

Australia: Abbott government starts to impose sweeping austerity agenda

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9 October 2013

While making few formal policy announcements, the month-old Abbott government is moving to deepen the cuts to social spending, dismantling of welfare entitlements and attacks on working class wages and conditions that occurred under the previous Labor government.

The lack of public fanfare surrounding the measures reflects the government's concern that its plans could provoke opposition and resistance. Prime Minister Tony Abbott has gagged his ministers from speaking to the media without clearance from his office.

The government is proceeding to implement the far-reaching austerity agenda that was laid out in the financial press and by business leaders throughout the campaign for the September 7 election, but systematically buried from view by the two major parties.

As soon as the voting was over, the Business Council of Australia (BCA) insisted that the incoming government must “lift productivity and competitiveness” in the face of “a volatile global economic and political outlook.” This is code for deep structural cuts to welfare and other social programs, such as health and education, and an endless drive to lower labour costs, combined with drastic reductions in corporate taxes.

This agenda is driven by a deteriorating economic situation, which was also deliberately obscured during the election. The International Monetary Fund (IMF) yesterday warned that Australia is more exposed to the ongoing downturn in China than any other economy apart from Mongolia. The IMF sharply cut its forecast for Australia's economic growth for 2013 from 3 to 2.5 percent, and predicted that unemployment would rise to 6 percent by next year, up from 5.2 percent last April.

In response, Treasurer Joe Hockey issued a statement,

declaring that the IMF outlook was “worrying” and confirmed “significant” risks to previously anticipated budget revenues.

Last month, the global financial markets sent an opening shot across the government's bows when Standard and Poors (S&P) removed its AAA credit rating from Western Australia, which, until recently, led the Asian-fuelled mining boom. In a clear warning to Abbott, S&P cited “limited political will” by the state's Liberal government to implement austerity measures (see: “Western Australian credit downgrade signals greater austerity”).

On every front, the Abbott administration is building on the measures adopted by the previous Rudd and Gillard Labor governments, underscoring the bipartisan nature of its agenda. During the election campaign, the Coalition embraced Labor's record spending cuts, including pushing sole parents off welfare benefits and stripping \$2.3 billion from tertiary education. Abbott also adopted Labor's longer-term schemes to drive down funding for public education, health and disability care via an array of market-driven “performance,” “efficiency” and out-sourcing mechanisms.

The Coalition's primary vehicle for imposing the next major wave of measures—an Audit Commission—is yet to be unveiled. But Finance Minister Mathias Cormann last week indicated that the commission will proceed rapidly, producing an interim report by the end of the year, and a further report by February, in time for next year's May budget.

Without waiting for the audit to commence, the government is proceeding to eliminate 12,000 jobs from the federal public service via so-called natural attrition. Numbers of agencies have already been scrapped and many public servants are, in effect, being

pushed out the door by being relocated or by having their workloads increased.

Two days before the election, the Coalition announced a further 0.25 percent “efficiency dividend” or funding cut across all government departments, except for the military and security agencies, after Labor had already revised it upwards from 1.25 to 2.25 percent for three years. When it comes into effect, the measure will force agencies to shed thousands more jobs, in addition to the 12,000. Short-staffing will worsen, especially in welfare-related agencies, such as Centrelink, where a quarter of call centre staff are on temporary contracts, many due to expire before Christmas.

The government agencies being shut down so far include the Climate Commission, the Major Cities Unit, the Social Inclusion Unit and the Australian National Preventative Health Agency, which focused on preventative medical services, obesity, alcohol abuse and tobacco use.

Welfare is one of the first targets. Social Security Minister Kevin Andrews last week said Labor’s trials of “income quarantining” in five working-class areas would be toughened to force more welfare recipients to spend 70 percent of their payments on essentials such as food, rent and clothing, using BasicsCards with registered businesses. Andrews ordered a fast-tracked “interim” evaluation of the trials in Shepparton (Victoria), Bankstown (New South Wales), Logan and Rockhampton (Queensland), and Playford (South Australia) in order to do more to compel unemployed workers and other welfare recipients onto the scheme.

“Quarantining,” which is designed to punish and humiliate the most vulnerable people and force them off welfare and into low-paid work, was first imposed on indigenous communities by the previous Howard Coalition government, then extended by Labor. Andrews has now signaled a major expansion beyond the five trials.

In an interview with radio host Neil Mitchell last week, Abbott confirmed that welfare payments were “under review.” He declared: “We want a welfare system which helps people when they need it—not one which encourages people to be on welfare when they could be in work.” The prime minister said his government would “fully restore” the “work for the dole” program and seek to reduce the numbers

receiving disability support pensions. “The last thing I want to see is people parked on the disability pension when they could still be making a useful contribution,” he said.

Wages and conditions are already being attacked. In an initial move, small pay rises that had been proposed for more than 4,000 poorly-paid aged care workers have been cut or withdrawn because the government refused to confirm a \$1.2 billion funding lift. Wage increases for 40,000 others are in doubt in the state of Victoria alone.

Before even setting a date for parliament to reconvene, the government appointed Nigel Hadgkiss, a former deputy chief of the Australian Building and Construction Commission (ABCC), to head the resurrected agency, which is tasked with cracking down on construction workers. While Labor abolished the ABCC, meaning legislation is required for its formal re-establishment, the former government transferred the ABCC’s punitive powers to a Fair Work Building and Construction inspectorate. As a result, the ABCC can virtually resume its operations immediately.

Employment Minister Eric Abetz foreshadowed further moves to drive down conditions for all workers. These include “greenfields site” arrangements that permit corporations, such as mining giant Xstrata Glencore, to shut down existing operations and re-open them with lower pay and conditions.

At the same time, wholesale privatisation and job destruction is being prepared, starting with Medibank Private (4,800 employees), possibly followed by Australia Post (43,000 staff and contractors) and the air traffic control agency Airservices Australia (3,700 employees), depending on the Audit Commission’s report. Also on the target list is the Australian Rail Track Corporation, the Defence Housing Association and Snowy Hydro.



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