

NSW's big Ponzi scam has finally collapsed



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So passes the most incompetent government in living memory. It would not be fair to blame the election wipe-out on Kristina Keneally. She was just the front-woman for a political machine that has been running NSW for 16 years. This machine starts in the trade unions, where politically motivated officials throw their weight around an bully people to accumulate influence. It runs through the NSW Labor Council, which co-ordinates the unions and exercises a veto over Labor government policy. The machine decides who will be endorsed as ALP candidates and recruits ambitious people who give loyalty in return for patronage. It has delivered a whole generation of misfits and unworthies into positions as staffers, into Parliament, and into ministerial office.

One former minister went to jail for under-age sex, one resigned after visiting a gay sex club, one resigned after visiting adult websites, and one resigned for "underpants-dancing" in Parliament House. NSW Labor made Parliament House look like the Big Brother household in a reality TV show. For all its power and influence deciding who could and who could not enter Parliament, the NSW Labor machine never bothered to find somebody who could administer a government or run a budget. That appeared to be the least of its concerns.

So how did it last so long?

The Arbibs, the Roozendaals, the Della Boscas, and Bitars were good at one thing: they were good at briefing journalists and giving out media stories. They revelled in being described as powerbrokers, which gave them a willing audience of journalists always prepared to butter up a source in return for political gossip. While the machine was in power and looked like staying, the media were quite willing to turn a blind eye to the debasement of government.

Which is why it is so important to maintain the mystique of power. Once a machine loses that mystique the whole crooked edifice is laid bare. The NSW Labor machine survived by recruiting people with the promise of

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high reward, which it could only deliver so long as it operated in the half-light. It could not survive scrutiny. NSW Labor was one giant Ponzi scheme which has now collapsed.

When the federal Coalition was defeated in 2007 Labor was in office in all states and territories. Since then Labor has lost government in WA, Victoria and NSW. It hangs by a thread at the federal level, where it relies on country independents for a majority.

These country independents have seen a glimpse of their future. The seats of Tamworth and Port Macquarie swept back to the National Party last Saturday on swings of 12 and 11 per cent. These are the seats of Tony Windsor and Rob Oakeshott.

As state MPs, neither of these gentlemen opposed the Labor government running NSW although each had once been a member of the Nationals. By turning independent they won great spending for their electorates from a government anxious to neutralise seats that would otherwise be held by the opposition. But the stench spread to the independents once the public got a sniff of what was going on.

There is another group that didn't do so well under scrutiny. The inner suburbs should have delivered seats like Marrickville to the Greens. But once people got interested in Green policies like the loopy idea that local councils should "boycott" Israel they began to wonder if these people really are the cuddly bunch of tree huggers they make out or whether there is a much harder ideological agenda behind them.

Barry O'Farrell now has the largest majority of any premier. He is the senior office holder on the Coalition side of politics. O'Farrell has the chance to influence the philosophical direction of the Liberal Party – much as Greiner did as NSW Premier in 1988 to 1992 when the Coalition was out of federal office. And he should aim to stay in office much longer.

And the NSW machine? It will move on to peddling influence around the federal Labor government. After all, it was behind the push to tear down Kevin Rudd and replace him with Julia Gillard.

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