Australian government shifts tactics in pursuit of budget austerity

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The tactics being employed by the Abbott government in its second budget, to be brought down later today, have been divulged in a series of pre-budget announcements over the last few days. Under the guise of promoting "fairness," the government is pursuing its essential strategy, laid out by Treasurer Joe Hockey in 2012 and repeated in last year's budget, to slash social services and end the "age of entitlement."

Last year's budget was met with a wave of opposition. Millions of ordinary people recognised that its cuts to family benefits, university education and pensions were aimed at targeting lower-income earners and widening social inequality. As a result, the Senate blocked some $24 billion worth of spending cuts, after they were opposed by Labor, Greens and the opposition crossbenches, who all understood that it would be electoral suicide to back them.

Having spent the best part of a year in a vain attempt to secure passage of its austerity measures, and following the prime minister's "near death" experience last February—when some 40 percent of his party voted to remove him, largely because of the budget—the government has changed tack by adopting the mantra of "fairness."

In true Orwellian style, this turns the meaning of words on its head. "Fairness" has become the means by which the government hopes to win the support of Labor and the Greens in the Senate or, failing that, to ensure sufficient numbers on the crossbenches support the passage of its cuts, aimed, once again, at the poorest strata of society.

The clearest example is the childcare package announced last weekend. Billed as a "jobs for families" measure, the government claims that, under its plan, families earning between $65,000 and $170,000 will be around $30 per week better off.

But the package, expected to cost around $3.5 billion, is to be paid for by the cuts imposed, but not yet legislated, to family tax benefits in last year's budget. These add up to around $5 billion. The government has made clear that the new childcare measures will be conditional upon the Senate passing the family tax benefit changes. These include stopping payments to families once a child reaches age six rather than 16, and been estimated to reduce the income of lower-income earners by as much as $6,000 per year.

Those on the lower end of the pay scale will then be further disadvantaged by the childcare plan. At present, families earning more than $65,000 a year, with one parent not working, receive childcare subsidies for up to 24 hours a week, without having to meet a so-called "activity test." Now they will have to meet such a test by showing that they are working, studying or training for a defined number of hours per fortnight.

Announcing the new measures in the manner typically used by those who denounce lower-paid and socially disadvantaged families as "rorters," social security minister Scott Morrison contemptuously declared: "The something-for-nothing bus for those above $65,000 on child care, where there's no activity test; that will stop running."

The Australian Council of Social Service pointed out, however, in a media release, that the "harsh activity tests" would mean that children in disadvantaged families will be adversely affected, as yet another barrier is placed in front of parents seeking a job.

The government's proposed changes to its paid parental scheme also reveal how the demands of the banks and financial elites for cuts in social services are routinely translated into attacks on welfare recipients as virtual criminals.

Under the present system, recipients are entitled to a payment of $11,500 from the government for 18 weeks leave, in addition to any money they might receive from their employer. The scheme was specifically designed to allow this. But under the new system, any parent receiving the extra employer payment will be denounced for "double dipping."

"We are going to stop that," Hockey told Channel Nine's "Sunday" program. "You cannot get both parental leave from your employer and from taxpayers."

As a result, it has been estimated that almost half of all new mothers, around 80,000 a year, will lose access to the full amount available under the present system. While declining to name the number involved, Abbott said: "I just want to emphasise the fairness in the system."

University of Sydney professor of employment relations, Marian Baird, member of a panel examining the existing paid parental leave scheme, attacked the accusation of "double dipping" as "outrageous," "rude" and "cruel," because receiving both payments had been part of the original scheme.

The legislation brought down by the Rudd Labor government, enacting the current scheme, stated: "It can be received before, after, or at the same time as existing entitlements such as employer-provided paid leave such as recreation, annual and employer provided maternity leave." This means that women who were acting completely within the law are now being branded as "rorters" of the system.

"Fairness" is being utilised in a similar way to introduce austerity into the pension system. In its May 2014 budget, the Abbott government sought to dump the indexation of pensions in line with average weekly earnings, tying them instead to the rate of inflation, with the aim of steadily reducing its overall outlay. Again, the Senate blocked the measure after it met with broad opposition.

Now the government is changing tack, once again under the banner of "fairness," to prepare for a broader offensive in line with its initial plan. Under the new measures, a pensioner couple with assets, excluding the family home, of more than $823,000, will lose the part-pension. Previously the asset limit was $1.15 million. This means that around 91,000 people will lose their part pension. Another 235,000 will have their pensions reduced via a lowering of the asset thresholds and a doubling of the tapering rate. Their payments will be cut by $3 per $1,000 of assets held above the new threshold.

The aim of the measure is not the relatively small amount of savings the government will make—estimated at $2.4 billion over four years—but to open the way for a broader assault on the pension system.

An editorial in Friday's *Australian* laid out the underlying agenda of the financial elites in whose interests the government acts. It declared that Morrison had done a little "pre-budget gardening" around retirement incomes, but "instead of using a lawnmower to cut the knee-high grass and a razor-toothed saw to get rid of overgrown branches" the minister had "taken out a dainty pair of pruning scissors to work around the roses."

Describing the changes as "puny," the editorial stated that while the "pension trim" was in the right direction, the pension had to be a "genuine social safety net." In other words, it should not be regarded as an entitlement after a lifetime of work, enabling recipients to spend the last years of their lives in relative decency, but simply the bare minimum. Emphasising this point it declared: "Many retirees still believe in the false credo: 'I've paid taxes all my life and I'm now entitled to a pension.'"

The editorial pointed to where the government's attack on pensions is heading, insisting it was time to reappraise placing the family home outside the welfare means test. Many pensioners now own houses valued at more than $1 million, not because they have suddenly become wealthy, but because of the recent property bubble. If homes were to be included in a future assets test, these pensioners would either be forced to sell, or to undertake reverse mortgages, in order to sustain their incomes in the face of crippling pension cuts.

The *Australian* editorial concluded by insisting that the government should "worry less about the state of the roses" and turn its focus, instead, to the "foundations." Those foundations comprise, not only pension payments, but the entire social welfare system. It is precisely this that the government is targeting, under the banner of "fairness."