Beattie to reconsider amalgamation plans to avoid any backlash at the coming federal election, the Premier insisted opposition stemmed not from grassroots residents but from the hundreds of councillors about to lose their jobs. To be sure, Beattie promised the 37,000 local government employees’ jobs would be safe (Courier Mail, 23 May 2007). But Beattie found no support from friend and billionaire investor Richard Branson who also pleaded for Noosa Council’s exemption. Opposition MP Howard Hobbs then flew to rhetoric when he claimed council amalgamations were tantamount to “ethnic cleansing”.

June

The 2007–08 Budget

Treasurer Anna Bligh delivered her second budget on 5 June. The central plank of the $32 billion statement was housing affordability: mortgage duty would be phased out over two years in line with previous GST Commonwealth agreement; the threshold for land tax was raised from $500,000 to $600,000; and an additional 1,700 public dwellings were to be constructed. This budget, the fifth consecutive in the black, saw an operating surplus of $2.39 billion and an underlying surplus (after subtracting state investment gains) of $1.72 billion. But the windfall owed just as much to the resources boom and higher taxes. Indeed, Queensland was clearly no longer the low-tax state,
with charges now higher than those in South Australia, Tasmania and the Northern Territory. Despite economic growth forecast at 5 per cent and export growth pegged for 3.75 per cent, Bligh budgeted for a cash deficit over four years. For the second year running, controversial borrowings — of $28 billion over four years ($16 billion by government and $12 billion by government-owned corporations) — attracted opprobrium. But Bligh resisted the Coalition’s description of debt levels as “dangerous and unprecedented”, saying repayments amounted to just two per cent of expenditure. Other highlights included: $2.5 billion to “drought-proof” Southeast Queensland; $5.7 billion for Transport and Main Roads; $6.4 billion for Education, Training and Arts (up 7.2 per cent); $7.15 billion for Health and hospitals (up from $6.8 billion); and 2.76 billion for energy. Business protested most loudly for the Government’s failure to address payroll tax (Courier Mail, 6 June 2007).

June also saw the sudden death of former Labor Deputy Premier Tom Burns — a former state Opposition leader and ALP national president renowned for his gregarious larrkinism. The subsequent parliamentary condolence motion — of approximately 90 minutes — became the longest yet recorded in Queensland. But good rain in early June quickly washed away any bipartisanship, especially when Beattie claimed in Parliament the proposed Traveston Dam site had collected 70 mm in just twenty-four hours. The Premier teased the Opposition with: “What a great place to build a dam!” But Beattie was later forced to retract when advised Traveston Crossing had instead seen around 27 mm. Soon all attention shifted to Senior Sergeant Chris Hurley’s trial, one concluded speedily on 20 June when Hurley was found not guilty. He was immediately re-instated to duty. The Police Union then aired advertisements aggressively attacking the state government. More police scandals emerged in the form of allegations that police had paid prisoners to tender false testimony in court. Four officers were charged.

Beattie faced his own accusations the government “push-poll[ed]” respondents in an A.C. Nielsen survey on council amalgamations, with interviewers allegedly prefacing questions with: “Did you know council boundaries are over 100 years old?” Despite the clamour, Beattie refused to release the results. (Courier Mail, 20 June 2007). Beattie raised further eyebrows when he banned ministers from meeting with Greg Rudd, the ALP member and lobbyist brother of Kevin, after Greg had been hired to argue Pine Rivers and Noosa councils’ case against amalgamation. Beattie’s reasoning was to avoid a conflict of interest, but he was soon accused of hypocrisy given the large number of other Labor members-turned-lobbyists still enjoying government access. The period closed with Beattie’s considering a split zone for daylight saving (with a possible referendum in early 2008), with census figures showing Queensland had grown 20 per cent in the last ten years (when the national average was just 11.9 per cent); and with speculation mounting as to Beattie’s own future. It would be a question the Premier would answer sooner rather than later.
Western Australia
January to June 2007

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The first six months of 2007 were marked by the continuing political fallout from the Corruption and Crime Commission (CCC) inquiry into the so-called “Canal Rocks affair”, which focussed on the surreptitious funding of candidates for the Busselton Shire local government elections. This involved, in part, the activities of the state’s most prominent lobbyists, former premier Brian Burke, former minister Julian Grill and former Liberal party power broker Noel Crichton-Browne. In February, two further ministers in the Carpenter government were dismissed from their positions following revelations of their dealings with the lobbyists. Nevertheless, a by-election result and opinion polls indicated Labor, and particularly Alan Carpenter as premier, held a firm hand on government. The readings in the boom economy were generally very good but there was continued evidence of strain in the health and education sectors. At the same time, the scheduled redistribution of electoral districts was likely to significantly alter the fate of several members of parliament.

The Corruption and Crime Commission and Parliament

Before parliament resumed in 2007 the government faced a by-electoral test in the seat of Peel on 3 February following the 2006 resignation of Minister Norm Marlborough. Labor pre-selected “cleanskin” Paul Papalia, a former naval officer with no previous links to the Labor party. Despite the continuing scandals the ALP actually increased its two-party preferred vote to 64.59 per cent, a swing of some 1.00 per cent. This left Labor with thirty-one seats in the fifty-seven-member Legislative Assembly.

Further serious revelations from the CCC hearings emerged in the first half of 2007, which involved recently appointed Minister for the Environment and Climate Change, Tony McRae, and his ministerial colleague John Bowler. Although both lost their cabinet positions, McRae vehemently denied any wrongdoing.

The Legislative Assembly’s Procedure and Privileges Committee (PPC) undertook an inquiry into the unauthorised release of Committee documents and other matters in March 2007 following revelations that Bowler had leaked a confidential draft committee report to Grill. Bowler was “sacked” by Premier Carpenter in February 2007 and asked to leave the ALP following disclosure that in 2004, while a member of the Legislative Assembly’s Economics and Industry Standing Committee (EISC), he had forwarded an electronic copy of a “Chair’s Draft Report” to Grill, who then forwarded it to his client, a major stakeholder in an EISC inquiry. That stakeholder directly inserted amendments into the draft that were favourable to his company, which were subsequently adopted into the Committee’s final report. Further evidence showed that during the inquiry process the same stakeholder attended a fundraising dinner for the re-election campaign of McRae, who was at that time the Chairman of the EISC.
In June, Bowler was declared by the PPC to be in contempt of parliament and was suspended for six sitting weeks while McRae was given the opportunity to apologise to the House for his failure to ensure that a key stakeholder in his Committee’s inquiry did not attend his re-election campaign fundraising event. With respect to Grill, a former parliamentarian, the PPC recommended he be found in contempt of parliament. Grill, a long-standing member of the ALP, refused to capitulate to a demand that he quit the party, but was later expelled following a disclosure that he had contributed funds to a National party candidate during the 2005 state election campaign. The Legislative Assembly agreed that Grill should be summoned to the Bar of the House to apologise for his actions at the next sitting date, expected to be 14 August 2007.

Other developments coming out of the CCC hearings included a revelation that Shelley Archer MLC had leaked government documents to her close ally Brian Burke. Premier Carpenter described this action as “reprehensible” but stopped short of demanding her resignation from the party. Carpenter then introduced a “Contact with Lobbyists Code” operative from 16 April, under which no minister, ministerial staff member or employee of a public sector body would be permitted to have professional contact with a lobbyist acting for a “third party” unless the lobbyist was registered. It was stated that the government would not permit Burke, Grill or Crichton-Browne to be on the register. The Liberal party also experienced some pain as a consequence of the CCC hearings when in February Opposition Leader Paul Omodei relieved Anthony Fels MLC of his shadow portfolio. The CCC hearings revealed that Crichton-Browne had drafted a parliamentary speech for Fels and a motion in support of demands for compensation for victims of the 2000 “mortgage brokers scandal”.

Members of parliament were not the only ones entangled in the Burke and Grill affair. During a budget estimates hearing on 27 May 2007, Health Minister Jim McGinty was questioned about whether there had been any email correspondence between Burke and any Health Department employee. After seeking comment from the Director General of Health, Dr Neil Fong, McGinty answered in the negative. However, as a result of a Freedom of Information search the Liberal Party divulged that nine emails between Fong and Burke did indeed exist. Amidst claims that the Liberal Party was aware of further emails, McGinty immediately established an inquiry, but this course of action was soon abandoned when the CCC revealed it would conduct its own investigations into the matter.

One unusual parliamentary resignation was that of Liberal MLC Margaret Rowe, who was elected to represent the Agricultural Region in 2005. Rowe was declared in contempt of parliament by President Nick Griffiths for having been absent from the house for a period longer than six sitting days. On 21 June Rowe provided a written apology, resigned her seat the next day due to “ill health” and was replaced by Brian Ellis after the required recount of the 2005 election result. Meanwhile in June, Labor MLA Mick Murray pleaded guilty in the Margaret River Magistrates Court to breaching the state’s fishing laws after being fined for taking abalone out of season. The Opposition argued that he be stripped of his role as parliamentary secretary for the South West. However, Magistrate Liz Langdon agreed to a spent conviction meaning that a criminal conviction was not recorded.

Another parliamentary casualty of the CCC hearings had been federal Environment Minister, Ian Campbell (see federal chronicle). Campbell’s fate was sealed in the context of an attempt to question the credentials of Kevin Rudd, the new federal Labor leader, for attending party funding events associated with Burke and Grill. Campbell, who lost his ministry on the basis that he too had contacts with the disgraced lobbyists,
announced his resignation from the Senate and was replaced in the cabinet by Western Australian Senator David Johnston, who became the Minister for Justice and Customs from 9 March 2007. As a consequence Western Australian Senator Chris Ellison was promoted to Cabinet. The Liberal Party nomination for the Senate vacancy was Belgian-born Mathias Cormann (thirty-six), who had worked in various positions for the previous government of Richard Court and as the State Liberal party vice president.

The CCC investigations meant that Premier Carpenter was forced to conduct his second ministerial reshuffle in ten weeks. This involved shifting seven ministers and adding a new minister, MLC Sue Ellery, to take the portfolios of Child Protection, Communities; Women’s Interests; Seniors and Volunteering. The size of the cabinet was reduced by one member to fifteen with a highlight being that Ljiljanna Ravlich was brought back to prominence with the Local Government and Racing and Gaming portfolios. David Templeton took over the Environment and Climate change position and the disabilities sector was switched to Tourism Minister, Sheila McHale.

During debate on the Human Reproductive Technology Amendment Bill 2007 Catholic Archbishop Barry Hickey made comments (reported on 6 June 2007 in the West Australian newspaper) that were construed as constituting a threat to Catholic members who voted in favour of the Bill. The Speaker of the Legislative Assembly, Fred Riebeling, immediately referred the matter to the PPC, which wrote to the Archbishop outlining their concerns over the comments. A copy of that letter was tabled in the Legislative Assembly on 14 June 2007. Meanwhile, parliament was engaged in two other “conscience” bills, namely the Surrogacy Bill 2007 and the Acts Amendment (Consent to Medical Treatment Bill) 2006. The former aimed to provide a legal framework for surrogacy arrangements and the latter to allow people to determine their future medical treatment by provision of an advance health care directive.

Redistribution and Proportional Representation

The shape of the Western Australian electoral map was expected to significantly change when the long-awaited deliberations of the Electoral Commissioners were finalised. At a media conference on 29 June the proposed boundaries were published with the understanding that such boundaries were the main draft from which it was unlikely there would be substantial changes. As predicted there were now to be forty-two (up from thirty-four) metropolitan districts and seventeen (down from twenty-three) country districts in the Legislative Assembly. The final boundaries to be published on 29 October 2007, following a consultation period, would be those for the next state election expected in early 2009.

Employing the 30 June 2007 “draft” boundaries, election analyst Antony Green undertook an examination of the proposals on behalf of the Western Australian Parliamentary Library. According to Green the return for Labor in 2009, based on its 2005 two-party preferred vote of 53.2 per cent, would be thirty-eight seats against twenty-one for the combined “forces of conservatism”, which included two independents. For Labor to lose its majority of nine notional seats would require a uniform swing of over 4.00 per cent. Such notional calculations, however, required the estimates to include figures in which the respective political parties may not have fought determined campaigns in some districts at the previous poll as they were not then regarded as marginal.

The new regional boundaries in the Legislative Council also provoked interest. There was a consensus that the relative position of the Labor party may decline. Upon inspection of the proposals, Nationals leader Brendon Grylls indicated that they were planning a strong ticket for the Agricultural Region poll, which now had an even more
pronounced agricultural land use base, giving the party the prospect of winning two quotas in the upper house. Grylls had for nearly two years been articulating a “balance of power” doctrine and it was suggested that he, or another prominent National, may stand for the Council. The Nationals only appeared likely to achieve success in two notional seats in the lower house, down from the party’s existing five seats and Grylls thought a probable “balance of power” situation in the Upper House was a far better outcome for country constituents than having a few Lower House representatives who may be “irrelevant”.

In the Legislative Council there was an amendment to the proportional representation (PR) voting formula. For the 2009 election the Weighted Inclusive Gregory Method was to be used rather than the Inclusive Gregory Method of PR, used in the Senate since 1984. Following a Standing Committee on Environment and Public Affairs Report on the Local Government Amendment Bill 2006 (with Liberal Party dissention) a decision was also made to implement the Weighted Inclusive Gregory Method version of PR for multi-member wards in the state’s 144 local government authorities. For single-member wards the preference (or alternative vote) was instituted. These changes meant the abolition of the use of plurality (or first past the post) which had been in use since 1995.

Local Government Issues

Opposition Leader Paul Omodei rejected criticism of the Perth Convention Exhibition Centre and commissioned a taskforce of his own to put together a vision for the Swan River foreshore. London-based urban strategist, Charles Landry, also canvassed future options for Perth. However, Perth Lord Mayor, Peter Nattrass, was annoyed that Landry had not consulted the elected representatives of the city. Meanwhile, with local government boundaries being discussed throughout the length and breadth of the state, the Town of Vincent failed in its bid to excise the suburbs of Mt Lawley, Menora and Coolbinia from neighbouring Stirling and Bayswater Councils. However, Vincent was to receive one of the most coveted redevelopment sites, the old East Perth power station, and received some properties from Stirling and some portions of the Perth City Council (PCC). A counter bid by the PCC to push its boundaries north was rejected.

Budget

Once again the federal and state budgets were delivered in the same week early in May. As forecast, income tax cuts were included in the federal budget but the expected reductions in stamp duty and payroll taxation in the state budget did not eventuate save the abolition of stamp duty for first home buyers purchasing properties below $500,000 dollars. In macro-terms the key budget readings were regarded as very good in prosperous economic times. Gross state product growth was recorded as 4.5 per cent, the unemployment rate was indicated to be 3.25 per cent with inflation at 3 per cent. The expected state budget surplus was forecast to be $1.45 billion. Although education and training (26 per cent) and health (24 per cent) absorbed a major share of the budget, there were criticisms that these allocations did not satisfy demands in these sectors.

As expected, household water charges were set to rise 8 per cent following a 6 per cent rise the previous year, an action nevertheless criticised by the Western Australian Council of Social Service. Some praise was forthcoming for the government’s commitment over the ensuing four years of $100 million to implement the recommendations of former health bureaucrat Prudence Ford’s review of the
Department for Community Development. A massive capital works program included debt free funding for the new Fiona Stanley Hospital at Murdoch.

**Education**

Education continued to be a troublesome sector as the school year commenced with reports of a severe teacher shortage, particularly in science and mathematics. Minister Mark McGowan, keen to make the education bureaucracy more efficient, appointed former Curtin University Vice-Chancellor, Lance Twomey to head a task force to examine ways of providing long-term solutions to the teacher shortage. Opposition Shadow Spokesperson, Peter Collier, had wanted a select committee but eventually agreed to a Greens WA reference to a standing committee on how the Education Department paid a private company more than $2 million dollars for a training program without a complete tender process. More specifically the committee was to report on aspects of a memorandum of understanding between Balga Senior High School and the private firm Manufacturing Industry Training Services. Modifications to the controversial Tertiary Entrance Examinations (TEE) based on the Outcomes Based Education (OBE) principles continued and although there was a return to more conventional assessment methods, teacher juries selected to adjudicate on the courses were abandoned after their first sittings. In June, Sharyn O’Neil, who had been Acting Director General of Education from 2006, had her appointment confirmed with responsibility for some 800 schools and 35,000 staff.

**Health**

Despite increases in health outlays there were regular reports in the *West Australian* of delays, particularly in elective surgery. At one stage Premier Carpenter claimed that much of the pressure on Perth’s hospital emergency departments was due to amphetamine users, particularly methamphetamine or “ice”. Consequently Carpenter announced an “ice” summit for 3 July. The results of a survey published in the same newspaper on 7 April rated the government’s performance in health service provision as very poor. An earlier report had indicated that four key recommendations of the $7 million inquiry into infant deaths at King Edward Memorial Hospital remained in limbo because the Health Department had been waiting for nearly five years for advice from the Solicitor General on how to enact them. In late June Minister McGinty placed controversial former Justice Department Chief Alan Piper in charge of planning for the $1.1 billion Fiona Stanley Hospital before candidates who had applied for the position through a state government tender were told the process had been terminated.

One health related controversy took place after the sudden death of thousands of birds from lead poisoning in the Esperance area, which raised concern over a possible impact on human health. In May, the Legislative Assembly referred the matter to its Standing Committee on Education and Health with the report expected later in the year.

**Environment and Water**

On 25 January and in the context of national concern about climate change and drought, Prime Minister Howard made an unexpected announcement proposing a $10 billion, ten-point plan to improve water efficiency in rural Australia, particularly for the Murray-Darling basin. The states, including Western Australia (but without Victoria), broadly endorsed the plan which involved the constitutional reference of water powers to the federal government (see federal chronicle). The Western Australian government announced its own plan to expand its water rebate scheme and
in April the state’s first desalination plant was opened at Kwinana. A month later Premier Carpenter announced a second plant would be built at Binningup, north of Bunbury. The government announced a Low Emission Energy Development Fund but Greens MLC, Paul Llewellyn said the state needed legally binding targets if it stood any chance of cutting emissions by significant levels.

**Indigenous Affairs**

Early in 2007 Minister Michelle Roberts, said to have sought the challenging Indigenous Affairs portfolio, quickly presented housing plans for Halls Creek residents. In April Roberts established a committee to examine the proposed return of the so-called stolen wages to Aboriginal peoples. Apart from low wages, poverty, violence and high imprisonment figures there were continuing indices on low life expectancy, high rates of diabetes and poor achievement levels in education. Then in late June, in arguably the most dramatic move since the 1967 referendum, Prime Minister Howard and Federal Indigenous Affairs Minister Mal Brough announced the Commonwealth would address the “national emergency” of alcohol-fuelled sexual abuse of children in some sixty remote Aboriginal communities in the Northern Territory (see federal chronicle).

An immediate impasse with the Western Australian government arose over the proposed federal secondment of ten police officers from each state to help form a strike force. Sue Gordon, author of the 2002 *Putting People First* report and as Chairperson of the National Indigenous Council, was appointed as the head of the Commonwealth Government Territory Crisis Task Force. Gordon accused the state government of failing to do enough for indigenous communities in Western Australia’s Kimberley as her own report had made 197 findings and recommendations which were largely unimplemented. Meanwhile, former Governor John Sanderson as the state government’s special advisor on indigenous affairs, argued for special Aboriginal schools to avoid the need to “build more jails”.

**Public Sector Changes**

Finally, there were a number of important appointments within the Western Australian public sector, specifically: Chris Field replaced Deidre O’Donnell as State Ombudsman, commencing a five-year term on 26 March; Len Roberts-Smith replaced Kevin Hammond as Commissioner for the CCC on 5 June for a five-year term; and on 6 June, Colin Murphy was appointed as the State’s Auditor-General for a ten-year term following the resignation of Des Pearson from the post. In May, Dr Wally Cox, the Chairman of the Environmental Protection Authority since 2003, resigned ahead of his contract, warning of growing tensions between environmental concerns and the demand for development in the wake of the booming economy. Meanwhile, in her final report, departing Public Sector Standards Commissioner Maxine Murray (whose contract was not renewed), found the scales had been tipped too far in favour of political responsiveness over political impartiality. Murray called for an independent body, similar to the State Services Authority in Victoria, to be responsible for recruitment, employment and performance management of the State’s Chief Executives.
South Australia
January to June 2007

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Introduction
The first half of 2007 was, with the exception of a change of Opposition leader and the annual budget, relatively uneventful. In part, this chronicle deals with the changing nature of the state’s economic circumstances. The tag “rust belt state” was worn by the state throughout the 1980s and 1990s with some commentators seeing a long period of “genteel decline” (see previous chronicle, Vol. 45, 2, June 1999). Certainly the ignominy of South Australia’s relative economic decline compared with other mainland states demoralised many South Australians and prompted an unfortunate level of parochialism in the local media. This is now dissipating due to an emerging boom in the resource sector and defence industries concentrated in Adelaide’ northern suburbs. Today, one of the new challenges the Rann government confronts is how best to foster the potential prosperity and move away from the 1990s orthodoxy which saw state governments slavishly seek any foreign investor’s good will via a host of state sponsored inducements. Indicative of this shift was the March 2007 report by Bank SA’s survey of business confidence in South Australia which showed that “optimism of South Australian businesses is at unprecedented levels” (Advertiser, 27 March 2007).

Liberal Leadership Challenge
In late February it was reported that Christopher Moriarty, Branch President of the Liberal party, had said, confidentially at an executive meeting, that their leader, Iain Evans, was “piss weak and gutless”. Apparently, this outburst was prompted by Evans’ refusal to support his plan for arresting declining party finances. At about the same time the journalist, Craig Bildstien, was informed by Liberal MPs that they had been surprised by the level of abuse and that one member had walked out of the meeting in disgust, while another suggested that the South Australian branch was “beyond repair and headed for meltdown” (Advertiser, 22 February 2007). A few days later, a taunt emanating from government was headlined in the Advertiser: “Evans has the aura of a defeated man”, accompanied by a photograph of the maligned gentleman and his deputy, Vickie Chapman. The pair were once touted to be “the dream team” but a year after the last state election they appeared as a hapless pair, largely bereft of ideas on how to tackle the Rann government or positively lift their party’s public profile (Advertiser, 24 February 2007).

Evans had in fact begun the year quite well with his criticising the government’s management of water resources and advocacy for the construction of a desalination plant (Independent Weekly, 10, 16 February 2007). However, Moriarty’s comments dogged his leadership and in March when a Newspoll reported that the Liberals’ primary vote was down by 5 points to 35 per cent his prospects looked grim. This was devastating news for Evans for, if carried through to the next election, the Liberals could lose five seats; consequently, those Liberal MPs with electoral margins below 5 per cent found cause to entertain a change of leadership.

Late in 2006, having touted himself as leadership material, late former Special Air Services Lt-Colonel, Martin Hamilton-Smith, managed to successfully challenge
Evans. Some Liberal MPs deemed his challenge discourteous given that he had issued the challenge while Evans was interstate but he prevailed, winning thirteen votes to ten. One of the few front-benchers carrying little of the party’s historical factional and familial feuding, he declared that his challenge had been mounted as a result of the raw anger evident within Liberal ranks. He added that he would be “relentless in attacking the government”. Signalling his line of attack he opined that “[w]e cannot continue to allow the government to define itself in glowing terms while our share of Australia’s economic boom and prosperity continues to decline relative to other States” (Advertiser, 12 April 2007).

Such an argument, as outlined below, was at this juncture difficult to sustain and, coupled with a lame performance during question time in his first week as leader, it became evident that his promise to be “relentless in our efforts to defeat Labor” would take time to mature. However, it is evident that, despite his early fumbling, his approach to leadership appears to be akin to that of his arch rival, Premier Rann. Rann built up his profile with the clever use of media, particularly pithy sound-bites, and this is clearly Hamilton-Smith’s preferred approach and it contrasts markedly from his predecessors Evans and Kerin who constantly struggled to project any sustained aggression toward the government. Hamilton-Smith’s Achilles-heel may be the degree of aggression which, at times, demonstrates an impetuousness but shows signs of unsettling Rann and key ministers, Foley and Conlon.

To the present time it is evident that his rhetorical volleys are not always reasoned or coherent. However, they do alert the public to the fact that a new style of leadership is evident. Chapman has retained the position as deputy leader but the notion of a leadership “team” departs as Hamilton-Smith seeks to assert his leadership credentials with a significant reshuffling of the Opposition front benches. Sensibly he takes on the task of shadow Treasurer, a decision relieving MLC, Rob Lucas, of these duties. Lucas had served as Treasurer in the Olsen-Kerin governments and was, in many respects, the only effective Opposition spokesperson but Hamilton-Smith needed to directly challenge Treasurer Foley in the parliament, something Lucas could never do from the Upper House. For his part Evans gracefully accepted a shadow ministry, while former Premier and Opposition leader, Rob Kerin, along with long serving former cabinet and current shadow cabinet MPs, Lucas and Lawson, all signalled their intention to retire from parliament at the next election (The Advertiser, 17,19 and 20 April, 2007).

**Liberal Shadow Ministry**

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<th><strong>Leader of the Opposition:</strong> Shadow Treasurer; Economic Development; Social Inclusion; Infrastructure; Multicultural Affairs; Sustainability and Climate Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martin Hamilton-Smith</td>
<td><strong>Deputy Leader of the Opposition:</strong> Health; Housing; Families and Communities; City of Adelaide</td>
</tr>
<tr>
<td>Vickie Chapman MP</td>
<td>Water Security; Industrial Relations; Energy; Agriculture, Food and Fisheries; Forests</td>
</tr>
<tr>
<td>Mitch Williams MP</td>
<td>Attorney-General; Justice; Ageing; Disability</td>
</tr>
<tr>
<td>Isobel Redmond MP</td>
<td>Industry and Trade; Transport; Aboriginal Affairs and Reconciliation; Science and Information Economy; Arts</td>
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<tr>
<td>Dr Duncan McFetridge MP</td>
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Hon Iain Evans MP  Education & Children Services; Government Enterprises; Federal/State Relations; Gambling; Public Sector Management

Hon David Ridgway MLC  Police; Mineral Resources Development; Urban Development and Planning

Hon Michelle Lensink MLC  Environment and Conservation; Status for Women; Assistant Shadow Minister for Health; Mental Health and Substance Abuse

Steven Griffiths MP  Finance; Employment, Training and Further Education

Michael Pengilly MP  State/Local Government Relations; Tourism Southern Suburbs; Veterans

Hon Stephen Wade MLC  Emergency Services; Correctional Services Road Safety; Assisting the Leader – State Strategic Plans

David Pisoni MP  Small Business; Consumer Affairs Volunteers; Youth; Assisting the Shadow Minister for Multicultural Affairs

Mark Goldsworthy MP  Cabinet Secretary; Assistant to the Leader for Shadow Cabinet Business

Hon Terry Stephens MLC  Parliamentary Secretary assisting with Business Regulation and Red Tape; Sport, Recreation and Racing

Hon John Dawkins MLC  Parliamentary Secretary assisting with State Infrastructure Plans; Regional Development

Adrian Pederick MP  Parliamentary Secretary assisting with River Murray; Climate Change and Sustainability

Budget 2007

Treasurer Foley, in his budget speech, announced that the “Rann Labor Government will be remembered for its bold decision making; repairing the State’s aging infrastructure; the single biggest health reform in the State’s history; investing in the work to develop a secure future for the State’s water supplies; and delivering the largest payroll tax cut in the State’s history” (Hansard HA, 7 June 2007, p. 394). Increases in infrastructure expenditure saw $542 million devoted to “revitalisation of the rail network and significant new road infrastructure” and $523 million for new hospital infrastructure (Hansard HA, 7 June 2007, p. 395). After years of lobbying, SA Business was delighted to hear that the proposed payroll tax deductions would, from 1 July 2008, place South Australia on a par with Victoria which enjoys a rate set at five per cent (Advertiser and Australian, 8 June 2007). Further, the announcement of the
$1.7 billion new hospital to be named the Marjorie Jackson-Nelson after the outgoing Governor was, to the Treasurer’s chagrin, leaked to the media prior to his budget speech.

Martin Hamilton-Smith was, thereby, given time to frame a counter-attack that contained a reasoned case for renovating the existing Royal Adelaide Hospital in lieu of building a new one. In response, the government maintained that this suggestion would be highly disruptive to patients and stressed the fact that the costs of the new structure could be less than projected, assuming that suitable private/public partnerships emerged. In light of the prevailing poor relations between the government and the Director of Public Prosecutions (DPP), media attention focussed on the budget’s failure to fund the DPP head, Steven Pallaras’ request for an additional $1.5 million to assist in increased prosecutorial work that he envisaged would arise from the commission of inquiry into sex abuse of children under state protection.

Given Labor’s history of government during the early 1990s, when public debt soared as a consequence of the collapse of the State Bank, the announcement that public debt would increase considerably to $1.4 billion by 2010–11 saw an anxious Treasurer stress that the credit rating agency, Standard and Poor’s, was “comfortable” with the proposed debt projections. He went on to say that increasing debt for the construction of infrastructure should be viewed against the budget’s “net operating surpluses” that were set for a considerable increase from 2008 because of projected solid economic growth spurred on by the resources boom.

Indicative of the decline in parliamentary standards, many Labor MPs broke with convention and chose not to attend Hamilton-Smith’s reply to Budget 2007. He introduced his assessment by saying: “This is a bad budget — a bad and sad budget” (Hansard HA, 19 June 2007, p. 401). This rhetoric was described by the journalist, Greg Kelton, as lacking in passion and, further, that his criticism struggled against the tide of its all but universal popular reception (Advertiser, 20 June 2007). His attempt to conjure up the state debt bogey, when infrastructure was something both the public and business communities supported, was unconvincing and provoked ridicule from Treasurer Foley.

On the Cusp of a Resources Boom

The Rann government seems to be abreast of the fact that one of the key challenges it confronts lies within the ambit of the role public monies should play in supporting the resources sector. The infrastructure and workforce skills required by mining companies present new difficulties for government, not the least being the necessity to avoid charges in respect of spending public monies on what may be deemed “corporate welfare”. This was the criticism Rann mounted against the Olsen government a decade before. While today’s economic circumstances are different, it remains an issue.

Situated approximately 500 kilometres north of Adelaide, BHP Billiton’s expansion of the Olympic Dam mine at Roxby Downs is now well-known to many South Australians but it is no longer the sole large-scale mining operation under development. Oxianna’s development of its Prominent Hill mine, 130 kilometres north-west of Roxby Downs, will quickly see South Australia become one of the world’s leading copper production centres. Iron ore exploration and the early stages of mine development feature across the Eyre Peninsula and with other mines being developed in the Adelaide Hills the sense of a resources boom is filtering into public consciousness. Factors driving this are reports of skilled labour shortages and, remarkable given its recent “rust belt” history, speculation over a housing boom in Whyalla, a region once a symbol of South Australian industrial decline (Advertiser, 20, 26 June 2007). Coupled
with this is the expansion of defence industries and associated “high tech” industry clusters in Adelaide’s northern suburbs from which the concomitant building and construction expansion has culminated in an increase in the state’s population for the first time in two decades. Against this background the Rann government may confidently increase public debt without jeopardising the triple-A credit rating.

For two decades South Australia carried the ignominy of being tagged as “a rust belt State” (Australian Financial Review, 31 March 2007). However, more common today, in the business pages of the Advertiser may be found interviews and reflections by economists comparing the state’s economic fortune with those of the resource rich states, Western Australia and Queensland. Few South Australians fully appreciate the rate of mineral exploration and mine construction currently underway (The Advertiser, 1 May 2007). Indeed, few comprehend the geology of the state and how, until the 1970s, mineral wealth was disguised by the so-called “Gawler Craton” that covers an area of some 440,000 square kilometres across the Eyre and Yorke Peninsulas and stretching north to Coober Pedy. It is defined as rocky sediment to the extent of about 400 metres (Archean to Mesoproterozoic crystalline basement) that covers an abundance of copper, gold, uranium, iron ore and other minerals.

This geology is in marked contrast with Western Australia and Queensland where no such sedimentary layer exists but, with modern seismic technology and high mineral prices, South Australia is now an attractive mineral province ripe for exploration. With interest growing in local mineral exploration the Rann government is providing assistance to many small exploration companies, via its Plan for Accelerating Exploration that dispensed $22 million over the period 2004-2009. Further, by the close of 2007 it is hoped that the annual expenditure will reach $100 million per annum and, presently, it is likely that this target will be exceeded (Advertiser, 15 March, 26 June 2007). Against this background, Premier Rann is keen to promote his government’s pro-mining policy and noted that South Australia’s share of national exploration expenditure rose from 8.8 per cent in 2005 to 13 per cent in 2006 (Hansard HA, 7 March 2007, p. 1,943; Advertiser, 26 March 2007). In his role as ALP National Vice-President he was reported widely for urging the federal ALP to abandon its opposition to the opening of further uranium mines (The Age, The Australian, 29 April, Courier Mail, 26 April and Advertiser, 8 February 2007).

BHP Billiton’s planned expansion of the Olympic Dam Mine will see $6 billion spent on infrastructure alone, but it is the other twenty or so mining companies, and their projected investments totalling about $14 billion, that underscore the scope of the shift in the state’s economic fortune. In February, the Advertiser highlighted the opinion of one of Australia’s richest men, property magnate Lang Walker, that South Australia was to be the next boom state. The newspaper added that Walker intended to invest heavily in urban development adjacent to Adelaide’s defence industries because he believed that, along with Queensland, South Australia “offered the most growth potential”.

There is no doubt that employment within the defence industry will expand considerably and, with the resources boom promising between 16,000 and 20,000 new jobs within a decade, Michael O’Neil, director of the Centre for Economic Studies, argues that it is not “rocket science” to suggest that South Australia might mirror Western Australia’s boom (Advertiser, 21 February 2007). Added to this picture both the Premier and Treasurer extolled the virtues of the Canadian free market think tank, the Fraser Institute, whose world-wide survey of the world’s best mining provinces
(countries and states within a federation) ranked South Australia fifth out of 65 (Hansard HA, 7 March 2007, pp.395, 1,943; The Australian, 12 March 2007).

Politics and Policies

In February the Advertiser presented a series of appraisals of the government’s strengths and weaknesses which reported upon Nick Bolkus’s, the former Hawke/Keating minister’s, critique of the last five years. On the positive side he admired the government’s capacity to “govern for all” and that the Premier had fashioned a united government based on Treasurer Foley’s leadership of the right-wing faction and Transport Minister Conlon’s on the left. Further, he maintained that the Rann government was “likely to leave a major imprint on the State’s political and economic history” due to the Premier’s pragmatic approach to government. He noted, with approval, the appointment of non-Labor ministers to the Cabinet and the roles given to non-politicians, Robert de Crespigny and Monsignor David Cappo, as executive members of cabinet. Bolkus believes that by accepting two non-Labor MPs in cabinet Rann has managed to develop a “much more inclusive and honest approach to handling dissent within the Westminster System”. In terms of issues, inadequately addressed by the government, he pointed to an ossified public sector in desperate need of reform and was scathing of Planning SA declaring that it required “structural and cultural reform” while neglect of Aboriginal health, those with disabilities and the mentally ill, remained as issues not addressed adequately. On the perennial question of heritage and conservation he noted that a “stubborn inertia” pervaded local government that “denied the city’s critical progress” as opposed to Melbourne where development had not destroyed “essential heritage”. He concluded by stating that “old Adelaide” acted too often to deny progress through dogmatic adherence to heritage preservation.

During his first term in office Premier Rann used a tough stance on a series of law and order issues to define his government and this appeared to be working well. Thus, it came as a surprise to learn that the 2007 State of Justice Survey sponsored by the Advertiser reported that two thirds of the 3,500 respondents felt less safe than they did five years ago (Advertiser, 6 February 2007). A similar percentage believed that the government had broken its promise to be tougher on such issues and, further, 40 per cent considered the attempt to combat “bikie” gangs had failed. While not necessarily a scientific poll, its reporting troubled the government. In early June Rann announced that the police were to be given a series of new powers so as to enable them to “outlaw motorcycle gangs” and even suggested that national terrorism laws applied to these gangs (Sunday Mail, 10 June). The Director of Public Prosecutions, Stephen Pallaras, criticised the Premier on this point and went on to point out that prosecutors faced enormous hurdles when preparing cases against gang members because frequently key witnesses refused to testify for fear of reprisals.

The subject of water restrictions featured prominently during the early months of 2007. A photograph forwarded to the Advertiser from Minister Michael Wright’s next-door neighbour forced the minister to apologise for breaching the promulgated constraints on sprinklers. The embarrassed minister, in an effort to “pour some oil on the troubled waters”, announced that the imposed embargo on water consumption had cut usage significantly. The government’s plan to construct a weir across a shallow stretch of the River Murray at Wellington prompted debate and some opposition, the latter being led by the Advertiser which argued that it should not be built because it would represent a continuation of an ancient strategy that any increased demand for water could be satisfied by simply building another dam (Editorial, 9 February 2007). Karlene Maywald, Minister for Water Security and the River Murray, unveiled plans
and costs for this project in March but, with welcome autumn rains, the heat surrounding this issue diminished somewhat. By early June, attention shifted towards an option noted in this year’s budget, namely the need for investigating whether or not a desalination plant should be preferred ahead of a new reservoir associated with the existing Mount Bold Reservoir. In this respect it would appear that the Treasurer preferred the latter option and the outcome of this debate will, no doubt, feature in future chronicles.

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**Tasmania**

**January to June 2007**

**RICHARD HERR**  
*School of Government, University of Tasmania*

The Labor Government’s *annus horribilis* of the previous year continued unabated in the first six months of 2007 but much of this was self-inflicted, seemingly by an exaggerated fear of the ghost of the 1989 Wesley Vale pulp mill controversy. Premier Paul Lennon committed his personal standing as well as that of his party to ensuring that the kraft pulp mill proposed by the Gunns Corporation did not go the way of the failed Wesley Vale proposal. The matter dominated the entire period under review. Although the Gunns’ pulp mill issue towered over the media landscape it was scarcely the only source of difficulty for the government. Other subjects of political debate included the health system, education reform, the state budget and the problems of an under-powered parliament unable to restrain an over-dominant executive.

**The RPDC Assessment Collapses**

The building crescendo of criticism over Gunns’ proposal for a kraft pulp mill in the Tamar Valley just north of Launceston was fed constant energy in the period under review. The first significant energy boost to the issue came in early January with the announcement that Julian Green, Chair of the Resource Planning and Development Commission (RPDC), would follow fellow RPDC pulp mill assessment panel member Warwick Raverty who resigned from the panel several weeks earlier. Both received advice from the state’s Solicitor-General, Bill Bale, that the actions of the government’s own taskforce promoting the mill had created a real possibility of apprehended bias (*Sunday Tasmanian*, 4 February 2007). The sparks from this affair were re-ignited in February when it was claimed that Green had not intended to resign from the RPDC entirely but only from the panel assessing the pulp mill. There were also claims that an $180,000 ex gratia payment was made to Green to ease his departure and ensure his silence (*Mercury*, 1 February 2007). This assertion exposed an alleged rift between Premier Lennon and Deputy Premier Steve Kons over the payment and an attempt by the Premier to better control leaks through limiting media access to Labor MPs.

For its part, Gunns responded to the two resignations with a publicly expressed threat to scrap the pulp mill proposal at least for Tasmania if it did not get a final decision on its application by the end of June. Ironically, the Gunns’ chairman John Gay blamed the RPDC process and the Tasmanian Greens for alleged delays in the project’s assessment (*Mercury*, 10 January 2007). Subsequent information obtained
from the RPDC under FOI demonstrated that the only obstacles to meeting the RPDC’s timeline for assessment were those originating with Gunns. Nevertheless, the government and the pro-mill lobby maintained Gay’s complaint routinely as fact subsequently. Premier Lennon took the threat of scrapping the project sufficiently seriously to make “an emergency dash” the next day to Launceston to persuade Gay that replacing the two RPDC members would not delay the assessment process.

Further controversy was generated when Green was replaced in February by a retired Supreme Court judge, Christopher Wright. Even while his appointment suggested that the RPDC process would be maintained, the Premier indicated for the first time that the government would not necessarily act on the recommendation of the RPDC panel (Mercury, 1 February 2007). In retrospect, the dash to Gay and the warning on the limitations of the RPDC process marked a significant shift in the government’s concern for support for the mill based on the legitimacy of the assessment process to one focused on securing “timely” approval. Disquiet over the activities of the State Government’s Pulp Mill Taskforce, the reasons for the RPDC resignations and the Premier’s close ties with Gunns scarcely attracted rebuttals from the government, which appeared more to be bunkering down to ride out the storm rather than answering its critics. Wright’s continuing insistence that Gunns meet all RPDC’s requirements for information forced the government to make public its choice between Gunns and the RPDC. For Premier Lennon, there was no choice.

**Fast-tracking the Mill**

When Gunns announced its withdrawal from the RPDC process in mid-March, Lennon was already prepared to bring in legislation to set up what the media described as an “approval process” despite the government’s perseverance in calling it a speedier assessment mechanism (Mercury, 15 March 2007). Few doubted that the close contact between the government and Gunns had enabled the pulp mill proponent to withdraw from the RPDC process without fear that an alternative arrangement would not be provided. Indeed, many believed Lennon’s emergency meeting with John Gay after Christopher Wright had advised that the RPDC process would not be completed before the end of the year was instrumental in precipitating the Gunns’ decision to withdraw from the RPDC. This perception gained strength when Wright claimed that the Premier had attempted to pressure him to fast-track the RPDC assessment just before Gunns’ withdrawal. Wright released a statutory declaration and a proposed assessment timeline to support his claim that the Premier had not told the “whole truth about their dealings” before the Gunns’ action (Mercury, 23 March 2007).

The legislation to grant a permit for the pulp mill was breath-taking in its attempt to prevent any challenge to the approval process, the permit and or the mill itself. Indeed, even the government could not explain some of the wording, which appeared to absolve the government from its pledge that the pulp mill would have to meet “world’s best practice”. A later claim suggested that the Pulp Mill Assessment Bill 2007 had been drafted with legal assistance from Gunns (Mercury, 3 April 2007). The Bill sailed through the House of Assembly with resistance only from the four Green MHAs. However, the Legislative Council proved a modest obstacle in challenging the sweeping exemptions provided by the Bill in its original form and the celerity with which a permit would be granted (Mercury, 30 March 2007). The changes to the Bill were modest and almost certainly were necessary to save the Act from legal challenge. Nevertheless, the government did not emerge from the upper house scrutiny entirely intact. A Labor MLC, Terry Martin, voted against the Bill and was scathing in his
comments on the government’s support for the mill. He was subsequently expelled from the PLP but refused to leave the party.

In the end, the Act that emerged provided for the appointment of a consultant to assess the Gunns’ proposal against some of the emissions guidelines set by the RPDC. The consultant could make recommendations on alternative arrangements where the proposed mill did not meet the RPDC’s guidelines and advise the government as to whether a permit for the mill should be issued. This report was required by the end of May 2007. The government would not be obliged to act on the consultant’s advice. The *Pulp Mill Assessment Act 2007* thus made the parliament the planning authority for the pulp mill authorising it to issue a permit. The parliament was to sit before the end of August and, if it did not secure a resolution of both houses by a straight up and down vote within five sitting days on the permit introduced by the government, the mill would not be approved.

A reason for the urgency expressed by Gunns for rapid completion of the mill approval appeared in a media claim that the ANZ had not yet confirmed funding for the $1.5 billion project (*Mercury*, 16 May 2007). While the Premier subsequently referred to the financial costs imposed by delays as a reason for the state to move rapidly, he continued to blame the Greens for the hold-up rather than Gunns’ failure to meet the RPDC timetable. More seriously, it was alleged that the $1 million a day that Gunns was expected to lose for every day after the end of August that the mill was delayed figured in pressure on the Commonwealth to grant early approval for the project. Conservationists argued this was an improper consideration if it influenced the Environment Minister on federal approval.

**State-Commonwealth Relations**

The collapse of the RPDC process had one very significant consequence in the breaking of the nexus between the state’s assessment procedures and those of the Commonwealth. The Commonwealth had accepted the RPDC process as satisfying its assessment requirements. When Gunns pulled the plug on the RPDC process, it compelled the Commonwealth to undertake its own separate assessment. This opened the door to a new avenue for opposition to the mill, one which was quickly seized by the Wilderness Society. The first objective was an injunction to prevent the federal Environment Minister, Malcolm Turnbull, from issuing Commonwealth approval until a determination of compliance with federal legislation could be completed (*Mercury*, 18 May 2007).

The ALP’s national conference revived images of a forestry workers’ backlash against the party in Tasmania. A resolution to protect selected ecosystems and rainforests while maintaining jobs had the Tasmanian Forest Industries Association of Tasmania (FIAT) and Timber Communities Australia demanding to meet with Premier Lennon and Kevin Rudd to be reassured this was not an echo of Mark Latham’s policies in 2004. FIAT’s executive director, Terry Edwards, threatened to work against the ALP at the forthcoming federal election if there was any hint that more Tasmanian forests were to be “locked up” under Labor (*Mercury*, 30 April 2007).

Preliminary skirmishing for the federal election was not limited to forestry matters. Premier Lennon accused the Howard government of pork-barrelling in the northern electorates held with slim margins by Liberals at the expense of road works in the south of the state. The focus for the dispute was a much needed by-pass on a stretch of the Midlands Highway where accidents were common. The mayors of the affected councils were anxious to improve traffic flows into the northern approaches to Hobart and the state government was equally anxious the Commonwealth should pay for the
upgrades. Lennon pointed out that under the Howard government “only 10 per cent of
the national highway budget in Tasmania has been spent south of Oatlands” (Mercury,
4 May 2007). A $280 million by-pass was agreed between the two governments later in
the month without the expected wait for the announcement of a “Tasmanian package”
during the federal electoral campaign.

Commonwealth relations with Tasmania also became an issue of contention over an
unlikely source earlier in the year. The Commonwealth maintained that it had an
agreement to share equally the costs of a rat and rabbit eradication program for the
World Heritage-listed Macquarie Island with Tasmania, which owns the sub-Antarctic
territory (Mercury, 20 February 2007). Paula Wriedt, the Tasmanian Environment
Minister, challenged the Federal Minister, Malcolm Turnbull, on the grounds that, as a
World Heritage Area, protecting the island was a Commonwealth responsibility. In the
end, however, the state’s dependence on the Commonwealth for logistical access to
Macquarie Island was an immovable object and Wriedt was forced into an
embarrassing back down.

Auspine “Rescue”
The decision by Rayonier, manager of Taswood, a joint venture between Forestry
Tasmania and GMO Renewable Resources, to sell 290,000 tonnes of their jointly
owned softwood to Forest Enterprises Australia sparked another timber controversy
early in 2007 (Mercury, 31 January 2007). The timber was vital to Auspine and the
economy of the small town of Scottsdale in the state’s northeast, which had not yet
recovered from the closure of vegetable processor Simplot three years previously. The
government found itself at the centre of this issue due to its half share of Taswood
which own 42,000 hectares of radiata pine forest in Tasmania. The issue escalated
rapidly and, reluctantly, the Premier stepped in to save the Auspine jobs by finding the
timber the company needed to keep operating and ensuring these could be freighted to
Scottsdale economically. The negotiation of satisfactory arrangements proved
challenging, however.

The workers organised a 1,000 strong rally on the grounds of Parliament House; northern
MLCs demanded an inquiry into whether the government had breached the
Act regulating forestry sales; and Federal Forestry Minister, Senator Eric Abetz, was
accused by the Premier of trying to find electoral advantage at the expense of a sensible
solution (Mercury, 15 February 2007). The final agreement sourced subsidised
government timber on the west coast near Strahan to meet Auspine’s intermediate
needs to continue operating.

Health Reform
Tasmania’s dispersed and ageing population has long made health a particularly
sensitive political issue. Health Minister, Lara Giddings, finally grasped the nettle of
long overdue reform during the period under review but probably wished at times that
she had not. Every reduction in services or proposed closure of a hospital provoked an
immediate and adverse reaction. Financially crippled by a $50 million deficit, the
Health Department was even criticised for spending $48,000 to undertake an opinion
poll to find out what the public’s health priorities were (Mercury, 29 January 2007). A
January ministerial announcement indicated that a full hospital clinical services plan
would be released in April, which, based on the 2004 Richardson Report, would see
key services concentrated in the three main hospitals — Hobart, Launceston and
Burnie — one in each of the state’s three regions.
The proposal for hospital reform did not in itself remove existing complaints and these continued. A revelation that one in seven patients left the Royal Hobart Hospital’s emergency room without receiving assistance simply because of the enormous time delay in attending to them incited condemnation from doctors and public alike (Mercury, 24 April 2007). A May announcement that the government had selected the central city rail yards as the site for a new hospital replacing the Royal Hobart brought mixed reviews especially as it was not expected to open for twelve years. The comprehensive health system shake-up was finally revealed in late May when Minister Giddings disclosed the radical surgery she was to perform on the health system. The basis of the plan was a substantial “rationalisation” of existing resources and services (Mercury, 25 May 2007). The downgrading of services and hospitals was condemned by those about to lose out while health professionals regarded the changes as regrettable but necessary. Nevertheless, Giddings earned credit in some quarters for her willingness to get out and to sell her reform package in person.

The State Budget
The government was increasingly aware that its image had been tarnished badly over the past year and privately admitted that its stand on the pulp mill had further eroded public support. Thus, a small brains trust including the Premier used the period leading up to the budget to invent new approaches, policies and staff to do a political make-over on the Premier. The catalyst appears to have been an allegation by rebel MLC, Terry Martin, that the ALP leader lacked a “strategic vision” (Mercury, 21 May 2007). The hyped “new Labor” image proved a one day wonder as far as the media were concerned but the staffing changes and policy change were real enough. Daniel Leesong, a former head of the Tourism Council, took over as chief of staff and a long-time NGO critic of the government, Mat Rowell, joined him to boost the Premier’s social services credentials.

The state budget was frugal, with fees and levies going up and government businesses being asked to return more dividends and taxes to the Treasury. The most controversial of these was an ambulance levy that was essentially a user-pays charge expected to heavily penalise those affected by the restructuring of the rural health system. Vindicating some criticisms of the Betfair initiative of the previous year, the online betting exchange fell $7 million short of projected earnings and the forecast for 2008-09 had to be reduced by $17 million in consequence. Asset sales including the Hobart Airport, a cemetery trust and the Government Printing Authority were planned as well to cover initiatives in health and education (Mercury, 8 June 2007). The health changes had already been forecast and the budget only showed a modest increase to pursue the rationalisation program. Education received the budget’s biggest fillip. The reason for this priority lay in Tasmania’s abysmal retention rates, which showed that only 56 per cent of boys stayed in school until Year 12. Education Minister David Bartlett announced an ambitious plan for up-grading educational services by offering funding for voluntary amalgamations and a revamping of the secondary education and TAFE sectors to provide separate streams for academic and vocational training.

The TCC Affair
The tempest that dominated much of 2006 around allegations of government impropriety in the granting of a monopoly to the Tasmanian Compliance Corporation (TCC) to control the accreditation and registration of those working in the building industry hardly raised a ripple in the first half of 2007. The matter was fast-tracked to go before the Supreme Court but it did not go to trial during this period. Former deputy
premier, Bryan Green, ex-minister John White and political adviser, Guy Nicholson, were expected in court to plead in late January but were excused from appearing under an obscure act used for the first time in the case of the three accused (Mercury, 30 January 2007).

**Noted in Passing**

All three sitting members of the Legislative Council who were up for re-election in the Council’s staggered system of election were returned in the May balloting. Sue Smith (Ind) was unopposed in Montgomery while Jim Wilkinson (Ind) in Nelson and Alison Ritchie (ALP) in Pembroke saw off their challengers easily.

Kevin Harkins, the ALP’s endorsed candidate for the federal seat of Franklin learned early that he would be targeted for his prominent role as a union leader. A local businessman, Rudi Sypkes, joined sitting member, Harry Quick, in dragging up Harkins’ past of “engaging in unlawful conduct” (Mercury, 6 March 2007). The Liberal candidate, Vanessa Goodwin, continued to enjoy the benefit of the ALP’s internal division throughout the period under review.

Tasmania lost one of its iconic industries in January when Blundstone decided to move its boot-making operations offshore to Thailand and India. The decision will cost more than 300 Tasmanian workers their jobs.

Having failed three times to sue its conservationist critics due to shoddy legal preparation, Gunns was given a fourth chance by Victoria’s Supreme Court in April albeit with a reduced suite of defendants. The original action, which began in December 2004, listed twenty parties but was reduced to fourteen when some high-profile defendants, including Senator Bob Brown and Tasmanian Greens’ Leader Peg Putt, were excluded from the renewed claim (Mercury, 4 April 2007).

Australia’s big dry was a factor in Tasmania’s politics as well with the Hydro Tasmania’s storage falling to 27.4 per cent of capacity in February. The loss of generating ability had a severe impact on the Hydro, which rather than exporting energy via the Basslink connection had to import electricity from the mainland. Looking for the silver lining, a Hydro spokesperson noted that the economic benefits of Basslink might not have worked out as early as hoped but that storage levels were much higher than they would have been without Basslink (Mercury, 9 February 2007).

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**Northern Territory**

January to June 2007

**David Carment and Bill Wilson**

*Charles Darwin University*

**Introduction**

The first half of 2007 saw dramatic and far-reaching events in the Northern Territory. The Commonwealth intervention to take control of Aboriginal communities, which in effect, meant winding back self-government, was the most significant change in Territory politics since 1978. The Chief Minister was personally humiliated by the federal action and lost control of her party on the floor of parliament. The Federal
Court decision on granting sea rights in waters adjacent to Aboriginal lands was a further factor contributing to a watershed six months.

**Federal Intervention**

On 21 June the Prime Minister, John Howard, and the Indigenous Affairs Minister, Mal Brough, announced that the federal government was taking control of some sixty remote Aboriginal communities in response to a report on child sexual abuse.

So dramatic was the Federal government’s intervention that it prompted the Weekend Australian’s Nicolas Rothwell to say that it ranked with the referendum of 1967, or the passage of Commonwealth land rights legislation, as a turning point in Australian history.

The intervention followed the release of a report into child sexual abuse, *Little Children Are Sacred*. The Northern Territory government commissioned the report’s authors, Rex Wild QC and Pat Anderson, an Aboriginal health worker, to enquire into allegations of sexual abuse of young children. The Chief Minister received the report in May but delayed releasing it publicly for more than a month. The report documented a harrowing tale of the sexual abuse of young children in Aboriginal communities “fuelled by rivers of grog” (*The Australian*, 16/17 June 2007).

The delay in releasing the report brought condemnation of the Chief Minister from community groups and individuals. By 21 June, the Territory Opposition was calling on the government to implement the recommendations urgently rather than waiting until the August sittings of the Legislative Assembly to announce the government’s response. (ABC News, 20 June 2007). Then the federal government acted unilaterally to take control.

The intervention was so secret that no word leaked out and the Chief Minister was unaware of the proposals until the prime ministerial press conference. The Prime Minister did try to contact Clare Martin just before the announcement but her staffers delayed arranging the phone call.

Despite criticizing the delay in the report’s release and taking control of most Aboriginal communities in the Territory, Federal Aboriginal Affairs Minister, Mal Brough indicated that he would work with the Territory government to implement the ninety-seven recommendations. He went on to say that the situation in the Territory was a national disgrace, “a disaster, it is something that should never happen in this country” (ABC News, 15 June 2007).

The Prime Minister said the federal government was unhappy with the Territory government’s response to the issue, especially the delay in announcing the measures in response to the report’s findings. “We’re doing this because we do not think the Territory has responded to the crisis affecting the children in the Territory”, he said (ABC News, 21 June 2007). He further argued that the widespread child abuse in Territory communities was a national emergency.

He announced that all Indigenous children under the age of sixteen in the Territory were to undergo a medical check. “We will provide”, he continued, “the resources and we will be appealing directly to the Australian Medical Association to assist” (ABC News, 21 June 2007). The Commonwealth was to link welfare to school attendance, and 50 per cent of welfare to parents of children in the affected areas would be quarantined for food and other essentials. Widespread bans on alcohol sales on Indigenous land would be in place for six months in spite of the fact that most of the communities were already “Dry Areas”.

Critically for Territory ambitions to statehood, the federal government proposed to take over the running of townships using five-year leases to ensure that property and
public housing were improved. John Howard also announced that the Commonwealth would abolish the permit system for entry to Aboriginal land. This issue was to prove one of the most controversial of the intervention, leading to widespread protests. There would be a ban on x-rated pornography in the affected areas. The government also called on the states to provide police to assist in policing Aboriginal communities. The Army would support the police with logistics, especially communications, a move that prompted some to describe the measure as martial law.

The Prime Minister indicated that there would be a special session of the federal parliament if needed to amend land rights and self-government legislation. The Prime Minister acknowledged that “if that involves the payment of compensation on just terms as required by the Commonwealth Constitution, then that compensation will be readily paid” (ABC News, 21 June 2007). The Prime Minister noted: “It is interventionist, it does push aside the role of the Territory to some degree, I accept that but what matters more — the constitutional niceties or the care and protection of young children?” (ABC News, 21 June 2007).

The federal Opposition cautiously supported the intervention, calling for a briefing and indicating willingness for bi-partisan support for the proposals, subject to seeing the legislation.

The Martin government delayed making a significant response for several days, a failure that several observers saw as strange. Martin’s only early comment was on 22 June when she said that she had told the Prime Minister that her government would work with federal authorities cooperatively. It later transpired that the Territory government had proposed a national plan to deal with Aboriginal communities in crisis almost a year earlier, one that was similar to the intervention that had now occurred.

Health

Health issues dogged the Territory government during the early months of 2007. In particular, these involved the Accident and Emergency Department at Royal Darwin Hospital and patient care at the Royal Darwin and Alice Springs hospitals.

In February reports that a ten-patient temporary ward had to be established in a curtained-off area of the Accident and Emergency Department brought Opposition allegations that patients were being treated in the back of ambulances parked at the hospital because beds were not available. The Nursing Federation confirmed this arrangement, complaining that nurses were working up to seventy hours per week. On 23 February, reports surfaced of nurses working nineteen-hour-long shifts. The Minister for Health, Dr Chris Burns, referred queries on this subject to hospital management saying it was “the responsibility of nursing management”.

On 2 March 2007, the Federal Council of the Australian Medical Association (AMA) passed a vote of “no confidence” in the Northern Territory government over its mismanagement of the Territory’s health care system. The motion covered the failure of Council of Australian Governments Indigenous health trials in eight remote communities and the Territory government’s refusal to improve working conditions for health professionals. The motion’s major thrust was that “the AMA had no confidence in the Territory government’s ability to manage its health care system in the Northern Territory, in particular, the care and needs of Indigenous Territorians”. Letters to the editor in the Northern Territory News also highlighted problems at the Royal Darwin Hospital. Writers asserted that there were insufficient beds and not enough doctors and nurses to cope with the number of patients. Other reports emerged of doctors’ threats to close the pediatric intensive care ward unless significant salary increases were awarded to specialists.
In March it emerged that three people died between July 2000 and October 2005 in the Borroloola region after contracting a rare flesh-eating disease. Concerns were expressed that insufficient notice was provided to local residents and tourists about the deaths, especially the need to be careful about activities in the region’s rivers. Northern Land Council chief executive Norman Fry said the failure to warn residents in the region of the bacteria was an “absolute disgrace” (The Australian, 2 March 2007).

**Indigenous Affairs**

On 1 March 2007 the Federal Court granted Aborigines native title rights to intertidal zones over the high tide mark in the Blue Mud Bay region in north-east Arnhem Land. The prompted an immediate response from the Territory government, which announced an appeal to the High Court. Darwin lawyers said the judgment meant indigenous people could control access to most fishing areas along the majority of the Northern Territory coast.

The decision affected commercial fishing licenses for barramundi, mud crabs and trepang operators, all of whom argued that their industry was threatened. Amateur anglers were worried about the need to obtain permits before fishing in coastal areas. The Territory “lifestyle” was reported to be under threat. An amnesty until 31 May was granted just prior to Easter. The Northern Land Council (NLC) announced, however, that from June onwards anyone wanting to fish in waters adjacent to Aboriginal lands would require a permit. These would be free and need only be applied for once. The Territory government supported the NLC’s decision whilst the Country Liberal Party (CLP) argued no decision should be made until after the High Court heard the appeal against the original decision.

In March the federal government announced plans to establish two short-term visitor accommodation sites, using relocated demountable accommodation units. Indigenous Affairs Minister Mal Brough also announced that additional funds would be provided to upgrade the existing town camps to the standard of other Alice Springs suburbs. The federal funds would be provided to the Northern Territory government through an agreement tied to specific milestones. The Tangetyre Council, which controlled the camps, later rejected the proposals because of a requirement that the Territory government assume control of the leases before the funds were spent. Independent Northern Territory Member of the Legislative Assembly Loraine Braham said the move to establish the two short-term sites ignored the wishes of residents, calling it “a Government snub to the people of Alice Springs”. “News that the NT cabinet has signed off on moving 150 dongas to two sites for temporary accommodation”, she continued, “is a slap in the face for democracy”, noting that over 123 submissions to the Development Consent Authority had objected to the proposal (The Australian, 13 March 2007).

In April, the NLC accused Elliot McAdam, the Labor Member for Barkly, of transporting traditional owners to a meeting at Muckaty Station and stranding them there. The Council wrote to Chief Minister Martin seeking an investigation into allegations that old and insulin-dependent women put on a bus by Minister Elliot McAdam’s staff were left at Muckaty Station at the conclusion of a meeting to fend for themselves. McAdam replied that he was approached by traditional owners eager to get to the meeting about a potential nuclear waste dump; the NLC was informed they were coming and transport home was arranged for them. The NLC later announced it had nominated Muckaty Station as the site of the proposed nuclear waste dump in exchange for $12 million.
The CLP opposition also fared badly over Indigenous matters. On 17 April, Richard Lim, its spokesperson for housing, said that costs would drop if Aboriginal people were taught to look after their homes, leading Aboriginal housing organisations to attack him for allegedly racist remarks.

The federal government put forward a plan to lease the town of Nguiu on Bathurst Island for ninety-nine years, which would enable the local Tiwi people to apply for loans to buy houses. The proposal divided the Tiwi community with some traditional owners speaking in its favour and other figures, such as government minister Marion Scrymgour, opposing it.

**Local Government**

On 30 January, the Minister for Local Government, Elliott McAdam, announced that the current local government system was not working and needed to change. “After much consideration and discussion”, he went on, “the new arrangements decided upon will consist of four municipal councils and nine shire councils.” A Local Government Advisory Board chaired by Patrick Dodson, the prominent Indigenous leader, was to investigate the changes and report to the Minister (Northern Territory Government Press Release, 30 January 2007).

Whilst the Local Government Association of the Northern Territory supported the announcement, many councils and individuals expressed concern about the impact of the proposed changes on councils’ ability to provide additional services.

**The Public Service**

In mid April, the Treasurer, Syd Stirling, announced that most government departments and agencies would have to cut staff by one per cent over the next three years. He indicated that the Departments of Health and Community Services, and Education, Employment and Training and the Northern Territory Police must reduce staff by a quarter of a per cent. The Treasurer announced a review of executive appointments over the same period.

**Law and Order**

On 15 April, Alice Springs leaders expressed concern about tensions within their community following a series of stabbings and assaults. Several members of the Town Council called for Australian Federal Police to operate in Alice Springs as they felt the town “was not theirs anymore”. The Mayor accepted that tensions existed but rejected calls for Federal Police intervention. More than 300 protestors booted the Chief Minister as she addressed a rally outside an Alice Springs sitting of the Legislative Assembly in April. She subsequently announced a $150,000 grant to the Alice Springs Town Council for the installation of thirteen closed-circuit cameras in the town centre.

**McArthur River Mine**

On 30 April, the Northern Territory Supreme Court found Mines Minister Chris Natt’s 2006 approval of the expansion of the McArthur River Mine and its conversion to an open-cut operation was invalid. The traditional owners of the mine site had argued that a flaw existed in the approvals process. After the Opposition savaged the government for incompetence, an amendment passed the Legislative Assembly, enabling “all types of mining at the site” (ABC News, 3 May 2007).

Three indigenous members, Barbara McCarthy, Karl Hampton and Alison Anderson crossed the floor to vote against the legislation. The Environment Minister, Marion Scrymgour, was not in the chamber when the vote occurred, the legislation passed
easily but the split within the Labor Party was clearly on show. The revolt prompted Scrymgour to publicly back the Chief Minister, saying that she continued to support Clare Martin despite being absent from the vote. Scrymgour later acknowledged, however, that she had walked out of the parliament to avoid voting against her government. She then took an unplanned two-week holiday, leaving the government divided over the mine.

The Budget

In the midst of other more significant issues, the 2007 $3.3 billion Territory budget, handed down in May, flagged a reduced deficit and the expenditure of $645 million on infrastructure projects. Mining exploration was a big winner with $12 million allocated over four years to encourage exploration. Undoubtedly, the highlight was the raising of the stamp duty threshold on property sales, meaning first home buyers in the Northern Territory now received greater support than anywhere else in Australia other than Queensland. Eighty-five per cent of people entering the property market for the first time would no longer pay stamp duty with the threshold increased from $225,000 to $350,000.

The budget received muted acclaim, especially from housing industry groups but was criticised by the CLP, environment groups and the teachers’ union. The Opposition Leader, Jodeen Carney, was critical of government for not providing sufficient relief for first home buyers or providing funds to enhance law and order in Alice Springs. The Northern Territory AMA criticised the budget for falling short of fixing critical deficiencies in the health system and Frogwatch, a cane toad elimination community group, was surprised it was not funded.

Conclusion

At the end of June 2007, therefore, the Northern Territory has seen the greatest upheaval in politics since 1978. The Federal government has moved to take back control over large parts of the Northern Territory, the Chief Minister has been humiliated by both the Prime Minister and her own party whilst law and order, land rights and uranium are all issues which remain unresolved. The future of statehood is now clouded and the next six months will be interesting to observers keen to see where the recent changes take us.
Treasurer delivered a “meek and mild” budget after the slash and burn of 2006 and people debated the decision by the Minister for Multicultural Affairs, John Hargreaves, to honour the infamous former Whitlam Minister Al Grassby with a statue. Whilst all worthy of further exploration, the four issues selected for further discussion are linked by the theme of principles versus political pragmatism.

Deconstructing Jon

Jon Stanhope has been described as “[lacking] any sense of pragmatism”, “dogged to the point of being stubborn” and “thin-skinned”. On the other hand, he has been hailed as “genuine”, “honest” and someone “prepared to stand up for his principles regardless of the political skin he might lose” (Canberra Times, 2 June 2007). The Chief Minister of the Territory is, indeed, an interesting character. He commands the Territory’s first majority government, he oversaw Australia’s first Bill of Rights, he decriminalised abortion, passed legislation to recognise same-sex unions, and he has publicly spoken out about the treatment of terror suspects and refugees. In the first half of 2007, however, Stanhope came under incredible pressure and his integrity was very publicly debated.

When the Coroner’s report into the Canberra bushfires was finally released in December 2006 it argued that, under Westminster conventions, Stanhope should be found to be responsible. Soon after, it was suggested that the Opposition would bring a no-confidence motion when the Assembly resumed sitting in February. On hearing this Stanhope stated: “I have to say I’m at peace with myself and I’m at peace with the prospect of a no-confidence motion” — not surprising given that he commands a majority in the Assembly. But he sparked considerable outrage by commenting: “I’m surprised that four years later we’re still churning on questions of whether or not the Government’s response to the fire was appropriate or sufficiently generous, I believe it was” (Canberra Times, 19 January 2007). A combination of these comments with the findings prompted calls for his resignation both from his political opponents and members of the public.

The no-confidence motion was debated in the Assembly on 28 February; the day after the government’s response to the Coroner’s report was released. Debate centred on two critical issues: Stanhope’s refusal to accept responsibility for the damage caused by the fires, and his unwillingness to publicly discuss his whereabouts on the eve of the firestorm. In relation to the first point the leader of the opposition Bill Stefaniak argued:

As the person ultimately responsible, the Chief Minister should resign … [he] was negligent in his duty. He took advice and acquired knowledge that he should have passed on to the people of Canberra. He failed to do so. In not doing so, he failed the people of Canberra and he failed the test of leadership (Hansard, 28 February 2007).

Throughout the debate Stefaniak, and others, repeatedly came back to comments made at the time of the fires by Stanhope which included the line, “If you want to blame someone, blame me”. Stefaniak asked:

What did you mean by that, Chief Minister? What were you thinking? Was it sincere? It seemed at the time a courageous and heartfelt sentiment, but did you really mean it? Was it merely empty rhetoric, a cynical one-liner, a media grab designed to buy you time to explain how things could have gone so badly on your watch? (Hansard, 28 February 2007).

Stanhope countered that his invitation of blame was not an acceptance of personal or professional responsibility. He took particular umbrage with the Coroner’s comments on the notion of ministerial responsibility: a “concept that is entirely a political
construct and which is utterly unknown to the law” (Hansard, 28 February 2007). For the Liberals this was inadequate — Stefaniak argued that the Chief Minister must be held to account following the principles of Westminster systems: “If the Chief Minister is not accountable, then who is? Who was in charge during those fateful days? Who was making the decisions, or perhaps who was not making the decisions that should have been made? Was the territory in limbo? What was going on?” (Hansard, 28 February 2007). Stanhope’s main defence against the “blame me” comment was that it had been taken completely out of context. At the time, he argued, he was concerned that the public were criticising emergency service staff:

I stand beside each and every member of the Emergency Services Bureau. I stand beside every member of our fire service, our police service, our volunteers, our rural service, all those NSW officers that were part and parcel of the defence of Canberra. What I am saying is don’t blame me, if you want to blame someone blame me. Cheer those people in this community who put their lives on the line for all of us, that’s what I am asking (Hansard, 28 February 2007).

Stanhope refused to resign when repeated calls were made in the Assembly and has resolutely stood by the notion that the Coroner should not have entered into the territory of Westminster conventions, and that he was never given the right to defend himself against such claims during the investigations.

In a related issue, Stanhope has refused for four years to publicly state his whereabouts on the eve of the fires. During the no confidence debate in the Assembly the leader of the opposition Bill Stefaniak asked, “Where were you? What were you doing? Why had the ship’s captain abandoned the helm when the storm was about to hit and why won’t you tell us where you were and what you were doing?” (Hansard, 28 February 2007). Brendan Smyth, the previous opposition leader, had been especially dogged in his pursuit of Stanhope and this was reflected in his comments during the debate:

Chief Minister, where were you when all this was happening, and what were you thinking? What led you to go AWOL for 15 hours so that you could not be contacted from late in the afternoon on Friday, 17 January 2003 when you were the only minister? You were the Chief Minister, the most senior minister, and you had all the junior minister roles as well. You had the lot and you were missing […] After all of the questions that we have put to our Chief Minister […] he will not tell people where he was on that night. If you were at home watching the tennis, like the majority of people were, just say it. But you don’t. People have a right to know where the only person in the ACT who could declare a state of emergency before that fateful day was (Hansard, 28 February 2007).

Despite such demands Stanhope steadfastly refused to respond on the basis that his private life would remain private. When the vote was taken, Stanhope was never in any real danger of losing given his majority and the support of the Greens MLA Deb Foskey. Winning the vote, however, did nothing to quell the opposition’s demands for information on his whereabouts. In early March the questions continued. Stefaniak reminded Stanhope that phone records tendered to the coronial inquest showed that the head of the Emergency Service Bureau had rung him around 7pm but his call went unanswered (Hansard, 6 March 2007). Stanhope countered that there had been no real attempt to contact him or his staff and that repeated questions regarding his movements were a gross invasion of privacy. However, Stanhope finally cracked and unleashed a tirade against Smyth referring to him as “Mr. Slimeball from Tuggeranong […] [a] despicable little man” who liked it in the gutter “down with the cigarette butts and the dog turds and the wasted life” (Hansard, 6 March 2007). Stanhope’s attack on Smyth was based on his belief that Smyth had spread rumours that he had been with another
woman: at one point it was claimed that there were photos of him at a popular “lovers’ lane” (The Australian, 7 March 2007). For Stanhope, his four-year refusal to reveal his whereabouts was a matter of principle. In the end he revealed that he had been dining with his wife, a magistrate and his wife, and “forgive-me-my-sins” a local Catholic priest (Hansard, 6 March 2007).

In a news conference seen as similar to the Mark Latham “lay off my family” episode, Stanhope argued that the only reason he finally revealed the information was because of “salacious attacks on me, my marriage and my wife” which had caused her considerable distress (Canberra Times, 7 March 2007).

The War Over Water

A war over water erupted in the Territory when the federal government announced that it would renege on a nineteen-year deal to transfer ownership of the Googong Dam — physically situated in New South Wales — to the Territory government. When, the following day, New South Wales opposition leader Peter Debnam pitched the idea of piping water from the dam to the water-parched town of Goulburn during the state election campaign, Stanhope claimed that a deal had been stitched up between the Prime Minister and the New South Wales Liberals. The dam, which supplies around two-thirds of Canberra’s water, was the subject of a 1988 transfer agreement between the Commonwealth and the Territory — once the Territory became self-governing the Commonwealth would transfer ownership of the dam along with other water and sewage assets. However, a flaw was found in the gazette notice announcing the transfer and it never took place. In the late 1990s, the Commonwealth agreed to the transfer in exchange for $91.3 million and in August 2006, the Minister for Federal Territories, Jim Lloyd, had signed a memorandum of understanding which confirmed that the dam’s ownership was “currently in the process of transfer from the Commonwealth to the [Territory] Government” (Canberra Times, 25 January 2007).

The Parliamentary Secretary for Finance, Richard Colbeck, argued that no specific decision had been taken to transfer the dam. He notified Stanhope on the eve of Debnam’s announcement that the Commonwealth had decided to maintain ownership. Stanhope described the proposed Googong-Goulbourn pipeline as “a terrifying prospect” for Canberrans: “We are now confronted with the prospect that the Commonwealth may have done a deal with the NSW Opposition to simply siphon off water for another 35,000 people. It’s most frightening, and will require us to revisit all of the planning that we have done to secure water supply” (Canberra Times, 25 January 2007). For the Chief Minister the water grab signalled Howard’s approach to federalism more broadly:

This is the new federalism endorsed by the Howard Government. They take what they can and squib on their commitments and undertakings. This is Government without moral fortitude and its [sic] leads to great concern over the future for federalism and the task ahead for the new Federal Minister for the Environment and Water Resources, Malcolm Turnbull, in leading the reform in water management (Media Release, 25 January 2007).

Howard claimed that no deal had been done with the New South Wales Liberals and he assured Canberrans that they would be treated fairly: “we’re not going to engage in any kind of covert understanding to the detriment of one group of Australians against another”. Further, he argued that Stanhope’s aggressive response clearly demonstrated that a new approach to water management was necessary to ensure that the nation’s, as opposed to state and territory, interests were protected (Canberra Times, 26 January 2007). Stanhope meanwhile publicly stated that he would not surrender ownership of
Googong without a fight — displaying his much prized “principles” (Canberra Times, 27 January 2007). The Liberals’ water spokesperson, Richard Mulcahy, claimed that the poor relationship between Stanhope and Howard would place the territory in a poor negotiating position. Across the border the Queanbeyan mayor said it was a great step forward given the disregard that the Territory had shown to Queanbeyan with regard to water (Canberra Times, 27 January 2007). A mammoth legal fight looks likely as Actew — the state-owned utility provider — has already paid $60 million and made heavy investments in the dam and they have publicly stated that they will seek compensation.

Following a crisis meeting of the Actew Board a $350million plan to expand the Cotter Dam and fast-track the move to recycled water was announced. The idea of drinking recycled sewage attracted considerable debate, as it has across the country. Stanhope argued that he had no issue with it but would, of course, take it to the people and the head of Actew said the water would “be treated like no water’s ever been treated before” (Canberra Times, 1 February 2007). As the debate took place comments by the Minister for Water Planning, Simon Corbell, raised the hackles of his Ministerial colleague, John Hargreaves. Corbell had urged his colleagues to be more critical of the plans set out by Actew — he claimed recycling sewage was potentially unsafe and this was emerging as a fait accompli. Hargreaves, citing disloyalty, immediately called for his resignation:

I am seriously disappointed that the hitherto strong cabinet solidarity [...] has been abused. I will not stand by and be silent when the integrity and leadership of Jon Stanhope is in question [...] As long as the right wing [of the Labor Party] draws breath and I’m in the Parliament he will not be in the leadership or deputy leadership (Canberra Times, 13 March 2007).

Soon after, a portfolio reshuffle saw Corbell “blindsided” and stripped of his prized planning portfolio via a telephone call from the Chief Minister. Stanhope claimed he had been considering changes for a while, that the changes would facilitate a more “whole-of-government” approach, and that it was not a “payback” for Corbell’s comments: Corbell said that people would draw their own conclusions (Canberra Times, 15 April 2007).

Second Time Unlucky

For a second time the Stanhope government tried to enact legislation to recognise same-sex relationships. The first attempt ended in the Governor-General disallowing the Territory legislation on advice from federal Attorney-General Philip Ruddock. In an attempt to resuscitate the core idea of the legislation, Stanhope and his team went back to the drawing board and produced the Civil Partnerships Bill which Ruddock announced he would, again, recommend be disallowed. The Territory’s Attorney-General, Simon Corbell, publicly criticised Ruddock for his “high-handed and arrogant” approach claiming that he had failed even to discuss the Bill with him (Canberra Times, 7 February 2007). Even before it had been debated in the Assembly, Ruddock argued that whilst some changes had been made, in the end the Bill was too similar to the Civil Unions Act: “It remains the Government’s opinion that the Civil Partnerships Bill would still in its amended form be likely to undermine the institution of marriage” (Media Release, 6 February 2007).

The actions of key players were subject to much debate: Ruddock was seen by some to be prejudiced and captured by the religious right; Stanhope was seen to be deliberately provoking the Prime Minister, and Corbell was seen to have made only semantic changes. Opposition leader Bill Stefaniak argued: “The reason Stanhope and
[...] Corbell, continue to push this particular barrow is because it is a cheap way of seeming to be doing something and provides a spurious issue with which to attack the Commonwealth, all of which is much easier than actually delivering good governance” (Canberra Times, 3 March 2007). In the end the rights of same-sex couples were the victims of a battle between a Territory government concerned with a principle rather than political pragmatism, and a federal government unwilling to allow anything approximating gay marriage. From here on in it seems that only a change of government at the federal level will break the deadlock.

Stanhope’s Super Scandal

Stanhope faced an interesting dilemma when it was revealed that the Territory government had its superannuation funds invested in some of the world’s most controversial companies. For a man of “principle” this became a very interesting debate indeed. On 17 January a Canberra Times article set out the nature of the investment portfolio which included substantial funds in the world’s largest tobacco companies. Whilst Stanhope described the arrangements as less than ideal — particularly given his government’s tough anti-smoking stance — he argued that it was not the role of politicians to dictate where Treasury should be placing investment funds — an arm’s length policy was best he claimed — and the primary role of government in this process was to maximise returns for the funds’ members (Canberra Times, 17 January 2007). Deb Foskey (MLA Greens) argued that the public would be very surprised to see the Territory government had such little control over, or knowledge of, its investments. Further digging by a Canberra Times reporter showed that not only was big tobacco in the investment portfolio, but also companies involved in the manufacture of arms, uranium mining, nuclear power, gambling, as well as the scandal-plagued Australian Wheat Board and Halliburton (Canberra Times, 18 January 2007). Stanhope responded by pointing to the complexities associated with managing large funds and noted that whilst he was uncomfortable with many of the activities of these companies, they were popular investments. Keeping government out of such decisions was preferable according to the Chief Minister: “We each have a range of philosophical and ethical positions, and what is disquieting to one of us is of no concern to others” (Canberra Times, 18 January 2007). Foskey, who had prompted interest in the investment portfolio through a request to Treasury the previous year, argued that governments should try to be part of the solution rather than the problem, and this included adopting ethical investing guidelines.

By 19 January Stanhope had called for a comprehensive briefing from Treasury on the Territory’s superannuation and investment decisions on the basis that there were “stark divergences” between public policy and investment decisions (Canberra Times, 19 January 2007). In early March he announced that he had commissioned an ongoing review of investment portfolios to report on experiences in other jurisdictions and to investigate the practicalities of investing in a more socially responsible manner (Media Release, 5 March 2007). The review which was to be conducted by external members on the Investment Advisory Board was due to conclude by end of May. To date, however, there has been no publicly released report.