

Australia: Queensland budget spearheads new austerity offensive

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Thousands of workers marched and protested across Queensland yesterday, voicing their determination to fight Tuesday's state budget, which eliminated 14,000 public sector jobs. Rallies were held from Cairns in the north to the Gold Coast in the south. In Brisbane, the state capital, about 10,000 marched to parliament, including fire-fighters, nurses, ambulance officers, teachers, cleaners, plumbers and students.

The cuts in Queensland, one of Australia's most mining-dependent states, are another indication of the end of the country's mining boom, producing a sharp turn in the economic and political situation. Together with huge cuts to education announced in New South Wales on the same day, the Queensland budget is a warning of the severe austerity measures to come nationally as the global economic crisis deepens.

Working people across Queensland face severe cuts to the most critical areas of social spending—public health, education, transport and housing—while thousands of workers and graduating students will join growing unemployment lists. Altogether, the public service has been reduced by almost 10 percent, on top of sweeping cuts already made by the previous state Labor government.

The public health system, including hospitals, have been hardest hit with 4,140 redundancies, followed by 1,450 in Transport and Main Roads (20 percent of its workforce) and 1,425 in Housing and Public Works (35 percent of its workforce).

Public education will be decimated, with 405 retrenchments, \$878 million in spending cuts over four years, and an annual funding growth cap of 0.3 percent—far below the 6-8 percent annual increase in costs for government schools. This will inevitably see fewer teachers and teachers' aides employed in public schools.

Another 500 jobs will go at Queensland Rail, on top of the thousands of railway jobs that were axed when the previous state Labor government privatised it.

The only increase in government staffing will be 1,100 new police officers by 2015-16—an indication of government preparations to deal with heightened levels of social unrest.

None of the cuts were mentioned during the state election campaign, held just six months ago. In fact, Premier Campbell Newman's Liberal National Party promised to fix public hospitals, schools and transport, which Labor had gutted over two decades in office. Newman took office in a landslide by exploiting the public hostility toward Labor's privatisation drive. Premier Anna Bligh had unveiled this agenda just months after the 2009 election, amid the initial impact of the global financial crisis.

Like Bligh before him, Newman is enforcing the dictates of the financial markets, declaring that the austerity measures were essential to restore the state's AAA credit rating. The demands of the financial elite are now intensifying because of a rapid decline in mining revenues. Prices for coal, Queensland's main export, have plunged in recent months, as they did in 2008-09.

Anticipated state government revenues for 2012-13 will drop by \$3.5 billion, or 7.6 percent—a reversal from the average 10 percent annual revenue increases over the last decade. This time, the losses flowing from falling coal export earnings have been compounded by cuts in grants by the federal Labor government that were imposed to meet its own pledge to the money markets to produce a budget surplus this financial year.

Desperate to divert popular anger, and claiming to be also standing up to the mining companies, the Newman government announced a hike in coal royalty rates. The

major companies, led by BHP Billiton and Rio Tinto, immediately warned they would cut more coal jobs and withdraw expansion plans. Even before the budget, BHP and Xstrata had announced coal mine closures and job cuts, including 800 in Queensland.

If the royalty increases, as stated in the budget, raise \$474 million next year, that will only create a new hole in the federal Labor government's budget, further rupturing federal-state relations. Higher royalties will reduce any mining company payments under Labor's new mining tax. Prime Minister Julia Gillard, as part of her rewriting of the tax to protect the mining giants, previously agreed to compensate them for any state royalty rises.

In New South Wales (NSW), Australia's most populous state, the Liberal government announced that education spending will be slashed by \$1.7 billion over four years. On top of the destruction of 10,000 public sector jobs in the state budget, handed down in June, another 1,800 public education jobs will be eliminated, including 800 in Technical and Further Education (TAFE) colleges. As a result, conditions will deteriorate in already run-down government schools and TAFEs.

NSW Education Minister Adrian Piccoli blamed a \$5.2 billion fall in income from the national Goods and Services Tax (GST) over the next four years—another measure of the impact of the recession spreading throughout the entire economy.

On the same day too, ratings agency Moody's downgraded South Australia's credit rating from Aaa to Aa1, in line with those of Queensland and the Northern Territory. The news came after BHP Billiton indefinitely deferred its proposed \$20 billion expansion of the state's largest mining project, the Olympic Dam gold, copper and uranium mine.

Moody's warned of a further downgrade unless the state government focussed on "expenditure reductions" and exerted "resolute controls to counter pressures emanating from health care and wage expectations." This means that the state Labor government, which already has imposed more than 4,000 public sector job cuts in the last two years, will soon cut far deeper.

Editorials in the *Australian* and the *Australian Financial Review* yesterday praised the Queensland government for "holding its nerve" to impose the regressive cuts despite opinion polls showing a collapse

in its electoral support since the March state election. By slashing 14,000 jobs, the *Australian* stated, the Newman government had "provided a template for other states to follow."

Federal Treasurer Wayne Swan cynically told parliament that he was "horrified" by the "huge" cuts being made in Queensland and NSW, claiming they gave a "sneak preview" of what a Liberal-National government would do to health and education services nationally. The Labor government is driving the offensive to make the working class pay for the global financial crisis—Gillard was installed in 2010 to impose the austerity agenda, and has repeatedly vowed to make whatever cuts are required to satisfy the financial markets, regardless of the social cost.

Likewise, Labor Party and trade union leaders in Queensland are posturing as opponents of the Newman government's cuts, despite previously enforcing all the measures of the Bligh and Gillard governments. State Labor treasury spokesman Curtis Pitt, who was one of Bligh's ministers, criticised Newman for "putting ratings agencies ahead of the welfare of Queensland families"—before making clear that a Labor government would have continued cutting jobs, only in collaboration with the unions.

Despite the anger and determination of the participants, yesterday's protests were organised by the unions to appeal to the Newman government to cooperate with them in implementing the cuts, as the Bligh government had done. Queensland Council of Unions president John Battams spoke of a union and community campaign against the "hasty and unplanned" budget policies, until the next state election, due in 2015.

In fact, for months—since the job cuts first began to be unveiled in June—the union bureaucrats have worked might and main to wear down the resistance of workers and divert them back behind electoral support for Labor, which will only intensify the assault on the working class.



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