

Australia: Tasmanian budget slashes jobs and services

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A savage budget delivered on Thursday by the Labor-Green coalition government in the island state of Tasmania has set a new benchmark for deep cuts to public sector jobs and basic services across Australia.

Premier and Treasurer Lara Giddings who, like Prime Minister Julia Gillard, is a member of Labor's "Left" faction, unveiled the destruction of 1,700 full-time jobs—7 percent of the public sector total—the closure of 20 public schools and overall spending cuts of 10 percent in real terms over the next four years.

Describing the state's financial crisis as the worst since the 1930s, Giddings slashed public spending by \$1.4 billion over four years. Giddings also announced measures that will have a devastating impact on the state's half million people, while accusing the mainland states of "squeezing" on budget cuts.

The most prominent cuts are \$150 million from health—which will include frontline services—and \$190 million from public education. Water prices will rise by 10 percent this year, or up to \$100 per household, and two-thirds of public housing tenants will pay higher rent—an average of an extra \$10 a week.

The criteria used to choose the 20 schools slated for closure have not yet been released, but media reports indicate that they include exam results, indicating that the Gillard government's NAPLAN testing regime could be used to determine closures.

Wage increases for public servants will be limited to 2 percent per year, plus 0.5 percent available in return for "productivity gains". With living costs for working people soaring, this is a real pay cut, outdoing the Liberal government in New South Wales, which has just imposed a cap of 2.5 percent, plus 1.5 percent for "employee-related savings".

Like many areas of Australia, Tasmania is mired in slump. Its small economy, which relies heavily on rural-based industries and tourism, has been heavily hit by the worsening fallout from the global financial crisis, as well as the currency and cost pressures produced by the mining boom in other areas. Growth

is predicted to be only 1.75 percent next financial year—not enough to lower the unemployment rate, which is forecast to remain at 5.75 percent.

Reduced consumer spending and depressed property prices have led to a fiscal crisis, with a projected drop of around \$1.5 billion in Goods and Services Tax and state tax revenue over the coming four years. The budget deficit is projected to almost double from \$65 million to \$113 million next financial year, with a surplus not expected until 2014-15.

As Giddings handed down the budget, hundreds of public sector workers, including teachers and health workers, took part in union-sponsored protests outside parliament. There are other early indications of opposition. Letter writers to the Hobart *Mercury's* web site sent angry messages to Giddings.

One wrote: "Patients already have problems accessing good medical treatments, schools are running so close to the wind already we are developing a state of the least educated students in the nation, you and your predecessors are totally responsible for this mess." Another wrote: "Shame: on this 'poor excuse' of a State Gov. for even considering the closure of these schools."

The newspaper commented: "Passionate campaigns to save schools are expected to be mounted—particularly in small communities." In the north of the state, the *Launceston Examiner* reported: "Revolts are being planned by the regions targeted, which have equated the loss of a school to signing 'the death warrant for that community'."

In a bid to deflect the disaffection, Giddings claimed: "Every Tasmanian family understands the importance of living within its means and this principle applies no less to the state government." In reality, the Labor-Green government is imposing new burdens on working class households in order to satisfy the requirements of the financial markets. Credit rating agency Standard and Poor's said it would retain Tasmania's AA-plus rating, because the state had demonstrated fiscal discipline.

Business lobbies also applauded the budget. Tasmanian Chamber of Commerce and Industry CEO Robert Wallace said: “We welcome the admission by the government that the Tasmanian community and economy is best serviced by a smaller and more efficient public sector.”

The Greens, who have two cabinet ministers in the government, made clear their intention to play a critical role in seeking to stifle opposition. Greens leader Nick McKim, who is education minister, said he would personally visit all 20 schools earmarked for closure to “consult” parents and teachers.

The Greens played a pivotal role in imposing previous sharp cuts to public services and jobs under the Labor-Green accord of 1989 to 1992 and during a minority Liberal government from 1996 to 1998.

“The Greens have to show that we’re prepared to roll up our sleeves and make decisions that aren’t necessarily going to be popular, and I understand that a lot of these decisions won’t be popular, but they are the right decisions to make for Tasmania’s future,” McKim said.

These remarks by McKim, who is a protégé of federal Greens leader Bob Brown, are also a warning of the readiness of the Greens in Canberra to implement whatever austerity measures are taken by the federal minority Labor government, starting with the \$22 billion in cuts it announced in the May federal budget.

This message did not go unnoticed in the *Australian*. Tasmanian correspondent Matthew Denholm commented: “The big news politically is the willingness of the Greens, who share power with Labor, to not only back the cuts but also shoulder some of the dirtiest work.”

Michael Stutchbury, the newspaper’s economics editor, hailed Labor Premier Giddings as “Australia’s gutsiest red-headed unmarried female politician,” in effect declaring that Giddings had set a pace that Gillard must match.

Stutchbury pointed out that while Gillard was holding federal government spending growth to a limit of 2 percent in real terms over the next few years, Giddings was imposing a 10 percent cut. Applied nationally, this agenda would mean the destruction of tens of thousands of public sector jobs and the decimation of services.

The Tasmanian trade unions warned the Giddings government of a massive public outcry, while stepping up their efforts to contain the response, as they have been doing for months. The unions have known of the magnitude of the

planned cuts since February—Giddings spelled them out as soon as she became premier, replacing David Bartlett as Labor leader.

Unions Tasmania secretary Kevin Harkins said yesterday: “This is not a Labor budget and if there needs to be a change of leader, then so be it.” In fact, Labor governments are implementing cuts to jobs, wages and services nationally.

In the northern state of Queensland, Premier Anna Bligh’s Labor administration also drew praise from the *Australian* this week for a budget that featured 3,500 redundancies and an “especially commendable” pay rise cap of 2.5 percent a year.

Last week’s South Australian budget was premised on the elimination of another 400 public service jobs by 2014, on top of the 3,700 job cuts announced in last year’s budget. Treasurer Jack Snelling declared that his priority was retaining the state’s AAA credit rating rather than easing cost-of-living pressures. He described the additional job losses, in return for reversing cuts to leave-loading entitlements, as a “reasonable compromise” with the main public sector union, the Public Service Association.

The states have become testing grounds for the intensified austerity measures now being demanded by the corporate elite. Australian state governments provide most of the basic services, such as health care, schools, housing and transport, that affect the lives of millions of working people. In Tasmania, these services are now to be slashed on a scale not far behind many European countries, and states across the United States.

Labor and the Greens, assisted by the unions, are policing the dictates of the financial elite. Working people must break out of this political straitjacket. That means turning to a socialist perspective—the fight for a workers’ government to reorganise society to meet the social needs of all, not the private profits of a wealthy few.



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