

Australia: Austerity agenda hidden as Victorian state election campaign begins

Susan Allan
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On November 27, voters in the Australian state of Victoria will head to the polls after 11 years of Labor government. While the timing of the state election is based on a fixed four-year parliamentary term, the poll follows directly on the heels of the August 21 federal election, which delivered the first hung parliament since World War II, and a minority Labor government, backed by the Greens and two rural independents.

Over the past four months, beginning with the backroom ousting of Prime Minister Kevin Rudd, the federal government has been re-fashioned under Julia Gillard in order to implement the austerity agenda being demanded by big business and global finance. Whether the next Victorian government is Labor, Liberal or some form of coalition with the Greens, it will fall directly into line with this agenda.

While the Victorian election campaign has not yet officially commenced, it is already clear that there will be no mention of the worsening global economic breakdown, or the cutbacks to social spending being prepared behind closed doors.

A warning of what lies ahead was provided last month by the budget handed down by the Labor government in the neighbouring state of South Australia. During the South Australian election campaign in March there was no mention of spending cuts. Only after the dust had settled, and Labor had narrowly scraped back into office, did the government announce deep cuts to social services and public sector jobs to satisfy the international credit ratings agencies.

In what the Murdoch media praised as a lead to be followed nationally, nearly 4,000 South Australian public servants will lose their jobs, cuts will be imposed on schools, hospitals, transport, environmental regulation and other basic services, and regressive fees and charges will rise. Overall, the government is planning to reduce spending by more than \$2 billion over four years. In addition, public sector job permanency, long service leave provisions and leave loadings will be reduced or abolished.

Similar measures will be imposed in Victoria. Over the past 11 years, first under Premier Steve Bracks and then, since 2007, under his successor John Brumby, the Victorian Labor

government has established itself as the most business-friendly government in Australia. Labor began by maintaining and deepening the measures of the notorious Kennett Liberal government of 1992-1999, which carried out a major assault on the working class—sacking thousands of public sector workers, closing hundreds of schools, and privatising the mass transport and electricity networks.

Since then, social spending has been cut further. In particular, public transport has been slashed in order to bail out the private operators, producing chaotic suburban train breakdowns. The public hospitals and ambulance system are in crisis due to the lack of funds and resources, producing lengthening delays for patients. There are also mounting waiting lists of over 40,000 for public housing. Homelessness is on the increase, with regular reports of families forced to live in cars. Two years after the onset of the global economic crisis in 2008, unemployment remains at near depression-levels in Melbourne's major working class areas—15.9 percent in Broadmeadows, 13.6 in Dandenong and 10.6 in Sunshine—according to the latest small-area, labour market data.

At the same time, the government has led the way nationally in developing so-called private-public partnerships (PPPs) as a means of privatising and outsourcing public infrastructure, utilities and services. The largest project currently under construction is a \$5 billion water desalination plant on the state's south-east coast near Wonthaggi. More than 30 international and domestic banks are involved in what is reported to be the biggest PPP in the world since the onset of the global financial crisis. For the next three decades, the water produced by the plant will be owned and sold by the AquaSure consortium, which includes the French utility giant Suez Environment, investment bank Macquarie Capital and construction giant Thiess. According to some estimates, ordinary people will end up paying an extra \$15 billion over 28 years. The average water bill for Melbourne residents is predicted to rise by around 64 percent over the next five years.

The Labor government is working closely with the consortium to suppress opposition to the project. The *Melbourne Age* reported this week that official documents show that in late 2008 AquaSure indicated it was unwilling to

“take on the risk of delivering the project on time if it was delayed due to civil disruption”. The government then drafted a memorandum, subsequently signed by AquaSure and Victoria Police, under which the police would provide the company with sensitive information obtained during its surveillance operations of anti-desalination protesters.

At every opportunity, Labor has cut business taxes. Land tax has been halved, payroll tax reduced to below 5 percent, and Workcover insurance premiums have been cut in five state budgets. While generally supportive of the Brumby government, business leaders are demanding more. Victorian Employers Chamber of Commerce and Industry chief executive Wayne Kayler-Thomson wrote in the *Age* on September 14: “Even without the natural benefits of the resource boom, Victoria has forged ahead thanks to spending on vital infrastructure projects such as freeways and channel deepening, consistent reform to state taxes, yearly budget surpluses and manageable debt. As we look to November's election, it is clear that further work is required to maintain the competitive edge that we've worked so hard to gain in Victoria.” He declared that the next government must be “bold and courageous”.

In May, the Brumby government brought down a budget with a surplus of \$872 million, largely as a result of Melbourne's soaring residential property prices, land taxes and stamp duties. Despite the surplus, the *Australian Financial Review* warned the government to remain “fiscally responsible” and resist “showering goodies” on the “ungrateful masses” in an election year. Citing uncertainty in international markets, including high levels of public debt and sovereign risk, it pointed to the possibility of a disastrous decline in the property market.

Brumby, like Gillard, has a ruthless track record of attacking workers. Last year Brumby called out riot police to violently confront a construction workers' picket outside the West Gate Bridge project. With the assistance of the trade unions, Labor has imposed real wage cuts and worsening conditions on teachers, nurses, ambulance paramedics and other public service workers.

Conscious of growing social unrest, the government is vying with the Liberals to conduct a “law and order” campaign in order to strengthen the police and security forces. Since 1999, Labor has increased police numbers by close to 2,000. In recent months, police have been given new powers to conduct random weapons searches without notice, and ban people from central Melbourne. An Operational Response Unit has been established, with an initial force of 120 set to grow to 600, “to lock towns down” and hit public order problems “with irresistible force”.

Like the federal Labor government, Brumby's administration confronts growing disaffection among working people. In February, there was a huge 12 percentage point swing away from Labor in a by-election in the Melbourne working class

electorate of Altona. Opinion polls indicate deep discontent with both the government and the Liberal Party opposition. According to a Galaxy poll this week, only 18 percent of those surveyed rated Labor as deserving to be re-elected, yet 62 percent said they were a better option than the Liberals.

By criticising the running down of transport, healthcare and other basic services, the Greens have to some extent tapped into this disgust, with a July-August Newspoll showing their primary vote rising to 17 percent. That support is greatest in “gentrified” inner Melbourne electorates, such as Melbourne, Richmond, Brunswick and Northcote, which the Greens could win if the Liberals direct their second voting preferences to them, as the Liberals did in the August 21 federal election.

Backed by big business and the media, Labor won the last state election in 2006 with a marginally reduced majority. The government currently holds 55 out of 88 seats. The Victorian Employers Chamber of Commerce and Industry has expressed concern about a hung parliament in Victoria as well as nationally, posing possible difficulties for further “economic reform”. To allay these concerns, the Greens are seeking a similar role to that of their counterparts in Canberra, who are propping up the Gillard government. The Victorian Greens have stated their preparedness to form a coalition with either major party, adding that the “stability” of the parliamentary system would be the top criterion in any coalition negotiations.

At present, it appears the corporate elite will again back the return of the Labor government in order to carry through the required offensive against the working class. The Liberals, led by Ted Baillieu, have no real differences with Labor's economic program and are regarded as a somewhat untested quantity. Whichever party or parties form the next government—Labor, Liberal or Greens—it will intensify the austerity agenda being demanded by big business to impose the brunt of the global economic crisis onto working people.



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