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TITLE: Abbott's figures add up all right - to ruination

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When Ford announced it would close its Melbourne plant at a cost of about 1200 jobs, the nation went into shock. But where is that shock now as Tony Abbott promises to shed at least 12,000 more public-sector jobs than Labor?

What's worse is that he's making this pledge in the middle of an election campaign he says is about "jobs, jobs, jobs". Is it any wonder that the public has tuned out from what passes for political and policy debate?

The Opposition Leader's promise can mean one of two things - all the job losses will occur here in Canberra, or the job losses will be spread around Australia. If they are spread out, Victoria, NSW, Queensland and, of course, Canberra will all suffer more job losses than those coming with Ford's decision to shut the Broadmeadows and Geelong plants.

Outgoing Liberal Senator Gary Humphries argues that the job losses will be spread around the country and, in turn, agrees with The Australia Institute's calculation that Canberra's "fair share" of the job losses would be around 5400, equivalent to about four Ford closures.

But shadow treasurer Joe Hockey disagrees with Senator Humphries and is adamant that "the public service here in Canberra has to be reduced by 12,000". One of them is obviously wrong. If Mr Hockey knows more about the Liberal Party's plans than the Senator who was dumped by his own party, then the consequences for Canberra will be devastating. Taking 12,000 jobs out of the local economy is equivalent to removing all the retail jobs in Canberra.

Of course it is not just public servants who will suffer. The impact on the upstream and downstream industries that rely on the public sector will be similarly catastrophic. Modelling conducted by The Australia Institute shows that about 3000 jobs will be lost in the information-technology, business-service and other sectors that provide inputs to the public sector.

The removal of 12,000 pay packets from the local economy will also result in a further 2400 jobs being lost in the retail, cafe and other sectors of the economy that sell goods and services to the current Canberra workforce.

And then there is the property market. The last time the public service was slashed dramatically, in the mid-1990s, Canberra house prices fell 7 per cent and took six years to return to pre-cut levels. By then national prices had grown 30 per cent.

The combination of a substantial reduction in the number of pay packets in Canberra and the exodus of people from Canberra meant that residential and commercial property construction declined significantly. If this slump is replicated, The Australia Institute has estimated that there will be a short-term reduction in the construction workforce of more than 2500.

Altogether, under Gary Humphries' best-case scenario, Tony Abbott will still cut 5400 jobs from the local economy which will, in turn, result in further indirect job losses of around 2500, cutting one in 27 of all jobs in Canberra.

If, however, Joe Hockey is right and all 12,000 jobs will be removed from the ACT, the direct and indirect impacts on the economy will be catastrophic. Including indirect job losses, it would cut one in 12 of all jobs in Canberra.

The loss of 12,000 jobs in Canberra in the next two years would have a bigger impact than the closure of BHP had on Newcastle and a far bigger impact than Ford's closure will have on Melbourne.

Bizarrely, while the Liberal Party is campaigning on its economic management credentials, if it does what Joe Hockey has promised to do, it will likely to drive the ACT economy into recession. But for what?

While Zed Seselja and other Liberals have worked hard to answer simple questions about where their job cuts will occur, perhaps the even bigger question is, why do they want to cut them at all?

Mr Seselja has suggested that because the Liberals will rely on natural attrition rather than forced redundancies the economic impact will not be too dire. But what matters to the local shopkeepers is the number of customers, not the reason behind the disappearance of their former customers.

But while relying on natural attrition does nothing to minimise the impact of removing 12,000 shoppers from the local economy, it will have an enormous impact on the efficiency of the public sector. If the Coalition's plan to shed public servants simply relies on not replacing people who quit, what will they do when departments lose people with key skills?

Reforming any large organisation requires leaders to make hard decisions about which skills, tasks, and capabilities are important and which ones can be done without. But the Coalition has effectively promised to make no such hard decisions.

If a large number of IT professionals and lawyers decide to leave the public service in the next two years, the Coalition is arguing that their jobs will be taken by those who remain behind. Just how such an approach is supposed to increase the efficiency of the public service is yet another of the unasked questions in this longest and least informative of election campaigns. Canberra's economy relies heavily on the public service. It is our biggest employer and it is the driving force behind many of the private-sector jobs in the region.

The ALP and the Coalition have both announced that jobs must go in Canberra, which has allowed Mr Seselja to assert - without explaining how - that the impact on the local economy will be similar regardless of who is elected.

Given that the Liberals have promised to cut at least 12,000 as a further saving on top of ALP's increased efficiency dividend, such an argument is like saying that, if you are going to lose a finger, you might as well lose a hand.

Like the animals in Orwell's *Animal Farm*, it seems that some jobs in Australia are more equal than others. When it comes to Canberra, Mr Abbott seems to think that jobs, jobs, jobs must go, go, go.

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