

Western Australian Labor government thrown out as state election delivers hung parliament

Unstable minority administration formed

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In a result unanticipated by the media and political establishment, the Western Australian (WA) Labor government was thrown of office in the state election held on September 6, and replaced by a highly unstable hung parliament. Last Sunday, after more than a week of uncertainty, the Liberal Party announced it had secured the support of the Nationals to form a minority government. The seven-year Labor government was defeated after a negative swing of 6.1 percent left the party with just 35.8 percent of the primary vote and 28 seats in the 59-seat parliament.

The Liberals have come to power in WA—their first victory in a state or territory election in more than a decade—with 24 seats (gaining 8), with the Nationals now dictating terms having won just 4 (gaining one). Three so-called independents—who have pledged their support for the minority government—were also elected. Liberal-Independents Janet Woollard (in the southern Perth suburban seat of Alfred Cove) and Liz Constable (in the northern suburbs seat of Churchlands) were both re-elected. Constable is tipped to be granted either a cabinet position or the role of parliamentary speaker. Ex-Labor parliamentarian John Bowler, who won the eastern regional seat of Kalgoorlie, was sacked last year and forced to resign from the Labor Party after a corruption investigation revealed he had leaked confidential cabinet information to an associate of former premier and factional “powerbroker” Brian Burke.

Labor had been expected to comfortably retain power on the back of the state’s strong economic growth, produced by the minerals and commodities boom, and due to disarray within the WA Liberal Party. Disgraced former Liberals’ leader Troy Buswell had a reported popularity rating of just 12 percent after he admitted to two lewd acts involving Liberal and Labor female staffers. Colin Barnett, who had been planning to retire, was brought back to replace Buswell on September 5—and became the third Liberal leader in a year. The following day, hoping to take advantage of the opposition’s leadership turmoil, Premier Carpenter announced the election six months before it was due.

Popular opposition to Carpenter’s transparent manoeuvre was widely believed to have contributed to the anti-Labor vote. Many also viewed the early election as an attempt by Labor to pre-empt the release of two potentially damaging inquiries—a Crime and Corruption Commission hearing into the party’s links to Brian Burke and other lobbyists, and an official investigation into a gas pipeline explosion in June, which saw one-third of WA’s gas supplies cut off for two months.

Above all, however, the election result underscored the escalating anger felt by ordinary working people towards the major parties at both the state and federal level. These sentiments have been fuelled by substandard and deteriorating public services and infrastructure, along with rising costs of living, particularly in housing, fuel, and groceries.

The national scope of popular disaffection with the two-party system was underscored by a series of political crises and unexpected electoral results on the same weekend in other parts of the country. In NSW the Iemma Labor government virtually collapsed; in South Australia, the Greens nearly won a by-election in former Liberal foreign minister Alexander Downer’s seat of Mayo; and another by-election in former Nationals federal leader Mark Vaile’s NSW seat of Lyne was won by an independent.

A number of commentators were forced to acknowledge the source of this political volatility. In a column titled “Voters are mad and calling for blood”, the *Daily Telegraph*’s Malcolm Farr noted: “Incumbency is no longer a shield. In fact, the problem for governments these days is that it’s an invitation for electoral defeat... Incumbency used to mean governments had the resources to fend off [voters’] bothersome demands for a while, but the punters are no longer going to be denied.”

Social polarisation

The Western Australian economy has grown at an average of 5.5 percent a year since 2001-02 as a result of the mining boom. Exports from WA—which include oil and gas, uranium, iron ore, copper, aluminium, and nickel—comprise an extraordinary 38 percent of national exports (according to the May 2008 quarterly figures). The value of trade with China, now the leading destination, has increased by more than 300 percent in the last five years.

Far from benefitting all Western Australians, the mining boom has fuelled social inequality. A narrow layer has accumulated obscene levels of wealth from unprecedented mining profits. Australia’s wealthiest man and woman are both Western Australians—Andrew Forrest of the Fortescue Metals Group has an estimated personal fortune between \$7 and \$8 billion, while Gina Rinehart of Hancock Prospecting has more than \$2 billion.

At the same time, the boom has driven up inflation. According to a study released on August 29 by the WA Council of Social Services, the cost of living for an average family has increased by 9.8 percent over the past twelve months, while average weekly incomes have increased by 5.7 percent. Rampant property speculation has increased house prices, leaving most workers with little chance of ever owning their own home. Rents have similarly escalated, with the average weekly cost of a three bedroom home in Perth now \$360 a week, up 24 percent from one year ago. This

has especially hit pensioners, students, and low-income earners.

The state Labor government has functioned as the open representative of the ultra-wealthy elite—using enormous mining royalties to cut taxes for the rich, fund infrastructure projects demanded by big business, pay off public debts, and amass a budget surplus of more than \$2 billion. Meanwhile vital social services have been starved of funds. There is an ongoing shortage of teachers in the public education system, a major crisis in the health system, and record waiting lists for public housing.

Public sector workers have borne the brunt of Labor's push to drive down wages. Just before the election, Carpenter and the Community and Public Sector Union forced through an industrial agreement for public servants delivering below-inflation pay rises. When public school teachers were faced with a similar real wage cut, they defied both the government and the union, rejecting the proposed agreement by a two-thirds majority days after the election.

Premier Carpenter feigned contrition in the final stage of the campaign. "People want us to improve," he declared. "They want to see more of the benefits of the boom delivered into their lives... We need to provide better facilities, better services and give more assistance to people who are doing it tough."

The central focus of Labor's campaign, however, was to portray a potential Liberal government as a risk to the economy.

In the event, the Liberals failed to make substantial headway from the fall in Labor's primary vote, gaining just 2.9 percent from the state-wide swing against Labor of 6.1 percent. The Greens were the major beneficiary, gaining 4.1 percent to record a primary vote of nearly 12 percent, their highest in WA. In the formerly safe Labor seat of Fremantle, the Greens finished in third place just behind the Liberals, and are expected to increase their numbers in the Legislative Council (upper house).

Some of the largest anti-Labor swings were recorded in working class electorates. The seat of Kwinana, which covers much of heavy industry in WA's capital, Perth, saw a 17 percent swing against Labor candidate Roger Cook, who only narrowly defeated independent, and former Labor candidate, Carol Adams. Much of the anti-Labor swing was attributed to Carpenter's insistence that Cook—a public relations executive aptly described by one local columnist as a "fly-in, fly-out party apparatchik"—be made the official candidate.

Cook is now Labor's deputy leader, while former treasurer Eric Ripper was appointed opposition leader after Carpenter announced his resignation.

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The Liberal Party has now formed one of the most unstable governments in recent Australian history.

While Liberal leader Colin Barnett has secured the support of the Nationals, the rural and regional based party has refused to formally join a coalition. State Nationals leader Brendon Grylls has reserved the right to vote against any government legislation he may disagree with, and also refused an offer to become deputy premier. Grylls will instead be the regional development minister, while other Nationals will reportedly be appointed ministers assisting country health, country education, and country transport.

Carpenter also held discussions with Grylls, hoping to form a minority Labor government. The former premier offered the minor party an additional \$1 billion annually for regional infrastructure and services, as well as responsibility for agriculture, and development, transport, housing, power, education and health in the regions. But Barnett prevailed after

agreeing to the Nationals' "royalties for the regions" scheme, under which 25 percent of all mining royalties will be directed to rural and regional areas. This will cost the government at least \$675 million annually.

During the election campaign, the Nationals' demand was largely dismissed as something of a joke, reflecting the rural party's populist and demagogic posturing as champion of the struggling farmer and small town businessman. But once it became clear who would hold the balance of power, both Labor and Liberal changed their tune, initiating days of backroom negotiations. One expression of the heightened cynicism that this created towards the entire political setup was the September 9 front page of the *West Australian* newspaper, which featured a photograph of the state parliament building beneath the headline: "Welcome to the best little whorehouse in Australia".

In the end, the Nationals' decision to back the Liberals was based purely on "business" grounds. The Associated Press reported: "Mr Grylls stressed ideology would not play a role in the party's choice, because the WA Nationals were no longer the natural allies of the Liberals, but a new 'middle ground' party."

Barnett has won support from the so-called "independent" parliamentarians on similar grounds. Former Labor minister John Bowler has said he will vote with the Liberals, explaining that this would involve no "huge leap". "If you asked most West Australians 'give me three examples of policy differences between Liberal and Labor' they would be hard pressed to think of any," he declared.

Concerns have been raised in business circles about the "royalties for regions" plan. The state treasury has warned it may increase government debt and threaten the state's AAA credit rating. Barnett has responded by stressing that the diversion of mining royalties will be offset by spending cuts in other areas.

While he is yet to release any details, social spending will no doubt be targeted. This was one of the central demands raised by the right-wing think tank, the Institute of Public Affairs (IPA), in a report issued on the eve of the election. The IPA also called for the slashing of business taxes and removal of various corporate regulations—a demand echoed by the state's Chamber of Commerce and Industry—as well as the privatisation of the rail network and the electricity generation, distribution, and transmission systems.

Recognising the level of public opposition, Barnett ruled out any major privatisations during the election campaign, while nevertheless emphasising his pro-business credentials.

The new premier is a keen proponent of uranium mining, hoping its expansion will rake in additional royalties to cover the costs of his deal with the Nationals. In an attempt to appeal to voters' environmental concerns, Labor had promised to legislate against uranium mining in WA. Under the Liberals, the industry is now gearing up for major expansion. Shares in uranium mining companies were in high demand after news of Labor's defeat, despite significant sell-offs on financial markets triggered by the US banking and investment crisis.

Last Monday's editorial in the *Australian* congratulated the Nationals for raising "an important issue"—the lack of infrastructure in the state's isolated and sparsely populated mining areas. "The condition of many regional facilities—hospitals, schools, transport and other infrastructure—is a disgrace," the Murdoch-owned newspaper accurately noted, before making clear its concern was not the well-being of residents, but the long-term maintenance of mining profits. "The fly-in, fly-out culture of many regions is unsustainable over the life of the mining boom, which is set to continue for as many decades as China and India continue expanding."

The main line of the editorial was reflected in its title: "WA result puts other ALP states on notice". The Murdoch press hopes that Labor's defeat in the state election will signal a national acceleration of the right-wing economic reform agenda it has been demanding with increasing

urgency amid the mounting global financial crisis. “The days of buck-passing are over,” the *Australian* declared. “The demise of the Howard government late last year meant that state administrations would be measured on their merits.”

The federal Labor government of Prime Minister Kevin Rudd has likewise been placed “on notice”. But senior ministers strenuously denied that the WA result reflected on the federal government. Foreign Minister and federal member for Perth Wayne Swan declared: “I don’t think that there was any one person in Western Australia who walked into the polling booth making a judgement about how they were going to vote on the basis of a federal issue. This was exclusively state based.”

The absurdity of Swan’s remarks is commensurate with the nervousness engulfing the Rudd government. Like the entire political establishment, it is well aware of the ever-growing chasm between the interests of the broad mass of ordinary people and its own agenda—to remove all remaining impediments to the accumulation of profit and private wealth, the effective destruction of social services such as public health and education, the dismantling of working conditions and the slashing of wages.



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