

Australian government unveils new pro-business “reforms”

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Facing deteriorating economic conditions and under increasing pressure from the financial elite to deliver sweeping pro-business “reforms,” Prime Minister Malcolm Turnbull’s government this week unveiled plans to outsource most public services.

Treasurer Scott Morrison released the Liberal-National government’s response to the Competition Policy Review, chaired by corporate economist Ian Harper, which was initially commissioned by Turnbull’s predecessor Tony Abbott in 2013.

It is a blueprint for the greatest assault on public sector jobs and basic government services since the Keating Labor government imposed an earlier “competition” review during the 1990s, driving the privatisation of utilities such as water, power and telecommunications.

Entire areas of “human services”—including public health and education—will be thrown open to exploitation by ruthless corporate operators that undercut government services by tendering for the most lucrative slices of the “market.”

State governments, which provide most basic services in Australia, will be required, in return for federal funding, to contract out delivery to private providers, which could include low-cost, low-wage non-government organisations, as well as major business corporations.

Morrison pledged to implement, wholly or in part, 44 of the Harper review’s 56 recommendations. These cover a variety of issues, ranging from less restrictive retail trading hours to the further de-regulation of business. But at the core of the review is the outsourcing agenda.

Morrison boasted that the Harper review “fulfilled our election commitment to commission the first root and branch review of Australia’s competition laws for 20 years.” He declared that “increasing choice and delivering better services for consumers is central to the Turnbull government’s plan for driving growth and jobs in our economy.”

Under the fraudulent banner of giving consumers “choice,” those who depend on government services, including seriously-ill patients, working-class parents of school students and public housing tenants, will have no choice but to sign up with profit-driven providers.

Far from “delivering better services,” outsourcing is designed to slash government spending. It will subject schools, hospitals, mental health, housing and welfare services to the same kind of destructive corporate looting that has already blighted the utilities, employment services and vocational education and training.

Significantly, the Harper review’s model is similar to the National Disability Insurance Scheme, introduced by the previous Labor government, which is now tearing up existing disability services. Labor also pushed state governments, on the pain of losing federal grants, to privatise electricity networks and other public assets, a mechanism that the Turnbull government will ramp up.

The Harper report described its proposals as “an agenda of reinvigorated microeconomic reform” to “boost productivity, secure fiscal sustainability and position our economy to meet the challenges and opportunities of a rapidly changing world.” This essentially means reducing social programs so as to match European and American rivals in cutting corporate taxes and driving down wages and working conditions.

Morrison linked the government’s response directly to the slump overtaking the Australian economy with the collapse of the two-decade mining boom. “Post the boom in commodities prices and the peaking of our terms of trade, we cannot rely on these factors to support the incomes and living standards of Australians going forward,” he stated. “Our economic success will depend more critically on our ability to drive productivity gains, in the public and private sphere alike.”

The sharpness of the economic reversal was highlighted on Thursday when it was reported that business capital

investment dropped by 9.2 percent to \$31.4 billion in the September quarter, the fourth consecutive quarterly decline and the biggest fall in the official survey's 28-year history. Earlier in the week, the Treasury cut its long-term economic growth assumption from 3 percent to 2.75 percent. Analysts estimated this would worsen the budget deficit by around \$5 billion a year, increasing the pressure to make deeper cutbacks to government spending.

The data severely dented the media promotion of Turnbull's supposed success in restoring business confidence and encouraging hopes of an economic recovery.

Big business leaders and corporate media editorials welcomed the government's response to the Harper review as an initial step toward delivering the austerity agenda that the Coalition failed to impose under Abbott because of the intense public hostility.

Business Council of Australia (BCA) chief executive Jennifer Westacott, representing the biggest firms operating within the country, said that if implemented well, the government's announcement would be a "defining moment in Australia's economic journey." Fred Hilmer, who led the Hawke-Keating competitive review, described government services such as health and education as "a new frontier."

Enthusiastically touting the prospect of "far greater private provision" of services, the *Australian* editorial on November 25 spoke of "trimming" the "vast health budget" by 20 percent. Ultimately, it noted, "the Harper review envisages greater use of vouchers where Australians can spend their public funding at the schools and hospitals they prefer, in the same way as beneficiaries of the emerging National Disability Insurance Scheme will be able to choose providers."

But concerns were voiced within the corporate establishment about popular opposition to the measures. Speaking to the *Australian Financial Review*, former Australian Competition and Consumer Commission chairman Allan Fels cautioned that exposing services such as health and education to competition would make the furore over the Abbott government's failed bid to charge a co-payment for doctors' consultations and deregulate university fees look "like a picnic."

The financial newspaper's November 25 editorial said the government's announcement gave "a first glimpse into the reformist credentials of Malcolm Turnbull's administration," saying the promised changes "could greatly improve competitiveness." It remained

unconvinced, however, of the government's capacity to carry through the austerity measures required. The editorial warned that "the question over whether Mr Turnbull's government will be reformers or tinkers remains an open one."

In an effort to underscore its commitment to satisfying the demands of big business, the government rejected a Harper review recommendation to shield smaller businesses and farmers from price-gouging and other forms of oligarchic "anti-competitive" behaviour by supermarket chains and other corporate giants.

For all the talk of promoting competition, Morrison deferred the issue for further "consultation" with business next year. He did so even at the risk of igniting tensions with the rural-based National Party, which made a review of the "market power" of the major firms a condition of the renewal of the coalition agreement with the Liberal Party after Turnbull ousted Abbott in mid-September.

A proposal to slightly curb the power of the dominant conglomerates was brought forward during the final weeks of Abbott's government, but the BCA and major companies, such as Telstra, BlueScope Steel and Qantas, joined the retail giants Wesfarmers and Woolworths in a lobbying campaign that forced the government to put aside the idea.

With investment plunging, Turnbull's government remains under similar pressure to prove that it can impose the requirements of big business across the board.



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