

West Australian budget highlights end of mining boom

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The 2013-14 budget handed down by the Liberal Party state government in Western Australia last week underscores the dramatic reversal that has taken place in what was previously called Australia's "mining boom" state and "engine of growth."

Western Australia recorded economic growth of 14 percent in 2011-12, before a sharp fall to 6 percent for 2012-13. It is now expected to drop to 3.25 percent for 2013-14 before further contracting to around 2.5 percent for 2014-15—the worst result since the recessionary period of 1990-91.

The slowdown of growth in China—Western Australia's main export destination for mineral resources such as iron ore—coupled with the slump in both Europe and North America and falling commodity prices will send the state budget into deficit next year.

Despite deep spending cuts, totalling \$6.8 billion over four years, state net debt is expected to climb 30 percent over the next four years from its current level of \$21.9 billion. Debt servicing costs are set to soar from \$46.6 million last financial year to \$201.4 million in 2015-16. Credit rating agency Standard and Poor's placed the state's AAA credit rating on a negative outlook.

Throughout the so-called mining boom, the transnational mining corporations, such as BHP Billiton and Rio Tinto, enjoyed super profits, and mining magnates like Gina Reinhart amassed vast fortunes, while working people confronted sky-rocketing costs of living and chronic shortages of infrastructure and basic services.

Now, as with other governments in Australia and internationally, Premier Colin Barnett's administration is seeking to make the working class and young people pay for the deepening fallout from the post-2008 breakdown of the global capitalist system.

In the lead up to the budget, the government announced it would axe 1,200 public sector jobs. As in other states and federally, annual public sector wage rises will be capped at 2.5 percent—a real wage cut because of the state's high cost of living.

A further \$150 million is to be slashed from social programs, on top of another across-the-board cut—labelled an "efficiency dividend"—of 2 percent per year. This will compound the problems caused by already under-staffed and under-resourced public services and infrastructure, including public health, education, childcare and housing.

Official unemployment is expected to rise to 5.5 percent in 2013-14 from the current 4.4 percent. Some 5,000 jobs have been eliminated in the mining and resources sector, mainly in the iron ore and gold mining areas as mining companies downsize, drive up productivity and postpone or cancel projects.

Migrant workers on 457 skilled work visas will be charged \$4,000 per year for each child attending public schools. This regressive measure is a warning of the imposts being prepared against the working class as a whole as the economic crisis intensifies.

Already, there are increases in electricity prices and public transport fares, and new and unprecedented parking fees at railway and bus stations.

Electricity charges rose by 4 percent on July 1, breaking Barnett's election promise that utility costs would be tied to the inflation rate. The average yearly family power bill has risen from \$960 to \$1,998 in just four years, and is set to rise by 7 percent per year from 2014. In July, gas prices rose by 6.4 percent, adding to the 45 percent increase over the past four years, and water and sewerage costs rose by 6 percent, following a 29 percent increase over four years.

Public transport users will face higher costs as a

result of the government reducing fare subsidies from 69 percent to 60 percent over the next four years and imposing a \$2 per day parking fee at railway and bus stations.

Mounting public anger and the threat of a class action lawsuit forced the government to drop a plan, also announced in the budget, to cut payments to households with solar panels for electricity fed back into the power grid.

To try to revive struggling construction companies and boost their profits, the budget cut the first home buyers grant from \$7,000 to \$3,000 for people buying established homes, and raised the grant for new home buyers from \$7,000 to \$10,000.

The only significant funding increase was for the recruitment of 550 extra police and auxiliary police officers, an indication of preparations to deal with social unrest.

Corporate representatives described the budget as a “good start,” but demanded even deeper cuts. *West Australian* political editor Gareth Parker wrote: “The treasurer called the budget responsible but it is not. The cuts are not deep enough and the spending restraint is not tough enough.”

Labor Party opposition leader Mark MacGowan said Barnett appeared to show “no remorse” for making West Australians “pay off” the ballooning state debt. Yet if Labor were still in office it would be implementing a similar austerity program on behalf of big business, as are the Labor governments in South Australia and Tasmania. In fact, the federal Labor government has been driving such measures nationally for the past three years.

Likewise the trade unions feigned concern. Carolyn Smith of United Voice said: “Colin Barnett has wasted the boom and we are now left with cuts that are going to affect essential public services such as health and education.” In reality, the unions have helped enforce Barnett’s cuts since he was first elected in 2008, and insist that workers must restrain their opposition in order to secure the reelection of Labor governments, federal and state, as supposed “lesser evils” to the Liberals. The Unions WA web site informs workers that the “only way” to save services will be to vote the Liberals out at the next state election, due in 2017, and volunteer to help the Labor campaign for the September 7 federal election.

The truth is that the austerity agenda being imposed across the country will be intensified by whichever major party forms the next federal government, with the unions playing the central role in suppressing opposition in the working class.



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