

# Australian government reintroduces sweeping welfare cuts

Mike Head  
11 February 2017

The increasingly unstable Turnbull government this week suddenly unveiled an “omnibus bill,” seeking to push through parliament welfare cuts that have been stalled in the Senate since 2014 because of deep popular hostility to them.

Facing defections and rifts in his government, Prime Minister Malcolm Turnbull is desperately seeking to demonstrate to the corporate elite that he can impose the cuts and other austerity measures that his ousted predecessor Tony Abbott failed to deliver.

The bill contains 16 separate provisions to slash welfare payments by a total of \$7.5 billion over four years, with the most severe cuts targeted at young people, working-class families and aged pensioners. Over the past three years, the media has dubbed these measures “zombie” cuts—“stinking carcasses” of the 2014 budget that the Liberal-National government, then headed by Abbott, was unable to fully implement.

By resuscitating the “zombies,” Turnbull’s government is intensifying an assault on welfare entitlements. The poorest and most vulnerable members of society are being victimised. One of the central aims is to coerce thousands of jobless workers, students and parents with young children into low-paid and insecure jobs.

This is under conditions where there is massive destruction of full-time jobs taking place throughout basic industries, especially manufacturing and mining, and wide areas of the country are already in recession.

An entire generation of young people will be the hardest hit. School leavers and jobless youth will be forced to wait five weeks, and made to complete a compulsory “activity” program, before receiving income support. Unemployed or ill people aged 22 to 24 will be shifted from sub-poverty Newstart dole and sickness allowances to even lower Youth Allowances.

Together, these measures will cost a single person living away from home at least \$1,320 upfront and around \$47 a week thereafter. The result will be deep impoverishment. The maximum Youth Allowance rate for a young person living independently of their parents is \$219 a week—far less than rents in most cities.

Students, young and old, will also lose their once-a-year \$208 education entry payments, and all welfare recipients will be stripped of annual education supplements.

The cheap labour thrust of this package is exemplified by a “social security income test incentive” aimed at “increasing the number of job seekers who undertake specified seasonal horticultural work, such as fruit picking.” The pay and conditions of seasonal fruit pickers are so poor that employers have for years relied heavily on young overseas backpackers, who must undergo such work to satisfy visa conditions.

All new welfare recipients will be forced to wait a week before being eligible for any payments, and will lose an energy supplement, cutting their benefits by up to \$7 a week. This includes people on the lowest incomes, such as the unemployed, aged pensioners, students and sole parents.

Aged pensioners who leave the country to live overseas will have their retirement pensions cut off after six weeks, down from 26 weeks, unless they have worked for 35 years in Australia. The government delayed one “zombie” measure, to increase the pension age from 67 to 70, but insists it still intends to proceed with that plan.

The biggest cuts of all—worth \$4.7 billion over four years—are the abolition of end-of-the-year supplements for family tax benefits, including those for sole parent or low-income households. These payments, made to about 1.5 million families, can be worth up to \$726 a

year per child.

Social Security Minister Christian Porter claimed that the government was making the family tax benefit system fairer by increasing some weekly payments by \$10. According to the Australian Council of Social Services, however, this does not make up for the supplement cuts. A sole parent with two children aged 13 and 15, for example, will still lose between \$14 and \$20 per week.

The government's bill ties these cuts to what Porter called "once in a generation reforms" to parental leave and childcare subsidies, designed to assist parents to "work for the first time, or work more."

In reality, working-class mothers will be under increased pressure to return to work early after giving birth. Previously, they received 18 weeks' parental leave paid at the minimum wage, on top of any leave provided by their employer. Now, leave granted by an employer will be deducted from their entitlements, with government top-up payments capped at 20 weeks.

Childcare subsidies will rise, but new means testing will make an estimated one-third of families worse off. The childcare benefits also only apply if families can afford to have children enrolled in day care or after school care, with fees of up to \$200 a day.

This package is part of an offensive against welfare recipients. Despite a public outcry over its crackdown on supposed "welfare fraud," the Turnbull government is stepping-up its "debt recovery" program. It is seeking to compel or terrify recipients, under threat of imprisonment, into paying back \$4 billion in alleged over-payments. These measures will be extended from unemployed workers to sole parents and aged and disability pensioners by July.

While targeting the poor, the government is pushing ahead with cuts in the company tax rate from 30 to 25 percent to boost corporate profits. This will widen the sharp social divide in Australia, where the richest 10 percent of the population own more than half of household wealth, while the poorest 40 percent are in debt or own virtually nothing.

The full extent of the welfare cuts was quickly buried by the mass media this week, submerged beneath coverage of Prime Minister Turnbull demagogically denouncing Labor Party opposition leader Bill Shorten as a "parasite" for feigning outrage at the cuts. Turnbull's theatrics, which seek to shore up his

leadership in the Liberal Party and divert attention away from the severity of the cuts, will only intensify the widespread popular hostility to his government and the entire political establishment.

Shorten's pretence of opposition to the dismantling of welfare entitlements is equally cynical. For decades, Labor governments have proved equally committed to enforcing the dictates of the corporate elite.

The last Labor government, in which Shorten was a key minister, stripped sole parents of benefits once their children turned 8. Like Turnbull and his ministers today, Labor Prime Minister Julia Gillard declared that her government was "creating the right incentives for getting people back into work."

Last September, Labor helped the Turnbull government pass another "omnibus" bill, cutting \$6.3 billion from social spending over four years. It also supported the government's abolition of a six-year statute of limitations on welfare "debts" and is counting on the \$4 billion in budget "savings" from debt recovery for its own proposed measures to eliminate the federal budget deficit of nearly \$40 billion a year.

Driving these measures is a deepening economic crisis, with the implosion of the mining boom compounded by a sharp decline in business investment. These pressures have been amplified by the election of Donald Trump as US president. His "America First" program of aggressive trade measures and huge cuts to company taxes and social spending is fuelling the demands of the capitalist class in every country for their governments to match him.



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