# Australia: NSW Labor budget cuts spending but boosts property developers

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Last week's third budget handed down by the Labor government in New South Wales (NSW), Australia's most populous state, features more huge handouts to the billionaire property developers who are profiting from Australia's housing affordability crisis, while junking previous token cost-of-living relief measures for working-class households.

In the face of what the budget papers admitted—the growing uncertainty from unpredictable global policies that could hit the Australian economy, not least US President Donald Trump's tariff war—Premier Chris Minns' state government is inflicting austerity measures on workers to satisfy the dictates of developers, corporate investors and the financial markets.

Housing is the most glaring budget feature. State Treasurer Daniel Mookhey's budget speech began by announcing "a nation-leading market intervention to get the private sector to build, build, and build even more homes for our citizens to buy and rent."

This "intervention" consists of an unprecedented $1 billion fund to guarantee developers the pre-sale of up to 5,000 apartments or units over five years. That will permit them to proceed with construction with only half their dwellings sold in advance, rather than the 80 percent normally required by banks to finance a residential development.

If the homes remain unsold, the developer can call on the guarantee, which means the state will buy the homes. This amounts to a giant bailout for developers while public housing is further decimated.

The government is also allowing developers to promise to build essential infrastructure such as roads and parks, instead of paying a levy of $12,000 per lot. In addition, it is giving build-to-rent developers an ongoing tax break, making Labor's 50 percent land tax discount permanent, when it was initially due to expire in 2039.

This is on top of similar measures by the federal Labor government. Prime Minister Anthony Albanese's government is proposing to allow first home buyers to take out a home loan with only a 5 percent deposit—trapping them in unaffordable mortgages—and vowing to hand over $10 billion to property developers, purportedly to build 100,000 new homes over eight years, to be sold on the private market, supposedly at "affordable" prices.

While designed to fill the coffers of real estate developers and construction giants, these policies, even if the Labor governments' claims are met, amount to a drop in the bucket compared to the estimated 640,000 households requiring social housing across the country, with about 70 percent of renters experiencing financial stress and waiting lists for social housing extending beyond a decade.

The only real beneficiaries will be the property tycoons personified by Australia's second richest individual, Meriton apartments mogul Harry Triguboff. His personal wealth has more than doubled since 2020 to $29.7 billion, according to the *Australian Financial Review's* 2025 Rich 200 List. Property developers account for around 20 percent of the list's wealth total of $667 billion, up $42 billion from last year.

Since the federal Labor government took office in 2022, the median price for a house or unit across Australia has increased by 15.63 percent to $799,000, while capital city house rents have risen 26.21 percent and apartment rents by 41.3 percent, according to the *Domain* real estate website.

Sydney, the NSW capital, is the most expensive city, with a median dwelling price of over $1.1 million. The Minns government is banking on that continuing to rise. It predicts that its revenue from stamp duty taxes on property sales will increase by 5.5 percent a year over the next four years, rising to $15.26 billion by 2027-2028.

The Minns government is even extending to all "major" industry projects a scheme that overrides local planning controls for developers. Minns told reporters his government was removing "red tape" to "speed up projects" to show that "our state is open for business."

Working hand-in-glove with the federal Labor government, the Minns administration is cutting social spending in a desperate effort to meet the demands of the money markets to eliminate the budget deficit of $5.7 billion in 2024-25 and produce a promised surplus by 2027-28.

"A lot needs to go right for us to achieve this," Mookhey said in his budget speech. Among other things, the budget will eliminate by the end of 2025 two inadequate cost-of-living measures, a $60 weekly cap on commuter motorway tolls and a $300 a year energy bill rebate.

Mookhey also demanded that the state's upper house of parliament pass legislation to slash the workers' compensation scheme by removing coverage for psychological injuries caused by work pressure and making it more difficult for workers to claim for sexual harassment or bullying.

Mookhey boasted that Labor had done much more than its Liberal-National predecessor to cut spending. "Expense growth is now projected to average just 2.4 percent a year—down from 6.2 percent under the previous government," he told parliament.

That indicates an intent to keep pushing down real wages for public sector workers, including nurses and midwives, despite formally removing the Liberal-National government's outright wage-cutting pay cap.

The budget continues the underfunding of public education and hospitals, despite claims of some extra money for hospitals and schools. Just last week, a state government funded research body reported that waiting times for so-called "elective surgery" had grown significantly in NSW public hospitals over the past year.

Mookhey claimed that severe public school teacher shortages and the high number of merged and cancelled classes had decreased, but recent data showed that almost 2,800 NSW teachers left their jobs in 2024, indicating ongoing seething discontent with low pay and onerous workloads.

Nevertheless, for all the government's efforts to please them, the financial markets are demanding deeper cuts. The *Australian Financial Review's* June 25 editorial declared: "The bottom line, however, is that the NSW budget revealed a $1.2 billion increase in next year's deficit to $3.4 billion. That plunge deeper into the red will add to the state's debt, which the budget forecasts will rise from $179 billion next year to $200 billion in 2029."

Last November, the credit ratings agency S&P Global warned that the state's AA+ credit rating was at risk of a downgrade. Similar threats are hanging over the heads of the federal government and other state and territory governments.

As the ruling capitalist class is fully aware, the global turmoil fuelled by the Trump administration's aggressive economic measures has thrown all budget promises into doubt. The *Sydney Morning Herald's* editorial commented: "It's good to see Labor aspire to a surplus, but the forecast should be taken with a grain of salt given global uncertainty."

For public consumption purposes, Mookhey described his budget as a return to "normal" after the COVID-19 pandemic. But the budget papers revealed a different picture, saying "unpredictable US policies and the potential for retaliatory actions by other countries are increasing uncertainty and the risks around economic forecasts."

With Labor in office federally and in most states, it is relying heavily on the trade union apparatuses, including those covering health workers, educators and other public sector workers, to enforce austerity measures and keep suppressing the growing unrest among workers.