
QUEENSLAND

Awaiting Better Times: A Faltering Recovery

Economic recovery was uppermost among the government's concerns in 1994. The worst of the recession was over, economic indicators began to improve and the parched bush prepared for a new season. Investment and rain became Queensland's most prized commodities; and both were proving elusive. Rains were again poor and most of the state remained drought-stricken for a third successive year. Across other sectors of the economy Queensland should have been a magnet for business, with low taxes, little state debt and a pro-business government attitude; but such was not the case. Corporate investment was low and little other activity was evident beyond building and construction. The conditions were right but business was not performing. This led the Premier to display his anger with business, accusing their leaders of letting the state down. Indeed, his frustration boiled over in an interview given in February:

We talk to the business community about what they want, and they all have a very rational approach ... Get the climate right ... low debt, low taxes, stability and certainty of government policy, fully funding your future liabilities. We do all of that. Business pays forty per cent more taxes in states like Victoria and NSW ... We do the economically rational things and yet they still don't give us the share of business investment we should be getting. They're not acting rationally (Dowling in *Australian Financial Review*, 18 February 1994).

Goss went on to say that he thought "social and commercial inertia" was holding back business chiefs who were more comfortable in the southern capitals where they went to school or played tennis. More substantial criticisms reported from business, however, included "the weight of new government legislation and the slow delivery of a commitment to reduce existing red tape in business law", together with the political "backflip on daylight saving" (*Australian Business Monthly*, February 1994). In this context, the government responded by virtually halting consideration of new legislation while falling back on traditional pump-priming through the government's capital works programme.

On other matters the government sought to appease local business more directly. Over the early months of 1994 the Premier promoted speculation that Suncorp would be sold or partially privatised (raising perhaps \$800-1000 million). The reasons for this were that some government members were worried over potential risks to the public purse of operating a commercial financial institution, over the costs of investment needed to expand the financier (\$200-300 million) and over the need to boost business confidence by offering a prime asset. To buy time (and allow differences within cabinet to be resolved — the Treasurer Keith DeLacy was never keen on the idea) the government commissioned an "independent" report from the accounting firm Price Waterhouse which although kept confidential found Suncorp in good shape but in need of expansion. On the political front the "privatisation" push generated a public campaign within the labour movement to save Suncorp "for all Queenslanders", and a more surreptitious counteraction by local stockbrokers and business interests eager to secure possession. In June the government announced on the eve of Labor's state conference that it would retain public ownership but allow Suncorp to seek funds for expansion from the private sector.

Close relations, however, persisted between the mining industry and the government, and this too brought its own problems with some claiming the relationship had become too close. The minister for one was somewhat confused as to his own role. As Minister for Minerals and Energy, Tony McGrady presented himself as the minister for mining and seemed perplexed when journalists questioned the government's regulatory commitment to environmental protection around mine sites (he also seemed confused about his own earnings when declaring his pecuniary interests to Parliament — forgetting to include income he received as a company director). Concerns about the department's activities surfaced in April when the Criminal Justice Commission began hearings into environmental concerns, especially over illegal dumping of waste and any hint of official corruption among staff. Although the Director General of the department denied that official corruption or misconduct existed, mining inspectors made allegations about kickbacks and gifts for soft enforcement relating to environmental concerns and inspections. Anecdotal evidence was reported that indicated a deliberate policy existed of maintaining cosy relations between

the department and the industry. The Queensland Greens, in particular, were vocal in claiming that an "almost total breakdown of the will to enforce standards of environment protection" was apparent in the Sunshine State (*Australian*, 15 April 1994).

Political Fortunes

Polls showed support for the government had dropped after 1993 with recovery slow in materialising (hovering around 43-47 per cent for Labor against the Coalition on 38-42 per cent). The Opposition Leader Rob Borbidge continued to find it hard to impress with an approval of just 17 per cent and support only among the over 55-year olds. By contrast, Goss's personal approval rating fell to 58 per cent in January but recovered during the early months of 1994 to 64 per cent and to 66 per cent by May, thus keeping him Australia's most popular Labor leader (*Bulletin*, 22 March, 10 May 1994). Such popularity came from success in office helped by the careful management of issues and image; but it was also a reflection of the conservatism of the Premier and his administration (in fact Goss seemed most unpopular with disillusioned Labor supporters). One business leader even mused that "the best thing in Queensland would be a National Party government with Goss as premier" (*AFR*, 18 February 1994).

A northern by-election in May for the Mackay seat of Mirani (vacant due to the retirement of the National's Jim Randell) was contested by only two of the major parties (the Nationals and Labor). In line with the Coalition agreement the Liberals supported the National's candidate, Ted Malone, who won the seat with a slight swing (2 per cent). Given that the Liberals did not run a candidate, and the government had attracted much recent criticism in the bush, the Nationals were hoping for a larger margin. Some commentators and Labor spoilers even speculated that Borbidge's leadership would be threatened unless the Nationals could secure at least a 5 per cent swing.

As it transpired, Borbidge's low popularity in the wake of Mirani eventually led to a leadership challenge of sorts. In June some of the disgruntled shadow ministers and leadership hopefuls in the National Party began a little gentle destabilising to test the waters. A few senior Nationals, including Mark Stoneman, Russell Cooper, Doug Slack and Mike Horan, were becoming unimpressed at the low polls and lack of clear policy direction. Public expressions of dissatisfaction had barely begun

when Borbidge intervened and called a snap party meeting with the intention of flushing out his critics. Declaring the leadership vacant, nominations were called but as no challenger came forward Borbidge was re-elected unopposed. One of the casualties in the skirmish was Mark Stoneman who resigned over differences with the leader and in order to collect numbers on the backbench. Stoneman had been publicly critical of the leader for not taking the fight to the government, not enunciating issues which "our people" need to hear "more clearly" and losing touch with the bush (*Bulletin*, 21 June 1994). Although this episode did not end the leadership question, it impressed on Borbidge the need to "move up a gear" and confirmed that members of a new group of aspirants were anxious to stake a claim. Borbidge was also given notice that unless he made significant impact on the government he would have to resign. He was on his last chance.

Comings and Goings in the Public Service and Ministry

After a somewhat lacklustre government performance over the latter part of 1993 by the cabinet and some senior advisers the government were intent on a shakeup. Initially there was talk of a ministerial reshuffle (with some proposals advanced). But this seemed too difficult and eventually it was decided that some departmental chief executives would be replaced — with some choosing to jump while others had to be pushed. Over summer the head of the Health Department, Dr Peter Stanley, resigned suddenly leaving the job vacant until Dick Persson (who did not apply for the job) was dragged into the position in mid-1994. He was followed by the Director-General of Primary Industries, Jim Miller, who was hastily replaced by his immediate subordinate Tom Fenwick. Both departments had been experiencing administrative difficulties.

Following the release of the Wiltshire Curriculum Review into school education, the Director-General of the Education Department, Roger Scott, resigned in May to return to academia. His decision was also attributed to a protracted breakdown in relations with the minister, Pat Comben, who himself later announced that he would be retiring from politics at the next election to take up the cloth in the Anglican church. Scott was accompanied at the end of June by Peter Coaldrake, Chair of the Public Sector Management Commission, who also resigned to return to university

administration. Coaldrake had been a key figure in the government's reform agenda with a deserved reputation for his persistence in driving change through the public service. While he was continually accused of being close to the government, his reform influence was often compared to the pioneering role of J. D. Story. Coaldrake's resignation was not sought by the government which had only recently reappointed him to a further three-year term as PSMC chairman. A second minister, Anne Warner, then announced her resignation from the ministry at the next election.

The Opposition described these changes as evidence of policy mismanagement, ministerial incompetence and "chronic instability". They accused ministers of being "lame duck" appointments for remaining in their position after they had decided to go, and the government of making scapegoats of selected senior public servants. Borbidge reserved special attention for Coaldrake who he described as "the man most responsible, after the Premier, for the growing instability and loss of morale in the Queensland public sector".

Going "Feral": Inquiries by and into the CJC

Never far from the headlines, the Criminal Justice Commission was again embroiled in a series of inquiries and controversial investigations during early 1994. One of the most vexatious was the investigation by the all-party Parliamentary Criminal Justice Committee into the CJC over the issue of internal security involving the loss of documents and possible deliberate leaks. The *Australian* newspaper published a story on the activities of organised crime in Queensland which allegedly came from confidential and sensitive information relating to a CJC investigation. In April the PCJC decided to hold a public inquiry into the CJC, requiring its senior officers and some other staffers to account for two copies of a confidential monthly report. This was after the CJC had instigated a Supreme Court action which was meant as a warning for those leaking material but seemed to imply that a parliamentary committee member had leaked the material (despite the fact that the Commission could not account for all its copies). The public hearing was a shambles because no leaks could be proven, the PCJC did not call on specialist investigators to assist them, journalists from the *Australian* were never called, and CJC officers continually raised questions about procedural fairness. In particular, two ex-CJC staff (Phil Dickie and

Marian Smith) apparently came under suspicion. Both were called to appear but when Smith kept objecting to the process, and insisting on her right to legal representation, she was threatened with removal; Dickie was no more forthcoming, finding the process more like a show trial than an example of Fitzgerald accountability. The PCJC chair, Ken Davies, seemed relieved when out of frustration and embarrassment the committee called the hearing to a premature close. This episode delivered very little worthwhile (at the cost of undermining the relationship between the PCJC and the CJC) except that the government responded by devising a set of criteria over rules and rights for witnesses appearing before parliamentary committees. All were on a steep learning curve.

The Cape Melville Affair

Further political embarrassment occurred in April involving two of the Premier's senior staff, David Barbagallo and Dennis Atkins. Both had flown north to Cooktown in November to look over the Starcke station (which was to become a national park) in preparation for a visit by the Premier. The day before, a part-time park ranger, Pat Shears, seized a vehicle which had been driven illegally into the nearby Cape Melville national park. For some time the foxtail palms found in the national park had been the target of seed smugglers who collected the seeds and sold them overseas at high prices. The vehicle containing firearms and a small quantity of drugs was subsequently found to belong to Barbagallo's brother.

What happened next became the subject of dispute with allegations made in Parliament that a cover-up existed. David Barbagallo had apparently planned to meet his brother to visit the station together (and had booked tickets before the incident occurred), but it was later alleged that the staffers had either gone north for a "cosy holiday" or to help after the vehicle was seized. The park ranger who had been brought to the Cooktown police station was questioned by Barbagallo ("grilled" in Joan Sheldon's view). The staffers had also contacted the Director General of the Department of Environment and Heritage, Craig Emerson, and some suspicions of the improper use of power were voiced in Parliament. In other fall-out the part-time ranger was not re-employed by the department and Barbagallo resigned to take up employment at the University of Queensland.

There was little evidence that any public officer had acted improperly as the Criminal

Justice Commission inquiry later revealed. But this did not prevent sections of them from having a field day with the "scandal" complete with highly emotive and disparaging accounts of the event. The incident also became notorious because of the interest of the ABC's *Four Corners* and the National Party's spokesperson for the environment, Doug Slack, who gained considerable attention with his questioning of the events. In the end, however, opinion remained divided over the significance of the affair with some believing the incident was evidence of a Labor conspiracy and an abuse of power by senior Goss staffers; while for others it was a media beat up woven round a set of curious circumstances.

The CJC's Inquiry into the Death of Daniel Yock

After the Aboriginal Deaths in Custody inquiry, special attention was supposedly to be taken in the detention of Aborigines. Yet in November 1993 the Brisbane police had allowed a young Aboriginal dancer, Daniel Yock, to die while in their charge. The episode was marked by neglect, incompetence and misleading, conflicting or partial statements by the arresting officers. Because of the strange circumstances and the failure of police to observe a duty of care, the death became a rallying point for Queensland Aborigines and others critical of the police. In April the CJC released its report into the incident which generally found that procedures were lax but that no criminal or disciplinary charges should be brought against any officer. This finding was a major disappointment to many Aborigines who felt that the CJC were "whitewashing" the police and covering up the "murder" of Yock. In reaction a number of public demonstrations was held—including the May Labor Day march—and alternative versions of the incident presented to a "workers' inquiry" were given some exposure.

Meanwhile the Liberals Find Themselves in Court

Around Easter the Liberal Party was dragged through the industrial courts over a case involving the dismissal of the party's former financial director, Donna Breskvar, who claimed to have engaged in the "concealment" of donations to party funds including from other senior Liberal Party officials (*Courier-Mail*, 7 April 1994). The former Liberal staffer made her allegations of serious misconduct in an

affidavit to the court outlining the stressful nature of the employment. She told of abusing public funds, and hiding donations, and of the party's reluctance to have their accounts properly audited. She also mentioned that a staff member working at the party's headquarters was not paid by the party but was claimed as a research assistant to a federal senator. The Liberal Party's State Director, Lynton Crosby, denied any impropriety but did not specifically answer the allegations. The industrial court refused to explore these allegations further because they were "irrelevant to the case".

Federal Fights

Two meetings of the Council of Australian Governments in early 1994 occupied considerable political energy in Queensland. The first meeting in Hobart in February over micro-economic reform within the government sector reached agreement over a states-initiated document to build a cooperative regime of competition throughout Australia. In late March the second premiers' meeting on federal funding to the states (brought forward because of the new timing of the federal budget) was surrounded by intense politicking and counter-arguments. Interest was heightened this year because shortly before the council was to meet, the Commonwealth Grants Commission released a report into relative state funding, recommending a revised formula in which over \$200 million would be taken from Queensland and Western Australia and mainly given to NSW. The report argued that some recompense should be given to the more populous states out of recognition of the higher "input costs" associated with service delivery in urban areas. Queensland politicians went into parochial overdrive at this suggestion, claiming that if the CGC report was implemented, Queensland would have less than a *per capita* allocation. Goss even warned that COAG was in danger of folding if consensus could not be found. With the stage set for a good bunfight, COAG convened after the federal government had largely accepted the report but softened the cuts against Queensland (at one stage up to \$170 million could have been cut from the state). Additional funding to Queensland was given by the federal government under special revenue assistance and population increases. The net result of the horse trading (which upset conservative premiers from NSW and Victoria) left Queensland with a loss of around \$11 million (or 0.3 per cent in federal grants). Goss was one of the few state or territory leaders to

come away from the meeting in a positive mood — affirming that the Commonwealth's softening would mean that the state did not need to increase state taxes.

An Early Budget

Along with the federal government, the Queensland government decided to bring forward its budget year to coincide with the financial year. Accordingly, Labor's fifth State Budget was brought down on 31 May (only nine months since the last budget); much of the content was selectively leaked to prepare markets and gain appropriate acceptance. The State Budget was premised on strong business investment (expected to rise by 19 per cent) and economic growth (5.4 per cent) leading to strong revenue growth for the state coffers. Treasurer Keith DeLacy spoke of the government's "unstinting commitment to fiscal discipline" and confirmed that the Budget contained no new taxes or increases in tax rates. Once again the government offered a large infrastructural capital works commitment (\$3.4 billion) out of total outlays of around \$11 billion. A new scheme was established to assist private sector involvement in further infrastructural projects, the Queensland Infrastructural Financing Fund or QIFF. QIFF would be started with government funds contributing to a pool of around \$1 billion which would be invested in commercial projects, although there was some scepticism about the efficacy of such a scheme or concern over the government's motivations in establishing such a fund (perhaps influenced by the desire to "hide" any potential budget surplus — a somewhat novel political problem).

Other measures announced in the budget included: increases in capital outlays for corrective services, hospitals, road and rail transport, and water resource projects. With buoyant revenues and predicted income from corporatised government-owned enterprises, the government felt able to cut electricity tariffs by 10 per cent for commercial and industrial customers while freezing domestic rates for almost two years. In recurrent outlays, education received an increase of 4.3 per cent, health 6.7 per cent, social welfare 10.2 per cent and law and order areas such as corrections and police rose by 9.3 per cent. The Treasurer also announced a special rural communities policy package of \$50 million in addition to the Commonwealth-State drought relief of \$75 million. By contrast, \$7 million was allocated to the SEQ 2001 urban planning and development

project mainly for the acquisition of important parcels of land. DeLacy was confident that as the state became debt-free, further funds would be available for social and economic purposes; and he was well aware that such a budget would be due shortly before the next state election in 1995 — it was almost as if the Treasurer was predicting a give-away budget in twelve months time.

An additional item to receive much prominence after the budget was the so-called "stealth tax" on the "dividend" local governments received on borrowings through the QTC. If local councils borrowed through the QTC they enjoyed government guarantee and cheaper rates of interest (dubbed as a "dividend" by Treasury officials). Driven by economic rationality, the state government argued that it should share the "dividend" (or "bonus" on the borrowings) with councils by levying an amount on the discount enjoyed by the borrower (perhaps totalling around \$8 million per year). This "tax" was not actually introduced through the 1994-95 Budget. Rather, separate legislation was presented to Parliament in June based on proposals announced in the previous year's budget. As the measure was about to come into effect and the full implications became apparent (effectively increasing debt charges, slowing repayments, and imposing penalties for existing debt levels), local governments developed a political campaign to oppose the retrospective "stealth tax". Local mayors and councillors who felt the government was not listening took to the streets in June in a protest march designed to cause major embarrassment to the government. The fifty mayors in their regalia of office were joined by some unlikely supporters, principal among whom was the AWU chief and powerbroker of the ALP right faction in Queensland, Bill Ludwig. The union boss, eager to promote the AWU among council workers (and worried that the tax may cost jobs), had been attempting to convey messages behind the scenes but was frustrated at the lack of reception. In response he criticised the government publicly, arguing that "whichever way I look at it, it's a bad decision — both financially and politically" (*Australian*, 23 June 1994). Stung by this public campaign (and in the lead-up to the state ALP conference) the government backed down a day later, with the Treasurer informing the House that councils would not have to pay for three years.

Labor's Factional Squabbles

Open brawling had often marked the Labor party in the years in opposition; but in 1994 the Labor Party now in government demonstrated that it had still not entirely controlled this tendency. A series of factional disputes came to a head over the relative influence of the factions and the changing alignment of the TLC old guard. Policies and personalities became interwoven in these running disputes. Perhaps the main protagonists were the ALP State Secretary Mike Kaiser (AWU right) and the Party President Ian McLean (Left). While Kaiser seemed interested in maintaining the right's grip over the party and keeping disquiet behind closed doors, McLean had recently been most critical of the government's slow reform record. The left had also orchestrated the campaign to save Suncorp, and many strongly favoured quotas for women MPs and increased involvement of members in party decisions. McLean's position as president came under challenge in the lead-up to the June state party triennial conference. The position was complicated because the challenge came ostensibly from a split in the left (which was supported if not orchestrated by right supporters). Two senior left union officials (from the metalworkers and liquor/miscellaneous unions) withdrew support from McLean for president and backed minister Bob Gibbs to form a breakaway left grouping. At the conference McLean was beaten by a Gibbs-left/right coalition by 223 votes to 106 (with 33 left votes deserting McLean to vote for Gibbs). This was the most public display of disunity so far experienced by the party in government, and a sign perhaps of future discord.

Two other party issues emerged as controversies to compound the conflict over the presidency. At the branch level the factions were jockeying for influence in preparation for the pre-selection bouts to be held later in the year. In early 1994 a series of allegations was publicised, which in some cases involved seats with continuing sitting members. Len Ardill, state member for Archerfield, complained of mass numbers suddenly joining his branches — some of whom had the same surnames. Other allegations were made of so-called ethnic stacking; this occurred where ethnic groups would join in large numbers in a given seat to win influence or be otherwise bought off with political support. These groups operated strategically, often joined the strongest faction state-wide, but signed membership forms in seats other factions held hoping to prise them

away. The stacking allegations continued for about a month (doing some damage to the government in the post-Fitzgerald era of electoral accountability) until the Premier stepped in to prevent further overt examples of electoral rigging.

The second issue concerned the number of women in Parliament. With Labor in government (and eventually likely to lose seats rather than gain new ones) and with a list of preferred male candidates awaiting vacant seats, this issue was explosive for Labor's power brokers. When the issue was first raised — leading up to the state conference — the various factions (the right and some on the left) tried to stall or limit the intention of the proposal by presenting it as an encouragement to women of merit to enter politics. At the conference the principle was supported but the party machine was opposed to notions of a fixed quota or guaranteed places for women candidates. This division was also a contributing factor in the split of the left faction at the conference. Queensland was subsequently embarrassed when the ALP's National Conference voted for a quota of thirty-five per cent women in winnable seats by 2002 (applying to federal and state legislatures with the likely threat of federal intervention if states did not comply). State Labor leaders in Parliament and the party organisation were publicly sullen and privately angry after the national decision had been reached. But in cynical Labor style they began widening the definition of "winnable" seats to include virtually every seat the opposition held — most of which would never be winnable by Labor unless Queensland became a one-party state.

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