

Australian Greens back Abbott government's deep pension cuts

Mike Head
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Under the fraudulent banner of “making the pension system fairer,” the Australian Greens this week signed up with the Abbott government to push through parliament the single biggest spending cut in this year’s budget—slashing \$2.4 billion over four years by imposing far-reaching assets tests on the aged pension.

By striking the deal with the Liberal-National government on Tuesday night, the Greens sent a clear message of their readiness to play a central role in imposing austerity measures on the working class, starting with social spending cuts that have been stalled since last year’s budget because of intense public hostility to the gutting of welfare, health and education.

Facing mounting demands by business leaders to deliver the cuts promised in the last two budgets, the government triumphantly welcomed the agreement. “I commend the Australian Greens, and their new leader Senator [Richard] Di Natale, supported by Senator [Rachel] Siewert, for their constructive engagement with the government on this measure,” Social Security Minister Scott Morrison said. Morrison crowed that the deal “demonstrates the Abbott government is successfully getting on with the job of implementing our ‘have a go’ budget.”

From January 2017, when the cuts begin, an estimated 235,000 people will have their part-pensions reduced and another 90,000 will have them eliminated entirely. Over time, as inflation eats away at savings, the impact will deepen. According to one modelling analysis, a million people will face cuts to their pensions within a decade, including half of all new retirees.

Cynically, Di Natale claimed that Australians would get “a system that supports them in retirement, not just the wealthy.” It is not the rich who will suffer from this pact. Instead, the changes will increasingly strip

pensions—which themselves are inadequate payments, barely above the poverty line—from millions of retired workers.

A retired couple who own their own home, and have other assets, including superannuation, totalling \$500,000 will be cut \$1,892 a year to \$25,173. Yet if they invested their funds in a bank term-deposit at 3 percent, they would have only about another \$15,000 a year on which to live. Part-pensions will stop altogether for such couples when their retirement savings exceed \$823,000, down from the current limit of \$1.15 million.

Di Natale, who was suddenly elected party leader by his 10 federal parliamentary colleagues just a week before this year’s May budget, declared: “When I took on the leadership of the Greens I said I was here to get positive outcomes for the community wherever I could, so I’m pleased to be able to deliver on this.”

What the Greens mean by “positive outcomes” is determined by the underlying agenda of the corporate elite, which is to dismantle welfare entitlements, in order to cut business taxes, drive down wages and boost profits.

In a “fact sheet” seeking to defend their decision, the Greens echoed the government in proclaiming that pensions must no longer be considered a social right, but only a minimal payment for those unable to pay for their own retirement via the compulsory superannuation system established by the Keating Labor government in 1992.

“The superannuation system was designed to help people pay for their own retirement if they can, while the government takes care of those who don’t have any assets by making sure they can have a decent retirement as well,” the fact sheet stated. Morrison likewise insisted: “The pension is a welfare payment for those who really, really need it.”

Morrison and Di Natale tried to put a gloss of “fairness” on their pact by claiming that “more than 170,000 pensioners with low and modest levels of assets will have their pension increased by around \$30 a fortnight.” But these gains will soon also be lost by inflation.

Di Natale further tried to sugarcoat the deal by saying it included an agreement by the government to consider reducing superannuation concessions for the wealthy in a forthcoming Tax White Paper. Morrison quickly shot down that pretence, declaring that the government had made it “crystal clear” that its policy would not change.

Labor Party leader Bill Shorten was just as two-faced in denouncing the “dirty deal,” posturing as a champion of poorer retirees. “What the government and Greens have done is they’ve made life harder not only for current part-pensioners (but also) for nearly a million Australians who have the rug pulled from under them,” he said.

With the legislation now sure of Senate approval, however, opposition finance spokesman Tony Burke would not say whether a future Labor government would reverse the changes. Moreover, Labor itself has struck a series of agreements with the government in recent weeks to push through key budget cuts. These include a \$1 billion cut to the seniors’ supplement for retired workers and a \$465 million saving from retirees’ defined benefit income streams.

Just a day after the Greens-government pact, Labor agreed with the government on a \$156 million increase over four years in the domestic biodiesel and fuel ethanol excise. This will help the government finalise its negotiations with the Greens on clawing back \$2.2 billion from motorists via petrol and diesel excise hikes.

Labor also voted with the government this week on two other budget measures, a \$5.5 billion tax cut for small business and the repeal of a \$3 billion tax cut for workers, which was due to start on July 1. The latter provision will hit low-paid workers the most, reversing legislation to increase the annual tax-free threshold from \$18,200 to \$19,400.

Those measures were on top of the commitments that Labor made in its budget reply speeches to back government cuts worth \$2.4 billion, including higher taxes on working holiday visa holders, the abolition of the large family bonus and the removal of the zone tax

offset for fly-in, fly-out workers.

Driving Shorten’s chagrin at the Greens-government pact was that it was depicted throughout the corporate media as the Greens “out-maneouvring” Labor in striking deals with the government. The *Australian*’s political editor Dennis Shanahan wrote: “Labor has been left isolated and useless in the Senate over real economic reform, handing Tony Abbott a huge victory while giving Greens the ‘mainstream’ recognition they crave.”

Upon Di Natale’s installation as Greens leader, he immediately announced his intention to collaborate with Abbott’s government to “get stuff done.” This reflects the Greens’ upper middle class membership—the wealthiest of all the parliamentary parties—and their competition with Labor for electoral support among affluent layers in inner-city electorates.

Last year, in order to head off popular outrage over the Abbott government’s first budget, Labor and the Greens feigned opposition to some of its most naked attacks on welfare, health and education. At the same time, Labor and the Greens joined hands with the government to surreptitiously pass the main budget appropriation bills, in order to prevent a political crisis that could get out of the control of the political establishment as a whole.

This year, Labor and the Greens are jostling with each other to partner with the government, while still trying to contain public opposition to the austerity measures. They are determined to demonstrate to the financial elite their readiness to impose the far deeper cuts now required as the impact of the global economic crisis increasingly affects Australian capitalism. At the same time, both parties are desperately trying to cover their tracks with fake assertions of “fairness.”



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