

Overview of Key Political and Policy Themes South Australia January to December 2002

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Election 2002

During the decade and a half preceding 2002, South Australians experienced only four years of government by a party able to command a clear majority on the floor of the House of Assembly. The outcome of the 9 February 2002 State election altered nothing in this regard. The 2002 election result is summarised below for both houses – note, neither major party gained a majority of seats in the House of Assembly or sufficient seats to control the Legislative Council.

Notably, the Liberal Party once again failed to form government after winning the majority of the two party preferred and first preference votes.

House of Assembly: Election Outcome in Votes and Seats

	<i>% Votes (Primary)</i>	<i>Change 1997- 2002</i>	<i>2 Party Preferred</i>	<i>Change 2PP</i>	<i>Seats Won</i>	<i>Seats Change</i>
Liberal Party	40.0	-0.4	50.9	-0.6	20	-3*
Labor Party	36.3	+1.1	49.1	+0.6	23	+2
Democrats	7.5	-8.9				
National Party	1.5	-0.2			1	
Indep/Others [#]	14.8	+8.6			3	+1
	100				47	

* Two Liberal seats won in 1997 changed prior to 2002 when sitting Liberals became independents and one independent joined the Liberal Party.

Includes Peter Lewis' Community Leadership Independence Coalition Party (CLIC)

Legislative Council: Election Outcome in Votes and Seats

	<i>% Votes (Primary)</i>	<i>Change 1997- 2002</i>	<i>Initial Quota</i>	<i>Seats Won</i>	<i>Seats in Chamber</i>
Liberal Party	40.1	+2.3	4.83	5	9
Labor Party	32.9	+2.3	3.96	4	7
Democrats	7.3	-9.4	0.88	1	3
National Party	0.5	-0.5	0.47	-	
Family First	4.0	+4.0	0.48	1	1
One Nation	1.8	+1.8	0.21	-	
Greens	2.8	+1.1	0.33	-	
S.A First	1.0	+1.0	0.12	-	1
Others (18 groupings)	9.5	+5.7	na	-	1*
	100			11	22

* Nicholas Xenophon, Independent No Pokies Campaign

Incumbent Premier, Rob Kerin, who had taken over from Premier John Olsen in October 2001 after Olsen was forced to resign for misleading the Parliament, failed to convince voters. His efforts to contrast himself with Mike Rann by trying to appeal as an avuncular 'anti-politician' simply looked amateurish. On the other hand, Rann failed to capitalize on the momentum he'd generated at the previous election when Labor picked up eleven seats (from its low base of only ten – the result of the 1993 election rout). With neither major party able to form government in its own right, four days of high drama ensued as Kerin and Rann tried to secure the support among the four conservative Independent MPs. The Liberals required all four to form government while Labor only one. Given the Independents' political inclinations, the odds of success did not favour Labor.

Surprisingly the Liberals lost out when Labor managed a last minute deal with former Liberal MP, Peter Lewis. Notably, only days earlier Lewis had informed his electorate that he would never support Labor to form government.

The 'Compact' with Peter Lewis

To the cynical observer the Lewis-Rann 'Compact' represented one of the State's more Machiavellian moments given that Rann saved his leadership and Lewis, having been overlooked for a ministry by three Liberal governments (Tonkin, Brown and Olsen), attained the Speakership.

The Lewis press conference was charged with emotion as he reportedly 'held back tears' when explaining that he supported Labor because:

- 1) it was more likely to deliver on the '**Compact**' it had signed with him than would the Liberals; and
- 2) Rann was more likely to offer South Australians a 'stable government' because he required the support of only one Independent.

Lewis recognised that he would have more influence over a Labor government than would have been the case had he supported the Liberals who, as noted, required the support of all four independents.

The Compact's main aims reflected a mix of idealistic objectives and specific policy matters.

Broad aims

- more open and accountable government
- improving the democratic operation of Parliament
- improve codes of conduct for Ministers and all other MPs

A Constitutional Convention to debate and make recommendations on

- citizen initiated referenda
- removal of Ministers and parties from the Legislative Council
- removal of most committees from the House of Assembly
- reduction of the size of Parliament
- establishing a different mode of selection for the position of Governor

Specific policies

- establish plans and strategies to deal with the urgent needs of rural South Australia
- eradication of branched broomrape (a noxious weed)
- better TV reception in the Murray Mallee
- the banning of gill nets and the phasing out of commercial fishing in the River Murray

The most coveted by Mr Lewis was the speakership but, as the year wore on, Labor's support for him was sorely tested. Lewis' business dealings and possible bankruptcy (which would see him forced to relinquish his seat) along with constant projection into parliamentary debates, his expelling Opposition leader, Rob Kerin, from the House, and his proposal to cut by half the length of question time and ban television cameras from covering question time, prompted one independent observer, journalist, Greg Kelton to conclude that the Speaker was 'rapidly running out of credibility' (*The Advertiser* 16 August, 2002).

Rann's 'masterstroke'

Alert to this prospect Premier Rann sought to first garner favour with Independent, Bob Such, but in November, in a masterstroke which broke with tradition, he offered Independent, Rory McEwen (Member for Mt Gambier) the opportunity to join the Cabinet as Minister for Trade and Regional Affairs and Local Government. He was added as the fourteenth Minister to the first Rann Ministry.

The Government and Rann's first 100 days

Cabinet Members

Mike Rann	Premier, Economic Development, Minister for the Arts
Kevin Foley	Deputy Premier, Treasurer, Industry, Investment and Trade
Paul Holloway	Agriculture, Food and Fisheries, Mineral Resources
Patrick Conlon	Government Enterprises, Energy, Police
Michael Atkinson	Attorney-General, Consumer Affairs, Multicultural Affairs
Terry Roberts	Aboriginal Affairs, Regional Affairs, Correctional Services
Lea Stevens	Health, Assisting the Premier in Social Inclusion
Trish White	Education and Children's Services
John Hill	Environment, River Murray, Gambling, Southern Suburbs
Stephanie Key	Social Justice, Housing, Youth, Status of Women

Michael Wright	Transport, Industrial Relations, Sport and Racing
Jane Lomax-Smith	Tourism, Employment, Training and Further Education
Jay Weatherill	Urban Development and Planning, Local Government

McEwen accepted the post with the proviso that he would absent himself from Cabinet whenever he had a major disagreement with the government. In return, he accepted Cabinet confidentiality and committed to support the Government on the floor of the House. As a consequence the government was no longer dependent on the support of Speaker, Peter Lewis. Rann also committed to retain McEwen as a minister should Labor win the next election.

The Opposition

Feeling deeply betrayed by Lewis, the Opposition directed their focus almost entirely on him, rather than the Government. The aggression and doggedness required of an Opposition leader sat uncomfortably with Kerin's leadership style and by year's end voter support, according to Newspoll, had slipped. However Kerin faced no threats from prospective future leaders, Dean Brown, Vickie Chapman and Iain Evans.

Rann's first budget

Labor promised constantly during the campaign to deliver 'sound fiscal management' and as Treasurer, Foley stressed in his first budget speech, 'tangible benefits to the community' as distinct from the 'extravagant spending' of the former government.

Foley's \$80 billion budget delivered a bottom line cash surplus of \$92m for 2002-03, compared with \$2m in the previous budget. To achieve this end he met election promises totalling \$904m with spending cuts of \$967m over a 4 year time frame. Health and education were, unsurprisingly, the key beneficiaries of increased expenditure. A promise not to raise, or impose, new taxes was broken with a new 'super tax' on poker machine gaming revenue and an increase in stamp duty for all domestic and commercial property valued at more than \$200,000.

Agencies faced cuts with a predicted loss of 600 public service jobs over 4 years and expenditure on private consultants, a matter of some urgency for the new government, were cut dramatically.

The budget was well received by the significant media opinion makers. Alan Mitchell writing for the *Australian Financial Review* observed that it was 'a better budget than those produced by the Liberals, in that it promised a return to a more sustainable budget position' (AFR 12 July 2002).

The SA economy continued to wallow from the 1990s shocks – state growth at 2.75% pa was way below the national forecast 3.5 to 3.75% pa through to 2006. *Access Economics* and the *BankSA* economic scenarios painted a bleak picture for recovery with slowdowns in housing and retail predicted and a rising \$A threatening SA's manufacturing and agriculture exports.

Government initiatives

Politically, however, an air of confidence pervaded the new government, particularly in relation to:

- establishment of a high profile 'SA Inc' type initiative, namely, the Economic Development Board
- strengthening the Environment Protection Agency's powers
- a 'drug summit' canvassing get tough polices
- Cabinet taking the unprecedented move to refuse Parole Board recommendations

This latter, arguably, "populist" hardline on crime would soon become a hallmark of Rann's Labor. Its early expression prompted Law Society President, Chris Kourakis QC, to comment that,

"Rejection of the Parole Board's recommendation was not the right track to "get tough" on crime. If the Government thinks that prisoners sentenced to life imprisonment should serve a longer proportion of their sentence or all of it in jail, then it can introduce legislation to that effect. Its decision this week was one which had to be exercised within the terms of the existing law. That law could neither be suspended nor ignored for the sake of making this decision consistent with a political assessment of the public mood" (The Advertiser, 27 April 2002).

Murray-Darling Basin and the severe drought

The question of how much water might be returned to the Murray River to increase flows and ensure that the commencement of dredging the Murray's mouth would not become a constant requirement, are matters addressed in Cabinet. The incoming Government was immediately confronted with the need to express a South Australian perspective at the April meeting of the Murray-Darling Basin Commission Ministerial Council and by year's end dealing with the question of dredging the Murray River's mouth so as to allow for the passage of water between the sea and the Coorong. For the past four summers sand had been accumulating and by mid 2002 presented a serious threat to the Coorong's ecological wellbeing.

Electricity prices

Developments around the question of electricity prices saw the government come under pressure as the year drew to a close. Sole SA electricity provider AGL enjoyed a virtual monopoly and, as a result, was largely able to set prices.

Due to enter the National Electricity Market (NEM) on 1 January 2003, the Rann Government planned to seek alternative retailers to compete with AGL and, hopefully, drive down prices; in Treasurer Foley's words, 'AGL has had it all their own way for too long' (The Advertiser, 4 September 2002).

In September AGL announced its proposed tariff structure for the NEM, and proposed a 25% increase in standard power prices (adding an estimated \$237 per year to the average household power bill).

Energy Minister Pat Conlon believed this to be an 'outrage' and observed that 'people have a right to be angry'. However he ruled out any Government move to enforce lower tariffs because that may well 'run the risk of putting a retailer (ie. AGL) out of business and making sure that nothing ever changes – that there is no competition' (*The Advertiser*, 1 October 2002).

The Government tried to encourage alternative electricity retailers, TXU and Origin, to enter the South Australian market after 1 January 2003. However, in early December, the chairman of the Essential Services Commission, Lew Owens, revealed that a formal written invitation to every electricity retailer in the nation to enter the South Australian market had elicited no response: 'I got no answers to my letter - not one' (*The Advertiser*, 10 December 2002).

To make matters more fraught, two days after Owens' announcement, one of main generators, Flinders Osborne Trading, was facing voluntary administration due to the imminent collapse of its US parent company NRG Energy. As part of the contract with the failed company (concluded under the former Olsen Government in 1996), South Australian taxpayers were required to cover financial losses in the event of the company collapsing. A conservative estimate of the cost was put at \$140 million.