

Australia: NSW state budget axes thousands of public sector jobs

Richard Phillips
14 June 2012

In this week's budget, the New South Wales state Liberal government has stepped up its attacks on the working class, axing over 10,000 public sector jobs, destroying hard-won working conditions and eliminating at least 120 existing programs deemed to be "ineffective, inefficient and non-priority."

Announced on Tuesday, the public sector job destruction, which will include forced redundancies, is in addition to the axing of 5,000 positions announced last year. It will inevitably have a major impact on already seriously under-resourced health, education and other basic social services.

Like other recent state budgets—in Victoria, Tasmania, South Australia, and Western Australia—the NSW Liberal government is working hand in glove with the federal Labor government to implement the austerity agenda being demanded by finance capital around the world.

The Labor government's May budget slashed overall federal spending by 4.3 percent and pledged ongoing budget surpluses and thus further deep inroads into public spending for years to come. It set the benchmark for the state governments, which are directly responsible for providing essential public services such as education and health.

NSW Treasurer Mike Baird told parliament that the state—facing lower goods and services tax (GST) revenue (down from previous estimates by \$5.2 billion over four years) and other tax revenues—had lived "beyond its means for too long."

The "highly volatile global economy" and the "ongoing political uncertainty in Europe," Baird continued, were affecting the Australian economy. But he promised that the state government would achieve a "sustainable surplus" by 2013-14 and maintain it for the next three financial years. The cuts were necessary, he declared, to ensure the state kept its AAA credit rating and to "weather the incoming storms."

Baird said that NSW was burdened with "excessive" public sector expenses and that money was being "wasted" on various social programs. Yesterday NSW Premier Barry O'Farrell told the media that public servants would have to work harder, "[They] are going to have to do more, but that's real life."

The government refused to specify which government programs would be axed. This would be determined by department heads in the coming months, Baird said. The annual "efficiency dividend", which applies to the state and federal public services will be used to further drive up productivity and cut costs.

The O'Farrell government has also maintained a 2.5 percent cap on all state sector wage rises. This is well below the cost of living—the state capital Sydney is officially rated as the 11th most expensive city in the world, higher than London, Paris and New York.

Working people and their families are also to be hit by further hikes in living costs, including higher transport charges, a congestion tax and other expenses. A day after the budget was released, the state government announced that gas and electricity prices would rise by 18 percent from July 1.

Treasurer Baird insisted that the job destruction would not affect "frontline" education and health services and that the government was boosting funds to these sectors. These claims are bogus. Support staff jobs will be cut in all state sector areas. Funding for health and education does not even keep pace with operating costs, let alone provide for existing demand in these areas.

The state government claims that it has increased overall education spending by 3 percent, but this is half the annual average rate of increase in the past decade. Moreover, funding for Technical and Further Education (TAFE) and Vocational Education and Training has been slashed \$40.9 million per year. Over 600 TAFE jobs are expected to go, or more than 4 percent of the full time-

equivalent workforce. Training delivery is projected to decline by almost 250,000 contact hours.

Baird claimed there would be 500 additional public health nurses and a 5.4 percent increase in state funding. Health administrators and doctors immediately denounced these assertions, telling the media yesterday that a minimum 9 percent increase was needed to just keep pace with current emergency department usage and elective surgery demand.

In what amounts to a handout to the construction industry—the main beneficiaries of the NSW budget—\$561 million has been allocated for housing and infrastructure grants. This includes an increase in a first home owner’s grant for new homes up to \$650,000 and an expansion of stamp duty exemptions on new properties. These grants, however, will be factored into increased housing sale prices and be of no benefit to ordinary home buyers.

The budget provides no additional funds for the estimated 30,000 homeless in NSW or any new money for public housing or rent assistance. Currently less than 6 percent of low income earners qualify for state rental assistance.

Funds for new infrastructure development—to benefit big business—is to come from further privatisations, including the sale of the Port Kembla port facilities, which will be integrated into the already announced sale of Port Botany.

Not surprisingly Infrastructure Partnerships Australia, the nation’s peak infrastructure body, hailed the NSW government’s infrastructure budget as the “best in more than a decade” and called on the Liberal Party to continue its sale of state assets. The budget was also praised by the Housing Industry Association.

Last month the government sold its desalination plant and officially announced the sell-off of the state’s power generating facilities. It has already leased Sydney ferries. Baird has also flagged the sale of rights to the future revenue stream from NSW lotteries, and the sale of other state-owned sectors, including transport ticketing services.

These measures are directly in line with the agenda of the federal Labor government and its recent infrastructure task force report. Commissioned by Infrastructure Minister Anthony Albanese, the report called for more privatisation of state services and the wider application of “user pays” to fund all future infrastructure development. “There’s no such thing as a free lunch,” the report declared.

The corporate media generally endorsed the NSW budget, with the *Australian* headlining their comment “Good start, but will they stick to it?”. The *Sydney*

Morning Herald titled their editorial, “Toughness in a saleable package”, but warned the O’Farrell government that promises of state surpluses were “only predictions” and that additional spending cuts would probably be required.

The response of the state Labor opposition to the budget was entirely predictable. In parliament NSW Labor opposition leader John Robertson declared it was a “litany of broken promises” that would “hit working people hard.” At a rally outside parliament yesterday he only mentioned the job cuts in passing. (See: “Sydney rally against workers’ compensation cuts”)

In fact, the O’Farrell government is simply taking up where the previous Labor governments left off. In power for 16 years, the Labor Party lost the 2011 election in a landslide amid widespread public hostility to its far-reaching assault on jobs, working conditions and essential services such as health and education. Moreover, at the federal level, the Gillard government is responsible for setting the austerity agenda being implemented by all state governments—Labor and Liberal alike.

Workers must reject the job cuts and other regressive measures announced by the Liberal government, but should be under no illusions about the empty rhetoric of the Labor Party and the unions. The first step in mounting a genuine campaign against the state budget is to break from the Labor and union bureaucracies and begin to organise an independent political movement of the working class against the state and federal governments. Rank-and-file committees must be formed in work places and communities to reach out to other sections of workers under attack nationally and internationally on the basis of a fight for a workers’ government based on socialist policies.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact