

Australian budget pours billions more into corporate coffers while driving down wages

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The Australian government last night unveiled an annual budget that pumps billions more dollars into big business and the military, and seeks to further boost profits by continuing to drive down the wages and conditions of the working class.

For all the government and media hype about a “popular” and “big spending” budget, it has a vicious class content. Drumming up nationalism, Treasurer Josh Frydenberg said the government was rewarding “Team Australia” for its efforts during the pandemic.

However, the budget underscored how the pandemic is being used to further restructure economic relations in the interests of the corporate elite.

On top of the more than \$400 billion handed to companies by the federal, state and territory governments in 2020, this budget will mean an estimated \$50 billion more going into business subsidies, tax write-offs and investment incentives over the next year alone. Far from the various handouts flowing into productive activity, they have helped fuel a speculative frenzy sending share and home prices to new records.

The government claims that the unprecedented corporate bonanza will flow through to higher employment and wages, but the budget forecasts that real wages will continue to fall for the foreseeable future, after a decade of stagnation. According to the budget papers, inflation will rise faster than wages for the next four years at least.

Frydenberg conceded that the budget will stay in multi-billion dollar deficits for at least a decade to pay for the business stimulus measures and increased military spending. Net government debt is predicted to reach nearly \$1 trillion by 2024-25, even if near-zero interest rates continue. The burden of that mountain of debt will increasingly be imposed on workers, by way of wage cuts and freezes, and the slashing of spending on health, education and other essential social programs.

The corporate media almost exclusively depicted the Liberal-National Coalition’s reversal of its decades-old opposition to budget deficits and debt as a bid to postpone

electorally damaging cuts to social spending until after the next general election, due within a year.

More essentially, however, the about-face reflects anxiety throughout the ruling class about the deepening working class discontent over the health, economic and social toll produced by the profit-dominated government responses to the pandemic, which have allowed it to spiral out of control worldwide.

Buried in all the media coverage is the reality that the budget continues the government’s failure to protect the lives and livelihoods of working people from the worsening global pandemic. Not a cent was announced last night to build proper quarantine facilities, despite flawed quarantine hotels posing the greatest danger of coronavirus outbreaks. And no vaccination program for the full population is even “likely,” according to the budget, before the end of 2021.

Nor was there any new funding for public hospitals. Even the relatively limited number of COVID-19 cases so far have already exposed serious shortages of staff and resources. Dismissing pleas from health workers, the budget papers show public hospital spending rising by just \$1 billion, or 4 percent, per year. Australian Medical Association president Omar Khorshid said: “Our public hospitals need an urgent injection of federal funding to address capacity issues that are leading to long waiting times in emergency departments and for elective surgery.”

Because of repeated quarantine failures and the chaotic vaccine program, the budget assumes that international borders will remain substantially closed for another year. Yet, the budget is also predicated on there being no serious COVID-19 outbreaks and no shutting of internal borders so the “economic reopening” can continue.

The biggest item in the budget is a \$20.7 billion extension of instant asset investment write-offs and tax loss “carry-backs” for businesses to mid-2023, accompanied by an extra \$15.5 billion to be spent over the next decade on business-related infrastructure—roads, rail and freight—adding to the \$100 billion slush fund for such projects. There is also nearly \$2 billion more for wage subsidies to businesses for

trainees and apprentices, and a previously announced \$2.1 billion package for the airlines and tourism operators.

These outlays dwarf those for chronically-underfunded social services. Some \$17.7 billion has been promised over five years to supposedly address the shocking conditions in aged care homes, which are also where most of Australia's 910 reported COVID-19 deaths have occurred. This is grossly inadequate—expert analysis shows up to \$20 billion a year is required just to implement the limited recommendations of the government's own royal commission inquiry into the nursing homes. It pours more money into the hands of the highly profitable conglomerates that dominate the sector, without requiring them to improve staff-patient ratios or the poverty-level wages paid to care staff.

Similar glaring shortfalls and reliance on profit-hungry operators exist in the other fields elected for spending increases in the budget—childcare subsidies, mental health services and the National Disability Insurance Scheme (NDIS).

Frydenberg foreshadowed future unspecified cuts to the NDIS, in the name of making it “sustainable,” and began clawing back social spending by further reducing access to welfare payments for migrants and funding for the public universities.

Private schools will get \$14.7 billion in 2021-22, up 13 percent from 2020-21, while public schools continue to be starved of funds, despite the extra burdens placed on teachers and students due to online learning during the pandemic. According to the Australian Education Union, public schools face a \$19 billion funding shortfall over the next four years.

For cynical electoral purposes, the government claimed to be issuing a “women's budget,” allocating \$535 million for female health and wellbeing over four years. However, that averages out at less than \$15 per woman per year, a pittance.

To help push down wages, international students and temporary visa holders will be allowed to work unlimited hours, but only if they accept jobs in the low-paid hospitality and tourism sectors. At the end of March, the government expanded the pool of potential cheap labour by simultaneously terminating its JobKeeper wage subsidy scheme and winding back JobSeeker dole payments to pre-pandemic, sub-poverty levels.

Frydenberg's budget speech underscored the preparations being made to join a US-instigated war against China, reflecting the Biden administration's escalation of the conflict with Beijing. The treasurer highlighted the allocation of an extra \$270 billion over a decade for military hardware, \$1.9 billion more for the intelligence agencies to combat domestic unrest, and measures to protect “supply

chains” from disruption in the event of conflict.

Deteriorating relations with China, still Australia's largest trading partner, are likely to impact on the Australian economy. The budget papers forecast a precipitous drop in iron ore prices by next March, down to \$55 a tonne from the \$230 a tonne to which they have soared recently on the back of higher steel production in China. Such a fall in Australia's largest export would strip as much as \$30 billion from the budget via smaller company tax receipts.

Extending its record of providing “constructive” support for the government's pro-business program throughout the pandemic, the opposition Labor Party vowed not to oppose the budget. Labor leader Anthony Albanese emphasised that Labor “will not block supply.” Pressed on national television this morning, he would not even nominate one measure that Labor would oppose.

Interviewed by the Australian Broadcasting Corporation last night, Labor's shadow treasurer Jim Chalmers underscored the unanimity between the two main capitalist parties on making working people pay for the cost of the pandemic and the business bailouts.

Chalmers declared that a “government of either persuasion” would have to start “budget repair” after “getting the economy going.” That is, after further restructuring the economy in favour of the corporate and wealthy elite, the cost of the huge government debt would be extracted from working class households.

This was in line with the message delivered by today's editorial in the Murdoch media's *Australian*. While backing the government's recourse to deficit financing for now, it warned: “But when the time for reckoning does arrive, it will lay a heavy burden on younger workers and future generations.”



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