

Australian Labor Party rejects demands to increase unemployment benefits

Robert Campion
22 December 2018

Despite “raise the rates” protests in the foyer, the Labor Party’s national conference in Adelaide this week rejected calls for a Labor government to immediately increase the sub-poverty levels of the unemployment payments, Newstart and Youth Allowance.

More than anything else, this unanimous stand against the poorest members of the working class exposed the utter fraud of the “fair go for Australia” logo that dominated the conference stage, foreshadowing the party’s campaign pitch for the looming federal election.

Despite the endless claims at the conference about fighting inequality and low-wage exploitation of workers, the decision means that the allowances will remain at levels deliberately kept low in order to coerce unemployed workers into taking jobs on substandard wages and conditions.

In the lead-up to the conference, the Australian Council of Social Services (ACOSS) and a coalition of non-government organisations campaigned for an immediate rise in the rates, which have effectively remained frozen in real terms for a quarter century since the Keating Labor government of the 1990s.

Media reports forecast a passionate debate on the floor of the conference, with “Left” faction members committed to moving a resolution to back the demand. In his opening address to the conference, however, Labor leader Bill Shorten made plain that no such resolution would be accepted. He said the party’s policy would remain to merely promise an unspecified “review” of the issue, indicating that the party’s factional heavyweights would ensure that outcome.

Shadow treasurer Chris Bowen soon reinforced Shorten’s words at a press conference where he responded to the Liberal-National Coalition

government’s just-released Mid-Year Economic Outlook (MYEFO).

The *World Socialist Web Site* asked Bowen whether his frequent references to Labor taking “difficult decisions” to deliver bigger budget surpluses than the government meant keeping Newstart and other welfare payments at sub-poverty levels, deliberately imposing suffering on the unemployed. Bowen twice refused to answer the question, except to confirm that the party’s decision to “review” the rate had been announced already.

As with all the issues presented during the conference, the decision had been made behind closed doors in order to present a “unified” and “disciplined” party to the Australian and international ruling elite, ready for government and capable of presiding over economic and political turmoil.

Newstart is among the lowest unemployment allowances in the OECD. The cost of living has drastically increased since the 1990s, making it impossible to live on the allowances and cover the costs of rent, electricity, food, transport, a phone, clothing and other essentials.

According to the limited, semi-official Henderson Poverty Index, the poverty line as of June 2018 was \$517 per week for a single adult. The Newstart base rate is little over half that—\$275.10 per week, or less than \$40 a day.

Youth Allowance rates—for unemployed youth under 18 living away from their parent’s home for study, training or job searching—are even lower, on \$222.90 per week.

About 900,000 people are trying to survive on Newstart, Youth Allowance and other related benefits. Compounding the social crisis is the lack of job opportunities. For every job vacancy there are eight

people looking for work.

Further exposing the fraud of Labor's "fairness" slogan was the "Left" faction's shameless endorsement of the consensus decision to reject the "raise the rates" demands during the "debate" on the conference floor.

The "Left" faction's Darcy Byrne had declared before the conference that simply reviewing the Newstart rate was "not good enough." He said he would be moving a resolution to commit a Labor government to substantially raise it during its first term in office.

When he spoke at the conference, he lamely announced that the increase was not supported by the party leadership "due to its expense" but his faction had "won" a commitment for a Labor government to "urgently review" the rate within 18 months of taking office. He provided no details of this review.

The amended resolution was seconded by another "left," Rose Jackson, the party's assistant general secretary in the state of New South Wales. For all her confected fiery rhetoric about inequality and appeals for the party to be "bold," she sought to justify the agreed resolution by claiming that a review would be "useful" because it would "demonstrate" that the current rates are "inadequate."

These comments fly in the face of the obvious inadequacy of the payments, and the strong public support for raising the rates. A poll commissioned by ACOSS in June found that over two-thirds (68 percent) of Australians supported an increase in Newstart payments. Furthermore, 92 percent agreed that no one in Australia should go without basic essentials like food, healthcare, transport and power.

The real issue is not the "cost" of raising the rates. A Deloitte Access Economics study released in September estimated the annual cost of raising the Newstart levels by \$75 a fortnight would be \$3.3 billion. This is dwarfed by the estimated \$11.6 billion cut from social security spending over the past four years, let alone the massive increases in military spending. With bipartisan Labor-Coalition support, the federal government is currently spending more than \$17 billion on buying 72 F35 war planes from the US.

The reality is that the allowance rates are kept low in order to drive desperate workers and young people into super-exploitative, insecure work. Shorten himself spelt out that fact in 2013, when he championed the Gillard

Labor government's refusal to raise the rates.

In a letter to a Greens senator, Shorten—then the Labor government's employment minister—declared that lifting Newstart payments would have "unintended and undesirable" consequences, because the unemployed might "no longer have an incentive to work."

Notably, the primary reasons cited by the Labor "Lefts" for addressing the issue had nothing whatever to do with the fundamental social right of all workers to a decent, liveable, income or social safety net.

Instead, they cited the concerns voiced by sections of big business that the low rates were restricting economic growth. The Business Council of Australia, representing the largest corporations operating in Australia, noted as far back in 2012 that Newstart levels "may now be so low as to represent a barrier to employment."

On the first day of the Labor Party conference, "raise the rate" protesters handed delegates leaflets pamphlets asking: "Can you give us some decent policies to vote for—not just the lesser of 2 evils?"

This campaign sought to channel widespread working-class disgust back into illusions that a Labor government could be pressured into a less cruel policy. But these pleas fell on deaf ears.

As with its "sister" social democratic parties around the world, the Labor Party has long been in the forefront of the assault on basic rights and social conditions, dedicated to serving the profit requirements of the financial markets.



To contact the WSWs and the Socialist Equality Party visit:

[wsws.org/contact](https://www.wsws.org/contact)