

Parliament in the Periphery: Sixteen Years of Labor Government in South Australia, 2002-2018*

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Abstract

This article examines the sixteen years of Labor government in South Australia from 2002 to 2018. With reference to industry policy and strategy in the context of deindustrialisation, it analyses the impact and implications of policy choices made under Premiers Mike Rann and Jay Weatherill in attempts to progress South Australia beyond its growing status as a 'rustbelt state'. Previous research has shown how, despite half of Labor's term in office as a minority government and Rann's apparent disregard for the Parliament, the executive's 'third way' brand of policymaking was a powerful force in shaping the State's development. This article approaches this contention from a new perspective to suggest that although this approach produced innovative policy outcomes, these were a vehicle for neo-liberal transformations to the State's institutions. In strategically avoiding much legislative scrutiny, the Rann and Weatherill governments' brand of policymaking was arguably unable to produce a coordinated response to South Australia's deindustrialisation in a State historically shaped by more interventionist government and a clear role for the legislature. In undermining public services and hollowing out policy, the Rann and Weatherill governments reflected the path dependency of responses to earlier neo-liberal reforms, further entrenching neo-liberal responses to social and economic crisis and aiding a smooth transition to Liberal government in 2018.

INTRODUCTION

For sixteen years, from March 2002 to March 2018, South Australia was governed by the Labor Party. This was government headed by two in-principle social-democratic leaders, Mike Rann (2002-2011) and Jay Weatherill (2011-2018). It was a period

preceded by Labor's years in the political wilderness, wherein it sought to distance itself from its role in the State Bank collapse of the early 1990s and regroup to contest the decade of Liberal government that followed. Traditionally, the agenda of social-democratic Labor governments in Australia's history has focused on 'reforming and humanising capitalism, to improve the position of the working class and other disadvantaged groups, rather than on a more radical transformation to a socialist society'.¹ In the early global period, an apparent triumph of neo-liberal ideas heralded by the Thatcher and Reagan administrations led historian Francis Fukuyama to declare 'the end of history', at which the capitalist free market had emerged victorious from its ideological struggle with socialist state planning over the best way to arrange production to grow economies and societies.² The analysis of Labor government in South Australia from 2002 to 2018 presented below deals with evidence that the Rann and Weatherill Labor governments attempted to negotiate the local-state experience of this 'end of history' by applying a kind of social-democratic reform broadly accepting of globalisation, as though Labor governments were henceforth required to adapt to the new reality in order to make social democracy relevant to the 21st century.

This paper adds a dimension of political-economic analysis to earlier research into the Rann Government's contentious relationship with parliamentary institutions;³ and contributes further insights to the previous research on the Rann-Weatherill era, such as that by Manwaring, who has written of this period as the Labor Party's 'search for democratic renewal'.⁴ Overall, this period can be understood as one wherein principles of the Blairite 'third way' approach to government were borrowed heavily to enact a supra-democratic form of governance by business and community groups. This paper argues that, upon reflection, the third way was a social-democratic model ostensibly 'relevant' to the 21st century, but became in practice the vehicle for a range of principally neo-liberal reforms that contributed not only to dismantling

¹ C. Johnson, 'Gillard, Rudd and Labor Tradition'. *Australian Journal of Politics and History*, 57(4), 2011, p. 563.

² F. Fukuyama, *The End of History and the Last Man*. New York: Free Press, 1992.

³ J. Bastoni, 'The Executive Versus the Legislative Council: A Case Study from the South Australian Parliament'. *Australasian Parliamentary Review*, 27(1), 2012, pp. 126-133; C. McIntyre and J. Bastoni, 'What's In It for Us? Why Governments Need Well Resourced Parliaments'. *Australasian Parliamentary Review*, 25(1), 2010, pp. 177-183.

⁴ R. Manwaring, *The Search for Democratic Renewal: The Politics of Consultation in Britain and Australia*. Manchester: Manchester University Press, 2014.

traditional notions of social democracy but to de-politicising the economy. Concomitantly, this de-politicisation had the adverse effect of politicising the bureaucracy to facilitate the influence of interest groups within society over government policymaking. These processes have had ongoing consequences for the role of government in the current period of Liberal government under the leadership of Premier Steven Marshall.

To demonstrate this argument, the analysis in this paper deals with some of the former Labor government's key innovative, experimental and often-times nation-leading policy responses in a period of significant change in South Australia. Given the author's area of research expertise in industry policy and political economy, the analysis covers specifically

- a. the way that Labor sought to innovate in ways it deemed befitting of the 'new economy', which saw it exhibit a preference for non-parliamentary processes via a 'third way' for building policy consensus with business and the community to compete in the global economy;
- b. how this strategy was arguably not adequate to address structural economic issues relating to economic crisis, in particular manufacturing deindustrialisation; and
- c. how the impact of such an approach was to politicise the executive branch of government, in large part creating deeper challenges to an effective policy response to the serious social and economic consequences of deindustrialisation.

BACKGROUND TO THE RANN-WEATHERILL PERIOD

Reviewing the most recent sixteen years of Labor government in South Australia must begin with a brief overview of the period of government immediately preceding it, at State and national levels, which played a significant role in shaping the period under review. Social democracy in Australia from the 1980s exhibited key traits of a marriage to 'economic rationalism'. The technocratic transformation of the senior executive of the Australian Public Service, beginning with the Hawke Labor Government, has been extensively documented. Such rationalisation meant that

from 1983, ‘macroeconomic “stability” (that is, business confidence) became rhetorically central, and interventions increasingly relied on ‘supply side’ mechanisms’.⁵ This altogether prioritised a neoclassical approach to economic policy and by such means, declared market-driven mechanisms to be the best vehicles for delivery of efficient public services, stipulating the abandonment of full employment as industry policy.

The embrace of neo-liberal policy at federal level in Australia from the 1980s placed enormous pressure on state governments to fall into line with market-oriented changes that rolled back the government’s active role in the economy. South Australia had exhibited a long and extensive history of an enterprising, interventionist state whose active policymaking role had been central to the State’s social and economic transformation.⁶ Given this historically interventionist role of the state in South Australia, interventionist policy responses had become path-dependent. Path-dependency means that ‘the past strongly influences your choices for the future [and] in order to understand policy options you must understand the past, which vastly complicates the analysis’.⁷ The path-dependence of the longer-term form of government and the South Australian Parliament are important factors to consider when interpreting the role of the Rann and Wethearill governments in responding to requirements for renewal, transformation and crisis.

The Liberal Party that governed South Australia from 1993 to 2002 was led initially by Dean Brown (1993–1997) and then by John Olsen (1997–2002). This decade marked the period in which economic rationalism became most deeply embedded in South Australian government policy and most expansively throughout its institutions, although the foundations had been established by the prior Bannon Labor government (1982–1993). The ‘greater rhetorical emphasis on promoting a business environment conducive to investment’⁸ in the state planning priorities of the Brown-

⁵ S. Wilson and B. Spies-Butcher, ‘After New Labour: Political and Policy Consequences of Welfare State Reforms in the United Kingdom and Australia’. *Policy Studies*, 37(5), 2016, p. 410.

⁶ K. Sheridan (ed.), *The State as Developer—Public Enterprise in South Australia*. Adelaide: Royal Australian Institute of Public Administration, 1986.

⁷ D. Colander and R. Kupers, *Complexity and the Art of Public Policy: Solving Society’s Problems from the Bottom Up*. Princeton: Princeton University Press, 2014, p. 54.

⁸ S. Hamnett, ‘Ten Years of Metropolitan Strategic Planning in South Australia’. Paper presented at the 2nd Bi-Annual National Conference on The State of Australian Cities. Brisbane, 30 November—2 December 2005, p. 5.

Olsen era marked a turning point in South Australia's process of institutional neo-liberalisation. To both Brown and Olsen, policy measures of public austerity and privatisation were the only considerable response to the state financial crisis and the State Bank collapse that occurred under the former Bannon government's neo-liberal experiments within a conducive policy context of the federal Hawke-Keating government, measures which were made further possible with the hard-line neo-liberalism of the federal Howard Coalition government (1996–2007). As a result, by the end of the 1990s, many of the State's assets had been leased or privatised, organised labour power eroded, and numerous sectors of the economy deregulated.

Industry policy had been a significant part of previous Dunstan and Bannon Labor Government policy responses to economic crisis and change, and was evident to some extent during the Tonkin Liberal Government's term in its support of local industry engagement in high-technology manufacturing. But the Liberal Government decade of the 1990s squandered much of the previous momentum in government economic planning and industrial development. It viewed neo-liberalism—rolling back industry policy to allow markets to determine industrialisation—as the only way to alleviate the State's growing debt problem, with a raft of privatisations of public assets such as the Electricity Trust of South Australia (ETSA), public sector data services and other important infrastructure.

Labour market and financial market deregulation, and the privatisation of public assets, had weakened South Australia's responses to the economic downturn experienced from the early 2000s. Policy responses were focused on balancing budgets, not investing in productive assets to achieve long-term economic development. During the 1990s, Lance Worrall was an economic adviser to Opposition Leader Mike Rann and from 2002 was Premier Rann's chief economic adviser. In an interview, Worrall contextualised the neo-liberal ideology that had left the outgoing Liberal Government so short-sighted, clearly out of step with voters' desire for government to build a longer-term vision, and offering Labor a strategic campaign:

What they said was, if we sell this [ETSA] we will have an extra seven-hundred-and-fifty-million a year to spend [...] it was complete voodoo economics. It ignored the fact that you're only going to sell it to somebody on the basis that it earns an income. So it's the difference

between the interest payments and the income you would've received had you maintained ownership; and then they sold it too cheap, so the savings on interest were less than the retention value of it and the income you would've got from it⁹.

In its final term, the Liberal Government faced battles on multiple fronts. It was a minority government depending on the support of two conservative Independents in the House of Assembly (the lower house). Revelations of the mismanagement of infrastructure projects involving members of the Government damaged Liberal Party and public confidence in the Premier, leading to a leadership spill that saw Olsen replaced by Rob Kerin, who would take the Government into the election.¹⁰ These issues were stacked precariously upon the Government's trickle-down approach to public investment, one which did not significantly reduce an unemployment rate that remained at 7.1 percent in January 2002, just a month prior to the State election.

A MAJOR ACHIEVEMENT OF MINORITY GOVERNMENT

Despite the Liberal Government's problems, the 2002 South Australian election returned a hung Parliament. After negotiations by both parties, Labor and its Leader Mike Rann were able to outmanoeuvre their Liberal opponents, benefiting from a history of 'bad blood' between the Liberals and Independent conservative MPs, as well as an internal struggle between the Liberal Party's traditional conservative wing and an emergent group of neo-liberals.¹¹ In contrast, Rann was an energetic and tactically adept politician, seasoned by eight years as Opposition Leader, earlier Bannon government ministerial duties and prior to that, a period as Don Dunstan's media advisor. Rann's pragmatic leadership was a critical factor in changing the minds of unlikely key allies and permitting Labor to govern in minority (Labor had won 23 seats, with 24 seats needed for a majority). Independent Peter Lewis was offered the role of Speaker of the House of Assembly and Rann further promised Lewis the Government's support for reforms to the State's Constitution. The newly

⁹ Interview with Lance Worrall, 2015.

¹⁰ G. McCarthy, 'The Revenge of the Legislature: The South Australian Election 2002'. *Australasian Parliamentary Review*, 17(2), 2002, pp. 22-34.

¹¹ D. Jaensch, 'The 2006 South Australian Election'. *Australasian Parliamentary Review*, 21(2), 2006, pp. 198-207.

settled landscape of the State's Parliament helped to cast the way forward for the Labor Government and its strategy to develop policy innovatively and as far removed from the legislative arm as possible.

POLICY INNOVATION FOR A NEW ECONOMIC ERA

Labor's return to South Australian Government early in the twenty-first century would require a markedly different approach to governing for it to occupy its traditional role as the government of social and economic reform in Australia. The Rann Government inherited challenging terrain upon which to implement a policy strategy befitting an age of 'innovation'. It was of great importance to the government that the image of South Australia as a 'rustbelt state' be shaken off, and a future-oriented image be created. But to do this, given the inherited institutional terrain, South Australia ultimately had to be 'open for business'.

The Rann Government made significant commitments to policy and institutional changes designed to facilitate economic development in South Australia in a way that, in keeping with its social-democratic principles, was also socially transformative. It quickly turned to searching for the State's place in the 'new economy', and building industry policy responses that leveraged the rise of the new 'digital age' with its concomitant demand for high-technology industrial investment and skills development in emerging growth industries. Given the historic structure of South Australia's economy, to a large extent this strategy centred on transformation of the manufacturing industry. But politically and economically neo-liberal circumstances at national level meant that manufacturing had long not been a priority for the South Australian state government or the federal government. Hence, an economically rational approach was also evident in the Rann Labor Government's approach to policy development from 2002.

However, there was clear innovation in the Rann Government's trademark social-democratic approach to social policy. Rann personally took inspiration from policy models implemented in overseas jurisdictions, inspired most of all by UK Labour Prime Minister Tony Blair's 'Social Exclusion' policy initiative of the late-1990s, which sought a solution to social disadvantage in which the concept of 'social welfare' was

transformed into ‘social innovation’.¹² This was ‘third way’ policymaking, which meant finding a ‘middle ground’ between the ALP’s traditional social-democratic leanings and the more overtly free market approach of the Liberals. It would offer an alternative whereby market forces were to be harnessed by policy innovation to raise social protections, involving an increased role of the government and stakeholders outside of Parliament to deliver a shared vision.

This Blairite ‘New Labour’ ethos involved a vision of market-driven transformation of economy and society, exhibited in the ‘new public management’ approach to public sector operations. A critique of this particular vision in the context of UK government by Rhodes highlighted its networked system of governance that—having increased in size and scope to effectively become less accountable—produced a problem of government being hollowed out and thus less-equipped to act as a rectifying central authority.¹³ These typical ‘third way’ policy approaches have since been criticised for their reliance on largely unpaid work and under-funded services in the social sector to address issues of poverty and social exclusion.¹⁴ Nevertheless, what Rann envisioned was akin to the attempts of the Blair Government to ‘reinvent’ government, which meant embedding ‘a new form of control from the centre based upon business corporation models, including promotional means for managing consent’.¹⁵

Despite this appearance of more inclusive democratic decision-making processes, the ‘third way’ was a vehicular means by which key tenets of neo-liberal reform were implemented. This took shape as a market-friendly outlook in government policy practically to the exclusion of the traditionally social-democratic stance of regulatory protections against market forces, and strengthening of the economically liberal philosophy of personal responsibility for an individual’s social and economic circumstances. In election campaign mode, Labor in South Australia had made clear its commitment to business-friendly regulation, public-private partnerships and a

¹² M. Rann, *Social Inclusion: From Welfare to Social Innovation*. Paper presented at the University of Auckland, Auckland, 2012.

¹³ R. Rhodes, ‘The New Governance: Governing without Government’. *Political Studies*, XLIV, 1996, pp. 652-667.

¹⁴ N. Coombs, ‘The Political Theology of Red Toryism’. *Journal of Political Ideologies*, 16(1), 2011, pp. 79-96; A. Pedlar, ‘Practicing Community Development and Third Way Politics: Still Faking it?’. *Leisure/Loisir*, 30(2), 2006, pp. 427-436; J. Whelan, *Big Society and Australia—How the UK Government is Dismantling the State and What it Means for Australia*. Sydney: Centre for Policy Development, 2012.

¹⁵ K. McCracken, ‘The Third Way: Post-ideology or Politics as Usual?’. Paper presented to the Australasian Political Studies Association Conference. University of Tasmania, 29 September—1 October 2003, p. 26.

compact with the voters that sought to balance social inclusion with a strong law and order stance.¹⁶ It sounded its preparedness to make the hard choices about fiscal prudence and measured public spending in policymaking avenues beyond government and to a significant extent, beyond Parliament.

THE RANN GOVERNMENT'S INNOVATIVE TURN FROM PARLIAMENT

The Rann Government's policy initiatives were an attempt to make government more agile and capable of delivering on its social-democratic values without absorbing significant public debt. But this signalled consequences for the relationship between the executive and the legislature, and furthermore the executive and broader South Australian communities and interests. Far from centralising power in a more robust relationship of legislative action, the Rann Government enacted an experimental approach to democracy, including the use of focus groups, citizens' juries and collaborative initiatives with external stakeholders.

With Labor's growing consolidation of power on the Treasury benches, its own executive-driven agenda marginalised any previously slated changes to the legislative body. The rhetorical justification for an executive-led approach to developing the state reflected the government's embrace of a third way approach to its interventionist role in shaping South Australia's future. Furthermore, the rapidly waning credibility of Peter Lewis saw the Rann Government distance itself from support for Lewis's attempts to push reforms in the legislature that would increase its scrutiny of the executive. The Government was further insulated from Lewis when it gained the support of other MPs from outside the ALP that it brought into Cabinet: Independent Rory McEwen as Minister for Local Government, Forests, Industry, Trade, Regional Development, Small Business, Agriculture, and Food and Fisheries; and Nationals MP Karlene Maywald, who was given portfolio roles strategic to her Riverland electorate that included Minister for Regional Development and Minister for the River Murray.¹⁷ These MPs had declared publicly that they were seeking political stability and would not abide another change of government, thus removing

¹⁶ McCarthy, 'The Revenge of the Legislature'.

¹⁷ Maywald had voted against the Brown-Olsen Liberal Government's privatisation of ETSA.

Lewis as a major hurdle to the Rann Government implementing its agenda.¹⁸ McIntyre and Williams reflected on the *realpolitik* of Labor's quickly shifting attitude to the proposed constitutional reforms:

For the government there was little incentive to assist the legislature to maintain scrutiny over the executive... any enthusiasm a party may have for reform while in opposition tends to wane once they make the move to the Treasury benches.¹⁹

Key to the Rann Government's attempt to circumvent the legislative process in delivering on its third way agenda was the government's control over finances. The Rann government increased focus on the treasury as its vehicle and this became evident in its first budget. Newly sworn-in Treasurer, Kevin Foley, employed the typical rhetoric of preceding Liberal governments when declaring in his first budget speech Labor's intention to steer away from the profligate and wasteful spending that had placed the State in the midst of a 'crisis'. Expenditure was rationalised to produce a budget surplus and gain voters' trust in Labor on economic matters by regaining the coveted AAA-credit rating from Standard and Poor's (SandP).²⁰

The requirements of an AAA-credit rating have often seen economic jurisdictions of various formations enact austerity policies in an attempt to secure a suitable investment location for foreign capital. The South Australian Government's commitment to operating within such confining neo-liberal rules meant that the full scope of Labor's campaign promises—and arguably, Premier Rann's personal social-democratic agenda—for spending on education, health and community services, as

¹⁸ A. O'Neil, 'Political Chronicles: South Australia July to December 2002'. *Australian Journal of Politics and History*, 49(2), 202, pp. 287-292.

¹⁹ C. McIntyre and J. Williams, 'Lost Opportunities and Political Barriers on the Road to Constitutional Reform in South Australia'. *Australasian Parliamentary Review*, 20(1), 2005, p. 113. Constitutional reforms proposed in a series of questions to approximately 2000 citizens across the state in public meetings related to measures to improve parliament and government; size, structure and role of the Legislative Council (upper house); size structure and role of the lower house (Legislative Assembly); and representation and the South Australian Electoral System McIntyre and Williams, 'Lost Opportunities and Political Barriers', pp. 104-105.

²⁰ O'Neil, 'Political Chronicles: South Australia July to December 2002', pp. 287-292. According to SandP, the merit of its rating system is in its provision of indicators by which governments can issue bonds to fund public investment; likewise, it is a measurement of the relative security of capital investment by foreign interests in a domestic economy. SandP Global, *Guide to Credit Rating Essentials—What are Credit Ratings and How Do They Work?* New York: Standard and Poor's, 2018.

well as infrastructure modernisation, could not be fulfilled early on.²¹ As the years unfolded, the AAA-credit rating would become somewhat of an obsession for Treasurer Foley, whose powerful position emphasised the use of market-oriented mechanisms to achieve policy outcomes.

A senior public servant who worked closely with the Rann Government at this time disclosed that Labor's hidden strength resided in the nature of its third way policy responses. These could be directed by the executive without any real fear that Labor would face an electoral challenge. A collaborative partnership approach meant business and community sectors delivered a neo-liberal government policy program:

I think Mike Rann made a point that he would govern as though he had a majority of ten, not of one, because the alternative would be to cower. The State at that stage did not have a triple-A credit rating, it had been lost on the back of the previous Labor government's management of the State Bank. The Liberals had come in and done the hard yards in terms of asset sales and restoring the government's balance sheet to a better position.²²

With its approach, the Rann Government was able successfully to alter course away from the precariousness of its minority government position. Change driven by the legislative process was, of course, inevitable. In order to achieve its largely outsourced policy initiatives, the Rann Government had to utilise the parliamentary process to pass its budgets. But beyond this, the Rann Government's most significant use of the legislative arm of law was to regulate those it deemed socially deviant (for example, motorcycle gangs), to promote action on addressing the drought that was inflicting hardship upon the environment and small businesses dependent on water, and to give attention to issues relating to the regional seats of the Independent MPs upon whose confidence and supply support it relied. Beyond this, its third way approach gathered pace as Labor set about the task of developing its agenda for South Australia.

²¹ J. Spoehr, 'Preface', in J. Spoehr (ed.), *State of South Australia: Trends and Issues*. Kent Town: Wakefield Press, 2005, p. viii.

²² Interviews with a senior public servant, 18 March 2015 and 23 May 2016.

BEYOND THE LEGISLATURE: THE THIRD WAY IN PRACTICE

The experimental third way model of achieving reform represented a transformation in government's interventionist policymaking role that minimised its involvement of parliament. The collaborative model for policy development meant governments owned the strategic direction of policies but had less control over how their implementation occurred. Government service delivery was outsourced in many areas, as a commitment to balanced spending put the government's strategy of operation in the private and not-for-profit sectors.

Altogether, a third way outlook delivered in step with market-oriented policy made it apparent that the neo-liberal reforms of the 1990s would not be reversed. Instead, a hostile Opposition and scrutineering Independents in Parliament would be placated by the Rann government's deference to 'responsible government'.²³ The third way presented an effective means of ensuring neo-liberal responsibility, offering insulation from any charge that Labor would present a social-democratic affront to the demands of business. Its stance aimed to deliver measured outcomes. However, the competing pressures of stakeholder interests, public demands and political cycles led the Rann government to outsource much responsibility for public services and program delivery in a partnership-driven approach;²⁴ with community delivered social welfare policy responses.

The third way priorities of the Rann government saw the development of key institutions of reform built on public-private collaborations, and represented an attempt to get as much responsibility for delivering on a new agenda out of government as possible. The first step, taken shortly after Rann took office, was to establish an Economic Development Board (EDB) as an independent committee that was external to State Cabinet. Tasked with advising the Government on emerging economic opportunities to maximise South Australia's competitive position, the EDB comprised a spectrum of individuals mostly from across the State's private economic sectors. It was empowered to critique the Government's performance and report shortcomings to the South Australian public. Along with possessing a significant

²³ R. Martin, *Responsible Government in South Australia: Volume Two—Playford to Rann 1957-2007*. Kent Town: Wakefield Press, 2009.

²⁴ C. Aulich and J. Hein, 'Whole-of-Government Approaches to Outsourcing and Market Testing by the Commonwealth Government'. *Australian Journal of Public Administration*, 64(3), 2005, pp. 34-45.

degree of strategic power, the EDB's independent and authoritative position was considered critical to ensuring government transparency, responsibility and accountability.

However, the Labor Government's social-democratic streak meant that the EDB's advocacy of more hard-line neo-liberal reforms was counter-balanced by its integration into a tripartite institutional assembly that also included a Social Inclusion Board and the Premier's Round Table on Sustainability. The Social Inclusion Board (SIB) was tasked with ensuring that the benefits of economic growth would reach the most disadvantaged people in South Australia's community. The Premier's Round Table on Sustainability was appointed to advise Government where economic development impeded environmental protection. Together these boards formed a 'triple bottom-line' approach to balancing the State's challenges of economic development, social equality and environmental sustainability.

The document that emerged from the Rann Government's negotiations with the EDB's vision for the State was *South Australia's Strategic Plan (SASP)*. The *Strategic Plan* was launched in 2004 and updated biannually.²⁵ It followed a series of summits involving the three key advisory boards in collaboration with a representative alliance of South Australia's business, peak bodies and NGOs engaged in collaborative policy development with a 'joined-up' government.²⁶ A list of 79 targets set out SASP's 'shared' approach to making the State more competitive in the global economy. This entailed improving South Australia's average employment rate, increasing its population, significantly expanding its export income, improving the education of its citizens, bringing environmental sustainability to the forefront of its development, and tackling its rates of crime to build safer urban communities.

By handing greater control to interests outside of government to deliver reform, the third way approach entailed shifts from *government* to *governance*. The decentralised nature of third way policy has depoliticised action on social development by embedding neo-liberal discourse in welfare reform to modernise society in line with global free market capitalism. In the South Australian case, this

²⁵ Department of the Premier and Cabinet, *South Australia's Strategic Plan: Creating Opportunity*. Adelaide: Department of the Premier and Cabinet, Government of South Australia, 2004.

²⁶ Department of the Premier and Cabinet, *South Australia's Strategic Plan: In a Great State*. Adelaide: Department of the Premier and Cabinet, Government of South Australia, 2011.

emboldened the Rann Government to reform the public sector as part of a broader microeconomic agenda to reduce the limitations of public services on market competition. Its years in office entailed the introduction of performance management, decentralisation of program delivery to line agencies, restructuring of public sector industrial relations to contract-based models, and outsourcing of service delivery to third-party providers. In an operational sense, the Rann Government displayed disregard for the Legislative Council, at times taking action to thwart upper house committees.²⁷ Deliberate efforts to stymie review processes limited parliamentary oversight that may have applied a much-needed level of scrutiny to fiscal budget allocations, including those which provided for public-private partnership-driven economic and social transformations and did not contain a regulatory framing role for the legislature, let alone a decisive policy role for government. This meant that the executive minimised the role of Parliament in transforming South Australia.

SHADOWS OF DEINDUSTRIALISATION

The third way policy response of the Rann Government did not contain a coherent strategy to deal with the creeping economic issues South Australia would face over much of the following decade. For example, energy policy had been an issue plaguing the legislative body since the privatisations of the 1990s. The sale of ETSA had weakened South Australia's bargaining position in national electricity pricing, but the Rann Government adopted a pro-market competition approach in attempts to mitigate growing issues around the State's entry into the National Energy Market. Rather than showing an inclination to raise issues like energy and manufacturing in industry policy discussions, the Rann Government exhibited most visibly an intent to drive policy development through a networked array of new public-private partnerships to which it had ceded significant powers. Increasingly, Labor also promoted an image of the Premier as the champion of progress, particularly in establishing a nation-leading portfolio on climate change, responsibility for which was taken by the Premier himself.

²⁷ Bastoni, 'The Executive Versus the Legislative Council'; McIntyre and Bastoni, 'What's In It for Us?'

The challenges to this chosen approach to governance were first tested when the process of closure began amongst key industries and firms in South Australia. In 2003, the Port Stanvac oil refinery in Adelaide's south ended operations. Despite putting 400 employees out of work, this closure did not elicit an industry policy response.²⁸ In 2003, signs came that the operations of Mitsubishi Motors in Australia, including its engine building and assembly facilities in Adelaide, faced a precarious future. Mitsubishi responded positively to lobbying by the Howard and Rann governments and held off closure. Meanwhile, however, the economic rationalism of Treasurer Foley saw the dissolution of the State's Department of Business, Manufacturing and Trade as a 2004-05 budget measure aimed at reducing government expenditure and increasing public sector efficiency.²⁹ Arguably, this was the government body critical to aiding industrial transformation, but the government favoured the supposed market efficiencies created through business and social innovations to achieve this goal.

The importance of manufacturing—South Australia's traditional industrial base—had been marginalised. Instead of focus an active policy strategy on its elaborate transformation, the Rann Government threw its support behind the collaborative initiatives it had empowered. Prior to this, the Manufacturing Consultative Council (MCC)—a tripartite body comprised of government, industry and union leaders—had been tasked with advising government on how the state's manufacturing industries could be transformed for global competitive advantage by utilising the State's existing local supply chain and networks of skills and knowledge, driven by collaborative industrial initiatives.³⁰ But without an active interventionist role from the Government, recommendations of the MCC to increase the focus in public policy on the importance of manufacturing to the South Australian economy, were not implemented, as the Government had outsourced responsibility to business and community led initiatives and was not itself actively participating in transformation.

²⁸ A. Parkin, 'Political Chronicles: South Australia January to June 2003'. *Australian Journal of Politics and History*, 49(4), 2003, pp. 597-603.

²⁹ H. Manning, 'Political Chronicles: South Australia January to June 2004'. *Australian Journal of Politics and History*, 50(4), 2004, pp. 618-623.

³⁰ Manufacturing Consultative Council, *A Report to the Government of South Australia from the Manufacturing Consultative Council*. Adelaide: Manufacturing Consultative Council, Department of Trade and Economic Development, 2005.

SEARCHING FOR THE ECONOMIC 'SILVER BULLET'

There were serious consequences of the Rann Government's response to a series of watershed events in the process of deindustrialisation gathering pace in South Australia. In 2004, Mitsubishi announced that it would close its automotive manufacturing plants in Adelaide's southern regions. Instead of responding with an alternative policy for short-term economic stimulus through public infrastructure jobs with jobs targeted at laid-off Mitsubishi workers,³¹ the Rann Government's response involved limited labour market assistance to former employees at Mitsubishi and companies in the local supply chain. This response was evidence that the Rann Government saw no future for the scale of manufacturing production that had shaped South Australia's industrialisation historically. It owed partially to the Government's vision of a State economy defined by knowledge-intensive and service-based industries, which would in large part be driven by the large-scale defence industry contracts coming online through earlier Government investment in the Australian Submarine Corporation and its Techport facility at Osborne in Adelaide's north. But arguably, this was a narrow vision, given that globally the manufacturing sector contributed the highest spending on innovation research and development, knowledge and demand for service industries.³² The critical role of manufacturing had been largely ignored in hopes that defence spending would absorb scores of unemployed manufacturing workers.

Furthermore, the weak response of the Rann Government to automotive deindustrialisation had much to do with the fact that it was clinging to the hopes of the expansion of the Olympic Dam mining project in the State's north and the economic stimulus that this would provide to the mining sector in the form of demand for skilled labour. The expansion of Olympic Dam was to be an investment so great that it would boost the South Australian economy for many years to come. When established, \$47.7 billion was expected to flow to South Australia over the course of the project's 40 year life.³³ This represented the economic windfall South

³¹ J. Spoehr, 'The Mitsubishi Closure and Industry Policy'. *Evatt Journal*, 4(2), 2004.

³² J. Spoehr, *Far from the Car—The Case for Transformational Change In Response to the Closure of the Automotive Manufacturing Industry*. Adelaide: Australian Workplace Innovation and Social Research Centre, The University of Adelaide, 2015.

³³ H. Manning, 'Political Chronicles: South Australia July to December 2011'. *Australian Journal of Politics and History*, 58(2), 2012, pp. 314-321.

Australia needed to facilitate the transformation of its manufacturing industries and to grow its competitive edge in the global knowledge economy. Outsourcing public services and social welfare was justifiable as a requirement in tough times, but with Olympic Dam's upgrading the State would turn a corner whereby ostensibly, the Rann government's full social-democratic vision could be realised.

THE FIRST ELECTORAL CHALLENGE

The popularity of the Rann Government was providing it with the buoyancy it needed in the lead-up to the 2006 election. Labor's popularity was buffered by good news about the awarding of future defence manufacturing contracts that would ideally present the viable transition of automotive sector workers into a related industry after the mining boom eased the period of transition. The Government spruiked the positive economic trajectory of the State in the media. In its election campaign, Labor presented a 'presidential style' leader in Rann, which the Liberal Opposition could not match with its comparatively uncharismatic leader, Rob Kerin.

But behind Rann's presidential style of leadership was the deepening of the executive-driven management of decision-making, including the addition of unelected officials in new roles. Labor doubled down on its methods to bypass the legislature by enrolling the Chair of EDB, Robert de Crespigny, and the Chair of SIB, Monsignor David Cappelletti, in the Cabinet's Executive Committee. Moving unelected officials into the Government's most senior directive body represented a significant contravention of the Westminster system.³⁴ But to its broader strategy the process of entrenching this element of new public management-style government appeared to be a necessity until the Rann Government was able to capture the public windfall from the mining boom. A senior public servant, occupying an advisory role to the Premier at this time, seemed to excuse this controversial move:

Rann understood that the public sector on its own, and Cabinet on its own, don't have the answers. They were not necessarily the only places—repositories—of knowledge, and insight into the future³⁵.

³⁴ H. Manning, 'Political Chronicles: South Australia January to June 2005'. *Australian Journal of Politics and History*, 51(4), 2005, pp. 606-612.

³⁵ Interview with a senior public servant, 2015.

For the time being, the Rann Government's strategy was working. A Labor campaign focus on 'Media Mike' contributed to a clear majority victory for Labor.³⁶ This 'landslide' win saw the Government attain its largest majority to date--28 seats in the lower house to the Liberals' meagre 15. In the Legislative Council, the story was significantly different. A 'hung parliament' gave Labor and the Liberals 8 seats each, with a range of Independent and minor parties opposed to the Rann Government's policy agenda at various points. This added to Rann's strong desire to abolish the Council,³⁷ and do away with a house of parliament in which sat the most spirited challengers to the government's agenda.³⁸ However, Rann showed no substantial signs of actively implementing any abolition attempt.

Labor was now in an enviable position. Polling six months after the 2006 election showed Labor in a comparatively strong standing compared to a weak and divided Liberal Opposition. Andrew Parkin observed the confident style and behaviour of the Rann Government as an audacious government capable of managing short-term crises, with 'a long-term agenda, less amenable to media headlines ... being set in place via the Strategic Plan, the Government Reform Commission and other such devices.'³⁹ This focus on 'devices' had extended the shadow of the executive over a once hostile and now relatively tamed Parliament.

GLOBAL CRISIS ARRIVES IN SOUTH AUSTRALIA

Over the years that followed, cracks would begin to form as the impact of the Global Financial Crisis (GFC) reached South Australia. The State was on the cusp of a resources boom, providing the Rann Government with a expectation that its sacrifices to the market had helped the State weather the storm under Labor's steady hand. Much of the infrastructure spending that entailed part of the Government's commitment to underwriting this steady transformation was already being funded, based on an expected \$250 million in receipts from mining royalties over the next

³⁶ D. Jaensch, 'The 2006 South Australian Election'. *Australasian Parliamentary Review*, 21(2), 2006, pp. 198-207.

³⁷ Jaensch, 'The 2006 South Australian Election'.

³⁸ Bastoni, 'The Executive Versus the Legislative Council'.

³⁹ A. Parkin, 'Political Chronicles: South Australia July to December 2006'. *Australian Journal of Politics and History*, 53(2), 2007, p. 319.

decade.⁴⁰ But in the second half of 2008, commodity prices on Wall Street nosedived. In flow-on effects, deep recessions in many countries across the globe shook confidence in global markets and by 2009 the GFC dented a period of national economic prosperity in Australia.

As the longest-serving Labor Premier in South Australia, Rann was enjoying a wave of popularity. He put this down to his third way approach in seeking expert advice outside of the government.⁴¹ But this had distracted from political-economic developments to which the Government would now need to respond more attentively. Surplus estimates were replaced by a budget deficit. Sharp reductions in South Australia's economic growth forced the Government to consider asset sales and the rescheduling of expenditure in significant infrastructure projects over longer timeframes.⁴² By the end of 2009, the Rann Government was forced to revise down its spending to deal with an estimated \$1.1 billion of lost revenue, the majority of this loss due to shortfalls in the federal government's GST receipts, a transfer payment South Australia's struggling economy depended upon, at least over the short-term.

The GFC diminished the hopes of short-term economic growth from the resources boom in South Australia. Nevertheless, the Rann Government hoped that prudential budgetary management would triage South Australia's economy between GFC and its imminent mining *Eldorado*. Then, in October 2009, the last remaining tyre manufacturer in Australia, Bridgestone, closed in Salisbury in Adelaide's north, taking 600 manufacturing jobs with it. The loss of Bridgestone exposed more deeply the gamble the Rann Government had taken in depending substantially on the slated expansion of Olympic Dam to deliver growth to South Australia, instead of enacting policies true to its social-democratic principles and testing them via parliamentary deliberation.

⁴⁰ H. Manning, 'Political Chronicles: South Australia July to December 2012'. *Australian Journal of Politics and History*, 59(2), 2013, pp. 308-313.

⁴¹ Rann, *Social Inclusion*.

⁴² H. Manning, 'Political Chronicles: South Australia July to December 2008'. *Australian Journal of Politics and History*, 55(2), 2009, pp. 291-297.

THE 2010 ELECTION AND THE TURNING TIDE

Fortune began to turn away from Rann at the 2010 South Australian Election. Where once the Rann Government and the Premier himself had enjoyed a great deal of support from the South Australian community, things were beginning to change. Jaensch described how 'hubris, arrogance and spin' defined the four years between Labor's decisive 2006 election victory and its more marginal win in 2010.⁴³ Hamilton's critique of the UK 'New Labour' third way approach adopted by the Blair Government during the 1990s would become just as applicable to the Rann Government:

With the advent of the Third Way, politics made a transition from ideas to personalities. The policy analyst was replaced by the spin-doctor, the party platform can be found beneath the media strategy; image management substituted for bold reform; and choosing words became more important than choosing actions. Staying 'on message' means avoiding debate. The new sophisticated social democrats understood the modern world in ways the 'old socialists' could not.⁴⁴

Indeed, commentators consistently described how Premier Rann was the 'king of spin',⁴⁵ and how the Rann Government focused excessively on control of the messages it conveyed to the public.⁴⁶ As the emptiness of third way politics crept into view, this proved a weakness, with the electorate now having clearly grown weary of personality politics. Most obviously, the public no longer appreciated Rann's personal style, which increasingly came across as arrogant and unheeding of the public. Rann appeared only to have an ear only for executives heading South Australia's business networks and for an international class of expert consultants appointed to the *Thinkers in Residence* program to advise the government on the State's future across a range of important social and economic issues.

⁴³ D. Jaensch, 'The South Australian Election 2010: A Summary'. *Australasian Parliamentary Review*, 25(1), 2010, p. 221.

⁴⁴ C. Hamilton, 'The Third way and the End of Politics'. *The Drawing Board: An Australian Review of Public Affairs*, 2(2), 2001, p. 100.

⁴⁵ H. Manning, 'Mike Rann: A Fortunate 'King of Spin'', in J. Wanna and P. Williams (eds.), *Yes, Premier: Labor Leadership in Australia's States and Territories*, Sydney: University of New South Wales Press, 2005.

⁴⁶ L. Megarrity, *Background Note: The South Australian Election 2010*, Canberra: Department of Parliamentary Services, Parliament of Australia, 2010.

Allegations of an illicit sexual relationship between Rann and a former South Australian Parliament employee came to a head very publicly, with Rann assaulted at a Labor Party event by the former partner of the employee in question just weeks prior to the 2010 election.⁴⁷ Despite denying allegations of an affair with the woman, Rann's reputation was damaged significantly. The scandal, combined with a perceived loss of faith in Rann by voters appeared to manifest in an average swing to the Liberals of 8 percent across all seats.⁴⁸ Yet this was still not enough for them to take government from Labor. Despite the Liberal Party winning the majority of first preference votes and two-party votes, its largest gains occurred in safe seats.

Labor had survived a major test of its mandate in withstanding significant swings against it. But the sense that the Rann Government (or perhaps Rann himself) had suffered a blow to its credibility with voters was reflected in a far more timorous Labor Government. The 2010-11 State Budget was an exercise in conservative fiscal management and aversion to any kind of strategic stimulus spending, despite the urgency of economic activity in the post-GFC environment. This only compounded the public's discontent with the government and revealed the paradox of a neo-liberal approach to social-democratic government. Two key ways that the Government budgeted to deal with shortfalls were new privatisations, after promises from Rann that none would take place, and voluntary redundancy packages and a range of cuts to employment conditions for public servants. These issues galvanised growing opposition to the Rann Government from the public sector labour union and community groups opposed to regional industry privatisations.⁴⁹ Anger was warranted, given that the Budget identified how the Rann Government's spending on infrastructure had declined in all key target areas. It had failed to measure up to objectives of the Strategic Plan despite this being its chief mechanism for

⁴⁷ M. Owen, 'Unions Call for Budget Deficit and an End to AAA 'Obsession'. *The Australian*, 2011. Accessed at: <https://www.theaustralian.com.au/national-affairs/unions-call-for-budget-deficit-and-an-end-to-aaa-obsession/news-story/57117ab5be2128552bbcacea0f93bcf3>

⁴⁸ R. Manwaring, 'Political Chronicles: South Australia January to June 2010'. *Australian Journal of Politics and History*, 56(4), 2010, pp. 660-666.

⁴⁹ M. Owen, 'Unions Voice Anger at Labor Leadership. *The Australian*, 2011. Accessed at: <http://www.theaustralian.com.au/national-affairs/unions-voice-anger-at-labor-leadership/news-story/a5486a4e19376aa170dbb6bcc2131ff3>

transforming the State's economy.⁵⁰ The Government's attempts to provide the minimum foundational investments in post-GFC recovery, well short of any kind of stimulus spending, reflected again its deep reliance on the mining boom reaching South Australia.

By 2011, economic uncertainty was hurting consumer and business confidence, which in turn was damaging the State's budget.⁵¹ Dissatisfaction peaked in the labour movement over the Rann Government's strict adherence to economic management decisions to appease Standard and Poor's. There was open division in the Labor Party, as both Premier Rann and Treasurer Foley had fallen out of favour with the Party's industrial base. Following a Party room vote in late 2011, Rann ceded the leadership to Jay Weatherill in a staggered handover process that occupied a total of ten weeks.

By the end of 2011, new Premier Weatherill had indicated his leadership would be very different in style, temper and policy direction to steer South Australia forward.⁵² The change of leadership opened a way for questioning the earlier commitment to maintaining the AAA-credit rating, which had become a key line of attack from unions opposed to public sector wage freezes and redundancies.⁵³ In an attempt to mend bridges within the Party, Weatherill moved to increase public spending. Despite the fact that this would cause a credit rating downgrade and would cost the Government more in interest on borrowing, the State possessed a small debt-to-GDP ratio, meaning public debts would remain manageable over the short-term.

Off its starting block, the Weatherill Government poised to take South Australia in a new direction by addressing some of the key economic sectors, like manufacturing, relatively neglected by the Rann Government. But it soon became evident that its policy responses would not wander far from those of Rann. As far as the

⁵⁰ H. Manning, 'Political Chronicles: South Australia July to December 2010'. *Australian Journal of Politics and History*, 56(2), 2011, pp. 315-321.

⁵¹ S. Martin, 'SA at Risk of Losing AAA Credit Rating, Economic Outlook "Negative"'. *The Advertiser*, 2011. Accessed at: <http://www.adelaidenow.com.au/news/south-australia/sa-at-risk-of-losing-aaa-credit-rating/story-e6frea83-1226144485325>

⁵² Manning, 'Political Chronicles: South Australia July to December 2011', pp. 314-321.

⁵³ M. Owen, 'Sex Scandal that Threatened to Topple Rann'. *The Australian*, 2011. Accessed at: <https://www.theaustralian.com.au/news/inquirer/sex-scandal-that-threatened-to-topple-rann/news-story/da76fa96bff80d71b823955fcebdc979>

Government's leadership was concerned, the Olympic Dam expansion was a panacea for economic development. Indeed, BHP's hotly anticipated expansion remained so important that the initial leadership quarrel between Rann and Weatherill centred on a dispute between them over which leader would announce it.⁵⁴ Ultimately, Rann introduced the necessary bill into Parliament on his final day in office.

The anticipated expansion meant that infrastructure vital for the State's economic future could still be funded through borrowing that would easily be paid back. But on the 22nd of August 2012, BHP announced that it would shelve the expansion of Olympic Dam well beyond the 15th December 2012 date specified in its indenture agreement with the South Australian government. The mining conglomerate cited unfavourable market conditions combining subdued commodity prices and higher capital costs, which were symptoms of the GFC's squeeze on global market investment. The pressure to cut costs, stay competitive and remain profitable was placed even on Australia's most lucrative primary industry. On behalf of the Government, Premier Weatherill broke the news to South Australians that the expansion project would be postponed indefinitely. The Government had been banking on expected significant future income but on the basis of new predictions in the wake of the GFC, the long-expected gains were no longer certain. South Australia suffered a further credit rating downgrade from AA+ to AA. A looming record budget deficit of \$1.7 billion threatened further expanding the level of public debt.

Facing a mounting economic crisis, the Government enacted emergency budget measures and made public service cuts to help reduce government spending. Treasurer Jack Snelling attempted to convince voters that budget deteriorations were due to nearly \$2 billion of GST revenue cuts from the federal government, rather than infrastructure commitments that could not be funded in the absence of industrial revenue. Presaging massive revenue reductions, Snelling cited a need to rationalise programs and create sensible economic conditions. Significant aspects of the Government's suite of programs to promote joined-up governance and cross-sector partnerships were cut from its 2012-13 Budget.

⁵⁴ M. Owen, 'Veteran Labor Premier Mike Rann Felled in Factional Coup'. *The Australian*, 2011. Accessed at: <https://www.theaustralian.com.au/national-affairs/veteran-labor-premier-mike-rann-felled-in-factional-coup/news-story/e3729b1bf84b1d917aed9a77feb159d4>

A GROWING POLITICISATION OF THE PUBLIC SECTOR AND ITS CONSEQUENCES

In a symbolic sense, cuts to key Rann era policies marked the decisive end of the third way experiment with executive-led and business-and-community driven policy responses. With his popularity waning as voters struggled to notice any discernible difference between Weatherill's leadership and that of Rann, Weatherill sought to develop a better public image for himself and his Government. This entailed replacing Snelling with himself in the Treasury portfolio, in a bold move designed to streamline and more effectively coordinate the Government's central agencies to achieve clear policy gains in the lead-up to the 2014 election, now barely a year away.⁵⁵

The popularity of Premier Weatherill was boosted by events that transpired following the election of the Abbott Coalition Federal Government in 2013 and the acrimonious approach that Government would take in its dealings with South Australia. In early December 2013, during Question Time in the Commonwealth Parliament, Abbott Government Treasurer Joe Hockey goaded Holden into revealing its intentions for its Australian operations while the company was engaged in commercial-in-confidence negotiations. As Lynch and Hawthorne wrote in the *Sydney Morning Herald*, this was '...a clear signal that the federal Cabinet had turned on the company and wanted a swift end'.⁵⁶

Even before this stunning act, there had been a clear lack of industry policy certainty from the Abbott Government. Just days later, Holden announced that it would end manufacturing operations in the country in 2017, meaning closure of its automotive manufacturing plant at Elizabeth in the City of Playford in Adelaide's north. This would mean the direct loss of 1,600 jobs across the four years from 2013 to 2017. Beyond this, estimates of the potential flow-on effects of the plant's closure put the

⁵⁵ R Manwaring, 'Political Chronicles: South Australia January to June 2013'. *Australian Journal of Politics and History*, 59(4), 2013, pp. 650-655.

⁵⁶ J. Lynch, and M. Hawthorne, 'Australia's Car Industry One Year from Closing its Doors'. *Sydney Morning Herald*, 2015. Accessed at: <https://www.smh.com.au/business/the-economy/australias-car-industry-one-year-from-closing-its-doors-20151013-gk7ip0.html>

unemployment figure in South Australia beyond 13,000.⁵⁷ Compounding this loss were budgetary challenges the Weatherill Government faced with a forecasted deficit increase from \$44 million to \$955 million in the 2015-16 financial year. Steel-smelting operations at Port Pirie in South Australia's mid-north were under threat, as Swedish corporation Nyrstar signalled its intention to close its plant, which would result in a projected loss of 5,000 regional jobs. These issues presented dire circumstances for the State's economy and a fresh-faced Labor Government leadership seeking to communicate its own agenda. But given the unmistakable disdain for South Australia shown by the Abbott Government, Weatherill's approval rating increased as the Premier sought to take a strong stance against federal government neglect. The Labor Party's projected two-party preferred vote also increased as the South Australian Government attempted to continue presenting a forward-looking strategy of State renewal and rejuvenation.⁵⁸

RETURN TO MINORITY GOVERNMENT

With an ongoing sparring match between the Abbott and Weatherill governments, Labor entered the 2014 election race in South Australia optimistic, but unlikely to win a fourth term. A fourth Labor term was unprecedented in modern South Australian history. The Liberal Party boasted two-party preferred polling before the election that gave it a 52 percent to 48 percent lead. At the election itself, the Liberals won 91,000 first preference votes more than Labor. Government should have changed hands, however, Labor still managed to win 23 seats to the Liberals' 22 seats. Neither party managed to win a majority of the popular vote, due to votes for Independent candidates. Commentators put Labor's victory down to its more adept utilisation of modern campaigning techniques, like the use of social media and digital data analysis to target voters in key seats.⁵⁹

⁵⁷ B. Burgan and J. Spoehr, *Updated Assessment on the Contribution of Holden's Elizabeth Operations to the Economy of the State of SA and Recent Investment Decisions*. Adelaide: Australian Workplace Innovation and Social Research Centre, The University of Adelaide, 2013.

⁵⁸ H. Manning, 'Political Chronicles: South Australia July to December 2013'. *Australian Journal of Politics and History*, 60(2), 2014, pp. 279-328.

⁵⁹ H. Manning, 'Political Chronicles: South Australia January to June 2014'. *Australian Journal of Politics and History*, 60(2), 2014, p. 655.

Independents have been an increasingly typical feature of recent parliaments in Australia. As in the 2002 South Australian election, the Independent vote played a critical role in Labor remaining in government in 2014. The decision of Geoff Brock, Independent MP for Frome, to align himself with the Weatherill government gave Labor the majority it required. A personal agreement was apparently struck between Weatherill and Brock for the latter to take a Cabinet position as Minister for Regional Development and Local Government, with an increase in financial aid for regional and industrial issues in Brock's seat, which encompassed the steelworks city of Port Pirie. Two months later, former Liberal Leader-turned-Independent Martin Hamilton-Smith accepted an invitation from the Premier to join the Government as Minister for Investment and Trade, Defence Industries and Veterans' Affairs. Labor was in a comfortable position to govern for another four years.

Policy driven attempts to promote its 'new economy' policies began to define the last four years of Labor Government under Weatherill. In attempts to create positivity, the Weatherill government's *Jobs Plan* sought to assist social and economic transformation in the form of re-skilling workers, employment strategies for communities and assisting firms and industries affected by automotive manufacturing deindustrialisation with help in the transition to advanced manufacturing. This strategy was accompanied by planning reforms and an inner-city 'Vibrancy' agenda to transform the Adelaide CBD and surrounding suburbs in ways that nurtured culture and creativity and maintained the city's mantle as one of the world's most liveable cities. This strategy centred largely on the State's intervention to cultivate a creative urban environment that would attract foreign knowledge workers and investment from global high-tech firms. These policy responses did not involve any major new infrastructure spending announcements, with Manning commenting that Labor's 2014 election slogan, 'Let's Keep Building South Australia' appeared in practice to align more closely to the Liberal's counter-slogan, 'Backing Business to Grow the Economy'.

Behind the façade that these minor differences between Liberal and Labor strategies represented, major scandals emerged in 2014 and 2015 relating to bureaucratic misconduct and maladministration. First, the Independent Commission Against Corruption (ICAC) investigated the Government's handling of a land sale to a private venture capital firm without a competitive tendering process, to determine if there was evidence of corruption. The Government's action in this case was for long an ongoing subject of ridicule in the local media and the ICAC found substantial mismanagement of public resources. Then followed an investigation into the government's child protection agency, Families SA, particularly around the handling of child sexual abuse and the death of a vulnerable child, in which the agency showed

gross negligence. In 2016 and 2017 more problems emerged. The Weatherill Government was condemned for its handling of the State's health service overhaul and damned by the ICAC's findings of maladministration and negligence in the management and delivery of services at the Oakden Older Persons Mental Health Facility. The Government faced further backlash over its lacklustre response to warnings from various peak bodies over the creeping failure of the vocational education and training agency, TAFE SA.

Behind these serious failures to demonstrate government accountability to the public, a media narrative began to emerge from former and current senior bureaucrats about the hollowing out and politicisation of the South Australian Public Service. Following termination of his employment, former head of South Australia's Department of Planning, Transport and Infrastructure, Rod Hook, raised concern in the press that the State's public service was being politicised at '[...] an alarming rate', with very little concern shown 'from the Commissioner for Public Employment or the unions'.⁶⁰ In the 2016 Bettison and James Oration, Greg Mackie, a long-serving senior public servant and head of a statutory body, the South Australia History Trust, criticised the politicisation of the senior echelons of the public sector as a phenomenon leading to significant time-wasting and a lack of external focus on the needs of South Australia's community.⁶¹

With numerous issues relating to bureaucratic failure occupying the media, the Weatherill Government nevertheless pushed forward with an initiative to renew Labor's social-democratic agenda. 'Reforming Democracy' was a platform designed to shift politics away from the 'announce and defend' style of Rann. However, the Opposition, media and much of the public met the new platform with scepticism, seeing it as one that offered ideals whilst masking growing failures of bureaucracy in practice.⁶²

⁶⁰ R. Hook, 'Hook: SA Public Service Politicised "at Alarming Rate"'. *Indaily*, 2015. Accessed at: <http://indaily.com.au/opinion/2015/03/13/hook-sa-public-service-politicised-alarming-rate/>

⁶¹ G. Mackie, *Thinking Adelaide: A Passion for Connecting and Collecting*. Paper presented at the 2016 Bettison and James Oration, Adelaide Festival of Ideas, Adelaide, 2016; D. Washington, 'Politicised and Time-Wasting: SA's Public Sector Culture Questioned'. *Indaily*, 2016. Accessed at: <http://indaily.com.au/news/local/2016/10/24/politicised-and-time-wasting-sas-public-sector-culture-questioned/>

⁶² R. Manwaring, 'Political Chronicles: South Australia July to December 2015'. *Australian Journal of Politics and History*, 62(2), 2016, pp. 314-319.

Much of the blame for this scepticism might be understood by the decay in the government's delivery of public services. In turn, this can be apportioned to the institutionalisation of the third way under the Rann Government, and furthermore, the path-dependent nature of this philosophy becoming embedded in government, following several decades prior of neo-liberal reforms to the public sector and treasury decision-making. Ironically, the 'third way' approach that colonised the Rann Government's administration delivered the neo-liberal economic program that was responsible for socio-economic problems to which it now needed to respond. The Weatherill Government attempted to turn away from the problems caused by Rann's presidential-style governing by encouraging a 'debate and decide' approach. However, with the third way largely institutionalised, this represented little more than a decision to allow debate to occur more publicly, minus the resources required for effective outcomes, or responsibility being shouldered by an accountable government ultimately still determined to deliver its intended aims. The embedding of third way principles for public sector management and policymaking had produced a weakened bureaucratic apparatus, now limited in its institutional capability to hold the authoritative centre having long been undermined by a growing network of private interests at the helm of policy and strategy.

Growing governmental action under conditions that might be reasonably thought of as lacking strong mandate was exemplified by Premier Weatherill's proposal to dump nuclear waste in South Australia. After a two-year process of establishing a Royal Commission into South Australia's participation in the nuclear fuel cycle and subsequent public consultation through a citizens' jury, the final Commission report handed down a decision in 2016 not to support nuclear waste dumping, dashing hopes of realising what was, for a time, Weatherill's legacy project. The federal Labor Party and other state Labor counterparts had never been in support of nuclear waste dumping. Manning was correct in suggesting that South Australia's economic turmoil in the face of a declining industrial base 'prompted a profound rethink' by Weatherill, as in the waning days of its fourth term the Government sought policy solutions that were credible, despite the inherent environmental risks of nuclear waste.⁶³

⁶³ H. Manning, 'Political Chronicles: South Australia January to June 2014'. *Australian Journal of Politics and History*, 60(2), 2014, p. 653.

Proposing a nuclear waste dump in the State's far north had largely to do with the continuing mindset within the Labor Government. Its leaders continued to hold onto diminishing hope that such a 'silver bullet' solution would permit true reform to flow from by global fortune favouring a rustbelt state with captured economic bounty. Unfortunately, the sacrifices to attain this were significant. The Weatherill Government's agenda to reform democracy employed the same third way policy responses, but now they were being implemented in a State suffering from low business confidence and a subdued economy. In the first quarter of 2017, South Australia recorded the nation's highest unemployment rate (6.8 percent compared to a 5.7 percent national average). The Government's agenda to reform democracy appeared to focus on the voters, not the business networks or community organisations previously tasked with delivering social and economic outcomes with efficiency targets that translated to budget surpluses.

A SECOND WIND?

Despite its declining popularity, the Weatherill Government received another spike in late 2016, after events that once more drew out the significant divergence between the views of the Federal Government and the reality of South Australia's situation. On 28 October, an 'extreme weather event' brought record-breaking wind, rain and storms to South Australia. Power outages occurred in all premises connected to the State's energy grid. As indiscriminate as the target of this storm was, it was quickly politicised. Despite accepting the premise that the blackout resulted from extreme weather conditions, both Prime Minister Malcolm Turnbull and Federal Energy Minister Josh Frydenberg levelled their criticism at the ambitious renewable energy targets of the South Australian Labor Government, which aimed to reach 50 percent renewable energy by 2025 and achieve net zero emissions by 2050. Despite how indifferent the biggest storm in South Australia in almost 50 years was to this nation-leading pursuit of renewable energy, the storm became a tipping point in power politics at both State and Federal levels.

The Weatherill Government quickly sought to counter its naysayers by producing its new energy policy for South Australia. It contained a suite of initiatives, with capital investments, incentives and regulatory measures aimed at increasing local control of

energy provision and security and raising the level of public ownership of the network South Australians had paid so much into whilst gaining little in return, like promised stable energy prices after privatisation.⁶⁴ Short of re-nationalising the State's energy industry and capital assets, this policy response spoke directly to major concerns of voters about long-running issues of energy service affordability and security. Then the Weatherill Government achieved a coup when Elon Musk, head of global tech giant Tesla, agreed to deliver the largest battery storage project in the world in the State's Mid-North region. Musk delivered within a self-imposed 100-day deadline from contract signing, receiving a \$50 million fee drawn from provisions in the energy policy.

Over the course of 2017, power remained a hot-button issue in South Australia. The mounting policy problems the Government faced elsewhere acted as a snowball effect, placing Labor in what seemed like an irredeemable position. The cumulative effect of its innovative policy responses was of a government with a vision, but arguably a vision that relied too heavily on viewing the State as an economic powerhouse, rather than a State with an economy struggling to diversify and transform its way into the new economy on the foundations of an increasingly narrow industrial base. However, energy policy represented a decisive break from the third way notions underpinning the Government's policy trajectory. A historical perspective on the 'enterprising' South Australian government suggests that the Weatherill Government's energy policy represented a significant risk-taking initiative when measured by the criteria of previous state interventions to transform South Australia's economic structure and drive its social transformation in step. It has brought into focus a need for policymakers to reimagine the role of the state in the economy in entrepreneurial terms, particularly where state risk-taking has the potential to yield rewards that cancel out failures. This is a critical pivot point for taking South Australia forward in a new era of digitally driven social, economic and industrial transformation.

⁶⁴ C. Finn, 'Electricity Markets, Competition and Prices—Myths and Realities', in J. Spoehr (ed.), *Power Politics: The Electricity Crisis and You*. Kent Town: Wakefield Press, 2003.

CONCLUSION: LOOKING BACK ON THE WAY FORWARD

Sixteen years of Labor Government in South Australia in the early twenty-first century saw Premiers Mike Rann and Jay Weatherill preside over a period that was, like that faced by their immediate predecessors, characterised by a new range of challenges. Confronting reasonable fiscal circumstances after massive asset privatisations during the 1990s, the Rann Government promised to deliver on an expansive social-democratic agenda. But fearing backlash from the public should its agenda too quickly remind voters of the economic failures of the Bannon decade, Rann's measured approach entailed a degree of prudence that missed opportunities for reform, favouring deference to global economic monitors and 'silver bullet' panaceas. These combined to sweep away strong decision-making processes that met the needs of all South Australians.

Under a dogmatic approach to managing the State's way out of crisis, the neo-liberal mechanisms that delivered Labor's social-democratic agenda focused on personalities and executive decisions as a way to balance debt and promises. Yet this politicised decision-making and imposed upon the bureaucracy a hollowing-out process that exposed the contradictions of a 'There is No Alternative' mindset. Arguably, this mindset was derived from the path-dependent effects of neo-liberal policymaking that had become entrenched by the dismantling of public institutions by previous governments. When the time came to respond to global economic crisis, this executive-driven approach under-delivered where a more deliberative legislative method may have institutionalised a mix of policies capable of helping the Government navigate its way through a financial minefield in which any wrong move resulted in a credit rating downgrade.

The Weatherill Government's attempts to 'steer but not row' were dealt the double-blow of a hollowed-out bureaucracy with diminishing talent to make the hard choices in an increasingly difficult economic environment. Its eleventh-hour efforts to enact meaningful change in the area of energy policy left a reminder of the kind of 'entrepreneurial state' decision-making that the Rann Government initially promised to South Australians before it made stronger promises to the global economic orthodoxy.

The present Liberal Government, elected in March 2018 and led by veteran Opposition Leader Steven Marshall, has offered South Australians a new direction and a return to what it will no doubt define as a period of responsible and prudent government as it occupies itself with the business of establishing the State's economy firmly in the 'new economy'. Significantly, the third way transformation of the State's public policymaking had a profound impact on the role of government throughout the

Rann era, with the Weatherill Government toeing the line to some extent but responding to crises in an interventionist way reminiscent of the kind of leadership shown under earlier Premiers like Don Dunstan. Besides an energy policy that continues to set a high benchmark for action by other Australian jurisdictions, the third way has aided the job of the incumbent Marshall Liberal Government further to roll back and limit the public sector as it embarks on a far more obvious neo-liberal direction. This is despite Marshall's claim that he does not hold an 'ideological' agenda for the public sector, and—perhaps as a comment on the politicisation that long affected it—simply considers the public sector to be in need of reform following years of poor leadership.⁶⁵

South Australia now enters a period of development that follows the end of local automotive manufacturing, now read as a watershed moment and a perceived opportunity for the state to embrace the high-tech possibilities of the future. The historic record of Liberal governments in South Australia, with their string of privatisations that arguably stripped governments of critical tools and sources of revenue, may be a fading memory in the minds of the State's rapidly ageing population. Equally, a burgeoning youth cohort, on the cusp of an age where, traditionally, most move away for greater opportunities interstate or overseas given three decades of decline in South Australia, have known virtually nothing but Labor governments.

The Rann-Weatherill period warrants revisiting as a time of South Australian government in which the spirit of the Dunstan era was revived for modern times, or so it may be argued. If Labor's stewardship of the State in the 'digital age' represented such a revival, it is arguably the case that what both Dunstan and the Rann-Weatherill governments had in common was presiding over periods defined by global turbulence. Uncertainty surely stifled their innovative attempts to institutionalise forms of government that might more fully integrate South Australia into global dynamics, not in a detrimental sense as a 'rustbelt state' but as a global leader on social and economic ideas that recognise the historical and institutional role of the state as a leader, not merely a bystander. It is clear that in its experiments, the Labor Government led by Rann and then by Weatherill was innovative and provided

⁶⁵ T. Richardson, 'No "Ideological War" against Poorly-Led bureaucracy, Says Marshall'. *Indaily*, 21 September, 2018. Accessed at: <https://indaily.com.au/news/politics/2018/09/21/no-ideological-war-against-poorly-led-bureaucracy-says-marshall/>

valuable lessons to governments—especially social-democratic ones—about government in a 21st century political economy defined by governance.

In the March 2018 election, voters directed at Labor their blame for high unemployment, loss of industry, a politicised state bureaucratic apparatus, and high-power prices that followed a pronounced local experience of national recession. In response, South Australians chose the Liberals to clean up the mess often perceived as endogenous to Labor rule. But rather than representing a rejection of social democracy, a shift of the pendulum from Labor to Liberal exposed the growing disaffection amongst South Australian voters for what has perhaps unfairly been perceived as a period of centre-left government that never quite managed to escape the shadow of the State Bank collapse of the early-1990s. This was a significant impediment to the Labor Government from its outset, long before the impact of the GFC.

So, just how much blame for South Australia’s economic and social challenges can be shouldered by the governments of Rann and Weatherill? Many of the issues they faced were borne of a political and economic crisis with global origins, facilitated since the 1980s at the national level of Australian politics, and manifested locally in the decades that have followed. The policy choices of Labor and Liberal governments in South Australia during the latter 20th century have, arguably, entrenched structural social and economic issues to which Rann and Weatherill responded with innovative measures. Yet in the face of an increasingly volatile economy and a narrowing range of policy tools, the third way seemed the only viable or perceived solution given the path-dependence of neo-liberal ideology to which the Labor Government often had to bend. Initiatives that minimised the influence of the Parliament may have contributed to undermining the longer-term outcomes these leaders hoped for. The role that the Parliament plays in delivering the Marshall Government’s declared free market, small government and individualised vision for South Australians will certainly present challenges if the Government seeks to drive a more fully-fledged development of the State through private enterprise and communities of individuals.⁶⁶

Despite a beginning in minority government and an ending backgrounded by a slowly decaying public faith in democratic institutions and political process, the innovative

⁶⁶ Richardson, ‘No “Ideological War”’.

approach to government embedded by Rann and tinkered with by Weatherill transformed South Australia in significant ways that arguably could not have been achieved by a Liberal government. However, not all of these experimental approaches to social and economic change were positive and in fact they have further entrenched the deference of both Liberal *and* Labor governments to a neo-liberal orientation.

From the political-economic perspective presented in this article, the tendency of neo-liberal policies to ‘fail forward’⁶⁷ are exemplified in many of the Rann and Weatherill governments’ failures. In many instances, government and bureaucracy became increasingly unresponsive to community needs and often served only special economic interests; but neo-liberal policymaking nevertheless continued to function as the orthodox response of governments at all levels. The focus on personalities helped to sell a broad government innovation agenda, but it also distracted from a more active and interventionist role of government, which failed to effectively mitigate deindustrialisation and the politicisation of the public interest.

Of course, significant exceptions to this rule, such as the energy industry policy initiative, demonstrate the kind of entrepreneurial and risk-taking leadership governments are capable of showing, particularly in a State like South Australia where a strong positive role for government in the economy and the community is for the most part accepted. But as evidenced in the Rann-Weatherill period, this role was challenged by policy choices and by the government’s neglect of Parliament’s role in institutionalising potentially positive changes. Further research is essential in order to more fully unpack the consequences of this period of government—and its precedents in the 1980s and 1990s—for the Government’s and the public’s future engagement with the legislative system and with policymaking, as the Liberal Government sets about building its own vision for South Australia.

⁶⁷ J. Peck, *Constructions of Neoliberal Reason*. Oxford: Oxford University Press, 2010.