

Western Australian budget slashes thousands of public sector jobs

Oscar Grenfell**13 September 2017**

The Western Australian (WA) Labor Party government of Premier Mark McGowan delivered its first budget last Thursday. The budget demonstrated that Labor will impose the austerity measures demanded by the corporate elite, amid a sharp fall in state revenues resulting from the collapse of the mining boom.

The budget eliminated 3,000 public sector jobs, building on a sweeping restructure announced in May. According to modelling by the Australian Broadcasting Corporation (ABC), the budget also will increase the cost of living by up to \$1,000 a year for working-class families.

Labor came to office in March, in a state election characterised by massive swings against the former Liberal Party government of Colin Barnett, which lost a third of its primary vote compared to the previous election. Labor formed government holding 41 of the 59 seats in the state parliament's lower house.

The result was spurred by widespread hostility to the Barnett government's spending cuts and mounting opposition to the federal Liberal-National Coalition government of Malcolm Turnbull. Labor cynically combined populist denunciations of Barnett's cuts with assurances that a McGowan government would return the budget to surplus by slashing social spending.

As a down payment on these pledges, the budget outlines \$1.7 billion in "savings" in the public sector over four years, with \$355 million extracted by destroying 3,000 jobs.

In a bid to stifle workers' opposition, the government claimed it would seek the cuts through "voluntary" redundancies. Regardless of how the job cut is imposed, it will intensify the social crisis confronting the working class, coming on top of tens of thousands of sackings throughout the mining and resources sector.

Treasurer Ben Wyatt declared he wanted the redundancies to be pushed through in the 2017–2018 financial year. "I don't want this to carry over into 2018–19," he stated. This indicates that forced redundancies are on the agenda, along with further sweeping cuts in next year's budget.

The government plans a "voluntary targeted separation scheme," with redundancies sought in departments under the government's axe. What is being prepared is a campaign of intimidation, aimed at forcing out staff members.

In May, less than two months after Labor took office, it announced that the number of public sector departments would be reduced from 41 to 25. It also introduced an effective four-year pay freeze across the public sector. Wage increases were capped at \$1,000 per annum, resulting in a real pay cut when inflation is taken into account. A wave of resignations reportedly followed, as public sector workers recognised that forced sackings were on the agenda.

Having campaigned for a Labor government, the Community and Public Sector Union (CPSU) has signalled it will assist with the public sector restructure, deepening the unions' role as an industrial police force of successive governments and big business.

WA CPSU secretary Toni Walkington responded to the amalgamations in May by telling ABC Radio: "Some of our members believe this is an opportunity to get things right in the delivery of government services." She claimed the cuts would affect only the "upper echelons" of the public sector, but the budget proves otherwise.

The union's latest statements, feigning shock at the job cuts, are a fraud, aimed at channeling anger behind impotent appeals to the McGowan government. The CPSU has likewise suppressed opposition to major

attacks on wages and conditions imposed by the Coalition government in the federal public sector (see: “Australian unions help impose cuts to federal pay and conditions”).

Throughout the election campaign, Labor postured as an opponent of plans to privatise the state-owned electricity service and other assets. In its budget, however, Labor indicated it will continue the sell-off of public utilities, which have been spearheaded by Labor governments across the country.

The budget will force state-owned utilities, Synergy, an energy provider, and the Water Corporation, to make payments to the treasury of \$473 million over the next four years. The dividend will deepen the corporatisation of both utilities, while creating the conditions for attacks on jobs, wages and working conditions.

Other budget measures that will hit workers and the poor include an annual increase in power bill fees of \$169, public transport fare hikes averaging \$80 per commuter each year and a rise in water, drainage and sewerage fees of almost \$100.

At the same time, the government donned the “law and order” mantle. The budget earmarked \$83.5 million to hire another 100 police and 20 state intelligence officers, on the pretext of combatting the growing use of crystal methamphetamine. The measure is a warning that the government will respond to the social distress caused by its policies, and mounting opposition in the working class, with police measures.

While the financial press generally welcomed the budget’s attacks on the working class, some commentators bemoaned the government’s “betrayal” of its pledge not to increase business taxes.

In reality, the budget measures would scarcely touch the bottom-line of the major corporations, including the mining companies that have extracted billions of dollars in profits over the past decade. Payroll taxes would increase by just 0.5 percent for corporations with annual payrolls of up to \$1.5 billion, and 1 percent for larger businesses. Gold royalties would rise from 2.5 percent to 3.75 percent next year.

These marginal tax increases may not even pass the parliament’s upper house, where the government lacks a majority. Even if they do, they will make little difference to the state’s growing debt crisis.

According to the budget forecasts, public debt will rise to \$43.8 billion in 2020–21, with budget deficits of

over a billion dollars each year until then. The government’s claims of a return to surplus in 2020–21 are based on fanciful predictions of economic growth, flying in the face of warnings that the debt-fuelled national property bubble could implode.

The WA budget exposes the fraud of Labor’s attempts to posture as an opponent of social inequality and as a party of “working people.” A federal Labor government headed by Bill Shorten would be just as committed to imposing the austerity demands of the corporate elite.



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