

Welfare report recommends steps to end Australia's postwar social security system

Terry Cook
31 August 2000

On August 16, the Howard government's Reference Group on Welfare Reform, chaired by Patrick McClure, director of the charity organisation Mission Australia, delivered its final report outlining measures that will bring about a fundamental shift in the social welfare system in Australia.

Despite attempts to dress up the report in caring terms—various parts refer to the need for an “adequate safety net” and for “programs to alleviate poverty”—its key recommendations are completely in line with the federal government's welfare strategy. The report seeks to abolish the social security system that has existed since the end of World War II and replace it with a “Participation Support Program”.

Social security payments will no longer be provided as an entitlement. Welfare recipients will have to enter into “participation agreements” requiring them to accept any kind of job, unpaid work or undertake “job preparation”, training and activities in order to receive benefits. The report is aimed at slashing the government's \$50 billion-a-year welfare expenditure and establishing a pool of cheap labour.

The key proposals, first aired in the Reference Group's interim report brought down in March, advocate an extension of the government's “mutual obligation” program to those on sole parent allowances, mature age unemployed and disability pensioners.

Currently “mutual obligation”—the concept that those on benefits be forced to give something in return—only applies to unemployed people under the age of 35 years, who are obliged to participate in “work-for-the-dole” schemes. If the recommendations are implemented “mutual obligation will become the basis for all social welfare support.

For all the government's talk about the sanctity of “family values,” the report is a cruel attack on families trying to survive on the meagre sole parent allowance. Single parents will be subject to intensified scrutiny and harassment aimed at forcing them off benefits and into low paid jobs.

Currently sole parent recipients are not required to seek work until their youngest child turns 16. The report proposes that they be compelled to attend an annual “careers interview” when the youngest child reaches six years. The interview will “ascertain” the individual's “current and future capacity for increasing participation” in the workforce.

Regardless of their circumstances or difficulties, sole parents whose children have reached 13 will be obliged to undertake some form of work or lose their benefit altogether. They will have to enter into a “Participation Agreement” requiring them to do training for “job readiness,” part-time employment or participate in some type of work scheme—paid or unpaid.

The report also recommends a major shift in the treatment of mature-age jobless—the thousands of older workers who have been thrown

onto the unemployment scrap heap through company downsizing and “restructuring”. The report states that they will be “expected” to undertake “some form of participation”.

In the past mature-age jobless could voluntarily engage in training programs. The report recommends that the “priority” should now be on “economic participation”, not training. That is, the older unemployed will have to undertake any kind of work in order to receive payments.

This area of the report also proposes steps towards using work-for-the dole schemes to create a pool of unpaid labour for private enterprise. Presently these schemes—marketed by the government as an opportunity for the unemployed to gain valuable work experience—do not require participants to work for private companies. The main beneficiaries so far have been local government and charity organisations.

The report, however, calls for these schemes to involve “employers and other organisations that are prepared to offer work experience for mature age jobless people (including voluntary work), perhaps with the focus on small business.” If the recommendation is implemented, it will open the door for private employers to exploit all unemployed in the same way. Businesses will also receive other financial rewards, including subsidies for providing “work experience” for the long-term unemployed.

The recommendations dealing with invalid pensioners are equally savage. While the report does not recommend outright that people on disability pensions be forced to work, it suggests that the government takes steps to tighten the qualifications for benefits. It calls for a “better means of assessing the capacity of people with disabilities to participate in employment and other activities” and calls into question the “appropriateness of utilising treating doctors' opinions in the measurement of work capacity”.

In line with the government's “user pays” approach to all services, the report suggests that those on welfare be made to pay for training programs. It recommends that “more expensive forms of education and training” be funded through the introduction of “income-contingent loans”. As a result, those struggling to survive on welfare benefits will be forced to pay off expensive loans.

The report suggests that “income-contingent loans” replace the current system of grants to assist people to set up small businesses and become self-employed. Again it is the unemployed who will suffer. Those who decide to risk establishing a small business, because of the lack of decent, well-paid jobs, will receive no assistance.

The report's authors claim that their aim is “not to punish the disadvantaged or reduce benefits”. But under the guise of simplifying the system of welfare payments, the report contains measures that will

vastly strengthen the government's ability to apply sanctions and to cut recipients off support.

A key recommendation is to incorporate all existing benefit payments (including Newstart, Partner, Sole Parent Allowances and Disability Pensions) into one single payment on a single base rate. The benefit would then be supplemented with "needs based additional payments" for different family needs, the costs of disability, medical expenses, training and so on, assessed on an individual basis.

On August 17 the *Sydney Morning Herald* reported McClure as saying that one option was to make the common base payment the same as the lowest unemployment benefit. This unemployment payment—for both Newstart and the Youth Allowance—is presently \$20 dollars a week below all other benefits.

If this "option" is adopted, it will result in an immediate reduction in the level of benefits. Those with "special needs" will face an uphill battle to justify a lift in their payments above the base rate.

The report is very clear that the move to a single payment will "link income support and participation assistance more closely". In other words, a substantial portion of the benefit will be made up of "participation supplements" that can be easily withdrawn from anyone who resists or objects to being dragooned into cheap-labour schemes.

The report estimates that its recommendations will require an initial increase in government spending but this will not result in any long-term benefit for those on welfare. A small proportion of the extra funding may find its way to welfare recipients in the form of tax and other incentives to "encourage" them to take any type of employment. But most of the money will be spent on setting up a system of "individualised service" to place each recipient under close supervision "using high quality assessment staff and sophisticated assessment or profiling tools".

Only days before the release of the final report Employment Minister Tony Abbott provided a graphic example of the type of work that welfare recipients will be obliged to undertake and the conditions under which they will be expected to work.

Renewing his attack on "job snobs"—unemployed people who object to being forced into low-paid dead-end work—Abbott announced that from September 1 unemployed people in the rural Riverland district in South Australia will be required to seek at least five "harvest jobs" every fortnight as part of their "job search requirement". "Harvest jobs" refers to the backbreaking, low-paid menial work required to harvest fruit and vegetables, mostly in remote rural areas.

"We are about trying to reinforce what I think is the reasonable community expectation that job seekers should not—must not—say no to any offer of work they can reasonable do. You don't have the option," Abbott said. While his latest announcement refers specifically to jobless in the Riverland area, the minister made clear at the end of last year that unemployed will have to travel anywhere and accept any type of work or face being cut off the dole.

From the outset, the government feared that drastic cutbacks to the welfare system could spark an electoral backlash. This is why the process has been long and tortured. It is five months since the Reference Group released its interim report and nearly 12 months since Family and Community Services Minister Jocelyn Newman announced major cuts to welfare at the National Press Club last September.

At that time, the government, staggered by the electoral defeat of the Victorian Liberal government which had lead the way nationally in dismantling welfare programs, decided to delay the implementation of its welfare plans. Newman commissioned the Reference Group, made

up of seven charity leaders, academics and welfare officials, to draw up a "green paper" on "welfare reform" to mask the government's plans behind a "caring façade" in order to better market the changes.

But there is no doubt that the McClure report is based squarely on Newman's proposals. As Newman told the ABC's AM program on August 17: "I commissioned this report and I asked these people, who are very eminent in academia and in the community sector, to bring recommendations to the government. It was on the basis of the speech I made last year at the Press Club and the discussion paper that I released at the time."

All the major political parties, big business, the media and welfare organisations have supported the McClure report.

Federal Labor opposition leader Kim Beazley said it contained "many good ideas which overlapped Labor ideas" but required a "government with a good heart". In other words he has no fundamental disagreement with the thrust of the report but only insists that a Labor government is needed to implement the tough measures. He was joined by Democrats leader Senator Meg Lees, who praised the report's callous recommendations as "balanced".

An editorial in the *Sydney Morning Herald* on August 17 made a telling comment. After heaping praise on the McClure report as being "sane and humane in principle," it commented that its great contribution was to shift the focus of the welfare "debate" and centre the "discussion on responsibilities rather than rights."

That this conception has been embraced and applauded by all the major parties is a sharp indication of the profound shift to the right that has taken place in official politics. The bipartisan support for the dismantling of the welfare state system marks an end to the reformist outlook that served as the basis of government policy making for more than 50 years and heralds even greater attacks on the basic rights and conditions of working people.

The Howard government has announced that it will act on the McClure report by Christmas. Whether it implements all or only part of the proposals, the report is the final nail in the coffin of the post-war social security system in Australia. It overturns the basic notion that governments have a responsibility to provide support for those who have been disadvantaged by economic processes over which they have no control.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact