

# Australia: Tasmanian budget cuts public sector jobs, wages

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The Tasmanian state government last week used its first budget since coming to office in March to slash public sector jobs and impose a wage freeze for all public sector workers. The austerity measures form part of a determined drive by big business throughout Australia to make the working class bear the full burden of a worsening economic crisis.

Tasmania already has the worst poverty and unemployment levels of any Australian state. The Liberal government of Premier Will Hodgman has now targeted public sector workers, axing 700 full-time public sector jobs, to be imposed through more stringent “efficiency dividends” on government departments. The real number of jobs cut will almost certainly be far higher, exacerbating the state’s already dire employment situation.

The official jobless rate is now 7.5 percent, though the real picture is far worse for working people. Many have dropped out of the labour market in despair at ever working again. The official participation rate, the percentage of the population in the workforce, is just 61 percent in Tasmania, about 4 percent lower than the Australian average. The government’s budget papers last week revealed aspects of the worsening job situation, with the end of the China-fuelled mining investment boom affecting Tasmanian “fly in, fly out” workers who work extended shifts on projects in other states.

Public sector wages and superannuation payments make up nearly half of state government expenditure, and the government’s one-year wage freeze is forecast to cut spending by \$370 million. Treasurer Peter Gutwein declared: “It’s clear that if we are going to put the budget back on track we have to address the blowout in wages.”

The wage freeze is aimed at signalling the

government’s backing for a wider corporate assault on wages and conditions. Credit ratings agency Moody’s, speaking on behalf of finance capital, issued a statement declaring that it “drew comfort” from the drive to reduce real wages.

Despite the austerity measures, the worsening economic climate saw deteriorating forecasts for budget deficits. The state treasury department predicts economic growth of just 1.5 percent this year. Last year, when in opposition, the Liberal Party pledged to deliver a surplus by 2015-2016, but this has now been pushed back by an additional five years.

The government declared that it had taken a “balanced approach” to the budget, avoiding a “slash and burn” strategy of imposing deeper cuts to reach a surplus more quickly. Treasurer Peter Gutwein pointed to business concerns that drastic reductions in spending would trigger a deep recession, explaining that “we had to make certain we didn’t cut too hard and damage a fragile economy.”

At the same time, the government was acutely aware of the overwhelming opposition to austerity cuts among ordinary people. The federal government of Tony Abbott has provoked bitter anger with its first budget, including over unprecedented cuts to healthcare, pensions, and basic public services. The Tasmanian government has attempted to portray its budget as delivering on its election campaign promises made earlier this year, for the most part meagre spending packages directed to various business and industry groups. Premier Hodgman has also touted small increases in health and education spending—though his claim of “record” health expenditure was described by the Australian Medical Association as “absolute nonsense.”

The government’s attempted promotion of its first

budget has only served to underscore its acute weakness. The Liberal Party came to office amid widespread hostility within the working class towards the incumbent coalition Labor-Greens government and its right-wing pro-business policies. Labor and the Greens worked to impose the austerity measures demanded by the ruling elite—massive cuts were imposed on hospitals and the healthcare system, while Greens’ leader Nick McKim attempted as education minister to shut down more than 20 public schools. At the March election, Labor’s vote plummeted to a historic low of 27 percent and the Greens lost a third of their support from the previous election, with their vote dropping from nearly 22 percent to 13.5 percent.

Now the Liberal Party is committed to deepening the “free market” and austerity policies that led to the Labor-Greens government being turfed out of office. No doubt anticipating opposition to its measures, the Hodgman government is moving to bolster the repressive powers of the state.

As part of its “law and order” policies, the budget boosted prison spending, including allocating \$16 million for wage increases for prison officers, who have been exempted from the public sector freeze. Moreover, the government is moving to enact draconian anti-protest laws. Anyone found to have “hindered a business” in the course of a political demonstration would face a minimum fine of \$5,000 for the first and second offences, and up to two years imprisonment for a third offence. According to labour law firm Hall Payne Lawyers, the legislation could be used against anyone who marched in the street and delayed a delivery van or taxi.

The opposition Labor Party has attacked the budget from the right, looking to win the backing of key sections of the corporate elite ahead of the next state election. Labor’s treasury spokesman Scott Bacon declared that the Liberals had a “spending problem all of their own making as they promised all things to all people before the election.” He added that Treasurer Gutwein had “completely abandoned his own fiscal strategy and his actions threaten to result in a credit downgrade.”

The comments only underscore the unanimous agreement within the political establishment in Tasmania and nationally—Liberal, Labor, and Greens—for ever more ruthless measures against the

working class.



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