

## **A MOST DECEITFUL BUDGET – AN EVEN MORE DECEITFUL GOVERNMENT**

A speech delivered by Len Cooper, Secretary, Communications Workers Union, Victoria, to the North East Border Trades and Labour Council in Wodonga on Monday, 16<sup>th</sup> June 2014.

The Abbott/Hockey Federal Budget has protected big business on the one hand and punished the battlers on the other.

Those being punished are families, senior citizens, public servants, the unemployed, young people – including university students, people with disabilities and low income earners.

Let me quote Dr Cassandra Goldie the CEO of the Australian Council of Social Services – “The real pain of this budget will be felt by people on low incomes, young people, single parents, those with illness or disability and those struggling to keep a roof over their heads.”

Other losers are education and health spending, spending on the environment and global warming, and the ABC and SBS public broadcasters.

Foreign aid has been cut and so-called ‘defence’ spending is being increased massively.

Prior to the election Abbott said “No cuts to education, health, pensions, the ABC or SBS”. He also said “Governments should not and must not say one thing before an election and do the opposite afterwards”.

He was elected by deception with the support of the Murdoch media empire and its line-up of apologists such as Andrew Bolt and Alan Jones.

This is a Budget chock full of broken promises and deceit. What we know now is that the budget contains a potential welfare catastrophe. More than half a million young people could need emergency assistance – including food packages – as a direct result of Abbott government changes which welfare groups have warned will lead to “catastrophe”.

In an admission that a mandatory six-month wait for unemployment benefits for those under 30 is likely to push hundreds of thousands of people into crisis, government officials have told Senate hearings the government had allocated \$230 million over four years to provide emergency relief to those affected.

The government itself expects 550,000 applications for assistance, which will be delivered by charities in the form of food vouchers, transport or medications, household goods, clothing or by helping to pay rent or utility bills, and homelessness.

Brotherhood of St Laurence head Tony Nicholson described the policy as “draconian”. “It will be a catastrophe for those people [hit] and also for the welfare agencies that will have to pick up the pieces.” he said.

There is no government budget crisis. The claims of a crisis are a lie and a sham. A sham designed to panic the Australian people and the Federal Senate to accept a mean, nasty, unfair anti worker budget.

Australia’s debt levels are historically low by international and national standards.

There are only a handful of countries in the world with a lower debt to gross domestic product (GDP) ratio. Net Government debt for 2013/14 is \$191.5 billion, or 12.1% of GDP. Net government debt in so-called advanced economies in the world averages 74.79%, according to the International Monetary Fund.

Australia is not a high taxing country in relative terms. Australia is the fourth lowest taxed country in the OECD.

The argument that Australian Governments are high spending Governments is not supported by evidence. Since the Hawke Government days government spending has tended to be around 25% of GDP.

Australia's budget deficit is small by international standards, much lower than those of the USA, Britain, Canada and most of Europe. The budget deficit is 1.9% of GDP, very modest on a world scale.

The only budget crisis that exists in Australia are the budgets of the working class who are trying to make ends meet. Abbott's budget will make their situation much worse.

The budget and its creators are obsessed with cuts. Not cuts to big business and the wealthy but cuts to people's needs.

And they are obsessed with ensuring that the working class, (that is workers in employment and workers unable to work) is forced to carry the pain and the burden.

The Abbott Government and its masters are already losing the argument about a so-called budget crisis. Thus they are adapting, or trying to adapt the message, to one of a future crisis if we don't do something. A growing population, an ageing population, growing demands on Government and so on.

There is nothing new in Governments having to deal with such things over time. However this should be a debate over how best to provide for our citizens' health, education, housing, jobs, and welfare.

If Governments require more income, eventually, to provide for the sort of society we all desire then let us look at a range of options, not simply target low and middle income earners and those on government support.

Why not look at the billions and billions in direct and indirect assistance to big business? This is corporate welfare.

Why not look at the tens of billions being spent on fighter aircraft and other so called defence expenditures to satisfy the military strategy of the United States?

Why not look at the proposed expenditure of billions to be paid to the big polluters in Australia?

Why not look at increasing taxes on big business not decreasing them as the Abbott Government is doing?

Why not look at the reform of the superannuation system, the negative gearing rules and the taxation system generally, to ensure that millionaires and the other fabulously wealthy are no longer being given handouts and welfare from the taxpayer?

Why not look at the billions of dollars being denied to Governments by the rich due to tax evasion and avoidance?

We can see, as a result of the massive cuts to the states in health and education spending planned by the Federal Government that the issue of increasing and expanding the GST (goods and services tax) is being put on the agenda.

The GST is a most unfair and inequitable tax. Taxation on goods and services can obviously be more easily paid by the rich because the increases represent a much smaller proportion of their income and wealth than that of the poor.

A progressive income tax system is the fairest and most equitable taxation system because it is supposed to require taxation to be based on income and therefore be more closely linked to a person's capacity to pay. If there are to be increases in taxation they should be based on a progressive pay-as-you-earn tax and not on a goods and services tax. Any increases in tax should protect low and middle income earners.

In the end a budget becomes a question of one's priorities.

However the attacks on the poor, the pensioners, the students, the sick, the working people by this or any other government, are never acceptable and nor should they be.

So what is it all about in the final analysis?

It's about ideology. It's about the extreme right wing leadership of the Liberal/National party government and its fundamentalist, free market ideology.

The fundamentalists believe in deregulation to suit big business (get rid of red tape, controls, etc) but at the same time they believe in the most oppressive and undemocratic regulation of the working people and their unions.

The fundamentalists continuously crow about freedom of the press and media and how this is fundamental to democracy, but they constantly screw down on the ABC and SBS and support the maintenance of private media monopolies.

They fume against any price controls on business however they are forever wanting to control the price of labour power, the price paid to workers for their work.

This is their ideology. They are capitalist fundamentalists. They blindly follow the nonsense and myths of so called free market economics.

Take Christopher Pyne the Education minister.

He keeps repeating the mantra that the deregulation of university fees and opening them to the mythical market, will lead to lower costs and better quality for students because of so-called competition in the market place.

Look around us. We are supposed to have competition amongst the big banks. Low prices, better quality, consumer protection? Have you noticed any of that?

We deregulated and privatised the power companies. Low prices? Quality? Consumer protection? Have you noticed that?

When you take something to market you are by definition taking a chance, leaving the results to chance. You don't know what will happen at the market. What students and what parents want university outcomes to be left to chance – to the market?

To further demonstrate the Government's ideology let us focus on comments from Treasurer Hockey at the Sydney Institute in early June. In order to try to justify his budget, he said: "We must reward the "lifters" and discourage the "leaners". We might well ask who are the "lifters" and who are the "leaners"?"

Clearly in Hockey's terms the lifters are the rich; the well-off; the corporate sector. They must be rewarded by Government.

The leaners in Hockey's terms are the poor, the sick, the students, the unemployed, the disabled. They must be "discouraged". That is their Government payments must be lowered or removed or they must pay more.

You will have noticed that the Government is now also talking up the possibility of tax cuts, after the pain. Talk of tax cuts in the context of a so-called budget crisis? How can this be? Well it's all part of the Abbott/Hockey tactics.

Lots of pain for the so-called "leaners" in the first year of the new Government, hope the electorate forgets in year two, and then give tax cuts or promise tax cuts in year three. The Abbott/Hockey strategy.

Give the pain to the "leaners" then give rewards to the "lifters" in tax cuts, thus dividing the working class in order to get re-elected. And don't forget the history of tax cuts - the greatest benefits are for the highest income earners.

So you could not get a more cynical, divisive and contemptuous policy than that. In fact the real situation in Australian society today is that there are "parasites" and "workers", not "lifters" and "leaners" as suggested by Hockey.

The parasites are those who make a fortune from "clipping coupons" on the stock exchange, or are the fabulously rich who avoid or evade paying taxes, or are the owners of corporations who get billions from government handouts. These are the parasites whom Hockey protects. These are in fact the real "leaners".

Then there are the workers who create the real wealth by their daily labour. These are the real "lifters" who Hockey taxes, fines and attacks.

What road are the Abbott fundamentalists taking us down if we let them?

As part of trying to answer that question let us look at who Abbott and others report to, listen to and are committed to. This will give us some idea of the direction they are taking and will take.

In April 2013 not long before the 2013 Federal election, an important dinner was held celebrating the 70<sup>th</sup> anniversary of an organisation called the Institute of Public Affairs (IPA).

The IPA describes itself as the world's oldest right wing think tank. It represents big business - in effect like a bosses union. It has close links to the Business Council of Australia.

The IPA advocates free market economics, privatisation, deregulation, limited government, and the rule of law (whatever that means) and a free market approach to environmental problems.

The IPA was instrumental in forming the Liberal Party decades ago and is a fund raiser for the party.

Amongst its donors have been ExxonMobil, Telstra, WMC Resources, BHP Billiton, Phillip Morris, Murray Irrigation Ltd., Clough Engineering, Caltex, Shell, Esso, Electricity and Mining companies, and British American Tobacco among others.

On its website the IPA brags about its "close relationship" with the American Enterprise Institute, a right wing U.S. think tank"

The IPA has over 100 policy demands it has wanted and wants the Abbott Government to implement.

At the 70<sup>th</sup> Anniversary dinner attended by Gina Rinehart, Rupert Murdoch, Cardinal Pell and others, Abbott said this: "I want to assure you," he said, "that the Coalition will indeed repeal the carbon tax, abolish the department of climate change, abolish the Clean Energy Fund.

"We will repeal Section 18C of the Racial Discrimination Act, at least in its current form. We will abolish new health and environmental bureaucracies. We will deliver \$1 billion in red-tape savings every year."

" We will develop northern Australia. We will repeal the mining tax. We will create a one-stop shop for environmental approvals. We will privatise Medibank Private. We will trim the public service and we will stop throwing good money after bad on the NBN."

These are the promises to the IPA fundamentalists that he is keeping.

Since the election, the Abbott Government has been urgently implementing a range of other items on the IPAs list of demands, which he didn't mention at the dinner.

For example, the list included stopping subsidies for the car industry (done), eliminating Family Tax Benefits (part-done), the cessation of funding for the ABC's Australia Network (done), abandonment of poker machine reforms (done), the introduction of fee competition for Australian universities (done), and negotiating so-called free trade deals with Japan, South Korea, China and India (more than half done).

There are others, too, where the government has made significant moves. It might not have abolished the Human Rights Commission, but it has cut \$1.65 million from its budget, refused to renew the position of its disability commissioner and appointed – absent the usual due process – one of the IPA's own, Tim Wilson, as one of the remaining six commissioners. Attorney-General George Brandis has flagged an intention to "further reform" the HRC.

While honouring his promises to the right wing economic fundamentalists of the IPA, Abbott lied to and continues to lie to the Australian people. Let me quote:

“We will be a no surprises, no excuses government, because you are sick of nasty surprises and lame excuses from people that you have trusted with your future.” – remember?

“We are not shutting any Medicare locals.” – remember?”

“I want to make it absolutely crystal clear: overall health and educations funding will be maintained.” – remember?

These were his promises or should we say lies to the Australian people.

The significance of this is clear. Abbott, his Government, the IPA, the big businesses that support them, the Murdoch media, and right wing commentators amongst others, want to take Australia further down the United States of America road.

Let us look at the U.S. road.

A huge and growing gap between the handful of the fabulously rich and the rest, including the very poor.

A two tier health system with millions unable to afford treatment and care.

An education system, and particularly a university system based on student debt which becomes more and more difficult if not impossible to pay back, a system with less and less access for the poor and middle class.

A welfare system which locks out more and more people from access and leaves them without work, without support and without hope.

A system which has a prison population higher than any other country on earth.

A system where workers’ wages, except for those at the top, are still pegged at about 1970 levels; Where millions of workers have to rely on tips from customers to survive.

Some direct examples in the U.S: The combined salaries of 350,000 pre-school teachers in the USA is less than that of five hedge fund managers.

The top 1%, the wealthy, made more from their investments in 2013 than the entire cost of social security, Medicare, Medicaid, and the safety net.

Low wage jobs (\$7.69 to \$13.83 per hour) made up 1/5 of the jobs lost to the recession, but accounted for nearly 3/5 of the jobs regained during the recovery. And it’s getting worse. Nine out of ten of the fastest growing occupations are considered low-wage.

From a global perspective, the U.S. is becoming the type of country that used to be dismissed as “third-world”. This is the U.S. Road.

Look at the Abbott budget again.

It starts us down the road of everyone having to pay extra for medical treatment and other medical services. The U.S. road.

It intensifies the barriers against the payment of unemployment benefits including periods of no payment. Nothing to live on. More crime, more drugs, more suicide. The U.S. road.

It deregulates university fees and increases student debt. The U.S. road.

Of course, the trouble is that it doesn't end with the budget. In fact the budget is just the beginning. Abbott's agenda includes:

Cuts to extra rates currently paid to workers for working unsociable hours (called penalty rates).

A drastic lowering of the minimum wage.

Lowering of overall wages relative to the cost of living.

A gutting of the Fair Work Commission which is seen as the industrial umpire where workers are supposed to turn to when treated unfairly at work.

More legislation to weaken workers' unions and tie them up in red tape in the hope of making it easier for employers to attack workers' wages and conditions.

More and more the down the U.S. road.

This is a race to the bottom clear and simple and the budget is only just the beginning.

We must not let this happen. We must fight to protect our hard won social and work conditions. Abbott and his cohorts must be stopped. In addition we must make it clear to any alternative party which can become the government that we will not tolerate the U.S. road from them either.

How Do We Stop The Madness?

We need to do just what you are doing in the North East here tonight and beyond.

We must see this as a long term struggle and we need to establish organisation in order to facilitate that.

We need to establish people's assemblies in every electorate, every region, every district, to fight back.

The people's assemblies can hold conferences, forums, protests, and can do lobbying.

They could run good independents for parliamentary office, where appropriate.

They could debate and decide on good public policy to serve the people.

Decide on what sort of society they want.

The politicians need to pay for the damage they do or propose to do. Pay with the loss of their jobs in parliament as part of this process.

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