How Smart Now? The Bligh Government and the Unravelling of the ‘Smart State’ Vision, 2007–11

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The articulation of a ‘Smart State’ strategy by the Beattie and Bligh governments since 1998 represents, in large part, the continuation of a long Queensland tradition, in which governments have secured legitimacy by fostering economic growth and employment. For Queensland Labor, however, ‘Smart State’ programs also represented a key survival strategy as Labor’s historic base among workers employed in agriculture, mining and manufacturing shrank into political insignificance. By 2009–10, these three sectors together employed only one worker in seven (Queensland Treasury 2010, p. 16). For this reason, in coming to office in September 2007, Anna Bligh sought both to continue and transcend the ‘Smart State’ strategy of her predecessor. In a series of policy documents launched with considerable fanfare in 2008–09 — ‘Towards Q2’, the ‘Smart Industry Policy and Decision Making Framework’ and the ‘Queensland Renewable Energy Plan’ — Bligh outlined her own vision for Queensland. Central to this vision was the embracing of a ‘green’ agenda — one that tapped into concerns shared by many of Queensland’s growing cohort of middle-class professionals. In her first two years in office, Bligh pledged to continue the \$9 billion Water Grid in the state’s south-east corner, reduce greenhouse gas emissions by one-third, spend \$300 million on ‘clean coal’ power generation and provide rebates for households installing solar hot water systems. All of this added considerably to the budget commitments made under Beattie. In highlighting its program for Queensland in 2008, the Bligh government proudly declared that it was ‘set to invest \$17 billion’ in the ensuing year (Department of Premier and Cabinet 2008, p. 10).

During the March 2009 state election campaign, Bligh’s articulation of a new vision for Queensland appeared to be smart politics. While Labor’s primary vote fell to 42.2 per cent, many of its candidates were returned on the back of Greens preferences. However, the good fortune that had shone on the Beattie government soon deserted Bligh. At the heart of Bligh’s program of change was the belief, outlined in late 2008, that Queensland was ‘in a golden period of economic growth’ (Department of Premier and Cabinet 2008, p. 15). No sooner had these words been published than Queensland found itself in a severe economic downturn. In three consecutive years — 2008–09, 2009–10 and 2010–11 — the state witnessed

a contraction in gross private-sector capital formation (ABS 2011a). By March 2011, monthly private sector dwelling construction activity was barely one-third of that recorded in early 2008 (ABS 2011b). After running healthy budget surpluses under Beattie, the government's financial situation deteriorated markedly under Bligh, posting deficits in every single year in which she held office. Only massive and unexpected increases in coal royalties saved the budget from an even more grievous situation.

Suddenly, Queensland as a whole appeared neither 'smart' nor 'green'. Many of the sectors associated with the 'Smart State' vision — education and training, financial services, information technology, media and telecommunications — witnessed sharp declines in employment. Signature 'green programs', such as the ZeroGen clean coal project, were abandoned. This article argues that the problems that befell the Bligh government were not transient in nature, products simply of floods and cyclical business conditions. Instead, they represented a fundamental unravelling of both the 'smart' and 'green' state visions. As the changed circumstances brutally highlighted, behind the rhetoric of the Beattie and Bligh governments was an economy that rested almost as heavily as ever on its traditional pillars — resource extraction, tourism and construction — rather than biotechnology or renewable energy.

The Bligh Vision, 2007–10

When Anna Bligh inherited the premiership from Peter Beattie on 13 September 2007, the government's 'Smart State' strategy was nearly a decade old. In marketing this strategy, Beattie had grandiosely declared that 'our aim is to develop Queensland as an Asia-Pacific hub for the new industries of the 21st century — industries such as biotechnology, information technology, nanotechnology and communications' (Beattie 2002, p. 2). In practice, Beattie's early 'Smart State' programs were more modest than the rhetoric would suggest, being restricted largely to government investment in new research centres, most of which were located in established universities. While Bligh announced in 2008 that the 'Smart State' strategy remained the government's 'signature policy', she also highlighted the need for 'a new direction' (Bligh 2008). In doing so, she and her ministers were not shy of informing the electorate of the limited progress that had been made under Beattie. In 'Towards Q2', a policy document released with much publicity in September 2008, it was noted that business investment in research and development remained the second lowest in the nation, with only Tasmania having a worse record (Department of Premier and Cabinet, 2008: 19). The 'Smart Industry Policy and Decision Making Framework', also launched in 2008, again highlighted Queensland's comparative backwardness, recording that 'the State stills ranks well below the national average in terms of productivity' (Queensland Government 2008a).

In announcing her government's intention to take the 'Smart State' strategy to 'the next phase' (Bligh and Boyle 2008), Bligh oversaw a number of major new initiatives. First, she implemented programs to directly encourage innovation and expansion in the manufacturing sector. This involved both the launch of an Advanced Manufacturing Sector Action Plan (Queensland Government 2008b)

and Business and Industry Transformation Incentives (Queensland Government 2008c). Politically, such programs won favour with Queensland's powerful manufacturing sector unions, which had long dominated the Queensland Council of Unions, as well as the small business sector. By providing firms with up to \$250,000 each, the Transformation Incentives sought to overcome perceptions that the 'Smart State' strategy only favoured firms at the 'big end of town', who had been the principal beneficiaries of increased government funding of large research centres.

Bligh's second major departure from the policies pursued by her predecessor involved a broadening of the 'Smart State' focus to encompass the environment, community health and social 'fairness' (Department of Premier and Cabinet 2008). While Beattie's commitment of several billion dollars to a new Water Grid in the south-east corner had been couched in environmental terms, Bligh's embracing of 'green' causes was far more extensive. The ideal of fostering a 'green economy' became central to both the government's rhetoric and its policies. In an indication of her own personal commitment to the battle against climate change, Bligh — whose inner city electorate of South Brisbane boasted Brisbane's largest concentration of Greens voters — appointed her husband, Greg Withers, as Assistant Director-General of the Office of Climate Change.

During her first year in office, more than \$414 million was allocated to programs to combat climate change (Queensland Government 2008a). In 2009, a further \$300 million in government funding was committed to a 'clean coal' joint venture with industry, which was to see the world's first 'clean coal' power station come into operation in Central Queensland in 2015 (Smart State Council 2010). Large-scale funding was also provided for renewable energy. In launching the Queensland Renewable Energy Plan in June 2009, it was declared that: 'The expansion of the renewable energy sector and the transition to a green economy will drive [future] productivity and economic growth.' (Department of Employment, Economic Development and Innovation 2009, p. 7) To accelerate the take-up of renewable technologies, rebates of between \$600 and \$1000 were provided to households installing solar hot water systems with the stated goal of making Queensland 'Australia's solar hot water state' (Department of Employment, Economic Development and Innovation 2009, p. 7).

Politically, Bligh's tactic of broadening the 'Smart State' strategy had obvious benefits, allowing it to address the concerns of unionists and small business-owners who fretted about economic growth, as well as middle-class professionals concerned with climate change. Despite its claims that it provided a gateway to a green, knowledge-based future, the success of Bligh's program rested, in the final analysis, on something that had a long lineage in Queensland: taxpayer subsidies and cash handouts to politically powerful interest groups. Unfortunately for Bligh, her government's capacity to continue these handouts became increasingly problematic as the onset of the global financial crisis (GFC) exposed the unstable and narrow foundations upon which the state's economic prosperity had been built.

Contradictions and Problems

At the centre of Bligh's interventionist strategy for state development through embracing 'innovation' and 'green technology' was a contradiction that had long been at the heart of Queensland politics — the gulf between those who worked in the highly capitalised resource sector and those who lived in the large metropolitan centres in the south-east corner. Over time, this contradiction had become ever more pronounced. While technological change meant that fewer and fewer people were employed in mining and agriculture, these sectors continued to be responsible for a disproportionate share of the state's economic wealth and exports. Queensland's relatively small manufacturing sector was also heavily geared towards the needs of the resource sector. In 2008, 42 per cent of manufacturing activity, measured by value, was engaged in processing mineral or wood products (Queensland Government 2008b, p. 1). But by 2009–10, only 14.2 per cent of the workforce was engaged in traditional blue-collar jobs in agriculture, mining and manufacturing (Queensland Treasury 2010, p. 16). Instead, an overwhelming majority of Queenslanders made their living in the service sector. Most of these resided in the south-east corner. In late 2010, almost 3.5 million of the state's 4.5 million citizens were crowded together in the Gold Coast–Brisbane–Logan–Ipswich–Sunshine Coast corridor (Queensland Office of Economic and Statistical Research 2011a). Thus, while economic success ultimately depended on fostering the agricultural and resource sector, political success rested on appeals to the urban majority. Under Bligh, this contradiction became more acute as a government that was more economically reliant on a carbon-based economy than any other in the world increasingly linked its policies with the pursuit of 'a green economy'.

According to its exponents, the 'Smart State' strategy provided the framework for a major shift in investment and employment in Queensland, which would result in economic activity progressively shifting out of the resource-based 'old economy' and into the knowledge-based 'new economy' (Mort and Roan 2003; Edwards 2003). It is certainly true that employment in professional, scientific and technical jobs did rise sharply in the decade after the Beattie government's launch of the 'Smart State' vision. Between 1998 and 2008, the number employed in such work rose by 5 per cent per year to 150,900. There was, however, little growth in the state's manufacturing sector, where employment expanded by only 1 per cent per year in the decade after 1998 (Queensland Treasury 2010, p. 16). This suggests that hardly any of the increased research carried out in the state after 1998 was taken up and commercially applied by local business.

If there was little commercial take-up of 'Smart State' research, nor was it the case that employment in scientific and professional jobs became a principal driver of overall employment growth. While jobs in this sector did grow faster than the state average in the decade after 1998, it was outstripped by employment growth in the large construction sector (which grew at an annual rate of 5.2 per cent), in electricity, gas and water (7.8 per cent per annum) and in rental and real estate (5.5 per cent per annum). In short, the principal driver of employment growth in the first decade of the 'Smart State' strategy was the property market, not innovation and the 'new economy' (Queensland Treasury 2010, p. 16). This made the continued expansion of Queensland employment heavily dependent upon a

continued supply of cheap credit and a steady inflow of new migrants. With inter-state migration slowing to a trickle after 2003, the residential property market became increasingly reliant on the long-term-stay international student market. This was particularly the case for firms engaged in the medium- and high-density apartment sector in Brisbane and on the Gold Coast (Queensland Treasury 2011a, p. 2).

Claims that ‘Smart State’ strategies were creating a ‘highly skilled workforce’ that would make Queensland a hub for ‘internationally cooperative research institutions within the state’ (Fitzgerald, Megarritty and Symons 2009, p. 249) were also largely fallacious. While Queenslanders did tend to stay at school longer than previously, their educational skills and qualifications remained the worst in the Commonwealth, outside of the Northern Territory. When the results of the National Assessment Program — Literacy and Numeracy (NAPLAN) audit — which tested primary and secondary school students across Australia — were published in 2010, they revealed a sorry picture. In reading, the state’s Year 3 children achieved a score of 393, the only state or territory other than the Northern Territory to fall below 400 and well behind the national average of 414.3. An even greater distance separated Queensland from the lead performers, notably the ACT (439.1) and Victoria (430.6) (Australian Curriculum, Assessment and Reporting Authority, 2010: 60). Those in Year 9 did no better in comparison to students in other states, obtaining a score of 564.9 compared with the national average of 573.7. Again, only students in the Northern Territory secured a worse result. Similar results were replicated in virtually every single area of literacy and numeracy, at every year tested.

If employment growth in Queensland during Bligh’s first eighteen months in office largely rested on the property sector, the main driver of economic prosperity was the state’s abundant supplies of cheap, coal-fired electricity. Reflecting the importance of power-generation to the state’s growth, electricity consumption rose by 30 per cent between 1999 and 2008 (Department of Premier and Cabinet 2008, p. 23). While the Bligh government’s ‘emission abatement’ policies primarily targeted the household sector, the largest consumers of electricity were in fact found in the industrial sector. For this sector, the principal attraction of Queensland as a business location was, as the Bligh government’s own Smart State Council advised her in December 2010, the state’s ‘low (wholesale) power costs’ (Smart State Council 2010, p. 58). While taxpayer-funded subsidies might encourage households to purchase solar hot water systems, there was no ready alternative to carbon-based power sources (either coal or coal-seam gas) when it came to providing the large baseload needed by industry. This fact was highlighted in the EnergySmart Plan issued by the Smart State Council, which concluded ‘that there is no expectation that renewable energy technologies will achieve cost-parity with utility-scale fossil-fuelled generation in the short-to-medium term’ (Queensland Smart State Council 2010: 67). But with the ‘ClimateSmart 2050’ strategy launched by Peter Beattie in mid-2007 having effectively closed the door on any more conventional coal-fired stations (Queensland Government 2007), the Bligh government found itself in a quandary. Politically, the government had much invested in the vision of a ‘low carbon future’. Economically, however, it had to ensure the continued large-scale expansion of

the power industry in what remained the 'most energy intensive state in Australia' (Department of Employment, Economic Development and Innovation 2009, p. 6). This dichotomy made the viability of the joint-venture 'clean coal' power plant — the development of which was being overseen by a solely owned government subsidiary, ZeroGen — particularly significant.

The Unravelling

In July 2000, Queensland's Assistant Under-Treasurer and Government Statistician, Peter Crossman, provided advice that was at odds with the 'Smart State' rhetoric being expounded at the time. Crossman (2000) warned that Queensland was likely to remain a trade-exposed economy, heavily dependent upon agriculture, mining and tourism. Unfortunately for Queenslanders and the Bligh government, the onset of the GFC proved the accuracy of this assessment. Indeed, many of the new, 'knowledge-based' service sectors proved even more vulnerable to external shocks than either agriculture or mining. Thus, while commodity prices recovered relatively quickly from the 2008–09 GFC, most of the state's service sectors entered into a long and sustained decline. In 2009–10, a year in which the worst of the GFC was clearly over, the number of jobs in employment and training fell by 5.8 per cent as the flow of international students that had sustained colleges and universities slowed markedly.

As the net inflow of migrants and long-term stay international students declined, so too did the construction sector. Despite a number of federal government initiatives such as the 'Building the Education Revolution' program, the Queensland construction industry lost 4.8 per cent of its workforce in 2009–10. In the 'information, media and telecommunications' sector, the number of jobs fell by a staggering 17.2 per cent during the same period. Employment in retailing, rental and real estate, financial services, manufacturing, transport and postal services also declined (Queensland Treasury 2010, p. 16). Reflecting the economy's deep-seated malaise, gross private-sector capital formation fell sharply from \$67,680,000 in 2008–09 to \$58,364,000 in 2009–10 before slipping even further to \$57,517,000 in 2010–11 (ABS 2011a). Driving the fall in gross private-sector capital formation was a marked decline in business investment, which fell by 18.1 per cent in 2009–10 (Queensland Treasury, 2010, p. 3). While the latter slump was offset by a rebound in business investment of 19 per cent in 2010–11 (Queensland Treasury 2011b, p. 3), this merely restored investment levels to what they had been two years earlier.

During the worst of the downturn in 2008–09 and 2009–10, public sector expenditure, both federal and state, was largely responsible for Queensland's continued economic growth as a 4.1 per cent increase in final public sector demand offset falls in private activity (Queensland Treasury 2010, p. 4). Hopes that this public stimulus would fuel a general economic recovery were stillborn, however. Thus, while the Australian economy as a whole grew by 1.8 per cent between June 2010 and June 2011, Queensland's Gross State Product shrank by an almost identical 1.7 per cent (Queensland Office of Economic and Statistical Research 2011b, p. 1). In part, this contraction can be attributed to the severe floods that affected Queensland in January 2011, with the state's exports for the March quarter of 2011 down by 18 per cent — the largest quarterly decline ever recorded. It would be wrong,

however, to argue that natural events were the root cause of the state's continuing economic malaise. Even before the summer floods of 2010–11, it was evident that economic activity was again contracting in many areas. In the construction industry, which had been the principal driver of employment growth prior to 2008–09, the peak month of the recovery in the private residential sector occurred in February 2010, when 3071 dwellings were approved. Not only was this peak well short of the level obtained in April 2008, when a record 4150 homes were approved, it also provided the industry with only a brief respite. In the latter half of 2010, private residential dwelling approvals again declined sharply. In March 2011, a new low was recorded when only 1678 dwellings were approved (ABS 2011b). By June 2011, new dwellings were being constructed at a rate 17.9 per cent lower than the year before. Even renovation activity fell away by 6.8 per cent over the year, belying expectations of a flood-induced building boom (Queensland Treasury 2011b, p. 9).

Things were particularly dire in regions where tourism and construction had long made a disproportionate contribution to local economic activity. In the Cairns region, a contraction in tourist visitors, deterred by the high Australian dollar, saw unemployment reach 9.2 per cent in the September quarter of 2010 (Queensland Office of Economic and Statistical Research 2011c, p. 2). The decline in economic activity on the Gold Coast, the state's second largest city, was equally severe. In the course of 2010, Gold Coast jobs were lost at the rate of 140 per week, tripling the pool of unemployed in the region. With house prices falling by up to 45 per cent, loans for new development became virtually unattainable. Many indebted householders were forced to sell up, with one property developer declaring: 'I've never seen so many mortgagee sales in my life.' (cited in Bitu 2011, p. 1) New private construction activity came to a near-total halt, with one construction employer declaring that there were 'no developers left ... the banks won't lend' (cited in Bitu 2011, p. 1).

The collapse in new building inflicted grievous damage on the government budget. Whereas property transfer taxes had delivered the Bligh government almost \$3 billion in 2007–08, in 2008–09 it reaped considerably less than \$2 billion from this source (Queensland Treasury 2011c, p. 76). As Queenslanders watched their property values and superannuation balances shrink, they cut back on spending, reducing the available pool of GST receipts to be distributed by the Commonwealth. The budget effect of such developments can be seen in Table 1. Whereas, during Beattie's final years in office, the government operated large annual surpluses that allowed it to accumulate a healthy cash buffer, under Bligh an operating surplus (of a mere \$35 million) was achieved only once, in 2008–09 — a development that largely reflected a sudden spike in coal prices and associated royalties. In consequence, Beattie's cash reserve was rapidly consumed and replaced by large deficits as the Bligh government continued its spending program. By 2010–11, a deficit of more than \$6 billion was anticipated (Queensland Treasury 2011c). Such trends occurred despite the use of some altered accounting practices. In 2008–09, for example, the government transferred all state government superannuation accounts to the Queensland Treasury Corporation in exchange, as the budget papers noted (Queensland Treasury 2008, p. 4), 'for a debt instrument that earns the General Government sector 7.5% per annum'. Under the terms of the transfer, Treasury was required to pay the 7.5 per cent even if the superannuation funds provided a negative return.

TABLE 1

Queensland Government Financial Summary, 2004–05 to 2010–11 (in millions)*

	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11 (estimate)
Revenues	27,609	30,084	31,981	31,430	37,008	39,729	41,183
Operating Expenses	23,683	26,370	30,125	32,989	36,974	39,785	43,310
Operating Surplus/(deficit)	3,926	3,714	1,856	(1,559)	35	(56)	(2,127)
Total cash surplus/(deficit)	4,640	4,648	2,304	(4,922)	(2,839)	(5,305)	(6,172)

Note: All budget figures were rounded in original papers.

Sources: Queensland Treasury, Budget Strategy and Outlook Statements, 2005–06 to 2010–11.

The Bligh government's initial response to the global financial crisis was clearly driven by the expectation — shared with the Rudd federal government — that any downturn would be relatively short-lived and that any expenditure on its part would bring about a quick return of normal economic activity. However, in April 2009, confronted with Treasury warnings that net debt would grow from 80 per cent of Queensland's Gross State Product to 150 per cent (\$70 billion) by 2013–14 and the loss of its AAA credit rating, the recently returned Bligh government announced plans to privatise state-owned assets: the coal trains, state-owned ports, government tollways and state forests. It was a move that provoked a bitter backlash from the union movement. This privatisation program did not signal a reassessment of the government's political and economic strategies; on the contrary, it allowed for its continuation. The most significant Bligh government 'green' initiatives — the Queensland Renewable Energy Plan, the 'clean coal' joint venture and the household solar hot water rebates — all occurred after the privatisation announcements. Clearly the government expected that if it could ride out the economic downturn, it could retrieve its political position, and that in the interim it was better to alienate its traditional unionised base than 'green'-inclined middle-class voters whose historic commitment to Labor was much less assured.

Unfortunately, by late 2010 it was becoming evident that, even with the proceeds of the privatisation program, the government still faced a difficult budget situation with net state debt now predicted to reach more than 125 per cent of Gross State Product (\$85 billion) by 2015 (Queensland Treasury 2011c, p. 9). This made the continuation of the array of 'Smart State' and 'green' initiatives increasingly problematic. Politically, the Bligh government's previous decision to take the 'Smart State' strategy in 'a new direction' by embracing a range of 'green' programs was no longer proving to be the boon it had seemed earlier. After the onset of the GFC, the Labor Party's traditional working-class and lower middle-class base, in Queensland as in the rest of Australia, became increasingly price sensitive. As a result, as *The Australian's* Paul Kelly observed, Labor governments found themselves suddenly facing electorates in which many voters had become suspicious, if not hostile, 'to almost all ... climate change schemes that involve higher prices' (Kelly 2011, p. 14).

Reflecting the changed economic and political circumstances, the Bligh government again sought to change political direction in late 2010 and early 2011. In December 2010, the Bligh government announced its intention to scrap its ‘clean coal’ venture, effectively writing off the \$192 million that had been invested in the project. In justifying the decision, Bligh sought to allay public concern about rising utility costs, declaring that the completion of the ‘clean coal’ project would have driven ‘up the cost of electricity beyond the reach of normal people’ (‘Clean Coal’ 2010). Following a Queensland Treasury review in January 2011, which assessed the costs of the summer floods and the continuing slow-down in construction, education and training and tourism, the Bligh government was confronted with the need for further cuts (Queensland Treasury 2011a, pp. 3–4). For the first time, a major ‘rationalisation’ of ‘Smart State’ programs was announced (Queensland Treasury 2011a, p. 5).

Politically, the tone of the government’s policy announcements changed. Increasingly, they emphasised economic growth rather than ‘green’ imperatives — a change that partly reflected the emergence of Brisbane’s pro-development Lord Mayor, Campbell Newman, as opposition leader. In predicting a return to ‘rampant’ economic growth in the June 2011 budget review, Treasurer Andrew Fraser placed much store on the development of the coal-seam gas industry, advising voters that the \$15 billion that would be spent in the industry over the next few years would result in a jobs bonanza (McKenna 2011). This shift in direction revealed two things. First, it emphasised how the Bligh government was now wedged between the large ‘green’ constituency and voters primarily concerned about jobs and economic growth. While the development of the coal-seam gas industry might appeal to the latter group, it was an anathema to the former.

If budget pressures forced a retreat from specific programs, the changed political and economic climate also heralded the effective end of the Labor government’s interventionist strategy aimed at transforming the state into one built around ‘innovation and creativity’ rather than fossil fuels and agriculture. Rather than seeking to transform the economy, the government found itself waiting upon private-sector developments in the resource sector to rescue it from the position in which it found itself. Plans for a transformed Queensland economy had totally unravelled.

Conclusion

Queensland’s governments historically have been expert in using public largesse to win over or placate politically powerful interest groups, and both the Beattie and Bligh governments represent a continuation of this long tradition. Politically, the adoption of the ‘Smart State’ strategy in 1998 reflected an awareness that Labor’s historic base among manual workers engaged in mining, agriculture and manufacturing was no longer large enough to guarantee the party’s electoral success. By trumpeting the benefits of ‘knowledge and innovation’, Labor used the ‘Smart State’ strategy to build a bridge to the professional middle class. Economically, the benefits of the ‘Smart State’ programs were always dubious. The manufacturing sector gained few commercial rewards from the increased expenditure on research and development. Those employed in professional, scien-

tific and technical jobs, however, had little reason to complain, as employment in these occupations grew almost 40 per cent faster than the Queensland average between 1999–2000 and 2009–10 (Queensland Treasury 2010, p. 16). Economically, the few hundred million dollars expended annually on 'Smart State' programs could easily be afforded in a rapidly growing economy. Under Bligh, however, government intervention in the economy became qualitatively and quantitatively different. In taking the 'Smart State' strategy to 'the next phase' (Bligh and Boyle 2008), the Bligh government provided new incentives for manufacturers and small business while at the same time making large-scale funding commitments to a variety of 'green' initiatives, notably 'clean coal' power generation, renewable energy and solar heating.

Unfortunately for Bligh, the timing of her government's bold 'green' initiatives could not have been worse, as rapidly deteriorating economic circumstances in the wake of the GFC made the continued funding of her government's initiatives increasingly problematic. While the privatisation of the raft of government assets announced in April 2009 gave the Bligh government breathing space, the expected economic rebound failed to eventuate. Economically constrained, the government found itself in a diabolical situation, wedged between a 'green' constituency who expected it to continue funding climate change initiatives and a wider electorate that was concerned about cost of living pressures and job-creation. By mid-2011, it was evident that the Bligh government's bold plans to support 'the transition to a green economy' (Queensland Government 2009, p. 7) were in ruins. With revenue sources under pressure, and debt levels rising, the transformative vision articulated by Bligh on her accession in late 2007 is unlikely to be resurrected. Its failure, however, represents more than a personal disappointment. Despite their transitory appeal, the success of the 'smart' and 'green' state policies of both the Beattie and Bligh governments was largely an illusion. Possessing a small and, by Australian standards, poorly educated population, Queensland's fortunes remain heavily reliant on its energy-intensive mining and construction sectors. Even its manufacturing industry, which largely revolves around mineral processing, is dependent for its survival on cheap sources of coal-fired electricity. In consequence, Queensland's transformation into either a 'smart' or 'green' state remains, at best, a distant prospect.

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