Australian Labor government's budget hits workers behind sham "relief"

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The Australian Labor government's second budget, delivered last night, deepens the greatest attack on working-class living standards since World War II, while desperately adding a last-minute gloss of token "cost-of-living relief" to try to head off brewing political discontent.

Across the country, after nearly a year of the Labor government, working-class households are suffering enormous financial and personal stress, with rising levels of poverty and homelessness. Foodbank queues are growing and people are living in cars and tents. Real wages fell by a record 4.5 percent in 2022, following more than a decade of wage stagnation.

This budget, on top of Labor's first budget last October, means that workers and their families will even more bear the burden of these real wage cuts, plus soaring mortgage payments, rents and prices for food, petrol and energy, while the wealthy enjoy super-profits and massive tax cuts, and hundreds of billions of dollars are set aside for war preparations.

Token "relief" measures were tacked onto the budget—such as an insulting $2.85 a day, not enough for a loaf of bread, for people starving on unemployment or youth allowances, or one-off rebates of "up to" $500 on sky-rocketing power bills. That was supposedly to take "some of the sting" out of the cost of living, according to Treasurer Jim Chalmers.

This is a fraud. For example, the $40 a fortnight rise in the jobless payments will just lift recipients from 41 percent to 44 percent of the poverty line. That is deliberate hardship, inflicted to keep coercing workers into low-paid employment in industries such as retail, hospitality, childcare and the "gig economy." Electricity and gas bills also will continue to soar, far above $500 extra a year, pouring even greater profits into the pockets of the energy companies.

Even an increase of up to $88 a week for single parents until their youngest child turns 14—partially reversing a cruel cut imposed by the Howard Liberal-National and Gillard Labor governments—is little compared to inflation. It is a fraction of what high-income recipients will get from the Stage Three income tax cuts that Labor intends to deliver next year.

The total $14.6 billion "cost of living" package over four years is dwarfed by the $69 billion to be handed overwhelmingly to the richest people in these tax cuts over the same period, which now will cost about $300 billion over a decade, handing wealthy two-income households more than $23,000 a year. Those figures the Albanese government tried to hide and did not even include in the budget!

Equally not mentioned was the termination of the low-income tax offset, which provided an end-of-year rebate of up to $1,800 for the 10 million workers earning up to $126,000.

The government anxiously added the supposed "relief" measures, fearing a social explosion, after the budget figures revealed a surplus, of some $4 billion, for the first time since the 2008 global financial crisis.

That surplus was mostly derived from staggering war profits being gouged out by the gas, iron ore and coal conglomerates from the sky-high global commodity prices triggered by the US-NATO war against Russia in Ukraine. The big banks and other corporate giants also reaped record profits by boosting their margins on the back of the aggressive 11 interest rate hikes by the central bank over the past year.

The other major component of the surplus was the "historic restraint" of which Chalmers and Prime Minister Anthony Albanese boasted, in order to meet the requirements of the financial markets and corporate boardrooms. The two Labor leaders were proud of "responsibly" making $40 billion in spending cuts in their first two budgets, channelling 87 percent of the revenue windfall into cutting the previous budget deficits.

One of their biggest targets is the privatised National Disability Insurance Scheme (NDIS), whose growth to meet rising needs is being depicted in the media as an intolerable burden. The budget provided no detail whatsoever of how the government plans to slash $69 billion off the NDIS's projected funding requirements over the next decade.

Health, education and housing funding cut

Buried in the budget papers were some figures, not reported in the corporate media, showing just how much is being slashed from essential social spending. The public hospital crisis will worsen because total spending on health will fall to $104.1 billion in 2023-24, down from $115.5 billion in 2021-22. That is mainly due to the government's termination of COVID-19 safety measures, despite the ongoing pandemic, and the reduction of its share of hospital funding with the states from 50 percent to 45 percent.

That is the reality behind the government's claim of a record boost to Medicare, saying that will reduce the burden on public hospitals by tripling an incentive for GPs to bulk-bill (that is, treat without exorbitant upfront fees) children, pensioners and health concession card holders. That increase will not offset the decade-long virtual freeze on Medicare rebates paid to GPs, which saw the bulk-billing rate plunge further from 67 percent to 64 percent this year.

Likewise, educators and students in the chronically-underfunded government schools and public universities will be squeezed more. Federal funding for government schools will grow only 5.7 percent to $10.8 billion, far below the 7 percent official inflation rate and 2 percent population growth. Higher education spending will rise from $10.6 billion to $10.9 billion, or less than 3 percent—a cut of about 4 percent in real terms.

Even bigger cuts are planned for public and social housing despite the mortgage, rent and homelessness crisis. Total expenses under the housing and community amenities budget are set to decrease by 31.8 percent in real terms from 2023–24 to 2026–27. Supposedly, that is to be offset by a $10 billion investment fund that might finance 30,000 new dwellings over five years, depending on the mercies of the sharemarket where it would be invested, but that would be a drop in the ocean compared to the estimated need for nearly 700,000 such homes over that period.

By contrast, the fossil fuel giants benefited from the government's rejection of any suggestion of a super-profits tax, despite the gross profits of LNG exporters exceeding $63.5 billion last year. The government merely tinkered with the inadequate Petroleum Rent Resource Tax, saying its "modest" changes, negotiated with the companies, would generate $2.7 billion more over five years. Even that is a ruse because the changes only bring forward, not increase, the levies. The share prices for the gas exporters, such as Woodside, Santos and Beach Energy, jumped in response. For all the government's pretence of tackling climate change, this taxing regime is one of the most generous in the world.

Also hidden from public view as much as possible, was the massive military spending to which the government has committed itself in its Defence Strategic Review and the AUKUS pact, which place the country on the frontline of US plans for a catastrophic war against China and will require far deeper cuts to social spending.

Defence spending will increase by 7 percent to $52.6 billion in 2023-24, the equivalent of 2.04 percent of gross domestic product (GDP), and to $57.6 billion annually within four years, taking it above 2.3 percent of GDP. The Labor government will spend $9 billion on the AUKUS nuclear-powered submarine program over the next four years, plus billions of dollars on long-range missiles, "hardened" bases and facilities and $50,000 bonus payments to try to reverse the loss of military personnel.

The budget also allocates $1.9 billion over four years to intensify military and police involvement in Pacific island states to block Chinese aid and assistance, and an extra $190 million over two years to back the Biden administration's escalation of the war against Russia.

But, conscious of widespread opposition to the war plans and the $368 billion to be spent on the AUKUS submarines alone, the much bigger military outlays to come have been arbitrarily excluded from the budget's forward estimates.

The entire budget is based on rosy assumptions that fly in the face of the developing worldwide slump and escalating war dangers. In his budget speech, Chalmers briefly mentioned the weakening global growth and revealed that Australian economic growth would more than halve to only 1.5 percent in 2023-24.

That indicates a per capita recession, with GDP falling below population growth. The budget is also predicated on the unemployment rate climbing from 3.5 percent to 4.5 percent by next year, which means 150,000 more jobless workers.

Yet, as has been promised in budgets for more than a decade, this one holds out the hope that real wages will start to rise in 2024. This is a sop to the trade union bureaucrats. The Labor government has relied on them over the past year to keep pay rises below 3.5 percent a year—about half the official inflation rate—but they are having increasing difficulty in suppressing workers' demands.

Union leaders, from Australian Council of Trade Unions (ACTU) president Michelle O'Neil down, dutifully voiced gratitude, while warning that this might not be enough to stifle unrest.

Big business and its media outlets had similar responses, generally welcoming the budget as "credible" or "solid," while demanding measures to boost productivity, that is, drive up workloads at the expense of workers' jobs, wages and conditions.

Today's revealing editorial in the *Australian* began by praising Chalmers for "being the first Labor treasurer since Paul Keating in 1989 to deliver a surplus," but demanded that the government go much further. The Hawke and Keating Labor governments of 1983 to 1996 imposed a sweeping pro-market restructuring of the economy, working hand-in-glove with the union leaders at the expense of workers' jobs and conditions.

At the same time, the editorial noted: "The budget has plenty of padding to keep Labor's traditional constituency, especially those dependent on the state, rusted on." That underscores how much the ruling capitalist class relies on the Labor and union leaders to impose its dictates, more than ever, on the working class. That is under conditions in which the Liberal-National Coalition is in disarray at federal and state levels, and support for both the ruling parties, far from being "rusted on," has fallen to historic lows at recent elections after decades of deteriorating social conditions.