

Australian government budget cuts welfare

Alex Messenger
17 May 2011

In the contemptuous language of the Gillard government, the changes to social security announced in last week's federal budget offer society's most marginalised "the dignity of work." The changes will give "a bit of a nudge to those who might need it."

The truth is that Labor's measures have one goal: to force welfare recipients to compete for a dwindling number of already poorly-paid jobs and thus create a larger cheap labour pool to drive down wages across the board. With all sectors of the economy, except mining, stagnating or in recession, the government is imposing the brunt of the international economic crisis on those who can least afford it, and seeking to match the driving down of wage levels being imposed internationally, including in the United States and Europe.

Sole parents and disabled workers are the government's primary targets, together with the young and long-term unemployed. The government's measures are a further major step toward the complete dismantling of the welfare safety net for society's most vulnerable and disadvantaged members.

Under Labor's plans, at least 50,000 single parents will be pushed off sole parenting payments and onto lower-level unemployment benefits. They will be stripped of up to \$56 per week, reducing their weekly payment to just \$406 to meet their own needs and those of their children. Already more than 12 percent of Australian children live below the poverty line, with children from sole parent families making up a large portion of that figure.

Single parents who began receiving parenting payments before 2006 will no longer be eligible once their youngest child turns 12, down from the age of 16 now. Those who began receiving the payment after 2006 will lose the benefit once their child turns 8.

According to the government, there is no excuse for such parents not to be in some form of work, no matter how

poorly paid. Under the parenting payments system, sole parents were already under enormous pressure—obliged, on threat of losing their payments, to take any job they are offered, even involving up to three hours per day travel.

In addition, between 4,000 and 11,000 parents aged under 23 across 10 of the country's poorest working class areas will be subject to a so-called "learn or earn" trial. Mothers of children more than one-year-old will have their parent payments cut if they refuse to return to school or enter the workforce. Those areas selected—including Bankstown in Sydney and Logan in Brisbane—have jobless rates two or three times higher than the official national average of 4.9 percent, making finding decent work almost impossible.

Sole parents in five trial areas (including Bankstown and Logan) will also be subject to the government's extension of its "income quarantining" policy. Quarantining involves placing draconian spending restrictions—via the issuing of demeaning Basics Cards—on 50 to 70 percent of benefits for those referred by welfare authorities.

"Quarantining" was first imposed on indigenous people as part of the so-called "intervention" into Northern Territory Aboriginal communities. After the scheme was tested on indigenous people, it was extended last July to trials in several other parts of the country. The budget measures are a further indication of the government's intent to expand the "trial" universally.

Unemployed people aged under 21 who live away from home—a group already facing an official jobless rate of 16 percent—will be moved from the Newstart (unemployment) payment to a Youth Allowance of \$193 per week, a cut of \$43 per week. Survival will be extremely difficult given that the median rent for a single bedroom flat in Sydney, the country's largest city, is \$400 per week.

The budget also doubles the "work for the dole" obligations introduced by the previous Howard Liberal government. Those who have been on Newstart benefits for

more than two years will be forced to work two days per week for 11 months. Far from being a step toward secure employment, these schemes have a negative effect. A Melbourne University study published in 2000—the only survey conducted to date—found that work-for-dole participants were substantially more likely to stay unemployed than those not forced to participate.

Those aged under 35 and on the disability support pension (DSP) will be required to develop a “workforce participation plan.” Access to the DSP is to be curtailed through the application of more stringent criteria. The Labor government had already made it far more difficult to qualify for and stay on DSP. Under rules to come into full force in 2012, new applicants will be forced to find work or live on far-lower unemployment benefits unless they prove that they cannot work more than 15 hours a week.

Finally, despite steep increases in housing costs and homelessness (1 in every 200 people in Australia is now homeless and 23 percent of that number are children), the budget has slashed the number of affordable homes to be built, lowering the target from 50,000 to 35,000 per year, at an apparent saving of \$345 million.

The Gillard government had already stepped up its measures against the jobless, introducing “no show, no pay” legislation to immediately suspend benefits to anyone who fails to attend a compulsory appointment or “participation activity.”

All these punitive measures are being applied despite the fact that, by Prime Minister Julia Gillard’s own admission, nearly two million people are unemployed. The official jobless rate of 4.9 percent accounts for only 600,000 of them; the remainder includes some 800,000 disabled workers, many of whom have been injured at work, and others who have stopped actively looking for work, many because of the lack of suitable jobs or affordable childcare facilities. In addition, more than 700,000 workers are already engaged in casual or part-time work but would prefer to work more hours.

No person due to suffer a cut in their already meagre payments or an increase in their job search obligations is being offered a job or increased chance of a job, much less improved training or education. Employers’ representatives have frankly stated that jobs will not exist for many of those driven off welfare.

Asked whether the budget cuts would make inroads into joblessness, Heather Ridout, head of the Australian Industry Group, was firm: “Well, I don’t think you can just say that

all of a sudden industry is going to find 190,000 unskilled jobs, no.” Expressing her “100 percent support” for the government’s measures, Ridout said “the whole principle behind [cuts to social security]” was “about actually encouraging people to engage with the workforce.”

The aim is to make it near impossible for the unemployed, disabled and sole parents to survive on social security. A growing pool of increasingly desperate job seekers will permit business to offer the available jobs at lower wages and on worse conditions.

The government is vilifying the unemployed, thereby pitting different sections of the working class against each other. The budget was preceded by a series of speeches in which Gillard declared that Labor was “the party of work, not welfare” and that “it’s not fair for taxpayers to pay for someone who can support themselves.”

The welfare cuts also send a signal to big business and the financial markets of the government’s determination to slash social spending, to make way for cuts to corporate and income taxes. Treasurer Wayne Swan has declared his support for cutting the company tax rate from 30 to 25 percent as soon as possible, in order to compete with similar concessions being handed to the corporate elite internationally.

Labor has promised business it will return the budget (currently in deficit by nearly \$50 billion) to surplus by 2012-13. Despite the benefit cuts, welfare spending is projected by Treasury to remain at about 33 percent of total budget expenditure for the foreseeable future, making it certain that the assault on the jobless and welfare recipients will continue to deepen.



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