

# Australian Labor government axing public sector jobs to deepen budget cuts

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In the leadup to next Tuesday's budget, the Albanese Labor government is already slashing thousands of public service jobs, while allocating billions of dollars more for military spending to prepare for a US-led war against China.

With the help of the public sector trade union apparatus, Labor is seeking to meet the demands of the corporate elite for far deeper cuts to social programs on top of last month's announcement of the brutal slashing of the National Disability Insurance Scheme (NDIS).

Yesterday, Treasurer Jim Chalmers called a media conference to publicly assure the financial markets that "savings and spending restraint" in Labor's budget would exceed any "unavoidable" increased outlays, which he said included the military spending.

"Responsible economic management has been a hallmark of this Albanese government and the May Budget will be our most responsible yet," he declared. By "responsible," the Labor government and its trade union partners mean acceptable to the ruling capitalist class, and in line with the huge increases in military allocations.

According to calculations by the *Australian Financial Review*, the government must cut 28,000 public sector jobs over the next four years just to meet the forecast rise in the public sector wage bill, for which the government has refused to provide funding.

That does not even count the thousands of jobs at disability service providers to be destroyed by the \$35 billion in funding cuts to the NDIS over the next four years, as the centerpiece of the austerity budget to be handed down next Tuesday. That plan, announced last month, means cutting off or denying support to at least 300,000 people with disabilities, including children, by 2030.

Health and aged care jobs top the list of those required to be axed, the *Financial Review* reported yesterday. The list includes 241 jobs at the Department of Health and Aged Care, 145 at the Department of Prime Minister and Cabinet, 142 at the Department of Climate Change and Energy, 126 at Treasury, 85 at the Department of Employment and Workplace Relations, 57 at the Department of Industry, Science and Resources and 47 at the Department of Infrastructure.

Government departments and agencies are already trying to

push staff out via so-called voluntary redundancies. These include the Home Affairs Department, which handles visa processing, the CSIRO science agency, the Department of Education, the Department of Social Services, the National Indigenous Australians Agency, the Australian Bureau of Statistics and the Fair Work Ombudsman.

Some departments and agencies, such as the Australian Competition and Consumer Commission, have imposed recruitment freezes, stopping the filling of vacancies.

Last week, Home Affairs Secretary Stephanie Foster announced to staff in a briefing and webinar that hundreds of redundancy applications would be granted. She said the department had been trying to cut spending in other areas and to reduce its headcount through natural attrition, but that these measures had not been enough.

Labor's public sector axe exposes its fraudulent May 2025 election posture of opposing the plan by the Liberal-National Coalition, then led by Peter Dutton, to slash 41,000 public sector positions.

Dutton's vow, which openly aligned the Coalition with the fascistic Trump administration's "Department of Government Efficiency" public sector job and services destruction, became a major factor in enabling Labor to retain office, despite obtaining a near-record low primary vote of 34 percent.

The public sector job cuts, together with similar ones by Labor and Coalition state and territory governments, will add to the toll of unemployment and under-employment. As of March, the Roy Morgan survey company estimated that 3.38 million workers or 20.9 percent of the workforce were either unemployed or under-employed. Roy Morgan's figures are more accurate than the official Australian Bureau of Statistics figures because they count anyone who is looking for work or more work, regardless of any hours they obtained to work.

The scale of Labor's public sector jobs attack points to the class war character of next week's budget, which will further inflict the burden of the criminal US-Israeli war on Iran, which the government has backed from the start on February 28, onto the working class.

Chalmers yesterday also ruled out cost-of-living relief in the budget, despite working-class living standards being devastated by the inflationary spiral produced by the war. In fact,

Chalmers said the budget would not continue the temporary halving of the fuel excise on petrol and diesel.

That is despite an expected boost to government revenue between \$15 billion and \$30 billion from this financial year to 2027–28 due to higher gas and oil prices as a result of the war.

Chalmers and Prime Minister Anthony Albanese have rejected calls for higher taxes on gas exports, while foreshadowing possible minor reductions in the huge payouts to property investors via a 50 percent capital gains tax discount and so-called negative gearing, which allows income tax write-offs on real estate investments.

The budget is expected to contain further cuts being demanded by the corporate boardrooms and media to essential social programs such as health, education and welfare. So far, the government has also announced a \$3 billion cut to private health insurance rebates for people over 65.

A May 2 editorial in the *Australian*, the Murdoch media's national flagship, welcomed the attack on the NDIS, but said "public spending restraint" must "permeate the entire budget." Its hit list featured public hospitals, the Pharmaceutical Benefits Scheme, Disability Support pensions and payments for the unemployed, carers and aged pensioners.

The main trade union covering public service workers, the Labor-affiliated Community and Public Sector Union (CPSU), has tried to deflect their anger and that of the people who rely on their services away from the Albanese government. The CPSU is blaming department heads for the job cuts and appealing to the government to direct them to find other ways to cut their spending.

But the offensive is being directed by the government itself. Last November, Finance Minister Katy Gallagher's department ordered federal departments and agencies to provide details of spending cuts worth up to 5 percent of their annual budgets. This cost-cutting, to be imposed in just the next 12 months, was in addition to Labor's mandatory 1 percent annual "efficiency dividend."

Yesterday, Gallagher said the budget would include \$2.7 billion in savings in the public sector from "reduced spending on external labour and non-wage spending like travel and property hospitality." That does not count the impact of the job cuts.

Last November, the government's primary scientific agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), gave an indication of what is coming more broadly. It said it would slash up to 350 research positions, on top of 800 already eliminated in the past 18 months under the Labor government. That would reduce the CSIRO's workforce to around 5,500, down from more than 7,000 in the 1990s.

The CSIRO is being restructured to focus on the government's "national priorities" such as war-related critical minerals. That is in line with Labor's reshaping of the country's 39 public universities to meet business and military

requirements in both teaching and research, accompanied by the destruction of almost 4,000 jobs.

CPSU national secretary Melissa Donnelly, a member of the Labor Party's national executive, said the union was extremely concerned by the public sector job cuts and hiring freezes. Far from proposing any fight against them, however, the CPSU bureaucrats are trying to prevent any resistance, while also trying to consummate yet another pay-cutting deal with the government.

The CPSU has proposed a 15 percent pay rise over three years for its next agreement with the government. With inflation already at 4.6 percent and expected to hit 6 percent by June, even on the understated Consumer Price Index that excludes house prices and interest rate hikes, that would be another real pay cut—on top of the less than 4 percent a year nominal increase under the last agreement.

Finance Minister Gallagher yesterday branded that claim as "impossible," insisting that any pay rise had to be "manageable." By "manageable," she means it must keep driving down workers' real wages, which have fallen for the past decade.

Labor has increased military spending to a record level of \$60 billion a year. Just days before unveiling its savage assault on the disabled, it announced a further \$53 billion over the decade. This is all to participate in US-led wars, such as the ongoing genocide of Palestinians in Gaza, the illegal assault on Iran and the preparations for a disastrous conflict with China.

These developments demonstrate that this government is a committed instrument of the Australian capitalist class, hostile to the fundamental interests of working people. A political struggle must be developed against it and its program of austerity and war, guided by a socialist perspective based on social need, not corporate profit.



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