

Australia: Newly-installed Tasmanian Premier pledges deep spending cuts

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1 February 2011

Tasmanian Premier David Bartlett suddenly resigned on January 23, to be immediately replaced by Lara Giddings, who will remain the state's treasurer. The abrupt switch, engineered behind the scenes, has highlighted the collapse of public support for the Labor Party, the instability of Australian politics and the sharp turn to austerity measures nationally.

Bartlett cited "family reasons" for his departure. But his announcement came just 10 months after a state election in which Labor lost 4 of its 14 parliamentary seats, and barely managed to cling to office, after forming a coalition government with the Greens. Since the election, Labor's support has continued to hemorrhage, with the latest media opinion poll registering its vote at just 23 percent.

A major factor in Labor's crisis is that once the election was out of the way, the Labor-Green government declared that suddenly-discovered budget shortfalls made it necessary to slash spending. Bartlett's resignation followed that of Treasurer Michael Airds, who quit the cabinet in November following the disclosure of an imminent \$300 million hole in the budget. This was accompanied by fears of downgrades by global credit ratings agencies. The state's credit rating stands at AA-plus, already one level below that of neighbouring Victoria, which maintains a triple-A ranking.

Sections of business, and Labor's factional bosses, drew the conclusion that Bartlett would not be able to inflict the cuts to social programs being demanded by the financial markets. After Giddings's installation, these concerns were summed up by former Liberal Party adviser Greg Barns, who wrote in the Murdoch media's *Hobart Mercury*: "She has only one option—to radically reform Tasmania ... This can only be done by slashing the

size of government."

Giddings, a career politician who has previously served as health minister and attorney general, made clear in her acceptance speech that she is intent on delivering this agenda. "The state must adjust to the new post-GFC [global financial crisis] world of reduced revenues and therefore the need to reduce expenses," she stated. In a media interview she declared that goods and services tax revenue alone would fall by some \$200 million over the next four years, "on top of other reductions we've had in recent times".

From the outset, Giddings foreshadowed public sector job cuts. When asked by a journalist if her plans included reducing the public service, she replied: "Everything is open for consideration." Later she announced that the state's mid-year financial report would be brought forward and released up to a week before the February 15 due date. According to government and trade union sources, the job cuts could be in the order of 5 percent across the public sector, meaning that thousands of positions will be axed, including in health and human services.

Giddings and the new deputy premier, Bryan Green, are both—like Prime Minister Julia Gillard—from Labor's so-called "Left" faction, which is increasingly being relied upon to enforce spending cuts nationally, in partnership with the Greens.

A January 25 *Australian* editorial, entitled, "Giddings must establish her economic credentials," shed a revealing light on Bartlett's removal. The Murdoch-owned newspaper spoke disparagingly about Bartlett's policies, saying "there was a touch of Kevin Rudd about them." It warned that "Ms Giddings must do better in

translating ideas into policies to expand the economy, reduce government outlays and get the state back into surplus.”

Kevin Rudd was replaced by Gillard as prime minister in a backroom coup last June. Labor and trade union factional bosses installed Gillard at the behest of the corporate elite and acting in close collaboration with the US embassy. Rudd had been closely associated with the stimulus and bailout packages that rescued the banks and big business in the immediate aftermath of the 2008 crash. The multi-billion dollar costs of those measures are now being extracted from the working class through cuts in working conditions, real wages and social services.

In Tasmania last March, in a desperate bid for re-election, Labor promised to place a 5 percent cap on electricity price rises, a pledge it later overturned. Labor has also increased water and sewerage bills. These price hikes have caused real hardship, compounded by a worsening economic slump and rising long-term unemployment. Research by the Tasmanian Council of Social Services and Anglicare last year showed that Tasmanians were finding the rising cost of living extremely onerous.

The island has the lowest average income in the country, and an estimated 13 percent of the population lives in poverty. Overall, a third receive social welfare payments. Anglicare, a church charity, reported a staggering 100 percent jump in demand for its services during 2009.

Officially, Tasmania’s unemployment rate stands at 5.8 percent, well above the national average of 5.3 percent, but these figures mask wider under-employment—casual, temporary and part-time work. Tasmanian teenagers are having particular difficulties, with 20 percent of all 15 to 19-year-olds unable to find full-time work.

The high value of the Australia dollar, driven up by the mining boom, is intensifying the downturn in manufacturing and processing industries, and the average duration of unemployment in Tasmania is now 43.1 weeks, or about 10 months, compared with 35 weeks nationally. The long-term unemployed—those who have been looking for a job for a year or more—make up 31 percent of the state’s jobless, the highest level in Australia.

Unemployment is expected to rise. A recent state Treasury document showed a huge downturn in business investment, which dropped by 22.3 percent in September 2010, compared with the same month in 2009.

The Greens, who hold 5 of the Tasmanian parliament’s 25 seats, have pledged to assist Labor in imposing the spending cuts. Greens leader Nick McKim even initially volunteered himself as deputy premier. “We’re facing government challenges, and Tasmania’s economy is no doubt facing challenges,” McKim said. “I think Lara’s got the capacity to lead us through, to make some of the tough decisions that no doubt will have to be made. The Greens are very prepared to stand by Lara Giddings.”

The Greens have already performed a crucial role in propping up the Labor government. When the state election resulted in a hung parliament, with Labor and Liberal locked at 10 seats each, the Greens undertook to ensure “stability”. In the ensuing deal with Bartlett, they were allocated two cabinet positions—the first time the Greens have held such positions in Australia.

Behind the Labor-Green partnership lies a historical record. Between 1989 and 1992, Labor governed Tasmania via an accord with the Greens, under the leadership of current federal Greens leader Bob Brown. Together, they imposed a series of savage budget cuts, which included thousands of public sector retrenchments.

Now, as governments around the world inflict deep attacks on the working class, Labor and the Greens have placed themselves at the service of the financial elite, and on a collision course with ordinary working people.



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