

Australia: Labor government's pro-business budget targets the disabled and poor

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The Australian Labor government's budget, delivered yesterday and promoted by Treasurer Jim Chalmers as "the most ambitious for decades," features brutal cuts to social spending, major handouts to the corporations and a further expansion of already massive military spending for war.

The budget's class character as a vicious and unprecedented assault on the working class and the poor is expressed most starkly by the gutting of the National Disability Insurance Scheme (NDIS), targeting hundreds of thousands of the most vulnerable. It also does not include any cost-of-living relief whatsoever, amid the global inflation surge.

Labor, together with virtually the entire official media, is covering up these basic realities in the most cynical fashion. Chalmers presented minor changes to the tax regime governing property investment as the centrepiece of the budget.

Even though the government's own figures show the measures will do nothing to reduce the massive inflation in property prices, the media has presented the changes as a "generational transformation" that will help young people and first-home buyers. The transparent aim has been to bury any discussion of the assault on the NDIS and the broader austerity measures.

Media analysts honed in on the fact that these measures were breaking Labor's 2025 election promises as if this was some historic aberration. This was a conscious effort by the media to misdirect public opinion.

There is another, even greater, fraud, upon which the entire budget is based.

Its forecast is for the economy to grow by 1.75 percent in 2026–27 and 2.25 percent in 2027–28, far above the predictions of most economists and of the Reserve Bank of Australia, for inflation to increase marginally to 5 percent before rapidly falling and for the unemployment rate to remain stable.

All of that is premised on the criminal US war against Iran being over, and on global oil prices beginning to fall immediately.

Buried in the budget papers is an alternative scenario, based on a "more severe Middle East conflict," in which the price of crude oil reaches \$US200 per barrel. The inflation rate would rapidly increase from the current 4.6 percent to over 7 percent, unemployment would exceed 5 percent, throwing hundreds of

thousands out of work, and the economy would shrink for at least a quarter.

Even that scenario is based on a relatively rapid end to the war and a fall in prices.

The real situation was indicated the day before the budget, with Saudi Aramco, the world's largest oil company, warning that global jet fuel and gasoline stocks could reach "critically low levels" and that the depletion of inventories was "rapidly accelerating." As for the war itself, US President Donald Trump said on Tuesday that the tenuous "ceasefire" was on "massive life support" with a "a 1 percent chance of living."

Australia, under Labor, is directly complicit in the illegal assault on Iran and the broader global war of which it is part, including preparations for a catastrophic US-led conflict with China. Already, in little over two months of the Iran war, Australia's enormous exposure to global shocks has been revealed, given that the country imports virtually all of its fuel supplies.

The reality is that social hardship, already immense, will deepen, and the cuts in the budget are only an initial downpayment on far harsher austerity measures, to meet the government's commitment to lift military expenditure to more than 3 percent of GDP.

But the cuts already are historic in their scope and size. The budget includes \$63.8 billion in "savings and reprioritisations" over the four-year forward estimates.

The real heart of the budget is the savaging of the NDIS, which accounts for \$35–38 billion of those cuts. Annual spending growth on the scheme is to plummet from around 10 percent currently, to 2 percent, less than half the understated inflation rate.

Up to 300,000 disabled people are to be removed from the scheme over four years, under conditions where there are no alternative disability programs. Every one of the 760,000 people currently on the NDIS and those who seek access to it in the future will be subjected to "functional assessments" tests, aimed at either removing them or reducing the assistance they receive.

The program, which disability advocates have warned will ruin the lives of massive numbers of disabled people and their families, was relegated to two sentences in Chalmers' half-hour

budget speech and has received virtually no attention in the post-budget coverage.

The same is true of other cuts.

- There are up to \$3 billion in direct cuts to the federal public sector. Labor is seeking to slash 28,000 positions, including through “voluntary” redundancies, attrition and reductions in contract labour. The forecast does not budget for any public sector wage rises, meaning major real pay cuts.

- The budget calls for \$10-15 billion in “reprioritisations” and “offsets” across federal programs, meaning that previous spends are being abandoned. Some of those identified are a \$472.1 million reduction in the education portfolio, including by tightening eligibility for disability supports and discontinuing certain student loans; the abolition of an industry apprenticeship program and a gutting of pest programs that farmers say will have dire consequences.

- The budget ends a higher government rebate for private health insurance for senior citizens. Out of pocket expenses for this cohort will rise by up to \$640 a year, with predictions that as many as 44,000 will cancel their private coverage, placing further pressure on the public healthcare system.

Chalmers boasted of “record” healthcare spending, including an additional \$25 billion in funding for public hospitals over five years. The Australian Medical Association said its modelling indicated that was almost \$10 billion short of what would be required, simply to address the “cycle of crisis our public hospitals are in.”

As significant as the cuts was the refusal of the government to include any cost-of-living relief measures, under conditions of unprecedented social hardship, with mass rental and mortgage stress, growing poverty and charities reporting record demand.

There was no increase to the JobSeeker unemployment payment, keeping it 42 percent below the poverty line, or to the aged pension. Workers, but not the unemployed, will receive a \$250 annual tax offset, a derisory measure which will not begin until 2028. Aside from that, there is literally nothing to address the social impact of soaring prices.

Within that context, the changes to the property investment tax regime are a total fraud. The government is restricting negative gearing, whereby investors and landlords can receive tax offsets for property expenses, to new builds beginning next year. It is replacing the 50 percent capital gains tax (CGT) discount with a cost-base indexation model.

The marginal character of the changes is indicated by the fact they are only forecast to increase government revenue by \$3.6 billion over the forward estimates, or less than a billion a year. The government’s own figures claim the change will aid 75,000 young people to purchase a house over the next decade, or 7,500 per year, something in the vicinity of a rounding error. Meanwhile the measures are forecast to decrease housing stocks by 35,000, increase rents and do nothing to reduce property prices.

The dollar value of the changes is dwarfed by the

government’s other pro-business measures. In the first instance, it protected the super-profits of the gas and energy conglomerates amid record prices, rejecting calls for a 25 percent levy that could have raised \$17 billion annually.

And the budget includes a range of “productivity” and tax concession measures benefiting business, including a \$10.2 billion annual reduction in regulatory costs and government investments in the private sector. That is in line with the demands of the corporate and financial elite for a reduction in “red tape,” and for an ongoing overhaul aimed at boosting profits through intensified exploitation.

Amid government austerity, the vast sums allocated to the military continue, with annual defence spending to remain at a record level of around \$60 billion. But further increases are to come every year over the forward estimates and beyond, with the government having committed before the budget to boost military spending by an additional \$53 billion over the decade. That is not only to participate in the wars that are already underway, including the US onslaught on Iran, but to prepare for those that are to come, above all a conflict with China that would pose the risk of nuclear war.

The budget has underscored the character of the Labor government as a ruthless instrument of the ruling elites, committed to corporate profits, militarism and an assault on the working class. Amid a disintegration of the opposition Liberal-National Coalition, the capitalist class is more dependent on Labor and its associated corporatised trade union bureaucracy than ever before.

That agenda places Labor on a collision course with workers, who are already entering into growing struggles in education, healthcare and more broadly. The critical issue is developing an independent movement of the working class, based on a socialist perspective that rejects the subordination of every aspect of social need to private profit, and that can chart a way forward out of capitalism’s descent into barbarism.



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