

Australia: Despite coal bonanza, Queensland Labor budget cuts social services

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18 June 2023

The Queensland state Labor government’s annual budget, delivered last week, has done nothing to alleviate the social crisis confronting the working class despite a record budget surplus produced by a \$A10 billion surge in coal royalties.

In effect, Premier Annastacia Palaszczuk’s government is profiting from war. It secured a \$12 billion surplus—the largest ever recorded by an Australian state—largely on the back of sky-high global coal prices produced by the US-NATO war against Russia in Ukraine and the US-led sanctions imposed on Russian coal and energy exports.

The government ludicrously presented the budget as a Robin Hood-style project, supposedly taking money from the windfall profits of mining companies to provide some “cost of living relief” for households, such as one-off \$550 electricity rebates.

“We can deliver our state’s biggest cost-of-living program, our state’s biggest building program and deliver lower debt for one simple reason—progressive coal royalties,” Treasurer Cameron Dick said.

In reality, the coal royalty boost has only a marginal impact on the super-profits of the coal giants, while the cost-of-living measures do little to offset the devastating impact on working-class households of surging energy, food, petrol and other prices, and soaring home mortgage repayments and rents.

In addition, essential social programs and services, such as public housing, continue to decline, despite the deepening social crisis, while the Labor government pours money into the police and other punitive “law and order” programs.

The budget papers reveal income of more than \$15 billion from coal royalties in 2022–23—about \$10 billion more than had been forecast 12 months ago—due mainly to sustained high coal prices, mostly triggered

by the Ukraine war.

Even as it claims to be ending the state’s reliance on coal-generated electricity supplies by 2035, this means the government is more dependent than ever on coal royalties. Dick said there was still a future for the multibillion-dollar coal industry, especially metallurgical coal used for making steel.

As of July 2022, the government marginally increased royalties on high coal prices, from a previous low rate of 15 percent on that part of the average price per tonne exceeding \$150. It set three new royalty tiers—a rate of 20 percent for prices above \$175 a tonne, 30 percent for prices above \$225 a tonne and 40 percent for prices above \$300 a tonne.

The royalty revenue of \$15 billion expected for 2023–24 is still dwarfed by the massive earnings of the coal companies, both in exports and jacked-up domestic prices which flow through to household electricity bills. Queensland’s mining industry booked a record \$140 billion of exports in 2022–23.

Of the \$15 billion, the government says it will spend only about half, \$8.2 billion in 2023–24, on cost-of-living relief, including the \$550 household energy rebate, which will just slightly reduce soaring bills. It will also subsidise only 15 hours a week of kindergarten (the year before children start school)—less than half a full week.

While trumpeting the energy rebate, the government is actually benefitting from the record electricity prices. State-owned electricity generation companies are expected to provide \$2 billion in dividends, or about \$500 million a year, over the next four years and beyond.

By contrast to the minimal cost-of-living measures, Dick boasted that a record \$89 billion would be invested in the state’s “big build” program over the

next four years, much of it to provide expensive infrastructure for the 2032 Olympic Games to be held in Brisbane and the Gold Coast.

Pittances are to be spent on the chronically underfunded and overstretched health system, which has been plagued by COVID-related staff shortages, regional hospital cuts and ambulance “ramping”—patients being kept waiting outside hospitals due to bed shortages. A 2022 study found that Queensland has the highest rates of ambulance ramping in Australia, with 46 percent on average waiting more than 30 minutes. Yet only \$2.9 billion extra has been allocated for health services over the next five years.

Likewise, funding for social and affordable housing would increase to just \$1.1 billion over the same period, with a meagre \$250 million allocated for housing and homelessness support services. The government also promised 1,200 new dwellings via a build-to-rent pilot program.

All this amounts to a small fraction of what is needed. A Queensland Council of Social Services (QCOSS) Living Affordability Report in 2022 found that of six typical household types—ranging from an unemployed single adult with no dependents to a couple with two children and one parent working—five were unable to afford a basic standard of living. All were in housing stress, spending more than 30 percent of their income on housing, with the exception of an aged pensioner couple with no dependents.

QCOSS said the inadequacy of the housing budget was demonstrated by “dire stories from our community services. Increasingly, services are handing out swags and tents, or paying for car registrations and repairs for Queenslanders unable to secure housing. Working families are requesting emergency relief, including food packages, and increasingly taking additional jobs to be able to afford the basics.”

In 2022-23, the Palaszczuk government extended the target for the average wait time for social housing from 8 months to 12 months. Even this target was exceeded in the past financial year—one measure of the worsening housing crisis. The government has also rejected calls for a rent freeze, despite rents in Brisbane, the state capital, increasing by 11.6 percent in the past year.

Amid a rising tide of homelessness, the government will spend a mere \$64.3 million to purchase or lease emergency accommodation facilities in inner Brisbane,

including boarding houses and hotels, and \$10 million to convert Brisbane’s Pinkenba quarantine facility into emergency accommodation.

While committing an extra \$441.9 million over five years to “help boost police resources and tackle the complex causes of youth crime and support community safety,” the budget does not include a service to divert children younger than 14 away from the criminal legal system.

Queensland jails more children than any other Australian state or territory and also has the highest recidivism rate. The budget focuses on more punitive approaches, including the building of a new 80-bed juvenile detention centre and securing a location for a detention centre at Cairns, in the state’s north.

At the same time, staffing numbers for next year have been cut from the department responsible for child safety, seniors and disability services. Also, the budget provided no additional funding for Community Legal Centres, which reported having turned away over 80,000 people seeking support, due to a lack of resources.

If the global price shocks end and coal prices fall, so will the royalty revenue. As deficits and government debt rise once more the government will demand that the working-class bear the burden. That will further expose the “Robin Hood” posture, on which the Labor government is relying to retain office at the 2024 state election.

Labor won the last state election, in October 2020, substantially on the back of Labor’s spurious claim to have protected the population from the global COVID pandemic via border controls. Just over a year later, Palaszczuk’s government joined with every other Australian government, federal and state, via the “National Cabinet,” in scrapping virtually all COVID safety measures, unleashing waves of infections and deaths.

The latest “cost-of-living relief” pose will soon prove to be equally fraudulent.



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