

Australian audit report sets out a corporate blueprint for social counter-revolution

Mike Head
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The Australian government's National Commission of Audit report, released yesterday, lays out the agenda dictated by the financial and corporate elite for the wholesale destruction of the post-World War II social welfare system, and the driving down of the wages to levels below those already imposed in the US and Europe.

The 1,200-page report's 86 recommendations set in place mechanisms for cutting the minimum wage, dismantling the Medicare universal health insurance scheme, and scrapping unemployment, pension, disability, child care, family and other welfare entitlements. It also targets education and tertiary students, demanding higher fees, and an extensive array of federally-funded social programs, including those for the homeless.

Having been drawn up by the government's hand-picked panel, chaired by former Business Council of Australia head Tony Shepherd, there should be no illusions that this far-reaching social assault will not proceed. If Abbott's government fails to do so, the corporate establishment could well move to replace it with one that will.

While Treasurer Joe Hockey insisted that the report was "to the government, not of the government," senior ministers have had the report for several weeks, and it has obviously shaped their calculated leaks to the media about the May 13 budget. As *Australian Financial Review* political editor Laura Tingle observed this morning, recent speeches by senior government ministers "all read from the commission's song book."

Hockey refused to disclose which recommendations would be adopted in the budget. But the ruling elite has made clear that this blueprint must be imposed, regardless of popular discontent. Today's editorial in

the *Australian* declared: "The audit has laid out a road map, politically fraught as it is." Abbott had to abandon "glib slogans," and "speak directly to voters" to "explain that the very future of our country is at stake."

The editorial said Abbott had already "erred" by making "unsustainable" promises to win the 2013 election. The government simply had to repudiate its election pledges not to slash healthcare, education and disability services: "We cannot afford the promises Mr Abbott made last August to win."

Audit chairman Shepherd said the government should "act now, act incrementally, act fairly." There is nothing fair about what is being proposed. The report is nothing less than a recipe for social counterrevolution directed against the working class, particularly the poorest layers.

It calls for the poverty-line minimum wage to be cut by about 12 percent, or \$150 a week, by 2033, and for young unemployed workers to be cut off the dole after 12 months if they refuse to move to areas of high labour demand. The obvious purpose is to create a low-wage army that can be exploited to drive down the pay levels and working conditions of the working class as a whole.

The report declares that Australia's minimum wage, of less than \$US10 an hour, is "high by international standards"—citing the rates of about \$7 in the US and \$8 in the UK. It calls for a cut in real terms by 1 percent a year for a decade until the minimum wage reaches 44 percent of national average weekly earnings.

Other key recommendations involve the dismantling of essential services:

- *"Fundamental changes" to the health system:* Impose upfront "co-payments" of \$15 to visit a doctor or hospital emergency department; deep cuts to the provision of subsidised medicines and medical services,

such as pathology; across-the-board reductions in public hospital funding; and exclude unspecified “high income earners” from the Medicare system. These are further major steps to ending the Medicare health scheme altogether.

- *A “rebalancing” of private and public education:* Cap federal schools funding at 2017 levels; hand all financial responsibility to the states; end federal funding for vocational education and training; and increase tertiary education fees by about a third to cover 55 percent of costs. This means a sharper shift to a “user pays” privately-dominated education system.

- *Reduced “eligibility” for aged, disability and carer pensions:* Raise the retirement age to 70 by 2053; include the value of family homes in the means test for pensions; ban access to superannuation until five years before the retirement age; tie the indexation of pensions to average weekly earnings, instead of the higher average weekly earnings of men; and restrict access to seniors health concession cards. These are major moves toward scrapping entitlements to pensions.

- *“Better targeting” family and child care payments to “boost workforce participation”:* Abolish or tighten eligibility for family tax benefits for non-working parents; merge and means-test childcare benefits and rebates; and cap Abbott’s planned paid parental leave scheme at average weekly earnings.

- *Privatisation and elimination of public sector jobs:* Sell off a long list of government operations, notably Australia Post, NBN Co, the Australian Rail Track Corporation, Snowy Hydro, Australian Hearing Services and, possibly, Centrelink, the agency that administers welfare payments. These privatisations, combined with closures and mergers of other bodies, would eliminate at least 15,000 jobs—5 percent of the federal public sector.

Treasurer Hockey ruled out only one spending reduction—on the military. He brushed aside the report’s vague suggestion that defence spending be reviewed, and reiterated the government’s pledge to increase it to 2 percent of gross domestic product—which will raise the military’s annual budget from \$25.4 billion to \$36.4 billion by 2024. This underscores Canberra’s commitment to meeting Washington’s demands that it boost military outlays as part of the US “pivot” to Asia, aimed at encircling and confronting China.

The audit report admits that there is no short-term “budget emergency” to justify its savage cuts. According to the International Monetary Fund, Australia’s net government debt of about 11 percent of gross domestic product is one of the lowest among developed countries, and far below Japan’s debt-to-GDP ratio of 237 percent and the US’s 107 percent. Rather, its recommendations are driven by the rapacious demands of the financial markets for the slashing of government spending and the further lowering of corporate and income taxes on the wealthy.

The response of Labor, whose previous Greens-backed minority government began the process of imposing austerity on the working class, was entirely two-faced. In a desperate bid to recover some electoral support, Labor leader Bill Shorten denounced the report as “written by big business, for big business.” Meanwhile, Labor’s shadow treasurer, Chris Bowen, reassured the *Australian Financial Review* of his party’s cost-cutting credentials, rejecting claims that the Labor government missed its 2 percent cap on spending increases—a cap that cut government outlays in real terms in 2012–13 for the first time in the post-World War II period.

Greens Deputy Leader, Adam Bandt said the report was the end of “Australian egalitarianism” and a recipe for “a divided Australia, where the poor and low-paid workers are thrown to the wolves.” He and other Greens leaders said nothing about their partnership in the former Labor government, which threw tens of thousands of workers and welfare recipients “to the wolves,” imposed staggering levels of social inequality and did everything it could to deliver the dictates of the corporate elite, before being thrown out of office in a landslide as a result.



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