

Public sector cuts intensify in Australia's largest state

Mike Head
20 June 2013

In its annual budget announced on Tuesday, the Liberal-National government in New South Wales deepened its already severe cuts to public sector jobs and services

On top of the estimated 15,000 jobs eliminated since it took office in 2011, the government in Australia's most populous state unveiled further public sector "savings" worth \$18 billion over six years. These will be achieved through across-the-board staffing cuts of 1.2 percent a year and a continuation of 1 percent annual "efficiency dividends." Over the next four years, an estimated 10,000 more jobs will be destroyed.

Like governments around the world, Premier Barry O'Farrell's administration is making the working class pay for the breakdown in global capitalism. It is acting in close concert with the federal Labor government of Julia Gillard, which is slashing funds to the states, and also deepening the social assault carried out by previous state Labor governments from 1995 to 2011.

Anxious to satisfy the demands of the international financial markets and thus preserve the state's credit rating, Treasurer Mike Baird said he would avoid "pushing debt to levels that would trigger a rating downgrade." Yet, despite the austerity measures inflicted thus far, the 2013-14 budget deficit will blow out to almost \$1.9 billion, up from \$374 million in 2012-13.

Baird blamed accounting rule changes on the valuation of superannuation fund assets (downgraded due to lower share returns). But more fundamentally the deficit reflects the deteriorating position of Australian capitalism, with mining revenues declining because of falling global demand. Coal royalties in NSW crashed by \$235 million in 2012-13. Altogether, tax revenues were downgraded by \$1.9 billion over four years.

Financial commentators cast doubt on the government's hopes of returning to surplus by 2015-16, based on its optimistic predictions of expanded coal exports and revived property values. *Australian Financial Review* economics editor Alan Mitchell wrote: "If Australia suffered the kind of terms-of-trade slump prophesied by economists like Ross Garnaut, O'Farrell's plan to wind back debt and retain the state's triple-A credit rating would be in serious trouble."

After making major cuts to health and education over the past two years, the government claimed that the budget began to restore some funding. In reality, the 5.2 percent increase in public health spending fell well short of the 7 percent rise required to cover the costs of population growth, ageing and new technologies. Hospital waiting times will lengthen further.

A meagre \$50 million increase in education spending for 2014—far less than the inflation rate—underscored the fraud of the federal Labor government's so-called Gonski "school improvement reform program," to which the O'Farrell government has signed up. Promises of public school funding increases were put off until after 2017, yet the budget immediately inflicted more cuts, supposedly to pay for the Gonski measures. Technical and Further Education (TAFE) spending was reduced and TAFE fees will rise by yet-unknown amounts, punishing working class students.

The media hailed the government's promises to commence several long-overdue Sydney road and rail infrastructure projects. However, these are largely based on additional borrowings, plus funds raised by asset sales, which include the \$700 million privatisation of the port of Newcastle. Net public debt will rise from about \$13 billion to \$20 billion within four years.

While praising the budget, the *Daily Telegraph*

demanded that the government “stop dithering” and privatise the remainder of the state’s electricity system—which would mean eliminating thousands more jobs. The previous Labor government’s bid to sell off the network contributed to its landslide defeat in 2011, by compounding the working class hostility produced by years of deteriorating public hospitals, public transport and other social services. The *Telegraph’s* editorial yesterday openly urged O’Farrell to abandon his election pledge not to sell off the power assets without an electoral mandate.

In a revealing comment, the *Australian Financial Review’s* Alan Mitchell congratulated the Liberal government for slashing public spending without “nurses marching on Parliament House” or an “eruption of protest at controversial privatisations.” This points to the critical role of the trade unions, in suppressing resistance by the working class.

Two years ago, close to 40,000 public servants, including teachers, ferry and transport workers, firefighters and health and community workers, rallied in Sydney against the government’s first budget. Last year, about 40,000 public sector workers twice took strike action. The unions shut down this movement, urging workers to campaign for the return of another state Labor government in four years’ time, and then cemented deals with the O’Farrell government.

This February, the main public sector union, the Public Service Association (PSA), sold out a protracted struggle against the government’s 2.5 percent annual wage rise cap, thus assisting the Liberals to push ahead with the deeper cutbacks contained in this week’s budget.

This betrayal was particularly significant because as PSA members had already voted out the treacherous old Labor Party-aligned leadership. The sellout was imposed by the incoming so-called Progressive PSA (PPSA) faction, which took control of the union’s central council, with one of its members, Anne Gardiner, a member of the Greens, becoming the general secretary.

The PPSA, which includes the pseudo-left organisations Socialist Alliance and Socialist Alternative, is just as opposed as the old PSA leadership to any determined political struggle against the state government, because that would inevitably result in a confrontation with the federal Labor

government as well.

In response to this week’s budget, the PPSA’s Gardiner called for members to lodge protest petitions and vote against the Liberals at the scheduled 2015 election. “The community will be holding every government MP to account for job cuts in their electorates,” she stated. In other words, the PSA will wage no struggle against the ongoing destruction of public sector jobs and services.

The NSW budget confirms that the working class faces an intensifying assault throughout the country on jobs, wages, conditions and social services, an offensive that will further deepen as soon as the federal election is out of the way, regardless of whether Labor or Liberal is in office.

Workers can only fight this onslaught by organising independently of the trade union apparatus, though the formation of rank-and-file committees, and a turn to other workers in Australia and internationally facing similar attacks. After decades of Labor and union betrayals, the working class faces a political impasse that can be resolved only by building a new party, to lead the struggle for a workers’ government and socialist policies. That party is the Socialist Equality Party.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact