

New Australian government seeks to impose deep cuts

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The Australian parliament resumed yesterday for the first time since the July 2 election, with the narrowly-returned Liberal-National Coalition government in open disarray. Prime Minister Malcolm Turnbull anxiously appealed for all parliamentarians to unite behind a program of austerity, military spending and expanded powers for the security forces.

Addressing a reduced caucus of 106 Coalition members of parliament—nearly 20 lost their seats in the election—Turnbull declared that the entire parliament faced a “massive moral challenge” of “budget repair.” His remarks were particularly addressed to the Labor Party, which has already offered bipartisan support, but he insisted that every MP, “regardless of their party,” had to face the “reality” that “we are living beyond our means.”

Turnbull portrayed the “challenge” as one of not loading debt onto future generations. In reality, the government is preparing to impose savage cuts to the living standards and working conditions of the working class so as to boost corporate profits, via sweeping tax cuts, and massively increase military spending.

Overshadowing the proceedings were the worsening global economic slump and financial instability, the demands of the US government for stepped-up involvement in its war preparations against China, and the widespread disaffection that resulted in record numbers of votes against the three main parties—the Coalition, Labor and the Greens.

Parliament formally opened with an hour-long address by Governor-General Sir Peter Cosgrove setting out the government’s priorities. Delivering a speech prepared by Turnbull’s office, Cosgrove urged the parliament to impose “fiscal discipline” to prepare for shocks in the global economy. The next necessity was to “invest \$195 billion in defence capability” over

the next decade, including the “largest investment in our naval forces since World War II.”

The scale of the onslaught being prepared against working people is indicated by one of the first bills drafted by the government, a so-called Omnibus Bill. It has 600 pages, containing 24 schedules of measures to slash social spending by \$6.1 billion over four years. It constitutes an assault on some of the poorest and most vulnerable members of society, including welfare recipients, students, old-age pensioners and newly-arrived migrants.

Among the measures are cuts to aged care, public dental health programs, and higher education funding. There is harsher means testing of pensions for nursing home residents, the abolition of backdating for carers allowances and punitive 9 percent interest rate charges on unpaid welfare debts.

The abolition of a “clean energy supplement,” will take up to \$7 a week off welfare recipients. Job seeker bonuses to assist the unemployed find work will be scrapped. There will be a two-year waiting period for welfare payments for all newly-arrived migrants, and higher thresholds for health insurance rebates.

Some student scholarships will be scrapped. All students will have to repay HELP tuition fees once they start earning \$51,956 a year—about \$3,000 lower than present. HELP subsidies will be eliminated for maths, science, statistics, education, nursing, midwifery and early childhood education students.

These measures were prioritised because Labor committed to back them during the election. This is only a first instalment. In the lead-up to the election, Labor abandoned previous promises to oppose budget cutbacks totalling an estimated \$33 billion over the next four years, as well as hospital funding savings of \$57 billion over 10 years.

Far deeper inroads are being demanded by the financial markets, which have threatened to scrap the country's AAA credit rating unless Turnbull's government can quickly demonstrate its capacity to eliminate the budget deficit, now around \$40 billion annually, by 2020.

At the same time, there is ferocious opposition within the government and the parliament to making even minor reductions in the multi-billion dollar annual tax concessions to the wealthy, via superannuation and property investment schemes. Turnbull's plan to provide a veneer of "fairness" to the austerity offensive by making small cuts to these handouts to the rich has fuelled public rifts in the Coalition.

The financial elite's agenda will accelerate the growth of social inequality imposed by successive Labor and Coalition governments, which has already produced intense popular discontent. Real wages have started to decline over the past three years, tens of thousands of full-time jobs have been eliminated or replaced by part-time employment, and more than a million people are now living in poor or derelict housing.

As one recent report highlighted, the share of income going to the wealthiest 1 percent in Australia has already almost doubled since 1983, the year the Hawke Labor government took office. The Gini index, a measure of income inequality, rose further from 0.32 to 0.33 between 2012 and 2014, mostly during the last Labor government.

Even by the limited official statistics, the wealth gap is much wider. By 2003–04, the net worth of the wealthiest 20 percent of households was 57 times as high as the poorest 20 percent. A decade later, in the final year of the Rudd-Gillard Labor governments, the richest 20 percent had 71 times the worth of the poorest quintile. According to the Rich 200 List, the collective fortunes of the wealthiest 200 people rose to near \$200 billion last year, spearheaded by property developers.

Precisely because of this yawning class divide, the government's priority list is also topped by three bills, headed by the Australian Building and Construction Commission Bill, to crack down on any industrial action by workers. These are part of a series of measures to bolster the repressive powers of the state apparatus to suppress resistance.

The fractures evident within the government have

fuelled complaints in the corporate media that Turnbull has failed to push through the economic restructuring agenda he promised when he ousted Tony Abbott as prime minister last September. In today's *Australian Financial Review*, political editor Laura Tingle stated: "The question increasingly becomes when, how and whether Turnbull can assert the authority normally associated with a prime minister who has just won his first mandate, however narrowly."

The source of the instability wracking the government lies in the global financial breakdown of 2008. The temporary extension of Australian capitalism's mining boom, sustained until 2011 by China's debt-laden stimulus packages, has since unravelled. But, from the standpoint of the corporate elite, a revolving door of successive Labor and Coalition governments—Turnbull's is the sixth since 2007—has failed to fully impose the burden on the population.

Turnbull called the July 2 double dissolution election in a bid to break the political logjam created by the blockage of key budget measures since 2013 by Labor, Greens or "crossbench" senators who postured as opponents of the most egregious of the measures, fearing the eruption of popular unrest. The election backfired, however, leaving the government with just a one-seat majority in the lower house and only 30 seats in the 76-member Senate.

As the Socialist Equality Party warned during the election, whichever parties formed the next government, it would escalate the assault on working people, as well as the preparations for war and repression, triggering convulsive social and class struggles.



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