

## THE AUSTRALIAN

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# PM haunted by the mendacity of despair

**HENRY ERGAS** THE AUSTRALIAN MARCH 18, 2013 12:00AM

**RUSHED policy, as Kevin Rudd discovered with the mining tax, is bad politics. And bad politics can be harmful to prime ministers and other animals.**

Rushing is costly because it leads to carelessness. And in tight fights, even small mistakes count. Julia Gillard should know that better than most; but in scrambling to salvage what she can from Labor's collapsing edifice she shows every sign of having ignored it.

Last week's legislation on press regulation is a case in point. Its substance is objectionable for reasons Malcolm Turnbull has eloquently explained. But it also bears all the hallmarks of sloppy process.

After all, according to Gillard, good regulation is at the heart of the legislation. One might therefore have expected her government, in presenting that legislation, to scrupulously respect its own better regulation guidelines. Remarkably, it failed to do so.

Those guidelines require regulatory legislation to be accompanied by a regulation impact statement (RIS), unless exempted by the prime minister. And, yes, there is such an exemption, issued on December 19 last year. But that exemption's drafting limits it to the broadcasting changes announced last November. As a result, the press legislation, which lacks an RIS, breaches the government's guidelines.

Almost certainly, that is just a stuff-up: the Prime Minister could have granted a wider exemption at the stroke of a pen.

That the government, while hectoring the press about good regulation, could not organise itself to comply with its own regulation guidelines puts its competence into perspective. And makes it all the clearer why Gillard risks being reduced to road kill in the fight she has picked.

Her attempt to wedge the opposition on 457 visas is no better thought through. Put aside the fact that Gillard's claims those visas take jobs and income from Australians are delusional: on the contrary, increases in the number of 457 visas are highly correlated with increases in wages and employment, with an estimated correlation coefficient of over 0.7 (where a coefficient of zero indicates no relationship while 1 implies movement in lockstep). Also put aside the contradiction between her assertions and those of her Department of Immigration and Citizenship, whose latest annual report finds the program has "demonstrated its responsiveness in assisting to address critical skill gaps and to source highly skilled workers".

Put aside, too, the fact that the Finance Department's Office of Best Practice Regulation determined last week that Immigration Minister Brendan O'Connor had failed to provide any adequate impact assessment of his proposed changes to the 457 program.

Put all those aside, because DIAC's own data shows that if supervision of 457 visas has been inadequate that has happened entirely on Gillard's watch. Under the Howard government, more than 40 per cent of 457 visa sponsors and 10 per cent of sites were monitored; under Gillard, that proportion has declined every year, collapsing to 8 per cent of sponsors and 4 per cent of sites.

Nor are the reasons for the decline a mystery. DIAC has faced a huge cost blowout in dealing with illegal boat arrivals: annual expenditure on asylum-seekers, which was a few million dollars in 2007-08, increased to \$100 million in 2008-09, \$300m the year after that and \$900m last year; it will exceed \$1.1 billion this financial year. With DIAC under pressure to find savings, its enforcement efforts have suffered, with the number of sponsors warned of possible 457 visa infringements declining by two-thirds. There is consequently a direct link between the government's claims about 457 visas and the train wreck that is its asylum-seeker policy. Focusing attention on this issue is hardly a slam dunk.

But there is one constituency in which Gillard's efforts are guaranteed a standing ovation: the unions. And little wonder she is their darling. For, thanks to Gillard's industrial relations laws, the unions' aggregate income has increased since 2008 at 1.5 times the rate of growth of gross domestic product. The IR changes Gillard has announced will add to that bonanza, especially by facilitating unions' use of compulsory arbitration to secure control over issues such as rostering.

And, as unions translate increased power into dollars, Labor, which is more dependent on union donations than at any time in the past decade, will benefit.

Nor will the benefit be solely in monetary form. Rather, by expanding unions' rights to demand entry to canteens and recreation areas, the government has assured its mouthpieces' special access for political canvassing leading up to the federal election.

And they will campaign all the more vigorously, as officials know that, the greater and more irrational the favours Gillard grants the unions, the more they depend on her survival for those favours to persist.

But this is a co-dependency that poisons those it appears to strengthen. Polls show voters have shifted right on almost every issue; yet Gillard, perversely, has careened to the militant Left, as if that left had anywhere else to go. By narrowing Labor's electoral appeal, that threatens to reduce the ALP's parliamentary presence to a clutch of tarnished mediocrities. And Gillard's leftward lurch does not poison Labor alone; rather, its harm in terms of poor policy is rising every day.

The damage to the quality of the policy debate is even greater. For, as her claims about 457 visas show, Gillard, whose mantra as education minister was "evidence-based policy", now acts as if the truth simply does not matter; with Armageddon lurking at every party meeting, all that counts is whether she can lift, however fleetingly, her chances of making it through the night.

Hers, therefore, is not Barack Obama's audacity of hope; it is the mendacity of despair.

As she rushes from one poorly conceived battle to the other, expect to see much more of it in the months ahead.

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