

Labor forms new minority state government in Australia

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One month after the Victorian state elections, in which neither Labor nor Liberal won an outright majority, the Labor Party (ALP) has formed a minority government under recently-installed leader Steve Bracks. Jeff Kennett, Liberal premier for the past seven years, who, until just weeks ago, was widely tipped to cruise to an easy victory, has resigned as leader of the Liberal Party.

The change of government followed a declaration of support for Labor by three rural independents, after the ALP's victory in a crucial by-election on October 16. The incumbent died on the eve of the state elections, necessitating the additional poll.

Frankston East, an outer Melbourne suburb, fell to Labor with a 7.6 percent swing, continuing a trend that produced a large anti-Kennett vote in the state elections across rural and regional Victoria and in significant parts of metropolitan Melbourne.

Social issues figured prominently in the campaign. Unemployment stands at around 18 percent in this working class area. The closure of public amenities, privatisation and the parlous state of the local hospital came under heavy scrutiny. When Kennett visited the electorate he was abused by a woman whose mother had died after being forced to wait two days on a hospital trolley after suffering a stroke. "That's because of you," she told the caretaker Premier, "if [your re-election] didn't depend on your vote in Frankston East, we would not see you.... Why weren't you here 12 months ago, when the kinder and school got cut down?"

Disaffection with the Liberal Government was also fueled by the media, which made an abrupt about-face in the aftermath of the state election. Fawning adulation of Kennett was replaced with strident criticism of his "autocratic" leadership style. Columnists and

newspaper editorials began to complain about Kennett's restructure of the auditor-general's office and his restrictions on access to government documents under Freedom of Information (FOI) legislation. As long as Kennett could push through his government's attacks on democratic and legal rights with a large parliamentary majority, the media was happy to support him. As soon as it became clear that his majority had collapsed, they turned on him, fearful that his frontal assault on due process, would, under the changed parliamentary conditions, become a recipe for instability.

There is no doubt that an election win for Kennett was the preferred option in business circles. The September 18 result provoked consternation and disbelief, with share prices falling for companies with close links to the Victorian government. PBL, the new owner of Crown Casino, one of Kennett's favourite projects, fell 13 cents. Hudson Conway, owned by Liberal Party president Ron Walker, lost 10 cents while Tabcorp gaming shares—another of Kennett's favourites—fell 30 cents. Contracts worth billions of dollars in Melbourne's fast-growing CBD were left dangling.

On October 6, Bracks met with business leaders seeking to allay their concerns. He told the Victorian Chamber of Commerce & Industry, the Business Council of Australia, the Australian Industry Group, the Victorian Farmers Federation and other business leaders that he agreed with Kennett on many issues. Norwich Union's James MacKenzie commented after the meeting: "I am very positive about the change, he understands business".

The four weeks between the state election and the Frankston East by-election were dominated by manoeuvres and horse-trading, on the part of both Kennett and Bracks, with the three independents who

hold the balance of power in the lower house. Russell Savage, from the regional city of Mildura, is a former policeman and supporter of the Liberals' coalition partner, the National Party. Susan Davies, from Gippsland West, made a failed attempt to gain ALP endorsement for the seat, which she initially won as an independent in 1997. Craig Ingram, from Gippsland East, is an abalone diver and former National Party voter.

The three formed an unofficial bloc, issuing a five-page "charter". They then held negotiations with both leaders, insisting on support for all of its provisions as a precondition for endorsement. Reflecting the anger building up in country areas at the gutting of public facilities, the charter called for improvements to roads, rail, water, power and gas, a halt to privatisations, as well as improved rural and regional employment opportunities. It also called for the promotion of "open and accountable government" demanding the restoration of the powers of the auditor-general, removal of restrictions placed on FOI and the repeal of restrictions on free speech for government contract employees.

The charter's call for "open government" found support among key sections of the media and political establishment, worried that Kennett's unabashed attacks on government accountability and transparency could jeopardise the "level playing field" demanded by potential investors. "Our concern was that practices like excessive use of commercial-in-confidence clauses in government contracts, the gutting of the Auditor-General's function, minimal parliamentary sessions and lack of scrutiny of projects like the casino would ultimately erode the effectiveness of the economic reforms Mr. Kennett's Government has overseen," editorialised the *Financial Review* newspaper on September 20.

While Kennett gave the charter only qualified support, Bracks embraced it in full, virtually guaranteeing that, in the event of a Labor win in Frankston East, he would form government.

Even with the support of the independents, however, Labor has a wafer-thin majority of just one seat. The new government will need the independents' support for every piece of legislation.

But the main source of instability lies in Labor's program. For the past two months Bracks has repeated

incessantly his pledge to deliver "financially conservative, socially progressive" government. These two aims, though, are mutually exclusive. The hopes of voters, who turned to Labor against the slash and burn policies of the Kennett years, will be dashed as Bracks enforces the dictates of business.

The new Premier has promised to deliver annual budget surpluses of at least \$100 million, and has praised the Kennett government's past economic management: "The Victorian Budget is now back in the black and Labor pledges to keep it that way," he declared. To this end, Bracks will serve as both treasurer and premier. He will head an "expenditure review committee" or "razor gang" to reign in spending and has undertaken to honor all contracts signed by the Liberal government—leaving Kennett's entire privatisation program intact.

On the whole the media and business establishment have tentatively thrown their support behind the new Labor government, concluding that it constitutes the best means of dealing with a disenchanted electorate. The *Age's* Tim Colebatch remarked: "If Labor lives up to its campaign policies, a Bracks government will look and sound different from the Kennett Government. But in economic areas, their decisions could be hard to tell apart."

A little over a month ago, when politicians around the country referred to the "Kennett factor" they had in mind the premier's cocky and self-confident reversal of social reforms and destruction of democratic rights. Now Kennett's unanticipated fate is evoking considerable nervousness. The widespread anxiety and discontent that saw his government thrown out of office will only deepen as Labor begins to implement its own pro-business agenda.



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