

# Greens deal aids Australian Labor government's austerity budget

Oscar Grenfell  
23 June 2026

The Greens struck a deal yesterday to pass measures of the Labor government's May budget that make minor changes to the tax regime governing property investment. The agreement has a broader significance.

Under conditions of a significant political crisis of the Labor government, the Greens are coming to its aid. They are fraudulently promoting aspects of Labor's austerity budget as a step forward, ensuring that its legislation is not caught up in a parliamentary logjam and fostering illusions that brutal cuts to social spending can be reversed or ameliorated through backroom horse-trading.

The budget is a brutal austerity offensive, containing \$63.8 billion in cuts to essential social spending. The centrepiece of the cuts is a \$38 billion reduction to the National Disability Insurance Scheme (NDIS), which is to be gutted, including by kicking up to 300,000 vulnerable disabled people off any support.

The property tax changes are a cynical attempt to cover up that reality. Labor has claimed that they are aimed at assisting workers and young people to purchase homes. Its own estimates indicate that a maximum of 7,500 people per year will be able to buy a house as a result of the alterations and that they will do nothing to reduce super-inflated prices or widespread mortgage stress.

The overall cuts contained in the budget have provoked widespread opposition from working people, as has the fact that it contained no cost-of-living relief amid soaring prices exacerbated by the criminal US war against Iran. The corporate elite and its mouthpieces in the media, while backing the cuts to social spending, have bemoaned the tax changes, in a signal that even the most cosmetic alterations to tax breaks for the wealthy are beyond the pale.

Under those conditions, Labor is under substantial pressure. Its primary vote remains at a record low level of just over 30 percent. It is tasked with carrying out an inherently unpopular agenda of an assault on the working class and a vast escalation of military spending, amid a crisis of global and Australian capitalism.

The Greens' enthusiastic participation in a charade of

parliamentary negotiations is crucial to managing that pressure and ultimately ensuring the passage of Labor's budget.

The tax changes relate to negative gearing and the capital gains tax discount. Negative gearing has allowed investors to claim losses outweighing income on a property as a tax deduction. Under the capital gains tax discount, if an asset was held for more than 12 months, the owner only had to pay tax on 50 percent of the capital gain when they sold it.

Labor, with the support of the Greens, is merely tweaking those policies, which have overwhelmingly benefited the ultra-wealthy. The purported abolition of negative gearing contains a massive loophole, in that it does not apply to existing investments or to new builds, a huge segment of the property market.

As for capital gains, the flat 50 percent discount will be replaced by a cost-base inflation indexation method, and a 30 percent minimum tax will apply to net capital gains.

Last week, Labor watered down that marginal change even further. After business consultations, it expanded an exemption to the new CGT regime from businesses with a turnover of under \$2 million a year to \$10 million. It declared that there would be a completely unspecified "innovation criteria," which would provide further exemptions.

By declaring that they will pass the legislation on Thursday, the Greens have signed on to all of these business sweeteners. In a pathetic attempt to present their negotiations as bearing some fruit, they extracted an amendment from Labor prohibiting the borrowing of funds through self-managed superannuation funds to finance property investment. In agreeing to that amendment, Labor's Treasurer Jim Chalmers noted that it would affect less than 1 percent of property investment, i.e., almost nothing.

Greens leader Larissa Waters, in unveiling the deal, described the tax changes as a "small step in the right direction." The Greens themselves have noted that the alterations will do nothing to alter the domination of the housing market by the property developers and the banks, or

to reduce the worst housing affordability crisis in the country's history.

The supposed great concession that they extracted from Labor was an agreement to extend a parliamentary inquiry into the NDIS cuts by an additional eight weeks. Such inquiries, presided over by the official parties themselves, are part of the pantomime of parliamentary politics, providing the illusion of scrutiny and consultation.

Labor has already made crystal clear that whatever the inquiry recommends, it is determined to press ahead with the evisceration of the NDIS, upon which the entire austerity agenda substantially depends.

The whole premise of an inquiry, as a fact-finding mission, is a fraud in the case of the NDIS cuts. Their basic reality is already crystal clear. Masses of disabled people are to be removed from the scheme, under conditions where no replacement exists. Those that remain on the NDIS will have their assistance gutted. Even before the current cuts, thousands have been removed and thousands more have had their support reduced.

The outcome of a longer inquiry is preordained, given the dominance of the parliamentary committee overseeing it by Labor and the Liberal-National Coalition. An interim report by the inquiry, released today, called for the legislation to be passed, while cynically paying lip-service to the concerns of the disabled.

In effect, the Greens have provided the Labor government with a blank cheque, passing its tax legislation without any concessions whatsoever.

In doing so, the Greens have played their assigned role in a division of labour. The conservative Liberal-National Coalition was always going to oppose the tax changes, as it genuflected to the concerns of business over them, meaning those measures required the Greens' support to pass the Senate. The Coalition, meanwhile, is likely to pass Labor's cuts to the NDIS, meaning the Greens can posture as opponents of the austerity measures, without actually obstructing the legislation enabling them.

Even in the case of the NDIS cuts, the Greens have not shut the door on eventual support. Their dissenting report from the inquiry calls for the NDIS legislation to be withdrawn, but then adds a caveat. In the event that it is not withdrawn, the Greens propose a series of measures such as limitations on ministerial powers and "safeguards" on the use of automation in assessing the disabled that are cosmetic.

Whatever their occasional posturing, the Greens are a capitalist party. Their base is among the more affluent layers of the upper middle-class and they are fully committed to the entire framework of parliamentary rule, through which the dictates of big business are enforced. The rhetoric of the

Greens, such as statements of opposition to the NDIS cuts, serves to promote the fraud that there is a means of opposing the program of war and austerity through parliament.

That is borne out by the Greens' record. The party has continually sought out coalition arrangements with Labor, and even the Liberals, at the federal, state and territory levels.

The most significant was the 2010 agreement by the Greens to support the minority Labor government of Prime Minister Julia Gillard.

That government participated in a murderous troop surge in Afghanistan, aligned Australia with US preparations for a catastrophic war against China, persecuted asylum seekers and carried out an offensive against welfare recipients, education, healthcare and other vital areas of social spending. The Greens bemoaned elements of that agenda, knowing they would be passed by the Coalition, but kept the Gillard government in power by guaranteeing confidence and supply.

Over the recent period, the overtures to Labor have only intensified. In the final days of the Albanese government's first term, the Greens passed its housing legislation, that benefited the property developers, as well as environmental laws geared to the interests of the major polluters.

In the lead-up to last year's May election, the Greens shelved their oppositional posturing, declaring that their aim was to form a coalition government with Labor. Those aspirations were only thwarted by the fact that Labor secured a majority government on the back of a collapse in the Liberal-National vote.

Had they got their way, the Greens would be in the government with Labor, directly implementing its program of militarism and war abroad, an assault on democratic rights and austerity measures targeting the working class. As it is, the Greens are facilitating the same agenda, only in a slightly less direct manner.



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**