

Australian Labor government refuses to increase below poverty-level welfare

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Three weeks out from the release of its annual budget on May 9, the Australian federal Labor government has flatly rejected calls to raise welfare payments amid a global cost-of-living crisis.

Treasurer Jim Chalmers refused to adopt key recommendations outlined by an Economic Inclusion Advisory Committee (EIAC) report to increase below-poverty JobSeeker payments for the unemployed and raise Commonwealth Rent Assistance (CRA) to keep pace with skyrocketing rental prices. Chalmers also rejected the EIAC's call for the government to boost Youth Allowance payments for students and young workers.

The report, released Tuesday, was commissioned by the Labor government in December 2022 to provide “non-binding advice,” supposedly to tackle economic disadvantage in Australia.

Among the EIAC's 37 recommendations were calls for increased services to support job seekers and “full employment” objectives to keep unemployment “close to” 3.5 percent and tackle underemployment. The report also called for the development of a “poverty index” to “provide a more comprehensive picture of the nature and extent of poverty.”

More than one million Australians rely on JobSeeker and Youth Allowance payments, which the report's authors described as “seriously inadequate.”

JobSeeker payments for a single person with no children amount to just \$693.10 per fortnight—roughly \$49.51 per day. CRA is a payment of up to \$79 per week for a single person. About 1.3 million of Australia's more than five million welfare recipients receive this payment.

So meagre is the JobSeeker payment that Labor's minister for the National Disability Insurance Scheme, Bill Shorten, was forced to admit in a Sky News

interview on Wednesday, “I couldn't live on it.”

A report published this week by not-for-profit Homelessness Australia found that, after paying rent, a young person in Australia on Youth Allowance (\$562.80 per fortnight) and CRA sharing a typical two-bedroom flat would have just \$13.20 per day left to pay for food, utilities, medicine, education and other costs.

In Canberra, the nation's capital, a Youth Allowance and CRA recipient paying half the average rent on a two-bedroom flat has only \$7 left per day. In Australia's largest city, Sydney, they would have only 70 cents per day. Major cities Hobart, Perth, Melbourne and Brisbane all sit below the national average of \$13.2 per day.

The situation for young workers has become especially dire amid skyrocketing inflation, which has seen food prices balloon. According to the Australian Bureau of Statistics, in the year to December, the price of bread and cereal products rose by 12.9 percent, meat and seafood increased by 8.4 percent and dairy products soared by 14.4 percent.

“The reality is landlords will not rent to a young person whose budget is stretched this thinly, making it almost impossible for young people who can't live safely at home to find somewhere to live,” said Homelessness Australia CEO Kate Colvin.

According to the Australian Institute of Health and Welfare, 39,300 people aged between 15 and 24 presented alone to homelessness services in 2021–22.

The EIAC argues that JobSeeker should be raised from 70 to 90 percent of the Age Pension—itself a woefully inadequate payment—as it was in 1999. This would lift the payment to a little over \$890 fortnightly, or \$63 a day.

But even this paltry increase is too much according to the treasurer, who said in a joint statement with Social

Services Minister Amanda Rishworth, “we can’t fund every good idea.” The statement made vague reference to measures in the May budget “to address disadvantage” in the form of energy bill relief and pensions.

The treasurer’s flat rejection of the recommendations presented in the EIAC report is a case study in how such committees, advisory panels, commissions and task forces are repeatedly used by governments to provide a fig leaf for their anti-working class austerity policies.

Chalmers has just returned from discussions in Washington, involving treasurers from other G20 member states, the International Monetary Fund (IMF) and the World Bank, in which the IMF released its *World Economic Outlook* report. The report warned of a global economic slowdown as a result of the US-NATO war in Ukraine and the ongoing COVID-19 pandemic.

As the pockets of the rich continue to be lined by governments, it is ordinary workers and youth internationally who are being made to pay for this economic turmoil.

In line with this, the Labor government of Prime Minister Anthony Albanese has insisted since coming to power in May last year that the working class in Australia must swallow “tough medicine.” In other words, there will be no relief for workers reeling from a global cost-of-living crisis, the likes of which have not been seen for decades.

The government has calculated that the report’s recommendations would cost a total of \$34 billion over the next four years to implement. Chalmers and bourgeois economic commentators have been quick to blame the lack of an increase in social welfare payments on a \$5 billion “blowout” of the aged care budget.

While insisting that there is no money to alleviate the financial hardship of working-class households and struggling youth, the Labor government has repeatedly stated its commitment to planned “Stage Three” tax cuts for high-income households and made virtually unlimited funds available for the military.

Last month, Albanese announced that \$368 billion would be spent on nuclear-powered submarines as part of the AUKUS military pact with the US and the UK. These machines of war are part of the further

integration of Australia into preparations for a US-led war against China.

The purchase of the submarines comes on top of \$575 billion already pledged by the federal government for defence over the coming decade. The May 9 budget promises to be a continuation and deepening of the bipartisan push for militarism and austerity against the working class.

This exposes the lies embodied in the Labor party’s slogan of a “better future” for ordinary people, promoted before the May 2022 federal election. In that election campaign, and the recent state elections in New South Wales, only the Socialist Equality Party sought to explain to workers and youth that Labor is a big-business party that will offer nothing but an intensified drive for austerity and war.

Labor’s refusal to provide even the meagre welfare increases recommended by the EIAC, amid the greatest cost-of-living crisis in a generation, is in line with the harsh austerity measures being adopted by capitalist governments worldwide.

The alternative is for workers and young people to join the struggle for a socialist program aimed at transforming society to meet social need, rather than the interests of big business and imperialist war.



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