

Australia: Victorian government promotes another pro-business austerity budget

Patrick O'Connor
10 May 2014

The Liberal government in the Australian state of Victoria this week delivered its last annual budget ahead of a state election scheduled for November.

Premier Denis Napthine used the occasion to trumpet his pro-business and pro-austerity credentials. Repeated rounds of cutbacks to health, education and other basic social services are now set to deliver a budget surplus of \$1.3 billion, which is projected to increase to \$3.3 billion in the next three years.

Treasurer Michael O'Brien boasted: "Victoria stands alone as the only government in Australia—federal, state or territory—to be forecasting operating surpluses over the next four years." He added that the figures vindicated the government's "difficult but necessary decisions to bring and keep government spending under control."

Ratings agency Standard & Poor's issued a statement after the budget announcement confirming the state's AAA credit rating, with Victoria the only Australian state currently enjoying the highest credit ranking.

The budget figures are based upon ruthless economic restructuring and austerity measures directed against the working class, not just since the Liberal government's installation in 2011 but over the past two decades under successive Liberal and Labor governments.

The 1992–1999 Kennett Liberal government orchestrated a major assault on the working class—sacking around 50,000 public sector employees, closing 350 public schools and 17 hospitals, and privatising transport and electricity networks. These measures were entrenched and deepened under the 1999–2011 Bracks-Brumby Labor governments, which cultivated the closest ties with big business and the ultra-wealthy, and won plaudits in the financial press for going further than any other state government in

moving to privatise health and education systems.

Labor's measures produced enormous anger in the working class, allowing the Liberal Party to narrowly win the 2011 election on the basis of bogus promises to end the crisis in transport, housing, health and education infrastructure. Once in office, however, it imposed further cuts, including public sector layoffs and devastating attacks on the Technical and Further Education (TAFE) sector. In March last year, Napthine was installed as premier to accelerate the austerity drive, amid corporate and media dissatisfaction with the previous premier, Ted Baillieu (see "Victorian premier removed as state slides into recession").

Napthine's latest budget entirely ignores the mounting unemployment and social crisis afflicting wide layers of the working class in Victoria. The state, long the centre of Australian manufacturing, has seen tens of thousands of jobs destroyed since the 2008 global financial crash. Workers in numerous industries have been affected, including in petroleum refining, food processing, clothing, and the car industry. The slated closure of the entire auto sector in the next few years will trigger further mass layoffs, including in working-class areas like Geelong and Broadmeadows that are already suffering from very high jobless rates.

While the state government is building multi-billion dollar surpluses to please the banks and credit rating agencies, not a single spending measure has been announced to address the impact on working-class communities of the ongoing economic restructuring drive.

The budget continues the running down of the public health and education systems, which have suffered from decades of cutbacks and underfunding. Despite a rapidly growing population and overcrowded schools across the state, the budget included funding for just 12

new schools. These are to be constructed through Public Private Partnerships (PPPs), a mechanism introduced under the previous Labor government as a way of semi-privatising the public education system.

In the health sector, the budget allocated \$190 million over four years for public hospital elective surgeries. The Australian Medical Association estimated this was just half of what was required to ensure patients received operations within a medically-appropriate time. There are currently more than 48,000 people on waiting lists for elective surgery in the state's public hospitals.

Underscoring the class issues in the budget, Napthine increased next year's spending on prisons by 26 percent, to a total of \$942 million. This is in preparation for a planned hike in the number of prisoners in the state—from a current average of 5,900 people per day to nearly 7,000 people over the next year.

Big business will benefit from the government's reduction of the payroll tax rate, from 4.9 to 4.85 percent, the lowest of any state except Queensland. A further windfall is also on offer through the planned privatisation of Melbourne's port, the country's busiest.

Promoting corporate interests is the key agenda behind the most widely promoted feature of this year's budget—road and rail infrastructure. The government has allocated a total of \$27 billion to new urban rail lines and underground stations and to new and expanded toll highways. Treasurer O'Brien boasted that this marked "the most ambitious infrastructure agenda seen in this state for decades."

The planned projects are all to be developed as PPPs. Investment in road and rail has been centrally geared around corporate export needs, not the requirements of ordinary people who now struggle to get to work and move around Melbourne every day on congested roads and inadequate and unreliable public transport networks. Tim Piper of the Australian Industry Group hailed the new infrastructure projects: "What this government has done is listened to business, listened to the needs of business, and recognised business needs a pipeline of projects."

It remains to be seen how much of the planned spending eventuates. The budget featured absurd economic forecasts, including projections of economic

growth rising to 2.75 percent within two years and the official unemployment rate dropping from 6.25 to 5.5 percent in the next four years. These figures ignore the impact of the car industry shut down planned by the government, corporations, and trade unions. Moreover, the worsening global economic breakdown will up-end all the budget forecasts, triggering the imposition of even worse austerity measures, regardless of whether the Liberal or Labor parties wins the state election in six months.

Napthine's budget was welcomed by the corporate media, which used it as part of its campaign for Prime Minister Tony Abbott to impose savage austerity measures in his first federal budget next Tuesday. The *Australian* urged federal Treasurer Joe Hockey to "heed the advice" of his Victorian counterpart O'Brien, who denounced the idea of "frittering away" budget surpluses "on programs here and there." The *Australian Financial Review* declared that the Victorian government was "creating a role model for other states and the federal government to emulate."



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact