Australia: Labor forms minority government in Queensland

Mike Head
14 February 2015

Two weeks after the January 31 state election, Labor Party ministers were sworn in today to form a minority government in Queensland. State governor Paul de Jersey, who represents the monarchy, yesterday invited state Labor leader Annastacia Palaszczuk to form government after the Electoral Commission declared that Labor had won 44 seats.

Voting was so close in numerous seats that it took 13 days to determine the outcome of the election. Labor will rely on the vote of conservative independent MP Peter Wellington to hold a precarious one-seat majority in the 89-seat parliament.

There was speculation that de Jersey would delay his decision, and accept the urging of the outgoing Liberal National Party (LNP) government to retain it as a caretaker administration for several months pending the outcome of a possible challenge to the result in one seat. These machinations highlight the unelected governor's far-reaching powers to decide who takes office in times of uncertainty and crisis.

The lengthy delay and the narrowness of Labor's victory underscore the fragility and volatility of the parliamentary system in Australia. At both state and federal levels, one government after another is being ousted at elections because of intense public hostility to the austerity programs pursued by Labor and Liberal National governments alike.

In the Queensland election, Campbell Newman became the state's first premier to lose his own seat, because of deep opposition to the LNP's destruction of more than 14,000 public sector jobs, decimation of health, education, housing and other basic services, and its plans to deepen the assault by privatising $37 billion worth of public assets.

Newman's first-term government was defeated in a large election swing against the LNP just three years after Labor had been reduced to a rump of seven MPs, because of Labor's own $15 billion privatisation operation, which axed thousands of jobs.

The unprecedented political reversal was also driven by the widespread loathing for the budget-slashing launched by the federal Liberal National government of Prime Minister Tony Abbott, which itself came to office in 2013 because of the popular anger toward the similar austerity drive by the previous Labor governments.

Labor's hold on office in Queensland may still depend on the outcome of a possible court challenge to the result in the Brisbane electorate of Ferny Grove, which the LNP lost to Labor by just 409 votes. The fourth-placed candidate in that seat, from mining magnate Clive Palmer's Palmer United Party (PUP)—who received 993 votes—was ruled ineligible after the election because he was an undischarged bankrupt.

The LNP has said it will apply to the Court of Disputed Returns for a fresh election in the seat, which could not be held until April 11 at the earliest. Lawrence Springborg, who replaced Newman as LNP parliamentary leader, is still manoeuvring for the support of the two MPs from Katter's Australian Party to form an alternative minority government if the LNP wins back the seat. Like the PUP, Katter's party is a right-wing populist formation.

Whatever the final result, the working class faces an intensified assault on jobs, living standards and social services, amid a sharp and deepening slump in the former mining boom state. Now that the election campaign is out of the way, all the pretences of an imminent economic recovery are being dropped.

Even before Labor's appointment to government was announced yesterday, incoming Treasurer Curtis Pitt

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began to warn of further austerity measures, claiming that revised economic growth figures would pose bigger challenges for the new government than expected.

A Deloitte Access Economic Report earlier this week forecast a 3.6 percent economic growth rate for 2015–16, making a mockery of the state Treasury's prediction of 5.75 percent, on which both the LNP and Labor fashioned their election commitments.

Pitt professed to be surprised by the downward revision, saying it meant "an ongoing economy that is sluggish" and "higher unemployment." Labor's election pledges and budget calculations, like those of the LNP, were based on fraudulent claims that Queensland would experience a sudden reversal from a year of contraction as liquefied natural gas (LNG) exports commenced.

In reality, plunging global oil prices, to which LNG prices are tied, were already undercutting LNP projects. Hundreds of jobs are now being axed in LNG projects, on top of the thousands destroyed in coal mines over the past two years.

Officially, the state's jobless rate rose from 6.2 to 6.5 percent in January, but this vastly understates the impact of mine closures and project cancellations and their knock-on effects throughout the state.

Arrow Energy shelved its multibillion-dollar LNG project and QGC's parent company, BG Group, reduced the value of its LNG operation by $5 billion. Santos will cut $50 million from its spending on its coal seam gas to LNG project, and Origin is believed to be shedding hundreds of jobs. The impact will flow on to revenue for the state government, with royalties likely to fall even further than forecast.

Interviewed on radio on Thursday, Pitt was asked whether front line public services would benefit from job creation programs. He declared that the Labor government would reject the "old-school" stereotype of restoring public sector jobs and instead "engage the private sector" by offering payroll tax rebates to employ apprentices and trainees. Pitt also refused to promise any drop in soaring electricity, water and gas prices.

During the campaign, Labor refused to promise to restore the public sector jobs eliminated by the Newman government and the previous Labor government. Palaszczuk, who was a leading minister in the last Labor government, attacked the LNP from the right, accusing it of promising to spend too much money on the basis of asset sales.

Labor vowed to eliminate state debt faster than the LNP by restructuring electricity and other government enterprises, and diverting two-thirds of their dividends each year from social spending into debt repayments. This will mean deeper cuts to essential services, as will Labor's vow to save $645 million over four years by cutting government spending on consultancies, contractors and advertising.

On election night, Palaszczuk, who belongs to the state Labor Party's dominant Australian Workers Union apparatus, signaled that her government will rely on the trade unions to suppress opposition to its measures in the working class, as they did under the two decades of state Labor government under Anna Bligh and her predecessor, Peter Beattie.

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