

Speech to the Fabian Society March 31 2015

Thanks very much for the invitation to the Fabian's 2015 NSW Election Review.

While I have a number of what I hope will be seen as constructive criticisms about Labor's policy orientation and observations about the fundamentals of the environment that Labor confronts in this next term of Opposition.

Firstly, what happened in the election? Here is the vote counts in the lasty three elections:

Year	Votes	%
2007	1,535,860	39.0
2011	1,061,352	25.6
2015	1401928	34.2

So Labor's vote collapsed by half a million voters in 2011, and 400,000 voters returned to the Labor in this election. But still in round figures a quarter of a million voters to go before we hit the 40% mark required to seriously challenge the Liberals in 2019.

But this is much more than a mathematical task – the nature of the policy challenge is immense. Nowhere is this illustrated by Labor's failure in the inner city electorates of Balmain and Newtown.

### **Labor's inner city crisis**

The election on Saturday needs to be seen as a watershed moment for progressive politics in NSW. Part of the problem for Labor in the inner city right now, is that the seats of Balmain and Newtown are a demographic time bomb. That time bomb exploded on Saturday night.

The last time Labor won Balmain was in 2007. Since that time, older Labor voters have passed on or moved out. New, young, affluent, and well-educated people have moved in. The seat is now made up of large number of voters who have known nothing other than voting Greens in their short adult life. It's a crisis that needs response.

It is an existential threat to the time-honoured compact between the progressive and moderate elements of the Labor constituency. During the 60's and 70's young progressives joined Labor and delivered the momentum that gave us the reforming governments of Whitlam and Wran. The unspoken compact was that progressives who wanted change would work with Labor to deliver that change.

Now progressive voters have delivered key seats to a political party that hasn't the faintest hope of delivering on any of their political agenda.

It reflects the bleak polarization of Australian politics, the success of the Howard wedges on immigration and refugees and the growing frustration of progressive

voters with Labor's policy failures. It also reflects a fundamental shallowness in political debate and a gulf between where political elites are and where progressive voters are.

Basically the Labor proposition to progressive voters is a pretty sophisticated one – vote for our progressive because she is quality, she has got progressive values and she will deliver a more progressive Labor capable of delivering progressive change. And voters said no thanks, we'd rather gesture politics. We don't want the change, we'd rather just wear the t-shirt thanks.

And that's not their fault – it is our responsibility to provide the leadership, to listen and organize.

This is the VoteCompass group - our phonebankers and volunteers report many conversations with voters who said that they had been Labor voters, but the ABC's VoteCompass told them that they were Greens, so that's how they would vote.

VoteCompass (probably deliberately) misses the point that the Labor proposition to progressives is a bit more complicated, about how change happens, not the politics of the warm inner glow.

There are three possible responses that will be proffered as a response to the Greens.

The first, pushed by some, will be to vacate the field and abandon progressive voters to the ultra-left protest party.

I just don't think that there is any departing from the McKell formula in NSW – that is that the electoral math requires Labor to win inner city, suburban, regional and country seats to form a stable working majority. That goes as much for our Commonwealth Parliament as it does for NSW.

I mean in theory, maybe you could. Maybe you could form a Labor government – but it wouldn't really be a Labor Government.

The moment that we decide that we can avoid a middle class progressive constituency, we might as well say that Labor project is dead. Labor has traversed these multiple constituencies its entire history, and it is our greatest strength and our biggest vulnerability. The greatest expressions of Labor in Government, of Wran and Carr in NSW and of Whitlam, Hawke and Keating in the Commonwealth Parliament have been about bringing together, inspiring and developing a platform of social and economic progress and prosperity.

Secondly, some will argue that our best response is to form a Coalition with the Greens that sees them holding ministries in future Labor Governments. No social democrat who has looked closely at the recent Gillard and Giddings experiments with Labor/Greens coalitions could possibly support this approach. In my review of the Tasmanian ALP campaign early last year I concluded that they must, in a

binding way, rule out coalitions with the Greens Party, a proposal that their most recent Conference adopted.

It is an approach we should also take in NSW – unequivocally ruling out power sharing or coalitions. Voters must know that they will get a Labor Government, or that they will get a conservative government, and that there is no in between.

I don't see how you can form a coalition with a group of people whose entire approach is built on knocking over progressive Labor candidates. I also don't see how you can form a coalition with a party that thinks we should close down Sydney Airport or any number of entirely unrealistic policy propositions, many of which are absolutely antithetical to the interest of suburban and country Australians.

I think we have to do better. Better in a Labor way.

That's a response that sees us developing a Labor policy platform and political practice that is capable of appealing to those that aspire for a better and fairer State and those that want to be inspired to become active in a campaign to change things, not just to wear the Tshirt that says they are for change.

### **The party of reform?**

One of the serious problems to develop out of Saturday was a crisis of policy for NSW Labor. The centerpiece of the Labor campaign was, correctly, opposition to poles and wires privatization. But Labor needs a forward looking economic, environmental and social policy agenda too.

To be fair to Foley, this was not an issue that he was going to be able to overcome in 12 weeks. It needs serious work in the next 4 years.

The crisis of policy is also problematic to the Labor story. Right now, we have allowed our opponents to position themselves as the party of reform, while we are positioned as the party of protest.

In that context, our policy announcements throughout the election were viewed as responsive, or tactical maneuvers to meet electoral outcomes.

We were the party opposed to privatization of electricity. We were the party whose environmental credentials were built on announcements about National Parks, opposing CSG mines where we had granted the licenses, and creating koala parks to win seats on the North Coast.

I don't say this to diminish the importance of these initiatives – in particular the National Park and environmental legacy of the Carr period in NSW, locking up millions of hectares in the National estate for future generations – these are profound achievements, and there is more to be done in this area.

But right now, our suburbs are being trashed by development that destroys amenity and doesn't have infrastructure to cope.

We fought an entire election on electricity but we had nothing to say about renewable energy. We argued for a different Westconnex but had very little to say about public transport. Labor is nothing if it is not the party of reform, of social, economic and environmental progress.

We cannot be 'the party that says no' if we are to convince progressive voters to switch to the Labor column as voters and advocates. Labor needs a reforming platform to win government and to be a good government.

## **Developing an economic story**

I believe that it is time for a radical recasting of the role of State Governments in delivering economic prosperity and equity. Traditionally State Governments, certainly in the post-war period, have been the agents of service delivery in health, education, community safety etc.

These have been critical to delivering fairness and lifting living standards – and it is Labor in government that has done the heavy lifting here and it is our conservative opponents that have whittled away at the State and community capability, whether it is in TAFE, Health, public housing or women’s crisis services.

But which level of government is going to be delivering the jobs of the future? Who will deliver the policies that promote investment in quality private sector jobs that promote industrial development in advanced manufacturing or new areas in finance or services?

Who is going to work on our big productivity levers – investing in skills and capability, the falling levels of management capability or building the ‘learning economy’ and the learning firm model advocated by Joseph Stiglitz?

These are all areas that NSW Labor should concern itself with, that could be the heart of a new economic agenda.

We must reassert the role of the public sector – not in a statist, old politics state vs public sector paradigm, but for a 21<sup>st</sup> Century public sector. The old Labor approach won’t cut it here – but nor will a slavish devotion to bureaucracy and a dogmatic approach to public ownership.

Agile service delivery, building excellence in public schools, a partnership for change with public sector workers and their unions should be the hallmarks of a modern social democratic approach – with innovation, efficiency and excellence at its heart.

Of course, this means tough arguments on fiscal policy and revenue – the courage and intellectual energy to take on the tough fights on negative gearing, tax policy and the looming contest with the Federal government about the role of the State in the context of the IGR. We know that government faces stark choices in an environment of rising costs and declining revenues – and the big challenges are all on the revenue side.

## **The success of Labor in the Hunter and the Central Coast**

In 2011 Labor was essentially wiped off the electoral map in the Hunter and Central Coast – now in 2015 that has essentially been reversed.

It is not only because of the poles and wires campaign and the Liberals travails in ICAC – although both these developments were key.

The AMWU offered an aggressive jobs campaign in these seats – hundreds of volunteers, thousands rallying in the streets, tens of thousands of petitioners and hundreds of thousands of direct engagements on our Build Them Here social media platform.

It counted. Every conservative who refused to sign the pledge to support local manufacturing in the Hunter lost their job. The only non-Labor MP to keep their job was an independent, Greg Piper, who has been a strong advocate for the AMWU campaign.

These union campaigns are very effective – the Unions NSW campaign had thousands of volunteers – hundreds out every weekend door knocking. Nurses, teachers, Tafe teachers, fire brigade employees and manufacturing workers all arguing the case.

I am sure Mike Baird and the Liberals don't like it – but I reckon it is a good thing getting ordinary people to engage with politics and put their own time in.

I also don't think that Labor politicians should take it for granted either. Anastasia Palascuk and Dan Andrews made really unselfconscious acknowledgements of the depth of the union volunteer effort following their elections – I hope Luke Foley does that too. It is the right thing to do. We need more union involvement, not less. I'm on the record arguing for a strong, modern and democratic relationship between today's unions and Labor campaigns and party organisation. Labor would be nowhere without it.

Many of the commentators will write the weeks and months ahead as a contest between the various strands that make up our labour movement – a fight between our unions and parliamentarians and our party organisation, our members and supporters.

There is no future for us in that fight – it is a spiral of bitterness and diminishing returns.

I have plenty of observations about the failures of our parliamentary colleagues, the desperate shallowness and smugness of the prevailing 'staffer culture', but I also recognize that we in our unions have an obligation to lift as well as to complain, to raise the bar on our policy development and to modernize and

democratize our political practice to engage more and more members in the political process.

I know to may it may sound like a naïve point, but the only future that we have as a movement is by building that future together with a sense of Labor purpose that matches the seriousness of purpose of the movement's founders.