

# Australian government to abolish welfare entitlements

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In one of its final acts for the year, the Australian government handed down a “directional statement” on December 14 that abolishes the social welfare payments system as it has existed since World War II. No longer will welfare benefits be entitlements; instead most recipients will be forced to undertake paid or unpaid work or some other form of “participation” in the economy.

After twice delaying the statement because of apparent divisions within the government, Family and Community Services Minister Jocelyn Newman released the policy just before announcing her retirement. Her statement was based on the cost-cutting recommendations of a Reference Group on Welfare Reform, headed by Patrick McClure, director of the charity organisation Mission Australia.

The result is the extension of the government's “mutual obligation” doctrine from the younger unemployed, already forced to “work-for-the-dole,” to nearly all welfare recipients, except aged pensioners. Sole parents, the jobless aged up to 64 and disability pensioners will face constant monitoring. Most will be required to abide by “participation agreements” or lose their benefits.

Newman had originally planned to unveil sweeping cuts to benefits in November 1999 but the government was shaken by a series of electoral defeats, notably the ouster of the Kennett government in the state of Victoria. Prime Minister John Howard intervened at that time to place Newman's plans on hold.

McClure's Reference Group, comprised of welfare officials, charity leaders and academics, was then appointed in an effort to put a caring face on the government's strategy. McClure's two reports, handed to the government earlier this year, suggested dressing up the welfare measures by depicting them as forms of assistance to end “welfare dependency”, with funds allocated for training programs and individualised case management.

Newman's statement, however, contained no such programs and provided no funds for them, forcing McClure and other welfare agency officials to criticise the announcement, even though Newman's blueprint contains

the essential measures outlined in the McClure report.

Under Newman's measures:

- \* The upper age limit for compulsory work-for-the-dole for the unemployed will be lifted from 35 to 40. Those aged 40 to 64 will be subject to the same “participation activities” as the younger unemployed, including “job search”. That is, they must apply for a specified number of jobs each week or be stripped of benefits. They will be “encouraged” to volunteer for schemes such as the Green Reserve program, involving landscaping and tree planting.

- \* Single parents, who are currently entitled to a benefit until their youngest child turns 16, will be required to attend annual interviews to discuss “plans to participate in paid or voluntary work together with related job training” once the child turns six. When the child reaches the age of 13, the parent will be forced into part-time work, paid or voluntary, or into “job ready” education and training programs.

- \* Those on physical or intellectual disability pensions will be subjected to tough medical tests that will rely heavily on the opinion of a government-appointed doctor to determine their fitness to work. In addition, the government is conducting trials to establish “participation” programs and requirements for them.

- \* A single payment system will cover all recipients, supplemented by a “participation allowance” that can be withdrawn if a recipient fails to comply with requirements.

Questioned by journalists on December 14, Newman pointedly refused to rule out reducing payments to the level of the Newstart unemployment benefit, which is \$20 per week less than other allowances.

Newman also refused to be drawn into specifying the punitive measures that will enforce the new requirements. Regardless of her evasion, what is planned can be seen from her department's statistics. They show that 250,000 jobless people nationally had their payments reduced or cancelled in the year to September, saving the government \$17.4 million a week.

Almost one-third of all unemployed people in Sydney's working class western and inner suburbs were financially

penalised. The penalties ranged from \$358 for failing to attend a job instruction seminar to \$1,379 for a third infraction of the activity test, such as failing to apply for a specified number of jobs each week. Penalties applied to even minor “breaches” such as not replying to correspondence. For people struggling to exist on benefits that are often well below the official poverty line, such penalties are crippling.

The McClure report suggested that the government initially commit itself to spending an additional \$1 billion over four years. The purpose was to create the impression that money would provide job training, tax concessions and other incentives for people to engage in participation programs.

Even if some funding finds its way to recipients in the form of subsidies to encourage them to take up low-paid work, most will be used to set up the “individualised service delivery” system recommended by the McClure report. Under the guise of personalised assistance, government officials will subject recipients to intense scrutiny and increased harassment.

Yet, with major sections of big business demanding a sharp reduction in the \$66 billion a year welfare budget, the government was loath to announce any increased spending, no matter what its true purpose. An article in the *Australian Financial Review* underscored the corporate agenda on December 15, a day after Newman released her statement. Institute of Private Enterprise director Des Moore urged the government not to relent in following the American model of driving people off welfare and into low-wage jobs.

Moore linked the welfare changes to further labour market deregulation: “The US success in reducing welfare rolls importantly reflects its less regulated labour markets capacity to readily absorb the low skilled.” Decoded, this means that the government must adopt the most ruthless measures to drive thousands off benefits in order to create a vast cheap labour pool that will be at the disposal of the employers.

Within the government these views have been put most openly by Employment Minister Tony Abbott, who has denounced the unemployed as “job snobs” for refusing to accept poor pay and conditions. This week, in the wake of Newman's retirement, Abbott was promoted into Howard's inner cabinet as Workplace Relations Minister. As such, he will share responsibility for implementing the welfare measures with Newman's replacement, Amanda Vanstone.

With a federal election looming next year, some cabinet members were reported to be nervous about the consequences of openly announcing such an agenda. At a November cabinet meeting, according to media reports, leading ministers questioned the “electoral wisdom” of

bringing down a comprehensive welfare package, warning that “such measures will rebound on the government”.

Key media outlets demanded that the government move on the McClure report without further delay, however. A November 20 *Australian* editorial warned against putting off “welfare reform” and any softening of measures against disability pensioners. “Strong politicians recognise that people with partial disabilities should do more for their welfare cheque,” it said. “They accept the election-year risk of being portrayed as bullies.”

Before her departure, Newman was known to have clashed with Abbott. There was no disagreement over slashing welfare, only over how best to proceed. Newman feared that Abbott's stance, which included attacks on church agencies for criticising the harshness of welfare policy, would damage the delicate operation she had conducted to harness the welfare groups behind the government's program.

Her directional statement allots the task of detailing the welfare measures to a “consultative forum” that will, like the McClure Reference Group, bring on board several academics and representatives from welfare and charity organisations billed as being “broadly sympathetic to the welfare constituency”.

The welfare sector has welcomed the proposed committee as “a bulwark against the hawks in the government”. Australian Council of Social Service (ACOSS) president Michael Raper went as far as to proclaim: “The committee will make sure welfare reform will not go backwards.”

Raper and other welfare leaders expressed similar sentiments when the government announced McClure's group, which drew up the recommendations that have cleared the way for the dismantling of welfare rights. Regardless of what face the “consultative forum” paints on the government's welfare package, the profit requirements of big business will dominate the government's policy.



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