

# Australia: Queensland budget reveals deepening slump

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Despite destroying nearly 13,000 full-time public sector jobs in its first year in office, the conservative Liberal National Party (LNP) government in the Australian state of Queensland this week announced a massive blowout in its budget deficit, because of a substantial fall in revenues from coal royalties, property taxes and federal government funding.

The government's 2013-14 budget, handed down on Tuesday, underscored the sharp reversal taking place in the fortunes of Australian capitalism, under the deepening impact of the global economic and financial crisis. Because of dropping coal prices and export volumes, coal royalties fell by 27 percent, even after a hike in the royalty rate in last year's budget. Depressed property prices—which have fallen up to 30 percent since 2008—cut land tax receipts by 6.4 percent, the first decline in 17 years. Goods and Services Tax funds, allocated by the federal government, also decreased.

The working class in Queensland, until recently one of Australia's main "mining boom" states, is being made to pay the price, via rising unemployment, deteriorating public facilities and services, and soaring living costs.

A year ago, in its first budget, Premier Campbell Newman's government declared that by decimating the public sector it would wipe out the budget deficit by 2014-15. That promise has now been abandoned. Instead, the budget unveiled an \$8.7 billion deficit for 2012-13, a \$7.7 billion deficit for 2013-14—a 60 percent blowout—and postponed the surplus pledge to 2015-16. Even that depends on unrealistic assumptions of a revival in world coal prices and a turnaround in the state's housing market.

The right-wing LNP took office in the state last year in an electoral landslide, due to working class disgust and hostility for the Labor Party, which had governed

Queensland for two decades, implementing every requirement of the corporate elite. After the 2008 crash, Labor sought to appease the financial markets—which removed the state's AAA credit rating—defying mass opposition to push through a sweeping privatisation program, axing thousands of jobs.

In partnership with the federal Gillard Labor government, the Newman government has stepped up Labor's social assault, with even more severe attacks being planned as the economic situation worsens. Far from lessening, the elimination of public sector jobs and services will intensify. By 2016-17, according to the budget papers, Queensland will have fewer public servants than in 2011-12.

Officially, unemployment will remain at 6 percent for the next two years—well above the national average of 5.5 percent—but those figures mask mass unemployment and under-employment in working class areas, particularly in Brisbane's southern and western suburbs, where even the official rates are at depression levels of around 20 percent.

Instead of a promised electricity rebate to ease the burden of sky-rocketing power bills (up by 22.6 percent this year), the budget announced that households will be hit by higher insurance stamp duties and a fire and emergency services levy.

No funding for major new infrastructure was budgeted, despite woefully inadequate public transport and roads, and capital purchases were forecast to almost halve, to \$3.75 billion, by 2016-17. This means deteriorating living conditions, and the transfer of any future large projects into profit-seeking corporate hands, via so-called public-private partnerships.

Arts funding was cut by another \$5.6 million—almost 3 percent—on top of a similar blow to the arts and culture in last year's budget. Small to medium arts

organisations and solo artists will be particularly affected.

Outlining how the government would intensify its cost-cutting over coming years, Treasurer Tim Nicholls reiterated its intention, based on a Commission of Audit headed by former federal Treasurer Peter Costello, to hand over social programs—including health, education, welfare, community services, housing and public transport—to corporate, for-profit, providers.

While the government, and the media, claimed that more money was going to be spent on education, health and disability services, the allocations hardly match inflation, let alone make up for last year's cuts. In education, the funding is bound up with a regressive agenda of tying teachers' pay to individual "performance" indicators, boosting the use of disciplinary measures, such as expulsions and suspensions, against working class students, and financing privately-built schools, while shutting down scores of public schools.

Labor Party representatives, joined by federal Treasurer Wayne Swan, hypocritically criticised the government for breaking promises and "slugging households." But the budget papers indicate how the Gillard government's slashing of social spending, much of it via grants to the states, has turned the states into transmission belts of its own pro-business austerity program. Federal payments to Queensland are budgeted to drop \$22.19 billion in 2011-12 to \$19.69 billion for 2013-14.

Business and media commentators expressed satisfaction that the Newman government was continuing to curtail social spending, but insisted that the cuts had to go far further, pointing to the unrealistic forecast that the economic growth rate would double from 3 percent to 6 percent in 2015-16 on the back of expanded LNG gas production. Credit ratings agency Standard & Poor's said any return to a AAA rating was "unlikely to occur in the near term," while Moody's warned the government to keep a tight rein on public expenditure if it were to return to surplus in 2015-16.

Editorials in the Brisbane *Courier Mail* and the *Australian*, both Murdoch outlets, said the government had no choice but to resort to "big-ticket assets sales," even though that meant breaking its 2012 election pledge—cynically made to exploit the popular anger over Labor's sell-offs—not to do so.

*Courier-Mail* columnist Paul Syvret bluntly cast aside the long-maintained official mythology that Australia is exceptionally sheltered from the global economic breakdown. "It is the story of budgets the world over," he wrote, "the new paradigm for treasurers from Brisbane to Bulgaria—the revenues of better times have long gone and their forecast return has usually proven to be a triumph of optimism over reality."

Nine months ago, on the day of the last state budget, thousands of workers and students marched and protested across Queensland, voicing their determination to fight its measures, particularly the wholesale elimination of public sector jobs. But the rallies were organised by the trade unions to appeal to the Newman government to cooperate with them in implementing the cuts, as the previous Labor government had done. Determined to stifle any resistance, union leaders implored participants to join a "1,000-day campaign" to return a Labor government in 2015. This year, thanks to the unions' systemic efforts to wear down workers, there were no such rallies.

The Socialist Equality Party warned then that any state Labor government would only intensify the offensive against the working class, and urged workers and young people to draw the essential conclusions from their bitter historical experiences with Labor and the unions: the need to make a decisive political break from these organisations and take up a conscious struggle for the socialist and internationalist perspective of the SEP. That perspective is more urgent than ever, and lies at the heart of the SEP's intervention into the 2013 federal election.

*The author also recommends:*

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