

# Australia: Gillard and unions pledge to work with new Queensland government

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Vote-counting is still continuing in a few close electorates from Queensland's March 24 state election. But the results indicate that the Australian Labor Party (ALP) is likely to hold just seven seats in an 89-member legislature.

After 22 years of near-continuous rule, implementing pro-market policies under a succession of premiers—Wayne Goss, Peter Beattie and Anna Bligh—Labor has been reduced to a parliamentary rump. Overall, the ALP polled just 26.7 percent of the state-wide vote.

Such is the level of disgust that outgoing Premier Bligh won only 38.6 percent in her South Brisbane constituency, barely enough to retain the seat with second preference votes from the Greens. Bligh abruptly quit the party leadership, and her seat, the day after the election, however. As a consequence, Labor could end up with only six seats after a by-election to fill her vacancy.

The new Liberal National Party (LNP) government of Premier Campbell Newman is likely to have 78 seats—the biggest ruling majority ever in Queensland—even though it won less than half the votes state-wide (49.76 percent). This result highlights the dominant feature of the election: it was a vote of negative hostility toward the ALP rather than a positive endorsement of the conservative coalition.

Newman has wasted no time in intensifying Labor's social assault. His commitment to the financial markets to eliminate the state's budget deficit by 2014-15 means slashing spending by \$14.5 billion within two years. As part of his pledge to be a "can do" man for business, Newman has also promised to cut payroll taxes and housing stamp duties. Far from fixing public hospitals, schools and transport, as promised during the election campaign, the LNP will further gut these essential services.

In his first two days in office, Newman purged the upper echelons of the public service, installing a cabal of

corporate executives and ex-LNP bureaucrats, and met the police commissioner to begin recruiting an extra 1,100 officers—a clear indication that his government is anticipating popular opposition as it implements its measures. In a sign of the wider axe to come, all the state's solar and renewable energy programs were scrapped.

Newman then announced that former Howard government federal Treasurer Peter Costello would head an audit of the state's finances. Before even commencing his review, Costello declared that the new government had informed him that the financial position was worse than reported by the outgoing ALP. Such "audits" have long been used by incoming governments, including Howard's in 1996, to blame their predecessors as they unveil savage budget cuts that were kept hidden from view throughout the election campaign. Costello and his audit commissioners have a June 15 deadline to produce an interim report, in time for the government's first budget.

The federal government has signalled that it will collaborate closely with the new LNP regime. Visiting Brisbane last weekend, Prime Minister Julia Gillard met Newman for closed-door talks and publicly emphasised her intention to work with him "in the best interest of Queensland."

Gillard dismissed any suggestion that the election debacle required any modification of her own government's pro-business policies. "The state election turned on state issues," she claimed. In reality, the Queensland result follows a similar rout in New South Wales last year and election losses in Western Australia and Victoria. Another landslide defeat for Labor is looming federally—media polls indicate 27 percent support for Gillard's government.

The trade union movement also pledged to cooperate with Newman's government, accepting his offer of talks

last Friday to discuss the further elimination of public sector jobs and services. After the meeting, Queensland Council of Unions president John Battams praised Newman for taking “a very common sense approach” to restructuring the public service. The unions’ only plea was for the LNP to avoid forced retrenchments, fearing that would trigger rank-and-file resistance.

Financial commentators have also wasted little time in insisting that Newman must go far beyond Bligh’s program of wholesale privatisations, public sector redundancies and cuts to services in order to satisfy the demands of the international financial markets.

Under the headline, “‘Can Do’ but will he?” the *Business Review Weekly* warned on March 29: “Newman has vowed to reclaim the ‘AAA’ credit rating the state lost in 2009 but it won’t be easy. He is faced with state debt of \$85 billion, the surface of which was barely scratched by the Bligh government’s controversial \$14 billion privatisation program.”

The magazine brushed aside the myth that Queensland is a “boom state” because of coal, gas and other mining exports. Alongside the mining bonanza was “a laundry list of depressing economic indicators,” including “a housing industry in recession, a declining manufacturing sector and falling international tourist numbers.”

Decades of de-industrialisation, particularly in Brisbane, have had a devastating impact, which has intensified since the global economic crisis erupted in 2008. Queenslanders have suffered Australia’s worst house price falls, mortgage default rates and official unemployment rates—near 20 percent in Brisbane’s southern suburbs and around 10 percent in tourism centres like the Gold Coast and Cairns. This implosion has also severely eroded state government revenues, which depend heavily on payroll taxes, stamp duties, property taxes and a share of federal Goods and Services Tax income.

The ALP won the March 2009 election by pledging to create 100,000 jobs and avoid program cuts. Just three months later, Bligh announced a sell-off of Queensland Rail’s (QR) freight and coal haulage business, Queensland Motorways, the Port of Brisbane, Forestry Plantations Queensland and the Abbott Point coal terminal, at the direct cost of some 10,000 jobs. She also scrapped the state’s petrol rebate, further driving up the cost of living.

Bligh’s about-face was a sharp manifestation of the turn to unprecedented austerity measures by governments around the world, dictated by the financial markets, to make the working class pay for the financial crisis.

Labor’s election promises had been shattered when the credit ratings agencies axed the state’s AAA rating, warning that the economic turmoil had exposed the “lack of a medium-term strategy to restore budgetary balance.”

Opinion polls indicated 80 percent opposition to the sell-off plan, and made it clear that Labor faced a landslide defeat in 2012. Bligh was unmoved, insisting that “very tough decisions” were required to “respond to the biggest economic challenge in decades.” She continued to defiantly defend her stand even as she resigned last week and Gillard praised her political bravery in pursuing Labor’s economic “reforms.”

Confronted with business demands for greater austerity, Newman will quickly ditch his populist election promises. Even during the election campaign, while he duplicitously ruled out further asset sales without a mandate from voters at a further election, he said the LNP would sell down the government’s remaining stake in QR, the rail freight corporation. His “Can Do” list for business already includes the fast tracking of “public-private partnerships”—another form of privatisation.

As the Queensland outcome demonstrates, anger and hostility alone cannot stop the accelerating offensive demanded by the financial and corporate elite. One pro-business government has simply been replaced by another. The acute disaffection produced by decades of Labor attacks on the working class must be translated into a politically conscious fight for the only progressive alternative—a workers’ government and the complete transformation of society along socialist lines.



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