

NT intervention extended:

Australian Labor budget punishes society's most disadvantaged

Terry Cook
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The federal budget brought down on May 13 by the Rudd Labor government is anything but the Robin Hood exercise that it is being portrayed in the media. Following on from where the conservative Coalition government left off, Labor is making further inroads into the rights and living standards of the most vulnerable sections of society, while delivering billions to corporate interests.

One of the most retrograde measures is the extension of the punitive and demeaning practice of welfare quarantining, which was first introduced as part of the previous government's intervention into Aboriginal communities in the Northern Territory (NT). In the name of helping children, thousands of Aboriginal families had half of their welfare benefits "quarantined"—that is, issued in the form of vouchers that can only be used in designated stores for food, medicine and clothing.

Now Labor is broadly targeting the unemployed and other welfare recipients. The budget provides for a pilot quarantining scheme in the disadvantaged southern Perth suburb of Cannington in Western Australia (WA). According to the 2006 census, the median weekly household income was \$794, compared with the national figure of \$1,027. Nearly half of the area's population is immigrant and unemployment is well above the national average.

Like the NT intervention, the Cannington scheme is justified as a means to help children. The WA Department of Child Welfare will be empowered to request the federal social security agency Centrelink to "quarantine" 70 percent of welfare payments of so-called negligent parents for spending on basic household items. According to an article in the *Sydney Morning Herald* on May 15, "about 1,000 parents are expected to be affected"—a significant section of Cannington's population.

The WA pilot scheme comes alongside the introduction of a \$17 million debit card plan to quarantine the income of some families on welfare payments. Debit cards, which will replace the present vouchers, will first be rolled out from

July 1 as part of the NT intervention, then later extended across the country to other families targeted by child protection authorities. Unlike vouchers, the debit cards will be tied to individuals ensuring tighter control and monitoring.

Labor is using the NT intervention for the precise purpose intended by former Prime Minister John Howard—as a launching pad for extending similar measures nationally. WA Labor premier Alan Carpenter has already indicated that he would eventually like to see the Cannington pilot extended throughout the state. "It offers us the opportunity to save children's lives," he declared.

Labor's minister for family and community services Jenny Macklin claimed the new measures would help to deal with social and economic disadvantage, teach people money-management skills and provide "the opportunity for children of low-income earners to break the cycle of poverty".

In reality, there is nothing in the proposed measures, or the budget for that matter, that addresses the underlying social causes that give rise to child neglect or the breakdown in families. Welfare quarantining provides no extra money to deal with the huge economic difficulties now being compounded by sharply rising prices for food, fuel and utilities.

Instead, the poorest sections of society are to be stigmatised for "child neglect" when governments—Labor and Coalition—have been systematically slashing essential public services, including welfare, child care and education, for more than two decades. It is a classic case of blaming the victim to deflect attention from those whose policies have created the present social crisis.

At the same time, welfare recipients will be subjected to even greater harassment designed to reap an estimated \$728 million in savings. The federal government plans to crack down on alleged overpayments by Centrelink by giving the agency easier access to the private bank accounts of recipients. The budget also imposes tougher compliance and

mutual obligation requirements on the unemployed, extending the punitive regime introduced under the previous government aimed at driving welfare recipients into increasingly prevalent low-paid and insecure jobs.

The Rudd government aided by the media has attempted to dress up the welfare changes as a “more compassionate approach”. The so-called “three-strike rule” under which job seekers who failed compliancy requirements on three occasions had their benefits cut off for eight weeks will no longer be automatically applied. Non-compliance includes not turning up for training, failing to attend work-for-the-dole programs or for job interviews.

Centrelink, however, can still inflict a punitive eight-week cutoff at its discretion by referring individuals for what is termed a “comprehensive assessment”. Where such a suspension is not imposed, new provisions allow for the docking of one day’s income for each day of “non-compliance”.

Financial Case Management, under which people whose payments had been suspended could apply to have some basic bills paid directly by Centrelink, has also been scrapped. The change will put even greater pressure on welfare recipients to comply with Centrelink’s demands. At the same time, people who “voluntarily” leave a job will not receive the dole for eight weeks. Those returning to the dole will be required to do 50 hours a fortnight of work experience for eight weeks.

None of these changes have anything to do with a new “compassionate” approach. Even the decision to abolish the “three strike” rule is conditioned by the demands of employers, rather than any concern for the plight of unemployed left without any financial support. Since the policy was introduced in 2006, more than 47,000 people have been cut off welfare benefits for eight weeks. Most fail to find any work and have to rely on private charity.

Under conditions where the official unemployment rate stands at around 4.2 percent—the result of people being herded into low-paying casual and part-time employment—the stream of available labour is beginning to slow. In line with employer demands for “job ready” cheap labour, the new regime aims to keep the unemployed in the system with extra punitive measures to ensure they accept whatever work is offered.

Many unemployed are understandably reluctant to take poorly paid work that will leave them worse off financially. The New Start allowance of between \$360 to \$390 is often higher than the pay from casual jobs and minimum wage jobs once the high cost of travelling to work and the loss of other forms of government assistance is taken into account.

The Australian Council of Social Services calculates that people on unemployment benefits lose 75 percent of their

additional income if they take a part-time job earning \$200 a week. Those on multiple payments such as the youth allowance, family-tax benefits and childcare benefits can lose up to 100 percent of their additional income.

The budget also introduced changes to the work-for-the-dole scheme, increasing the time from 6 to 12 months of unemployment before individuals are required to participate in the scheme. Once again, the Labor government is responding to the demands of employers for cheap labour. Those in the work-for-the dole scheme can only be forced to work on community projects or for voluntary and charity organisations, but not for private enterprise.

As Minister for Workforce Participation Brendan O’Connor explained: “The difference is at the moment there is no incentive for a provider to get someone who is on work-for-the-dole into a job. We are going to ensure there is an incentive for a provider to get them into work.”

O’Connor said that the new unemployment regime will “strongly emphasise work readiness”, including skills development, training, work experience and tailored case management. “We’ve shifted the resources from the work-ready people to highly disadvantaged people. By working more closely with employers, we will ensure job seekers are developing the skills in greatest demand,” he declared.

Private job placement agencies will now be paid a 20 percent bonus for placing jobseekers in employment after they have completed accredited training. A \$41 million Innovation Fund will be established to provide money to agencies to develop “more intensive coaching” for the long-term unemployed and to develop “innovative solutions” to push them into work.

The changes are being implemented against a backdrop of a predicted rise in joblessness. Speaking on May 13, Prime Minister Kevin Rudd admitted that a 0.75 increase in unemployment by the middle of next year forecast in the budget was an essential part of the government’s strategy “to rein in inflation”. In other words, higher unemployment coupled with a revamped welfare regime to harness the unemployed is essential to putting further downward pressure on wages.



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