Australian government “review” prepares deeper public sector cuts

Terry Cook
18 May 2018

On May 4, days before his Liberal-National Coalition government handed down a budget that entrenched substantial cuts to social spending, Prime Minister Malcolm Turnbull announced a review of the Australian Public Sector (APS) by a big business-dominated panel.

The review, to be headed by former Telstra CEO David Thodey, will issue findings in the first half of next year. Turnbull said it was “an excellent opportunity to ensure the APS is fit-for-purpose in years and decades ahead.” He referred specifically to the APS’s “culture and operating model.”

Dominated by corporate chiefs, the review will be a mechanism to justify further privatisations, outsourcing and cuts to public sector jobs and conditions to satisfy the demands of the financial elite for sweeping tax cuts, drastic reductions in welfare, health, education and public housing, and other austerity measures.

For over a decade, public sector numbers have substantially declined through direct sackings, redundancies and outsourcing under both Coalition and Labor governments. The last Labor governments of Kevin Rudd and Julia Gillard took outsourcing to a new level by establishing the National Disability Insurance Scheme (NDIS), which contracts out all services in a new profit-driven “market” and shuts down programs previously supplied by federal and state agencies.

According to the Australian Bureau of Statistics, as of June 2017 the APS employed 239,800 people, down 1.4 percent from 243,200 over 12 months. In 2007, when the previous Labor government took office, there were roughly 250,000 federal public sector workers.

At the end of last year, the Institute of Public Affairs, a right-wing think tank with close ties to the corporate elite, called on the government to slash another 27,016 jobs in order to reduce the “national debt.”

Since being elected in 2013, the Coalition government has continued Labor’s pro-market assault. It has slashed over 18,000 jobs, including from the Australian Tax Office, the Commonwealth Scientific and Industrial Research Organisation and the Department of Human Services.

This has led to drastic increases in workloads and undermined essential social services, especially for the poorest and most vulnerable members of society. Over the past 12 months, for example, some 36 million phone calls to Medicare, the public health agency, Centrelink, the government welfare department and the Child Support Agency went unanswered.

The Coalition has also enforced a 2 percent cap on pay increases in new enterprise agreements (EAs) across the sector, with wage rises barely keeping pace with the official rate of inflation, and falling well behind the actual cost of living increases for working class households.

After dragging out negotiations for new EAs, the government refused to backdate pay increases, resulting in an effective four-year wage freeze. This was only possible because of the role of the public sector unions in suffocating the anger and resistance of their members.

Last year, after confining workers to limited stoppages and protests, the unions pushed through regressive EAs in most departments. The sell-out agreements also cut the conditions of tens of thousands of workers.

The composition of the review panel demonstrates the fraudulent character of claims that it is “independent.” It is stacked with highly-paid corporate representatives and will collaborate closely with a “secretariat” in the Department of the Prime Minister and Cabinet.

Thodey, as Telstra boss from 2009 to 2013, axed thousands of jobs in the privatised telecommunications company via a program of "continuous change." Alongside him on the panel is Coca-Cola Amatil (CCA) chief executive Alison Watkins, ANZ group executive of digital banking and former Google Australia CEO Maile Carnegie, University of Sydney Chancellor Belinda Hutchinson and University of Melbourne Vice Chancellor Glyn Davis.

Since joining CCA in 2014, Watkins has overseen cost-cutting across the company's operations, with widespread job destruction and plant closures. Last year, after conducting a "review," Watkins announced the shuttering of the company's Thebarton and Riverland factories in South Australia, destroying around 200 jobs.

Watkins is also on the board of the Business Council of Australia, which advocates "a smaller, more focused civil service."

In 2015, Hutchinson supported a pro-business restructure at the University of Sydney, which scrapped entire courses and axed staff. She serves on the boards of AGL Energy and Qantas and was formerly on the boards of QBE Insurance Group, Telstra and Energy Australia. All these companies have carried out extensive job cuts and attacks on working conditions.

Davis oversaw a radical overhaul of the University of Melbourne's academic structure to eliminate dozens of bachelor programs and destroy 500 administration jobs.

Former Environment Department secretary Gordon de Brouwer has been drafted onto the panel to give the impression that the review has public sector input. As head of the department, however, he oversaw substantial job cuts.

Community and Public Sector Union (CPSU) National Secretary Nadine Flood backed the decision to conduct a review, but complained that "four of the six participants have backgrounds serving multinational corporations." She called for a "clear-eyed and objective review, with bipartisan support and effective engagement with the public service rank and file."

Flood's real concern is that the public service unions have no members on the panel, sidelining their role as labour brokers and industrial policemen.

Under both Labor and Coalition governments, the public sector unions have enforced the onslaught on jobs, wages and working conditions. They have divided workers on a department-by-department basis and opposed any unified industrial and political struggle against government cuts.

The unions are currently pushing the Australian Council of Trades Unions' "Change the Rules" campaign for the return of yet another pro-big business Labor government.

Labor Party shadow finance minister Jim Chalmers declared that the review must not be "a smokescreen to slash frontline services further." His main complaint, however, was that the Labor opposition "was not consulted on the review."

Chalmers condemned "efficiency dividends," describing them as a "blunt instrument" to "achieve budget savings resulting in significant reductions in funding, requiring voluntary and, in some cases, forced redundancies."

This is blatant hypocrisy and deception. Chalmers omitted to mention that efficiency dividends, which compel department heads to find ever-deeper savings each year, were introduced by the Hawke-Keating Labor government in 1987. In 2013, the Rudd Labor government increased the "efficiency dividend" from 1.25 percent to 2.25 percent, paving the way for further cuts by Coalition governments.