

# Australian Senate report rejects dole increase

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The Australian Labor government has welcomed a Senate committee report that last week rejected any increase in the below-poverty line Newstart unemployment benefit, despite a mass of evidence that those living on the dole are experiencing severe hardship.

Amid rising unemployment and worsening long-term joblessness, the Gillard government's response underscores the brutal content of its austerity program to deliver a budget surplus and restructure the economy to drive down employers' labour costs.

About 50 submissions from service agencies, welfare groups and charities had documented the deprivations confronting people on Newstart. An Anglicare survey of its emergency relief clients showed that 96 percent suffered "food insecurity"—that is, they could not afford enough food. Three out of four of the adults regularly ran out of food and could not afford to buy more. About 73 percent cut the size of meals, and 62 percent regularly skipped meals altogether.

Another charity, Mission Australia, cited research estimating that, after rent, the average single Newstart recipient living in Sydney is left with just \$16.50 a day to cover all other costs of living. It is simply impossible to pay for essentials such as food, electricity and transport, let alone clothing and other items, without going into debt.

Successive governments, Labor and Liberal alike, have driven down the real value of unemployment benefits over the past two decades, deliberately seeking to coerce jobless workers into accepting low-wage work. Since 1994, the single adult rate of Newstart has fallen from 92 percent to 72 percent of the officially-recognised poverty line. Increasingly, workers, especially young people, are being pushed into temporary or casual work. About 40 percent of workers are now in insecure, temporary, part-time work of some kind.

Responding to the Senate report, Prime Minister Julia Gillard told Network Ten's "Meet the Press" program last Sunday that her government understood "the community concern" about the low level of the dole, but had to make "difficult decisions" about the budget. Moreover, she asserted, "the best thing we can do for Newstart recipients is keep the economy strong and resilient and offering people the benefit of work."

Gillard's remarks echoed the axis of the Senate report itself, produced by a committee of Labor, Liberal-National and Greens Senators, which said it would be "fiscally irresponsible" to increase the dole. The report agreed that Newstart "does not allow people to live at an acceptable standard," but insisted that dole payments should be kept low, in order to give the jobless an "incentive" to find work.

In fact, the committee declared it would be a "disgrace" to "pour money into policies which leave people floundering on prohibitively low welfare incomes instead of helping them stand on their own two feet." This perverse logic is in line with mounting calls for the elimination of all welfare entitlements.

In the guise of "helping" unemployed workers, the report advocated intensifying the pressure on them to accept insecure and poorly-paid jobs. It recommended "further incentives," including allowing Newstart recipients to work for three hours a week in part-time or casual jobs—at minimum wage rates—before losing part of their benefits.

The Gillard government is already adding to the cheap labour pressure by pushing about 84,000 single parents off the higher parenting allowance onto Newstart, as of January 1. This will mean cutting their weekly incomes by an average of about \$140 a week, with some losing up to \$200 a week. From now on, all sole parents will be

shifted onto the dole—which also has draconian requirements to actively search for work—as soon as their youngest child turns 8.

None of this has anything to do with giving people access to decent employment. Unemployment and long-term joblessness are rising, because of the deepening global economic crisis, compounded by the Labor government’s active support for the wave of retrenchments sweeping through basic industry as major corporations ruthlessly restructure their operations.

Even the official jobless statistics, which understate the real situation, show that the number of unemployed rose in the past 12 months, to a total of 653,200, pushing the unemployment rate up from 5.2 to 5.4 percent. Since the global financial crisis began in 2008, the number of long-term unemployed has jumped by about 70 percent, from around 70,000 to nearly 120,000.

Much worse is expected over the coming period, with mining companies starting to lay off workers because of sharp drops in export prices, on top of the continuing job losses throughout the manufacturing, retail, media, tourism and education industries.

For months, the charities and social welfare groups, joined by the trade unions and the Business Council of Australia (BCA), which represents the country’s 100 largest companies, had been agitating for the Senate committee to recommend a \$50 a week rise in the dole. Such an increase—about \$7 a day—would itself be woefully inadequate to meet the basic economic and social needs of the unemployed. The jobless would still be living well below the poverty line.

Significantly, welfare groups and the Australian Council of Trade Unions (ACTU) embraced the primary argument advanced by the BCA for granting such a pittance of an increase—that the level of the dole had become so low that it was a barrier to individuals having the capacity to look for, and present themselves, for work. The BCA observed that it would be difficult to even afford a haircut for a job interview.

Responding to the Senate report, the ACTU emphasised its unity with these concerns expressed by the BCA and other business groups, which essentially relate to accessing new sources of low-paid labour. The peak union

body also specifically backed the committee’s call for Newstart recipients to be permitted to work at minimum wages for three hours a week—another means of securing cheap labour.

Two Labor senators on the Senate committee sought to distance themselves from the report by issuing “additional comments” in which they gave vague “in-principle” support to an unspecified increase in the dole. But they agreed with the central thrust of the report, maintaining that “keeping social security payments below minimum wage is an important lever to incentivise people to work.”

Greens Senator Rachel Siewert also made “additional comments,” in which she said the Greens supported a \$50 increase. This, combined with annual inflation adjustments, Siewert wrote, would make the Newstart system “fair and equitable.” In other words, the Greens—in line with the BCA—support keeping the unemployed living substantially below the poverty line.

While suggesting that the Gillard government could find the revenue for a \$50 rise, Siewert also argued that a dole increase could actually help cut government spending. She said the Australian Greens were concerned about the “disguised costs of poverty” for the federal budget, such as higher outlays for health care and social services, and revenue losses caused by “lost productivity.” Lowering the levels of poverty could reduce health and social security expenditure, Siewert emphasised.

These comments highlight the Greens’ agreement with the entire framework of the corporate and political establishment, which is intent on keeping the unemployed in sufficient poverty to drive down labour costs, while slashing social spending in order to meet the demands of the financial markets for the elimination of the budget deficit incurred in bailing out the banks and big business during the 2008-09 crash.



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