

‘Morris’ Minor Miracle’: The March 2007 NSW Election

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Carr Crashes

Bob Carr was triumphantly re-elected in March 2003. Labor won 56.20% of the two-party preferred vote and 55 of the 93 electorates. The Government consolidated its hold on many of its marginal seats. The Opposition failed to regain any of the ground lost in 1999. Carr radically reconstructed his Ministry and began to implement his third term agenda. The Government looked unassailable. Then it all began to fall apart.

In December 2003, a report by the Health Care Complaints Commission into allegations by whistleblower nurses confirmed alarming failings in relation to care and treatment of patients at Camden and Campbelltown hospitals. Up to 19 patients died unnecessarily between 1999 and 2003. Chronic underfunding and staff shortages had led to this disastrous situation. The revelations about Camden and Campbelltown were followed by a flood of similar allegations about other hospitals.¹ The confidence of the citizens of NSW in their health care system, and the Government’s ability to manage it, was severely shaken.

In early 2004, there was a drastic decline in the quality of Sydney’s train service. The railway network’s ageing infrastructure had been causing problems for some time. The immediate crisis was triggered by a shortage of drivers, the medical retirement of a number of drivers as a result of strict new fitness tests, and the

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refusal of those who were left to work large amounts of overtime. Commuters were infuriated by constant overcrowding, late running trains and cancelled services.²

A severe drought led to the introduction of restrictions on water use in Sydney in October 2003. As dam levels continued to fall, restrictions were tightened in June 2004 and again a year later. This led to questioning of the long term viability of Sydney's water supply. In July 2005, Carr announced that a desalination plant would be built to augment the city's water resources. Scientists, environmentalists, economists and community groups all criticised the decision. Carr himself had previously been critical of desalination on environmental grounds. It looked too much like a 'quick fix' rather than tackling harder options such as recycling. Opponents claimed that the water crisis was due to lack of forward planning by the Government.³

There was a growing chorus of criticism that the Government's focus on reducing State debt, which had been virtually eliminated by 2005, had led to a lack of expenditure on vital infrastructure. Carr was increasingly criticised for allegedly being more focussed on manipulating the media than tackling the serious, long-term problems facing NSW:

For too long, his critics say, he has simply patched up cracks. Suddenly they are exposed for all to see ... The overall feeling is he has spent big over the years on high-profile and electorally popular projects like roads but neglected the less sexy areas like maintaining water, energy and transport infrastructure.⁴

To add to the Government's problems, the economy began to falter. The long-running housing boom collapsed, slowing economic activity and reducing State revenue. Interest rate rises had a disproportionate effect on heavily mortgaged Sydney. NSW was disadvantaged by the Grants Commission's formula for distributing GST receipts. The drought impeded economic growth. Cyclical factors involving the global economy had a negative impact on NSW. The resources boom directed investment to other States and the high dollar hurt the manufacturing sector. The NSW economy performed poorly compared to other States and became a drag on the nation as a whole. Although many of these difficulties were beyond the Government's control, they provided further ammunition for its growing number of critics. Carr and Treasurer Michael Egan were accused of frittering away booming revenue in the good times, for example, through high public sector wage rises, rather than spending on projects of long-term benefit. The Government was stigmatised as anti-growth and anti-business.

All of these difficulties inevitably damaged Carr and the Government. According to Newspoll surveys, Labor's two-party preferred vote fell from 54% in January-February 2004 to 49% in May/June 2005. Carr's approval rating plummeted from 59% in November/December 2003 to 35% in mid-2005. His rating as preferred Premier against Opposition Leader John Brogden fell from 58% to 44% in the same period, although he still maintained a lead of 10% in May-June 2005.⁵

The Government fought back. More train drivers were recruited. A new railway timetable was introduced in September 2005. Services were cancelled and journey times increased but the reliability of the network improved, although problems such as overcrowding remained.

In a mini-Budget in April 2004, Treasurer Egan announced large increases in funding for health, education and transport. Increased capital expenditure included \$600 million for hospitals and \$1.5 billion for new rail carriages. In addition, \$1 billion would be spent on transforming Sydney's 14 complex and interconnected train lines into five separate rail 'clearways'. The untangling of the railways had for some time been identified as a priority if the reliability and performance of the system was to be improved. Stamp duty was abolished for first home buyers. To avoid the charge of economic irresponsibility, the Government proposed to finance this extra expenditure through cuts to the public sector and tax increases. A stamp duty levy of 2.25% was imposed on the sale of investment properties. Land tax was restructured by abolishing the exemption threshold. Although the base was thus expanded the rate was significantly reduced.⁶

In the June 2004 Budget, the Government said it would spend \$30 billion on new assets and infrastructure over the ensuing four years. In a retreat from its earlier insistence on giving debt reduction top priority, some of this expenditure was to be financed by borrowing. Unlike previous surplus Budgets, this one had a projected deficit of \$379 million.⁷

Egan retired from politics in January 2005. His successor was Deputy Premier and leader of the left Andrew Refshauge. The 2004 changes to land tax and the vendor tax on investment properties had proved to be extremely controversial. The property industry mounted a vociferous campaign against them. There were claims that 'Mum and Dad' investors were being unfairly penalised. In his first Budget in May 2005, Refshauge dumped the new land tax regime. Stamp duty on insurance was almost doubled, a less economically efficient but more politically painless way of raising revenue. One economics commentator trenchantly observed: 'Take the Michael Egan out of Bob Carr and you're not left with much in the way of financial discipline'. Infrastructure expenditure was further increased as was borrowing to fund it.⁸

In another attempt to convince an increasingly alienated electorate that the Government was dealing with infrastructure problems, in June 2005 Carr announced an \$8 billion rail expansion programme. A major new line would be built over a 15 year period. It would run from Rouse Hill in Sydney's north west through the city (via an underground line and tunnel under the Harbour) to Leppington in the south west.⁹

On 25 May 2005 Carr broke Neville Wran's record to become the longest continuously serving NSW Premier with a term of ten years, three month and 30

days. Carr faced a tough but by no means impossible fight to win the 2007 election. However, his once remarkable energy and enthusiasm for politics had been sapped by his lengthy and strenuous term in office. On 27 July 2005 he announced his retirement and left office on 3 August.

The Transition to Iemma

For a long time, Planning Minister Craig Knowles had been the heir apparent. However, Knowles had been damaged by the fallout from the disastrous events at Camden and Campbelltown hospitals which had occurred during his time as Health Minister. In April 2005 he was convicted of a drink-driving offence. There was also an increasing feeling in the ALP machine that Knowles did not have the right image and was not up to the top job. By the time the Leadership fell vacant, his early advantage had ebbed away. Police Minister Carl Scully had been lobbying long and hard to succeed Carr. Scully had been an energetic and able Minister. However, his reputation was tarnished by his long tenure as head of the troubled transport system. Scully also had an aggressive and arrogant public persona which many believed made him electorally unsellable. The last man standing was Health Minister Morris Iemma. A former staffer of ALP numbers man Graham Richardson, Iemma had impeccable right wing credentials. He had proved to be a competent if unspectacular Minister, particularly in the difficult Health portfolio, and was a solid performer in the House. If Iemma had no overwhelming advantages, neither were there any compelling drawbacks. The right wing power brokers coalesced behind Iemma and bludgeoned Scully into withdrawing from the race. Iemma was elected Premier unopposed on 2 August. Scully stayed on as Police Minister. Knowles quit politics altogether.

An unseemly display of factional manoeuvring and back-stabbing also took place in the left.¹⁰ Refshauge had strongly supported Scully until the last although a number of left MPs favoured Iemma and others switched to him as it became apparent that Scully was a lost cause. Refshauge's standing in the faction was damaged as a result. Transport Minister John Watkins was widely seen as the rising star in the left. Iemma asked Refshauge, who had been Deputy Leader since 1988, to step aside to allow for a complete generational change at the top, although Refshauge was guaranteed a senior portfolio. Refshauge responded by announcing his retirement.¹¹ The right agreed to leave the Deputy Premiership with the left. This triggered off a savage contest between Watkins, who like Refshauge was part of the 'soft left', and Education Minister Carmel Tebbutt who was from the 'hard left'. Refshauge's departure removed an obstacle in Tebbutt's path by allowing her to shift from the Legislative Council to Refshauge's relatively safe seat of Marrickville. As they had the numbers, the 'soft left' favoured an internal ballot within the faction to choose the Deputy Leader. The 'hard left' wanted to push the contest into the full Caucus where they hoped to pick up enough right votes to put Tebbutt over the top. Watkins was said to have threatened to resign from Cabinet if the left was not allowed to resolve the matter internally. A major split in the left

loomed with the prospect of ensuing destabilisation of the Government. Tebbutt finally backed off and withdrew from the race. Watkins became Deputy Premier on 10 August.¹²

This highly visible display of the ALP at its worst cast a shadow over Iemma's accession. To make matters worse, the new Premier was initially 'tentative, appallingly shy with the media'.¹³ Iemma and his close advisers made a number of key decisions at the outset. Instead of trying to match the urbane and articulate Carr's image, Iemma would be marketed as a down-to-earth, ordinary family man (he had four young children) who preferred football to books. Iemma was portrayed as honest and conscientious, not flashy or charismatic but doggedly doing his best for the citizens of NSW. It was an astute strategy, capitalising on the new Premier's strengths rather than trying to transform him into something he was not. Second, there was to be a deliberate break with the Carr years. Instead of standing on its record, the Government did its best to give the image of a totally new start. Rather than trying to damp down criticism of the Carr legacy, the new regime deliberately stoked the fires.

As part of its strategy of distancing itself from the past, the Government began a series of backflips to appease aggrieved interest groups. It may have been supine but it was effective, at least in the short term. The vendor tax was immediately ditched. The registered club movement which had been aggressively campaigning against poker machine tax was placated with concessions. The land tax threshold was raised. When the Cross City Tunnel tollway opened in August 2005, there was immediate controversy about road closures to force traffic into the tunnel. The Government backed down and reversed these, thus exposing itself to a substantial compensation payout to the private consortium that owned the tunnel. The desalination plant was put on hold (although this decision was later reversed).

More positively, there was also a stream of initiatives to try and persuade the voters that the Iemma Government was tackling tasks 'neglected' by Carr and Egan. Soon after taking office, Iemma set up an infrastructure development unit reporting directly to the Premier. Workers' compensation premiums were cut. In an economic statement in February 2006, the Government announced payroll tax concessions for businesses relocating to or expanding in areas of high unemployment. Job cuts and restructuring in the public sector would save \$2.5 billion over four years. Iemma said he was setting up a 'business roundtable' to advise him and would 'aggressively seek investment'.¹⁴ In May 2006, the Government released a ten year State Infrastructure Strategy. Over the next four years, \$41 billion would be spent on capital works, with \$17 billion of this to be funded by borrowing.¹⁵ There was also a 25 year Metropolitan Strategy for Sydney and an Urban Transport Statement outlining the Government's plans to improve public transport. In November 2006 came the State Plan. It set out a hierarchy of goals, priorities and specifically measurable targets for NSW for the next ten years. Areas covered included law and order, education, health, transport, economic growth, the environment, 'fairness and

opportunity' and 'rights, respect and responsibility'.¹⁶ These and other Government initiatives were heavily promoted by taxpayer-funded advertising campaigns.

Brogden Blows Up

Many believed that Carr's departure would assist Opposition Leader John Brogden. However, within weeks the photogenic and plausible Brogden was also gone. At the end of August, allegations emerged that at a function earlier that month Brogden had made a racist remark about Carr's Malaysian-born wife and behaved inappropriately towards female journalists. Brogden was so badly damaged by the ensuing uproar that he announced on 29 August that he was resigning as Liberal Leader. Shortly after he attempted suicide. To make matters worse for the Liberal Party, it appeared that the Party's right faction had deliberately leaked the information to undermine the left-leaning Brogden.¹⁷ The left (or 'the Group' as it was known) had controlled the Liberal machine since the 1990s but in more recent years the right had made an aggressive and largely successful counter-attack.

The front-runner to succeed Brogden was Liberal Deputy Leader Barry O'Farrell. Popular, intelligent and an excellent communicator, O'Farrell seemed the obvious choice. Shadow Transport Minister Peter Debnam also entered the race but seemed an outside chance at best. O'Farrell then suddenly withdrew from the contest. A moderate right-winger, O'Farrell appeared to have the numbers with the support of 'the Group'. However, concern that he would not have a united Party behind him and would face destabilisation of the kind that had plagued Brogden led O'Farrell to back off. The right was strongly supporting Debnam who was unanimously elected Opposition Leader on 1 September 2005. One political columnist observed that the episode indicated that the Liberal Party had 'caught the disease of long-term opposition, turning in on itself and losing sight of the goal of winning government'.¹⁸

Prelude to the Poll

A year after taking office, Iemma had established himself as Premier in a way that Neville Wran's successor, Barrie Unsworth, never succeeded in doing. Iemma had grown into the role and his public performances were now more assured. The strategy of portraying him as sincere and hardworking if unglamorous had succeeded, largely because there was a solid core of truth behind it. Making Carr the scapegoat for all the State's difficulties had been an effective, if not entirely creditable, tactic. Although there was still much resentment amongst the voters, there was also a grudging acknowledgement that Iemma was doing his best to deal with the problems that existed. Debnam, by contrast, had signally failed to establish himself as a serious alternative. The Opposition was widely perceived as internally divided and lacking in credibility. In September/October 2006, Newspoll had the

Government on 54% of the two-party preferred vote. Iemma's rating as preferred Premier was 45% compared to Debnam's 21%.¹⁹

The Government's smooth progress towards the poll was, however, disrupted by a series of scandals and resignations in the latter part of 2006. Media reports in August claimed Minister for Energy and Ports Joe Tripodi while a backbencher had held shares in a company that had bought and sold Government land. An investigation by the Independent Commission Against Corruption subsequently cleared Tripodi of any wrongdoing.²⁰ In September, Tony Stewart resigned as a Parliamentary Secretary after being caught drink-driving.²¹ In late October, Scully was forced to resign after twice misleading Parliament in ten days over a police report into the 2005 Cronulla riots.²² In November, the shine was taken off the announcement that Rural Fire Service chief Phil Koperberg would be the ALP's candidate for Blue Mountains by the leaking of allegations about Koperberg's personal life. Koperberg claimed he was the victim of a smear campaign by a Labor MP.²³ Later that month, it emerged that Local Government Minister Kerry Hickey had been fined a number of times for speeding in his Ministerial car. At the end of the year, Labor MP for Macquarie Fields Steven Chaytor was charged with domestic violence. He was convicted and deprived of his preselection in January 2007.²⁴

Most damaging of all, in early November Aboriginal Affairs Minister Milton Orkopoulos was charged with a long series of child sex and drug offences. Iemma responded by sacking Orkopoulos from the Ministry, expelling him from the ALP and forcing him to resign from Parliament. As a further damage control measure, legislation was passed making it mandatory for all election candidates to declare any convictions or charges for offences relating to children. Claims emerged that MPs and other senior Labor figures had known of complaints against Orkopoulos but had done nothing.²⁵ The Government's problems were exacerbated when an ALP branch official associated with Orkopoulos was charged with child sex offences soon after.²⁶ The Government was badly shaken by these events. There were fears that Iemma's carefully cultivated 'Mr Clean' image would be tarnished and that the Orkopoulos affair would crystallise in the public mind that something was deeply wrong at the core of the Government.

At this critical juncture, instead of capitalising on his advantage, Debnam made a disastrous miscalculation. A week after the charging of Orkopoulos, Debnam claimed in Parliament that Attorney-General Bob Debus was under investigation by the Police Integrity Commission. It emerged that Debnam's only source was a notoriously unreliable convicted paedophile. The Police Integrity Commission publicly stated that Debus was not the subject of any current inquiry. The Government effectively turned the attack back on Debnam, accusing him of running an unsubstantiated campaign of smear and innuendo.²⁷ The Opposition Leader had made the decision to attack Debus with minimal consultation with staff and colleagues.²⁸ His credibility was left in tatters and his political judgement revealed

as deeply flawed. Debnam's blunder, plus that great political circuit breaker the Christmas/New Year holiday period, meant that the damage to the Government in the long term was minimal.

The Campaign

Election analyst Antony Green noted a crucial factor in the campaign for the 24 March 2007 election:

While the Premier . . . has put considerable effort into distancing himself from his predecessor, there is one legacy from Bob Carr that the Iemma Government is thankful for — the enormous electoral buffer created by the 1999 landslide, a position strengthened by a targeted marginal seat campaign at the 2003 election.

Allowing for the effects of the 2004 redistribution, a swing of 8.7% would be needed to deprive Labor of its majority and a 12.3% swing for the Coalition to govern in its own right (there were seven Independent MPs).²⁹ The Opposition was handicapped at the outset both by the size of the task confronting it and the widespread belief that swings of such proportions were not realistically achievable.

Undeterred, Debnam began campaigning in early January with a four week tour of NSW. His message was that a change of government was necessary to 'get NSW back in front'.³⁰ The Opposition Leader was punching vigorously even if many of the hits went wild. In February, Debnam announced a plan to add recycled effluent to Sydney's water supply in times of drought. The Government proposed a package of measures: recycling for industrial and other non-drinking water purposes, extracting groundwater from aquifers, tapping into previously inaccessible water deep in existing dams, and desalination. Iemma's plan seemed cobbled together and expedient. The Opposition's initiative, by contrast, looked bold and far-sighted. On 16 February, Iemma and Debnam confronted each other in a televised debate, the first in NSW. Most commentators scored it as either a draw or a win for the Liberal Leader.³¹ Debnam launched his campaign on 25 February. His theme was that he and his team had the experience and policies to 'fix NSW'. Debnam tried hard to link Iemma with the Carr years, reminding voters of current problems with health, housing, water and the economy. A key promise was to cut land tax.³² Debnam was starting to look like a contender if not a winner. It seemed possible that his attacks on Labor's record might generate a significant protest vote.

Iemma launched his campaign on 18 February at Hurstville in Sydney's south where he grew up. Billed as a 'community event', it was a low key launch with much emphasis on Iemma the decent family man who had come up the hard way and understood the concerns of ordinary citizens. There was no supporting cast of Labor luminaries, with Carr conspicuously absent. The focus was on the Premier with little mention of his Party. This reflected ALP research showing voters were responding positively to Iemma but were disillusioned with Labor. Iemma's message was that he had done much to improve hospitals, public transport and

infrastructure since taking over 18 months ago. He was seeking the support of the voters to continue the task. Unlike the Opposition, the Government was committed to maintaining and improving the basic services families depended on. Iemma's approach was encapsulated in the slogan 'More to do but heading in the right direction'. There were few specific new commitments. Iemma promised a \$2 billion programme of capital works for public education, much of which had already been announced. Responding to Debnam's recycling initiative, the Premier announced a plan for a recycled water grid across Sydney. He stressed, however, that unlike under the Opposition's plan, no-one would be forced to drink recycled water. A 40 member domestic violence unit would be set up in the Police Force and a new domestic violence offence would be introduced.³³

The Government's campaign proceeded steadily in an effective if unexciting way, with the Premier touring the State releasing a stream of carefully targeted initiatives and promises. First home buyers would receive stamp duty concessions. An additional 250 police and 2,500 nurses would be recruited. After hours general practitioner clinics would be established to cut hospital emergency department waiting times. There was a \$129 million environment package and a \$310 million climate change fund. A programme to improve workers' skills would cost \$46.8 million. Iemma also promised \$14 million for an eye screening programme for preschoolers and \$23 million for troubled children and their parents.

Debnam's campaign quickly hit problems. The bubble burst on 27 February with the release of two polls. Newspoll showed Labor had a huge lead with 59% of the two-party preferred vote.³⁴ An AC Nielsen poll released the same day had a similar result with the ALP on 57%.³⁵ Both polls showed Iemma increasing his lead as preferred Premier. Whatever momentum the Opposition had generated was dissipated and its morale badly shaken.

Rather than trying to create a statesman-like image appropriate to an alternative Premier, Debnam's approach was overly dependent on media stunts and gimmicks. According to one journalist:

For weeks, Debnam marched across NSW like a man possessed, wearing Speedos, diving into rivers and streams, plunging into scrub, and studying starfish . . . His press releases would always finish with lines such as: 'The Opposition Leader Peter Debnam will arrive by kayak' or 'The Opposition Leader Peter Debnam will go scuba diving'. Voters scrambled to get out of his way.³⁶

As the campaign progressed, these antics made Debnam increasingly a figure of fun. He was mercilessly pilloried in the media.

To make matters worse, a number of Debnam's media stunts backfired badly. The Opposition Leader conducted a public 'taste test' between tap and 'recycled' water and claimed the great majority of those participating could not tell the difference. The only problem was that it later emerged that Debnam had not, in fact, used

recycled water.³⁷ The Opposition Leader held a media conference with a couple he described as typical of the ‘Mum and Dad’ investors who would benefit from his proposed cut to land tax. It was soon revealed that the so-called ‘battlers’ owned eight investment properties. Debnam attacked the Government over an alleged ‘blow out’ in the cost of the rail clearways project. Iemma was quick to point out that the rise had actually been due to an increase in the scope of the work not over-spending and had been publicly announced by the Government in November 2006.³⁸ Debnam staged a media event outside the ‘unmanned’ Five Dock Police Station, claiming it showed how Labor had endangered public safety. The effect was spoiled when two Police Officers arrived and were unable to make their way into the Station because of the media scrum.³⁹

In an attempt to gain some impetus, Debnam released a series of hard-line law and order policies. The age of criminal responsibility would be dropped from 14 to 12 for serious crimes and to ten for minor offences. The age at which offenders could be charged as adults would be lowered by a year to 17. Juries would take over the role of judges in determining minimum sentences. Magistrates would be given the power to impose ‘anti-social behaviour orders’ on young offenders. Rather than gaining him support, these policies were widely seen as a desperate and reckless attempt by Debnam to generate publicity.⁴⁰

Another set back for the Opposition, although this time not of its own making, was the release of economic data on 7 March. It had seemed possible that the figures would show NSW was technically in recession. Instead the numbers were positive, showing strong growth in demand. Other key indicators were also favourable.⁴¹ Potentially damaging Opposition attacks on Labor’s economic management were neutralised.

The Opposition campaign stumbled on to further disasters. In mid-March, Debnam admitted that the Coalition did not have an integrated transport policy for Sydney. Instead, the Opposition was campaigning on

a grab bag of minor transport policies such as extending the light rail in Sydney, increasing ferry services, freezing fares, increasing express and peak train services, expanding bus services for the northern beaches, and promising a fairer definition of late, as in late running trains.⁴²

Debnam compounded the damage by saying that transport wasn’t ‘the number one issue’. This was despite newspaper polling showing transport was one of the areas where voters were most dissatisfied with the Government. When pressed by the media, the Opposition Leader was unable to provide costings for what initiatives he did have. Within days, in one of the few reverses the Government suffered during the campaign, a train break down on the Harbour Bridge threw the transport system into chaos.⁴³

At a media conference on 16 March, when asked to comment on a negative poll result, a 'shaken and hesitant' Debnam admitted that the Government was likely to win. This was later said to be a tactic to galvanise the electorate into a protest vote at the prospect of four more years of Labor. In fact, Debnam's concession had the effect of stigmatising him as a loser. It derailed the Opposition campaign, making it look like a meaningless charade.⁴⁴

The Government increasingly attempted to associate the NSW Liberals with Prime Minister John Howard's unpopular new industrial relations regime. Labor claimed Debnam was committed to handing over the NSW industrial relations system to the Commonwealth.⁴⁵ The Government linked Howard's alleged 'anti-worker' approach with the NSW Opposition's policy of cutting 20,000 public service positions in non-regional areas. The elimination of these 'back room bureaucrats' was a key part of the Coalition's plan to fund its election promises. It proved to be an albatross around the Opposition's neck. Labor was able to run a damaging scare campaign claiming Debnam would lay waste to the public sector. The Coalition could not effectively combat these charges without undermining its economic credibility. The Government released a report saying there were only 33,000 non-front line public service jobs in Sydney. To achieve the Opposition's target, nurses, police and teachers would have to go. Treasurer Michael Costa guaranteed that there would be no further reduction in public service staff numbers under Labor. Former Auditor-General Bob Sendt's assessment was that the Opposition's proposed cuts were achievable but would result in diminished services to the community.⁴⁶ Debnam himself was vague on how the reductions would be implemented. In his election eve appeal, Iemma said:

[I]f your goal is improving services and making people's lives better, you don't do it with unfunded promises and massive service cuts. The choice could not be more important or more clear. It boils down to this: who will improve and expand the public services that families depend on. That's the choice. Better services, not service cuts.⁴⁷

Labor also attacked the Opposition over the cost of its programme. Costa claimed that the real price of a number of major Coalition policies was much higher than stated. Legislation passed in November 2006 enabled the Treasury, if requested, to cost the election promises made by both Government and Opposition. Debnam refused to participate, claiming that Treasury was too politicised to be impartial. Instead the Opposition hired accounting firm KPMG to check its calculations. The Government took up the offer. The assessment of one observer was:

The Coalition has blundered by refusing to submit its election promises to Treasury. Right or wrong, Labor has been able to claim the Coalition is afraid to have independent experts drill into its policy commitments . . . As it did in 2003, and as Labor did in 1995, the Coalition has asked KPMG to cost its election undertakings. But that will be largely an accounting exercise, while what the Government has submitted to with Treasury is a genuine policy exercise . . .

KPMG itself emphasised that it was only reviewing figures supplied by the Coalition and refused to provide one of its staff to appear at the release of the costings.⁴⁸

On 19 March the Government announced Treasury had estimated that its promises totalled \$1.6 billion over four years, including both recurrent and capital spending. One reason the cost of Labor's programme remained relatively modest was that many campaign commitments actually involved large amounts of previously announced expenditure.⁴⁹ The Opposition released its figures just before polling day. There was a delay of several hours allegedly because a photocopier broke down. Debnam did not attend, leaving Shadow Treasurer O'Farrell to put the best face he could on the numbers. The Opposition's promises added up to \$10 billion. As well as the \$4 billion made available by reducing the size of the public service, the Opposition claimed that it would save another \$3.2 billion by making the public sector more efficient. Costa attacked this as 'sleight of hand', claiming another 15,000 public servants would have to be sacked to provide these efficiency savings. He described the Coalition's costings as 'rubbery. These policies would mean the State would be in deficit for the next decade'.⁵⁰

In the last three weeks of the campaign, Labor launched an advertising blitz targeting Debnam. In recent elections the Government had deliberately ignored Opposition Leaders to 'starve them of oxygen'. Now the strategy was to give Debnam maximum exposure as ALP research showed the more voters saw of him the less they liked him. Labor was well-placed to implement this negative strategy as it had a large campaign war chest, estimated at \$15 million. The Opposition, by contrast, had great difficulty raising funds, with many corporate donors disinclined to contribute to what they perceived as a lost cause. It was said to have an election budget about a third the size of Labor's. ALP advertising portrayed Debnam as arrogant and elitist, a failed businessman who could not be trusted to run NSW and a 'John Hewson-like ideologue' who would 'slash and burn his way through public services and the rights of workers'.⁵¹

Debnam's image disappeared from Liberal Party advertising, brochures and even how-to-vote material as polling day approached.⁵² Leaks began to appear from within the Liberal camp complaining that Debnam was behaving 'as a one-man band despite talking about the team', was 'too aloof' and relied 'too much on stunts that distract from the policy message'.⁵³ The Opposition's prospects were fading so rapidly Labor became concerned that the overwhelming likelihood of a comfortable Government victory might lead to a backlash. In an attempt to breathe life back into the Liberal campaign, ALP State Secretary Mark Arbib claimed internal polling showed the result would be close.⁵⁴ The final published polls, in fact, showed Labor was heading for an easy win. AC Nielsen had the ALP on 56% of the two-party preferred vote and Newspoll on 56.5%. A Galaxy poll in the *Daily Telegraph* showed a slightly smaller Labor vote, 53%.⁵⁵ According to the Nielsen poll, Iemma was preferred as Premier by 56% compared to 27% for Debnam. Nielsen's research

also showed that 52% did not believe the Government deserved to be returned. However, 57% said the Opposition did not deserve to win.⁵⁶

*The Results*⁵⁷

Labor was re-elected with 52 seats, a loss of three. The Liberal Party won 22 seats and the Nationals 13. Six Independents were returned, the same number as in 2003. Labor lost Port Stephens to the Liberal Party and Tweed to the Nationals. The sitting Labor MP was also defeated in Murray-Darling, which was notionally National after the 2004 redistribution. An Independent won Lake Macquarie from Labor. The Liberal Party regained Manly, which had been held by Independents since 1991, and Pittwater which was won by an Independent at the by-election in November 2005 caused by Brogden's resignation.

The ALP's primary vote in the Legislative Assembly was 38.98%, a swing of 3.70% against it. The two-party preferred vote for Labor was 52.30% compared to 56.20% in 2003. The Liberal Party polled 26.94%, up 2.22%, and the Nationals 10.05%, up 0.42%. The two-party preferred swing to the Liberals in North Shore seats was 6.7%, a sign that the Party's heartland had come back after the swing against it in the two previous elections. The Green vote was only marginally higher than in 2003, 8.95% compared to 8.25%. However, in the Inner City area, where the Greens have traditionally been strong, there was a swing to the Party of 2.5%. Independents polled 8.89%, up 0.71%.

2007 LEGISLATIVE ASSEMBLY ELECTION

Roll 4,374,029

Party	Candi- dates	Seats Won	Change	Votes	% Vote	Swing
Labor Party	93	52	-3	1,535,860	38.98	-3.70
Liberal Party	73	22	+2	1,061,269	26.94	+2.22
The Nationals	20	13	+1	396,023	10.05	+0.42
Greens	93	..	..	352,805	8.95	+0.70
Independent	70	6	..	350,280	8.89	+0.71
Christian Democratic Party	57	..	..	97,419	2.47	+0.74
Australians Against Further Immigration	56	..	..	59,588	1.51	+0.60
Unity	30	..	..	43,292	1.10	-0.20
Australian Democrats	26	..	..	21,099	0.54	-0.39
Unaffiliated Candidates	8	..	..	11,586	0.29	+0.28
Fishing Party	3	..	..	6,509	0.17	+0.11
Outdoor Recreation Party	3	..	..	1,567	0.04	+0.04

Save Our Suburbs	3	..	..	1,420	0.04	-0.16
Socialist Alliance	2	..	..	1,257	0.03	-0.06
Others	..	..	..	..	..	-1.31
Formal	537	93	..	3,939,974	97.23	-0.15
Informal				112,152	2.77	+0.15
Total Votes				4,052,126	92.64	+0.77

Source: Antony Green, *2007 NSW Election: Preliminary Analysis*, NSW Parliamentary Library Research Service, Background Paper 2/07

Antony Green has pointed out that the Coalition is 'better positioned to win in 2011 than the overall result indicates'. A two-party preferred swing against Labor of 5% would see it lose six seats and its majority. His overall assessment is:

[T]he variability in swing from seat to seat has put more outer suburban seats within range for the Coalition to win at the next election ... [I]n 2011 the battle will be fought largely in metropolitan seats, including three in both the Sutherland Shire and on the Central Coast. If the next election were to produce a hung Parliament, winning back Manly and Pittwater has also increased the chances of the Coalition finishing with more seats than Labor. With the Independents still in the running to win safe Labor seats in the Hunter, plus another improved showing for the Greens in Balmain and Marrickville, Labor will be under pressure on several fronts in 2011.⁵⁸

In the Legislative Council, Labor polled 39.14%, down 4.40% on 2003, and won nine seats. The Coalition's vote increased by 0.92% to 34.22%, giving it eight MLCs. The Greens won two seats with 9.12%, an increase of 0.52%. The Christian Democrat vote increased by 1.39% to 4.42% and the Party's founder, Fred Nile, was re-elected. The last place went to the Shooters' Party which polled 2.79%, an increase of 0.74%. The Australian Democrat vote declined 0.21% and the Party's only MLC was defeated. The new Council saw a reduction in crossbenches and minor party representation from 11 to eight, although the crossbenches continued to hold the balance of power. Compared to the old Council, Labor increased its numbers by one, the Coalition by two and the Greens and Shooters' Party by one each. Christian Democrat strength remained at two. The numbers in the new House are: ALP 19, Coalition 15 (Liberal 10/National Party 5), Greens four, Christian Democrats two and Shooters' Party two.

Conclusion

The 2007 election was unusual in that a 12 year-old Government that was widely perceived as not adequately delivering the basic services that State politics revolves around was re-elected relatively unscathed. One explanation is the state of the Opposition. Internally divided and with a Leader voters did not respond to, the Liberal Party also ran a poor campaign. The Coalition was hardly a convincing

alternative. The lesson seems to be that no matter how unhappy the electorate is with an incumbent government, voters are reluctant to change unless they are reasonably confident it is a change for the better.

This is not to downplay the contribution of the Government and Iemma. Labor's strategy of making Carr the scapegoat for its difficulties was a risky one as the voters may not have been convinced that there had, in fact, been a clean break and a new start. In the end, however, it proved to be very effective. The Government did not lose its nerve in the face of adverse poll results. Instead it set about rebuilding its position with a carefully co-ordinated series of concessions and initiatives. The Labor campaign with its positive projection of Iemma and ruthless demolition of Debnam was faultlessly executed. Finally, there was the contribution of Iemma himself. Inheriting a difficult situation and without the natural media skills of a Wran or a Carr, Iemma built up a likeable and trustworthy image. He was able to persuade the electorate that although he hadn't yet had time to solve current problems he could be trusted to do so in the future. Since 1901, only four other NSW Premiers have won an election after taking over during a term (Holman in 1913, McGirr in 1947, Cahill in 1953, Heffron in 1962). Political history is littered with examples of new Premiers at the end of a long run in office who were defeated: Mair in 1941, Renshaw in 1965, Willis in 1976, Unsworth in 1988, Fahey in 1995. The 2007 election was, in this sense, 'Morris' minor miracle'.⁵⁹ ▲

2007 LEGISLATIVE COUNCIL ELECTION

Roll 4,374,029

Party (Group)	Seats Votes	Change % Vote	from Swing	Quotas	Won	1999
Labor Party (O)	1,491,719	39.14	-4.40	8.61	9	+1
Liberal / National (E)	1,304,166	34.22	+0.92	7.53	8	+2
Greens (I)	347,548	9.12	+0.52	2.01	2	+1
Christian Democratic Party (K)	168,545	4.42	+1.39	0.97	1	..
Shooters Party (N)	106,513	2.79	+0.74	0.62	1	+1
Australian Democrats (G)	67,994	1.78	-0.21	0.39	..	-1
Aust. Against Further Immigration (C)	62,386	1.64	+0.74	0.36	..	..
Fishing Party (B)	58,340	1.53	+1.53	0.34	..	..
Unity (J)	46,053	1.21	-0.21	0.27	..	-1
Restore Worker's Rights	35,218	0.92	+0.92	0.20	..	..
Group A	25,942	0.68	+0.68	0.15	..	..
Horse Riders / Outdoor Recreation (P)	21,569	0.57	+0.57	0.12	..	-1
Group F	18,999	0.50	+0.50	0.11	..	..
Human Rights Party (S)	16,772	0.44	+0.44	0.10	..	-1
Socialist Alliance (Q)	15,142	0.40	+0.25	0.09	..	..
Save Our Suburbs (R)	11,951	0.31	-0.17	0.31	..	..
Ungrouped	5,325	0.14	+0.07	0.03	..	..

Group M	3,464	0.09	+0.09	0.02	..	..
Group H	3,143	0.08	+0.08	0.02	..	..
Group D	456	0.01	+0.01	0.00	..	..
Others	..	..		..	..	-1
Formal	3,811,245	93.89				
Informal	247,921	6.11	+0.77			
Total Votes	4,059,166	92.80	+0.78			
Quota	173,239					

Source: Antony Green, *2007 NSW Election: Preliminary Analysis*, NSW Parliamentary Library Research Service, Background Paper 2/07

Notes

- ¹ *SMH*, 7.6.04.
- ² *SMH*, 14.2.04.
- ³ *Australian*, 13.7.05.
- ⁴ Morgan Mellish, *Australian Financial Review*, 19.3.04.
- ⁵ *Australian*, 1.7.05; <http://newspoll.com.au>
- ⁶ *NSWPD*, 6.4.04.
- ⁷ *NSWPD*, 22.6.04.
- ⁸ Ross Gittins, *SMH*, 25.5.05; *Australian Financial Review*, 25.5.05.
- ⁹ *SMH*, 10.6.05.
- ¹⁰ For an excellent account of Refshauge's demise and the ensuing power struggle see 'Evelyn Ryder', 'The Strange Death of Andrew Refshauge' in *ALP (NSW) Southern Highlands Branch Newsletter*, September 2005.
- ¹¹ *SMH*, 3.8.05.
- ¹² *SMH*, 5.8.05.
- ¹³ *SMH*, 24.2.07.
- ¹⁴ *Australian Financial Review*, 24.2.06.
- ¹⁵ *Australian*, 2.6.06.
- ¹⁶ *SMH*, 14.11.06.
- ¹⁷ *Australian*, 30.8.05.
- ¹⁸ Mike Steketee, *Australian*, 1.9.05.
- ¹⁹ <http://newspoll.com.au>
- ²⁰ *SMH*, 26.1.07.
- ²¹ *SMH*, 18.9.06.
- ²² *Australian*, 28.10.06.
- ²³ *Australian*, 6.11.06.
- ²⁴ *SMH*, 20.1.07.
- ²⁵ *Daily Telegraph*, 9.11.06; *Australian Financial Review*, 11.11.06; *SMH*, 9.11.06, 1.3.07.
- ²⁶ *SMH*, 25.1.07.
- ²⁷ *Australian*, 25.11.06.
- ²⁸ *Australian*, 26.3.07.
- ²⁹ *SMH*, 24.2.07. For the effects of the redistribution see Antony Green, *2004 NSW Redistribution: analysis of final boundaries*, NSW Parliamentary Library Research Service, Background Paper 1/2005.
- ³⁰ *SMH*, 9.1.07.
- ³¹ *SMH*, 19.2.07.
- ³² *SMH*, 26.2.07.
- ³³ *SMH*, 19.2.07.
- ³⁴ *Australian*, 27.2.07.
- ³⁵ *SMH*, 27.2.07.
- ³⁶ Caroline Overington, *Australian*, 7.4.07.
- ³⁷ *Daily Telegraph*, 23.2.07.
- ³⁸ *Australian*, 1.3.07; *ABC News Online*, 28.2.07.
- ³⁹ *Australian*, 2.3.07.
- ⁴⁰ *Australian*, 5.3.07.
- ⁴¹ *SMH*, 8.3.07.
- ⁴² *SMH*, 14.3.07.
- ⁴³ *SMH*, 14.3.07, 15.3.07; *Australian*, 15.3.07.
- ⁴⁴ *Australian*, 15.3.07, 17.3.07; *Australian Financial Review*, 17.3.07.

⁴⁵ *SMH*, 14.3.07; *Australian*, 21.3.07.

⁴⁶ *Australian*, 27.2.07, 7.3.07; *SMH*, 28.2.07, 2.3.07, 5.3.07.

⁴⁷ *SMH*, 23.3.07.

⁴⁸ Imre Saluzinsky, *Australian*, 19.3.07.

⁴⁹ *SMH*, 20.3.07; *Australian*, 19.3.07.

⁵⁰ *SMH*, 23.3.07; *Australian*, 23.3.07.

⁵¹ *SMH*, 2.3.07, 9.3.07, 12.3.07, 30.3.07; *Australian*, 2.3.07, 9.3.07, 13.3.07.

⁵² *SMH*, 2.3.07, 13.3.07, 20.3.07; *Daily Telegraph*, 13.3.07.

⁵³ *SMH*, 28.2.07.

⁵⁴ *SMH*, 6.3.07.

⁵⁵ <http://newspoll.com.au>; *SMH*, 23.7.07; *Daily Telegraph*, 23.3.07.

⁵⁶ *SMH*, 23.7.07.

⁵⁷ All results are from Antony Green, *2007 NSW Election: Preliminary Analysis*, NSW Parliamentary Library Research Service, Background Paper 2/2007.

⁵⁸ *SMH*, 26.3.07.

⁵⁹ Headline in *SMH*, 30.3.07.