

Australian state election campaign in Victoria—major parties conceal preparations for austerity agenda

Patrick O'Connor
30 October 2022

Ahead of the November 26 state election in Victoria, the political establishment is suppressing any public discussion on the coming austerity spending cuts that will be implemented regardless of which party wins office.

The pro-business, right-wing Labor government of Premier Daniel Andrews has been in power since 2014, and presides over Australia's worst state debt and deficit situation. Debt stands at \$101 billion and is projected to increase to \$259 billion in just over a decade. Victoria's budget deficit is equivalent to 3.6 percent of gross state product, significantly higher than any other state.

Official forecasts of a return to surplus by 2026 are based on unrealistic economic growth projections of around 3 percent a year for the next four years. These forecasts were outlined in the government's annual budget last May, and have already been exposed by the worsening global capitalist crisis, which has included supply chain breakdowns and rapidly escalating costs of living. In the May budget, Victorian Treasurer Tim Pallas projected annual inflation this year of 4.75 percent—just a month later, the June consumer price index showed the real figure for the state capital of Melbourne at 6.1 percent. Actual costs of living for working-class people are rising substantially higher than the official figures.

Global credit rating agencies stripped Victoria of its AAA debt rating in 2020, amid escalating debts driven by the state Labor government's funnelling of billions of dollars in subsidies to corporate interests affected by the COVID-19 pandemic. Behind the scenes of the official election campaign, finance capital and big business are making clear the expectations for sweeping spending cuts.

A glimpse of the measures under discussion was provided by the corporate-funded, "free market" think tank Institute of Public Affairs, which issued a 20-page paper earlier this month, "Victoria on the Edge: Debt,

Deficits, and Unsustainable Growth." It noted that the state's debt is now higher than it was in the early 1990s—which was followed by Liberal Premier Jeff Kennett's savage austerity agenda that included the forcible closure of more than 300 schools and sacking of 50,000 public sector workers.

The paper noted: "Unlike the 1990s, the sale of public assets to pay down the debt and reduce the deficit is not available as an option, as major public assets have already been sold and their proceeds spent."

The Institute of Public Affairs demanded a freeze on all public sector hiring, and annual cuts of 1 percent of total government spending—currently amounting to just under \$1 billion, equivalent to more than half of all state investment in education.

The federal Labor government provides a foretaste of the measures to follow the November 26 Victorian election. Labor leader Anthony Albanese promised "a better future" for working people, only to quickly change his tune after becoming prime minister on behalf of big business and finance capital. The federal government's budget released last week involved two years of real wage cuts for workers, spending cuts on social services including for hospitals, and tax giveaways for the wealthy and corporations (see: "Australian Labor budget inflicts historic cuts on workers").

If the Labor Party is returned to office in Victoria, it will implement spending cuts in collaboration with the trade unions, which are campaigning for the government. The regressive industrial agreement covering public school teachers and workers, worked out by the government and the Australian Education Union bureaucracy, provides a foretaste of what is planned. The agreement, narrowly rammed through in the face of enormous opposition from teachers, involved a nominal base wage rise of less than 2

percent, representing a substantial real wage cut.

No significant spending cuts or austerity measures have been foreshadowed by the Labor, Liberal, and Greens parties in the election campaign.

Instead, various promises of additional spending are being issued. Premier Daniel Andrews is focussing on health and education, pledging investment for an additional public hospital in West Gippsland, upgraded hospitals in Melbourne, and for the construction of 25 new schools and upgrades for 89 existing facilities.

These promises, even if they prove to be fulfilled, will not resolve the enormous crisis of both the public health and education systems. The Labor Party, in office for 19 of the last 23 years in Victoria, has starved the schools and hospitals of funding. Victorian public schools are the lowest funded in Australia on a per student basis, while the state's hospital services are funded through the regressive "casemix" mechanism that works to continually cut costs. Meanwhile private operators in both health and education reap enormous profits and enjoy various government-funnelled subsidies.

The COVID-19 pandemic has exacerbated the crisis of the health and education systems. The state Labor government has spearheaded the Australian ruling elite's campaign from late last year to junk all public health measures that are seen to impinge on corporate profit-making activity.

Premier Daniel Andrews publicly endorsed then Prime Minister Scott Morrison's implementation of a "let it rip" strategy, and collaborated closely with him and other state premiers through the National Cabinet. Andrews developed a close partnership with New South Wales Premier Dominic Perrottet, with the two leaders coordinating their systematic dismantling of public pandemic health measures.

Despite the Labor government's record, it is widely expected to be re-elected on November 26. The opposition Liberal Party remains associated with the despised former federal government of Scott Morrison. The Liberals also incurred widespread hostility over their opposition to lockdown measures imposed in Melbourne in late 2020.

The 111-day public health measure, one of the world's longest continuous lockdowns, successfully eliminated coronavirus transmission and enjoyed widespread support. The Liberal Party was seen as pitching to extreme right-wing, anti-vax layers. Earlier this month,

the opposition was forced to issue an apology after one of its lower house election candidates gave an interview with a far-right YouTuber and declared that Andrews should be "brought to justice" for his pandemic policies.

Big business remains solidly behind the Labor government and has shunned the Liberal Party's appeal for greater support.

The *Australian Financial Review* reported on October 20: "Victorian Liberal Party fundraising events have been mostly ignored by large companies and prominent Victorians. The Labor Party's have been popular. Companies that have paid \$1,000 or more for their staff to attend Labor events include the law firm Herbert Smith Freehills, the Deloitte accounting firm, stockbroker Evans and Partners, SEEK and Village Roadshow, according to public records. None have disclosed Liberal donations since the end of the 2019-20 financial year.

"The building and property industries have formed close relationships with the Labor Party too, Liberal Party officials say, which has hurt the party's funding. ... Several well-known Victorian families have also attended Labor fundraisers. While the amounts they have given are relatively small, their presence has contributed to the demoralisation of a Liberal Party that once prided itself on links to the elite."

The Victorian election underscores the urgent need for the working class to build the only party that represents its independent interests and advances a socialist and internationalist program, the Socialist Equality Party.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact