Australia: Media leaks outline assault on welfare budget

Mike Head
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A series of leaks to selected media outlets over the past few days has made clear that next Tuesday's Australian federal budget will make deep inroads into welfare entitlements, particularly hitting young unemployed workers.

Last Saturday's *Australian* reported that the Abbott government's first budget will contain a "huge welfare reform package." One of the measures will strip all people younger than 25 of Newstart, the general unemployment benefit, and push them onto the even lower-paid Youth Allowance.

The previous Labor government forced young people to wait until they were 22 before they could qualify for Newstart, which itself pays just $510 a fortnight—less than the OECD's poverty line of around $720 a fortnight. That age will now be pushed out to 25, leaving young jobless adults trying to survive on the Youth Allowance, which has a maximum rate of $414 a fortnight.

The impact will also hit thousands of working-class families, with many finding it difficult to support their adult children. Youth Allowances are subject to a parental means test, which cuts in at incomes of just $48,000 a year—less than the median full-time wage of about $60,000.

School-leavers will also face a punitive six-month wait before they can apply for the Youth Allowance. A revamped "work-for-the-dole" scheme will compel all unemployed under 30 years old to undertake "community work" such as working in national parks and aged-care homes.

According to the *Australian*, the changes will "save millions from the budget bottom line," but the government will "pitch" the measure as assisting young people to train for "real jobs." In reality, prospect for any job is becoming ever dimmer, especially for young people. Amid an ongoing avalanche of job losses, the number of Newstart recipients has grown rapidly over the past 12 months, from 682,120 to 733,601, and the number on Youth Allowance from 102,244 to 113,456, according to the latest available figures, from March.

Apart from cutting social spending, the government is seeking to coerce the unemployed into low-paid, insecure work on sub-standard conditions, and use them to drive down wages and conditions throughout the working class.

While the government has ruled out, at least for now, the call issued by its own audit commission report last week to cut the minimum wage over the coming decade—in the name of creating "job opportunities"—the assault on unemployment benefits is designed to achieve the same objective.

Similarly, the government has indicated that it will not pursue the audit report's recommendation that single jobless workers aged under 30 be cut off benefits if they refuse to move to areas of higher labour market demand. As a step in that direction, however, the budget will offer unemployed workers "incentives" to relocate to take up a job—up to $6,000 to move to a regional area, and up to $3,000 to move from a regional to a metropolitan area. Young long-term jobless workers will also be promised $2,500 if they stay in a job for 12 months.

The budget leaks are aimed at sending a signal to the corporate and financial elites that the government is committed, over time, to implementing their demands, embodied in the audit report, for the wholesale destruction of the post-World War II social welfare system, and the driving down of wages.

Reflecting this message, Saturday's *Australian* reported: "The federal budget, which [Treasurer] Joe Hockey will deliver on May 13, will respond to the

National Commission of Audit report by accepting some of its proposals but also finding other savings to meet the central target, of both the audit report and the coming budget, of producing a budget surplus by 2023-24."

According to the newspaper, healthcare and welfare will be the budget's "key targets." The former Labor government's eligibility reviews for disability pensioners, aimed at pushing them into work or onto the lower-paid Newstart benefit, will be conducted as frequently as every three months.

Over the weekend, Treasurer Hockey also announced that eligibility for the aged pension will be pushed up to 70 years of age by 2035—earlier than the 2053 date proposed by the audit report—by extending the gradual lifting of the age from 65 to 67, imposed by the Labor government.

Monday's *Australian* carried another report that the budget will unveil more than $10 billion in privatisation sell-offs, with the funds "recycled" to pay for infrastructure projects. Priority targets for sale, on top of the already announced Medicare Private health insurance fund, are the Australian Rail Track Corporation and Defence Housing.

Through these leaks, Hockey and Prime Minister Tony Abbott are seeking to counter a backlash from big business to an earlier leaked proposal of a 1 or 2 percent tax levy on higher incomes—possibly above $80,000 a year—to help reduce the budget deficit. Business leaders immediately accused the government of breaking an election promise not to impose new taxes.

The government initially presented the levy purely as a necessary measure to overcome the deficit, but last week Abbott defended it on the basis that it would demonstrate that the richest layers of society were also being asked to make sacrifices. He told reporters: "High-income earners should bear a significant quantum of the burden."

The corporate establishment, however, made it abundantly clear that it is not prepared to accept any impost, even a largely symbolic one, on its accumulation of wealth, provoking outspoken opposition from within the government's own ranks. Cabinet will meet tomorrow to decide the levy's fate.

Saturday's editorial in the *Australian* reinforced the hostility of the financial elite. Entitled, "Spending cuts, not tax hikes, must repair budget," it insisted that using a debt levy as a "political ploy" to defend hitting the poor was "no justification" for dampening the "incentive" of "top earners." Abbott, it declared, "cannot avoid cutting deep into welfare" and "his government must not fail to turn the budget in the right direction."

The Labor opposition has opposed the proposed tax levy—making its own pitch to the corporate boardrooms—while, for electoral purposes, accusing the government of making working people bear the budget burden. Labor leader Bill Shorten declared that the audit report was "written by big business, for big business" to ensure "families get less while millionaires get more."

Yet, Labor initiated the slashing of welfare. It cut off sole parents' benefits once their children turned 8, cracked down on disability pensions and extended welfare "quarantining" trials to numerous working-class areas. As workplace minister, Shorten last August proposed sending young unemployed workers to "boot camps," in the name of helping them find work.

In February, Labor's welfare spokesperson Jenny Macklin boasted that Labor had reduced welfare spending in its final year in office. She then announced a major review of Labor's policies in order to make welfare "sustainable," to ensure that it would "help drive economic growth" and "support people into work." This language is indistinguishable from that of Abbott and Hockey.

Likewise, the Greens said the government's planned welfare cuts would "condemn more people to poverty and put young people in vulnerable situations." But they propped up the minority Labor government for three years and voted for its budgets and austerity measures.

Within the political establishment, there is no fundamental disagreement on the underlying demand of the financial markets that the working class must pay the price for the worsening impact of the global capitalist breakdown that erupted in 2008.