

Australian government prepares sweeping welfare cuts

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The Liberal-National government is undertaking a review of the Australian welfare system, declaring the existing \$70 billion annual expenditure “unsustainable.” The review, to be released next month, forms part of the government’s preparations for an austerity budget in May but has a longer term agenda involving the elimination of entire welfare programs.

Social Services Minister Kevin Andrews seized on a report published this week by his department showing that just over five million people received an income support payment in June 2012, more than 20 percent of the population. Andrews declared that without welfare “reform,” the government would “find ourselves in 10 or 15 years’ time in the situation that some of the countries in Europe are in.”

In reality, Australia’s poverty-level welfare programs are already far more stringent than those in most European countries. The government is nevertheless promoting the myth of an “unsustainable” welfare system as a cover for its aim of eliminating entitlement programs and further impoverishing unemployed and disabled people while expanding the pool of exploitable cheap labour available to big business.

The government’s review is being headed by Patrick McClure, a former priest and current head of charity and services organisation Mission Australia. In 2000, McClure issued a report on the welfare system for the then Liberal-National government of John Howard. That document explicitly rejected any concept of social security payments as entitlements, instead arguing for welfare as a workforce “Participation Support Program.” McClure’s 2000 report urged an extension of the Howard government’s “mutual obligation” regime for young unemployed people—which forced them to “work for the dole”—to sole parents, mature age

unemployed and disability pensioners.

More recently, McClure praised the “income management” aspect of the government “intervention” into Northern Territory Aboriginal communities—under which welfare recipients are only permitted to spend their income on certain items in selected stores—and called for this to be expanded more widely. He also proposed that the current range of welfare payments be amalgamated into a single base sum, with additional money provided as assessed for personal circumstances. In Britain, the Conservative-Liberal coalition government has introduced such a “universal credit” as a mechanism to slash welfare spending.

Minister Andrews said the government has “no immediate plans” to introduce a universal credit in Australia, while indicating that it could be enacted later in the government’s term in office.

The Abbott government’s immediate priority is to target the disabled and the unemployed. Andrews ruled out any increase to the poverty-level NewStart payment for unemployed workers, currently just \$250 a week. He flagged even more stringent conditions requiring those receiving the benefit to accept whatever work is available, regardless of the pay and conditions. Andrews yesterday foreshadowed the abolition of provisions allowing unemployed workers to decline a job if it was more than 90 minutes from their home. “We want to encourage people to take a job even if there are circumstances where that job might be further away,” he told the *Australian*.

This punitive proposal will compel many unemployed to pay for substantial fuel or public transport fares to commute for more than three hours a day for minimum-wage work, with disruptive and potentially damaging effects on their families’ lives.

Even more draconian measures are being prepared

against the disabled. Andrews refused to rule out transferring many disabled people from the disability support pension (DSP) to NewStart, which is about \$150 a week less than the DSP. The total number of DSP claimants is now more than 825,000, with the pension serving to help mask the real unemployment rate, as many long term and older unemployed workers have been able to qualify for the benefit.

Now, however, the ruling elite is moving to dragoon the disabled into the low-wage workforce. The former Labor government initiated the offensive, with Prime Minister Julia Gillard in 2011 imposing stringent tests for new DSP claimants that, according to estimates, would have stripped the pension from 40 percent of existing beneficiaries if they were applied to them. Labor's testing regime produced the first-ever annual declines in the number of people on the DSP.

The DSP test was only one of several Labor policies aimed at boosting workforce participation rates and gutting welfare spending. Labor hiked the retirement pension eligibility age for the first time since its introduction in 1908, and impoverished tens of thousands of single parents by stripping them of the parenting payment and forcing them onto NewStart.

Now the Abbott government is picking up where the Labor Party left off. Andrews declared that "everything is on the table" for McClure's review. He flagged continual medical examinations of DSP recipients, aimed at declaring them able to work and stripping them of the payment.

The social services minister foreshadowed special measures targeting young people and those with mental health problems. "I think we have to look at people on the DSP not as a homogeneous group," Andrews told ABC Radio. "Obviously someone who, for example, is in their 60s on the DSP, and has been on it for a very long time, has very little job prospects if we were to review them. However, that can be quite different for people, say, in their 20s where there may be every opportunity, with some assistance, to get into work."

Andrews then turned to the one third of people on DSP for psychological or mental health-related issues and suggested that more should be done to hire people with the expertise to get the beneficiaries into work. He indicated the government was considering a "two-tiered" DSP, with people deemed to have a "temporary incapacity" given access to the pension only for a

limited period, after which they would have to apply again, including meeting the stringent medical conditions.

The Abbott government's rhetoric, echoing its Labor predecessor, about "engaging" the unemployed and disabled, and improving their lives through work is so much hot air. Tens of thousands of the most vulnerable members of society will be forced to look for low-wage work to survive, just as a deepening economic crisis and corporate restructuring drive is triggering the destruction of countless jobs across the economy.



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