Mailed fist behind a velvet glove

Australian government prepares to abolish social security system

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After six months' preparation, the Howard government last week released a welfare report calling for the abolition of the existing system of social welfare payments in Australia. The interim report from the government's Welfare Reform Reference Group advocates a fundamental shift from Social Security benefits, which have existed since World War II, to a "Participation Support" program.

The name change embodies the fact that social security payments will no longer be provided as an entitlement. If the report's approach is implemented, those dependent on welfare, particularly the unemployed, sole parents and the disabled, will have to negotiate "participation agreements" to receive Participation Support benefits. They will be required to take any kind of job, or else undertake unpaid community work, personal counselling, vocational courses or other "job preparation" activities.

These details are, however, well hidden away toward the back of the 71-page report. Much of the report's language, and the coverage that greeted it in the media, are designed to create the impression that its purpose is to create a more compassionate and equal society. In their opening remarks, the report's authors speak of "encouraging and supporting" people to participate as fully as they can in economic and social life, "without any dilution of the important contribution made by the income support 'safety net'."

The minister who commissioned the report, Family and Community Services Minister Jocelyn Newman, said it contained a "humane" response that the government would need to consider. She said extra resources might have to be "invested" to end welfare dependency. Media headlines referred to "welfare reform" and columnists credited the report with putting a "human face" on the government's program.

Unfortunately for the government, Employment Minister Tony Abbott blurted out the report's true purpose two days later. "Snobbish" dole recipients would be cut off benefits if they did not take jobs "they may not like," he declared.

Abbott specifically referred to "McJobs"—low-wage exploitation of youth as casuals in fast food and retail outlets—and fruit picking, notorious for poorly-paid, back-breaking seasonal work. He accused young people of "lounging around in the streets while crops rot in the fields".

Interviewed later on radio, he said unemployed people should be compelled to move from one town to another to pick fruit. They should be forced to take any job, in order to experience "the dignity of work".

Newman was forced into damage control mode. She tried to distance herself from Abbott's remarks, declaring that she would not use the same type of language. Her concern was that Abbott's comments could unravel the elaborate political preparation undertaken by the government over the previous half-year.

Newman was originally due to announce major cuts to the welfare system in a speech to the National Press Club last September. Four days before her speech, her office primed the media with leaks revealing that she would abolish benefits for sole parents once their children turned 12 (currently 16) and compel those on disability support pensions to seek work. Prime Minister John Howard intervened at the last minute, however, instructing Newman to retract her proposals.

Howard was evidently unnerved by the results of the Victorian state election, which ended conservative Premier Jeff Kennett's seven years in office. Kennett had led the way nationally in slashing spending on social programs, particularly health, education, public housing and community services. Howard concluded that the government's broader attack on the welfare state would have to be carefully marketed.

As a result, Newman adopted a well-tested mechanism—announcing a "comprehensive Green Paper on reform". She commissioned seven charity leaders, academics and welfare officials to report to the government on ways to "reduce welfare dependency" and broaden the application of the "mutual obligation" program, under which the unemployed are forced to participate in "work for the dole" projects.

Newman needed appointees who could give her plan a "caring" façade. She also sought to coopt prominent welfare agencies into the process. As a result, Patrick McClure, the chief executive officer of Mission Australia and former NSW-ACT head of the Society of St. Vincent de Paul, the main Roman Catholic charity, heads the panel. Other charity leaders include Jane Schwager, the chief executive of the Benevolent Society of NSW, and former state Liberal Party cabinet minister Jim Longley, now chief executive officer of Anglican Retirement Villages, Sydney.

Of the two academics, the most notable is Professor Peter Dawkins, who heads the Melbourne Institute of Applied Economic and Social Policy Research. The Melbourne Institute was once led by Professor Ronald Henderson, the author of the 1970s Poverty Report. Finally, the peak welfare body, the Australian Council of Social Service (ACOSS), is informally represented by Elizabeth Morgan, a former ACOSS state director, now a partner in a private social policy consultancy, Morgan, Disney and Associates.

Their report begins by expressing concern for the health and well-being of those living on welfare, asserting that the existing social support system has failed them. It refers to the growing divide between "work rich" and "work poor" families and the "disturbing prospect that significant concentrations of economic and social disadvantage will become entrenched". Echoing Howard's nervousness, it also advises the government that any measures adopted to reduce welfare dependency will fail if they are "seen as punitive and obstructive rather than helpful".

It is not until page 57 that the mailed fist emerges from behind the velvet glove. There the report proposes a sliding scale of sanctions against recipients:

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“Sanctions can be applied in a graduated way to ensure compliance, with complete withdrawal of income support as the last resort where people have the capacity to participate and where there is no reasonable basis for non-compliance ... there is no good reason why a small minority of people should be able to choose unconditional income support.”

In other words, sanctions will be applied most harshly to all those who insist that they have a legal and political right to income support—whether because they are physically or mentally disabled, raising children or have been retrenched and cannot find decent-paying work. Those who object to working in poorly-paid, backbreaking or unsafe conditions, or to travelling long distances or to shift work—whether it be night, rotating or broken shifts, will lose their benefits. So will those who cannot find decent and affordable childcare facilities.

Welfare beneficiaries' private lives will be subjected to an unprecedented level of government intrusion. “One on One Service Officers" will provide continual individual supervision. As some of the report's case studies show, recipients will be constantly monitored, harassed and coerced to "participate". Examples include payments being withdrawn for refusing to undergo psychiatric treatment, attend Alcoholics Anonymous sessions, or participate in parental counselling.

Newman and her seven advisers claim that their goal is not to reduce the level of welfare benefits nor cut people off them. Yet the report recommends specific means for doing precisely that, as part of a broader dismantling of the welfare system. It outlines a “fundamental re-orientation of Australia's social welfare system” with five components:

1. “Individualised service delivery” with each recipient under personal supervision and subject to individually-tailored “participation agreements”.

2. The merging of all existing benefits, such as Newstart (dole), Youth, Single Parent, Carer, Disability Support Pension, Austudy (student) and Aged Pension, into one—Participation Support.

3. Tax and other incentives to encourage recipients to take any employment—particularly casual, temporary, part-time and low-paid jobs. According to the report: “A temporary job is better than not having a job.”

4. “Social partnerships”—a euphemism for the continuation of the government's creeping privatisation of welfare, handing it over to corporate agencies and religious charities.

5. “Mutual obligation” to be applied to all benefits, not only the dole, with increased obligations set according to alleged “community values and norms”. As an example, the report cites a poll indicating that over half the respondents would expect sole parents to seek part-time work once their youngest child was in primary school.

Taken as a whole, these proposals amount to the final nail in the coffin of the post-war social security system. The new regime will blame and punish the jobless. While the report calls this a “new direction,” major steps have already been taken along this road over the past 15 years.

The previous Hawke and Keating Labor governments scrapped unemployment benefits for under-18s and imposed severe work and training tests on all dole recipients. Since taking office in 1996 the Howard government has abolished job-training programs, slashed student allowances and subjected all jobless workers under the age of 35 to “work for the dole”.

The Howard government has also dramatically intensified the sanctions regime, penalising beneficiaries at a record rate. This financial year, according to research by ACOSS, 223,000 people will be denied benefits for alleged rule breaches, losing an average of $1,000 each in payments. This is nearly double the 1997-98 figure of 120,000.

Recipients are effectively being fined up to $1,304 for “offences” such as failing to reply to letters, submit forms or attend interviews at scheduled times. For people struggling to live on basic payment rates of $163 a week—more than 20 percent below the official poverty line—such penalties are devastating.

In order to carry through this further basic shift in welfare policy, the government is couching its proposals in terms calculated to win support from welfare professionals. A similar process occurred with the Richmond Report in the 1980s, which paved the way for the closure of mental health institutions. In the guise of scrapping an inhumane system, most of the mentally ill were thrown onto the streets. The promised alternative community facilities were never provided. The same will apply to the extra resources to be allocated to welfare beneficiaries. The government's aim is to slash the $50 billion welfare budget, not spend more.

As the government calculated, welfare bodies have largely welcomed the report, pledging to join in further consultations to produce a final report by mid-year. ACOSS described the new framework as a “positive development” and said it was “committed to travelling this path with the Reference Group”.

In part, this reflects the fact that such groups are benefiting from welfare privatisation. The government has already transferred the bulk of its Job Network employment services to charities like the Salvation Army and Mission Australia, and these organisations stand to gain similar multimillion-dollar contracts to supervise the new Participation Support regime.

More fundamentally, the welfare lobby's role is rooted in the report's underlying ideology. It labels the social security system as “passive welfare,” blaming it for pushing recipients to the margins of society. According to this warped logic, it is the welfare state that creates mass unemployment, family breakdowns, homelessness and disabling injuries and ill-health. Where poverty exists, it is the result of welfare payments. Therefore the only way to tackle the problem is to end welfare and force people into cheap labour, under pain of starvation.

The truth is that if there were decent, secure well-paid jobs for all, the problem of “welfare dependency” would largely vanish. But the report blames the social welfare system, not the economy, for impoverishing widening layers of society.

Yet at the same time, the report points to some of the underlying economic processes at work. It refers to an “apparent contradiction”. Despite more than five years of economic growth, one in seven Australian residents rely on welfare for at least 90 percent of their income. No less than 860,000 children—17 percent of Australia's children—are living in jobless families. The inescapable conclusion is that the much-heralded economic prosperity of the past five years has worsened poverty and inequality, not alleviated them.

And this is part of a longer-term trend. Over the past 30 years the proportion of the workforce-age population receiving income support has quadrupled from 5 percent to 22 percent, even though the proportion in paid work has risen from 66 percent to 69 percent. The number of two-income couples has soared, but so has the number of families where no one has a permanent job.

What the report does not say is that these statistics point to two general trends: a general lowering of wages so that two incomes are needed to sustain a family, and the replacement of secure jobs by casual, temporary and part-time labour. This is the result of relentless and ongoing corporate and government closures, downsizing, privatisation, contracting out and wage-cutting.

Adding to the resultant social distress has been the slashing of spending on essential social services such as public housing, health care, government schools, child care, legal aid and community facilities, driven on by the demand of big business for ever-lower, more “competitive” corporate and personal tax rates. The welfare budget—the largest remaining item of social spending—has now become the central target.

When the jargon is stripped away, it is clear that the measures outlined in the report will increase hardship and inequality by pushing the jobless into low-paid jobs, further undermining the wages and living standards of all working people. In fact, that is the report's essential purpose. Buried

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away on page 44 is the following:

"We also note that employment conditional benefits could be a significant component of a strategy to boost employment opportunities by allowing the real costs of low skilled labour to decline, while maintaining or increasing the incomes of low-income families containing such low skilled workers."

Thus, the new regime will assist employers to further drive down wage costs, with Participation Support benefits acting as a spur and sometimes a subsidy for low-wage labour. Not surprisingly, as the report notes, "the Business Council of Australia [the major employers' group] proposed such a strategy in its submission".

Just before last Christmas—three months before the Reference Group handed in its report—Howard boasted that his government was moving toward "the end of the dole as we know it" in Australia. The report not only confirms that forecast but extends it across the board to all welfare payments, starting with single parents and disabled workers.

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