

Australian government unveils budget “audit” to advance austerity agenda

Patrick O'Connor
23 October 2013

Yesterday’s release of the terms of reference and makeup of the Liberal-National coalition government’s “commission of audit” into the federal budget underscore the advanced preparations underway for unprecedented cutbacks to welfare entitlement programs and basic social services on which millions of working people depend.

Treasurer Joe Hockey yesterday declared that no area of government spending would be off limits for the audit commission. It will issue a preliminary report to the government in January and hand down its full findings in March next year, paving the way for a harsh austerity budget in May. “Every area of government is going to be examined,” Hockey declared. “There are no restrictions.”

The government has appointed Tony Shepherd, president of the Business Council of Australia (BCA), as chairman of the audit commission, a move making clear the anti-working class character of the budget review body.

The BCA is the primary lobby group for Australia’s largest corporations, in sectors including banking and finance, mining, energy, telecommunications, media, manufacturing and construction, and retail. It dominates the commission of audit. In addition to Shepherd, the organisation’s chief economist and policy director Peter Crone will head the commission’s secretariat, working with officials from the Treasury and Finance departments. Other members of the commission include Peter Boxall, a former public service official, who the *Australian Financial Review* reported “is considered an economic dry and free market champion who oversaw the Howard government’s contentious WorkChoices policy”, former Howard government minister Amanda Vanstone, former Treasury Secretary Tony Cole, and former Western Australian public service head Robert Fisher.

Throughout 2013, the BCA has campaigned for a stepped-up austerity drive, demanding European and US-style budget cuts in Australia. In April, Tony Shepherd

addressed the National Press Club and claimed that it was impossible to maintain “exactly the same level of social services we’ve got at the moment.” “Look at what you can shift back to the individual to take responsibility for,” he declared. “This could mean people will have to fund themselves a lot more and cannot rely completely on the state for everything from cradle to grave, that’s for sure.”

The commission’s terms of reference echo this rhetoric, and are also in line with Hockey’s April 2012 speech pronouncing an end to the “age of entitlement.”

The terms of reference state that the commission ought to be guided by the principle that “government should do for people what they cannot do, or cannot do efficiently, for themselves, but no more.” It should identify “options” to “introduce appropriate incentives to encourage self-provision of services by individuals over time.” The commission of audit will examine “appropriate price signals—such as the use of co-payments, user-charging or incentive payments” to address “the rising cost of social and other spending.”

Translated into plain English, this means that the Abbott government will target welfare programs for elimination and extend “user pays” systems across public services, including health and education.

One of the first issues reportedly being prepared by the government is the introduction of Medicare “co-payments” for GP doctor visits. The inevitable outcome of such measures is that the wealthy will continue to access the best medical treatment that money can buy, while many working class people will be forced to go without necessary healthcare. The ruling class in Australia, like its counterparts in the US, has concluded that ordinary people are accessing “excessive” medical treatments and simply living too long. The Medicare system, pharmaceutical subsidies, and public hospital services are regarded as a diversion of resources that ought to be funnelled into the hands of major corporations

and the ultra-wealthy elite.

The audit commission will also recommend privatising remaining state-owned assets, potentially including Australia Post, in addition to the sale of Medibank Private, the country's largest private health insurer. Also examined by the audit commission will be the closure or merger of public service departments, likely leading to the loss of tens of thousands of jobs.

The Abbott government has left no doubt that the purpose of the audit commission is not just to devise some immediate budget savings, but to outline a longer-term restructuring of the entire budget. The stated goal is sufficient cuts to deliver a budget surplus equivalent to 1 percent of gross domestic product within the next decade. What is being prepared is a social counter-revolution—the clawing back of every social concession granted to previous generations of the working class.

The Liberal-National coalition is picking up where the former Labor governments of Kevin Rudd and Julia Gillard left off. The Labor Party slashed government spending by more than any of its predecessors over the last 40 years, raised workers' retirement age for the first time, impoverished single parents, denied the disability pension to numerous disabled people, and accelerated the privatisation of education, childcare, and aged care.

The bipartisan consensus behind the ruthless agenda developed by the corporate elite stands in diametric opposition to public opinion. It can only be imposed through antidemocratic mechanisms. The audit commission chairman Tony Shepherd acknowledged this reality earlier this year, when he stated that implementing the Business Council of Australia's agenda "requires political leaders who are prepared to lose their jobs to get things done."

Before the September 7 federal election, the Liberal Party pledged a "no surprises" government, and explicitly ruled out funding cuts to health, education, and other areas. Abbott capitalised on hostility towards the Rudd-Gillard governments' record in office, including rising unemployment, stagnating real wages, and escalating social inequality. Now, however, it is preparing to go much further. Earlier this month, the *Australian Financial Review* urged Abbott to junk his election pledges, because "too many of these promises rule out the sort of policy responses needed ... to fix the budget."

The audit commission itself is a fraud—its report will merely reiterate the agenda that was long ago drafted by big business behind closed doors. Its purpose, openly acknowledged in the pages of the Murdoch and financial

press, is to provide the Abbott government with some political cover as it proceeds. The *Australian* editorial yesterday noted that audits were valuable not for their findings but for their use in providing "the imprimatur of objectivity and impartiality to unpopular decisions a new government is too timid to make in its own name."

Similar mechanisms have been used before by Liberal governments at the state and federal level, most recently in Queensland, where Campbell Newman's government "audited" the budget before slashing public sector jobs and funding for health and education.

The Abbott government is preparing austerity measures that will make Newman's cuts seem modest in comparison. A worsening economic crisis, amid continued instability in the US and a slowdown in China, is adding to the urgency of the corporate elite's demands for an offensive against the social position of the working class in Australia.

Treasurer Joe Hockey recently returned from the US, where he held discussions with senior American policymakers, officials with the IMF and World Bank, as well as the credit ratings agencies that review Australian capitalism's sovereign credit status. At the same time as he unveiled the audit commission yesterday, Hockey announced he was lifting the debt ceiling from \$300 billion to \$500 billion, "to ensure there is stability and certainty for the financial markets ... we need not look any further than the recent events in the United States to realise how imperative for stability and certainty is for confidence."

This continued "confidence", the financial markets and the credit ratings agencies have made clear, is dependent on the Abbott government quickly proceeding with a massive assault against working people's living standards.



To contact the WSW and the
Socialist Equality Party visit:

wsws.org/contact