

Media release

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Canberra recession likely under Coalition cuts

Thousands of private sector jobs will be lost and Canberra could go into recession if the Coalition follows through on its promise to cut 12,000 public service jobs in the capital, according to a new analysis by The Australia Institute.

It remains unclear whether the Coalition plans to make all of the job cuts in Canberra or spread them around Australia. The research paper, *Cut, Cut, Cut* looks at the flow on effects on the ACT's economy of both scenarios.

The research finds that if all of the 12,000 job cuts occur in the ACT, one in 12 Canberra workers will be left without a job, including the loss of more than 5,500 private sector jobs.

Retail and professional jobs would be hardest hit, losing 1100 and 506 positions respectively. Other sectors to be affected include IT jobs (376), café and restaurant jobs (284) and real estate jobs (137).

"These cuts are going to hurt real people with real families and it's time the Coalition came clean on exactly what its plans are," The Australia Institute's Executive Director Dr Richard Denniss said.

Even if the cuts are spread around Australia, Canberra will still be the hardest hit state or territory, losing more than 5400 public service jobs.

"The flow on effects would still see nearly 2500 Canberrans working in the private sector lose their jobs," Dr Denniss said.

"The Coalition is trying to soften the blow by saying the jobs will be cut via natural attrition, but no matter how they do it there'll be far fewer pay packets in the Canberra economy.

"The Labor Party's new funding cuts will also impact on jobs, but the Coalition's cuts will be much deeper."

The report found that even if the cuts are spread around Australia, a higher percentage of jobs will be taken out of Canberra than during the large cuts seen in the mid-1990s.

"The last round of big public service cuts caused Canberra's economy to go into a recession," Dr Denniss said.

"Thousands moved away and property prices dropped. There's no reason to think that won't happen again if Canberra's public service is slashed."

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