The Income Security policies of the Australian Liberal Party in Opposition, 2007-2013

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Abstract

The Australian Liberal Party has displayed a long-standing hostility towards the welfare state and welfare recipients. This article critically analyses the Party’s income security policies whilst in opposition from 2007-13, and identifies four key components in the Party’s critique of the welfare state: reducing the level of social expenditure, changing individual behaviour rather than promoting social justice, imposing obligations as well as entitlements, and diverting responsibility from the state to the community.

Key words: Liberal Party, income security, neo-liberalism, social conservatism, welfare state.

Introduction

For more than 30 years, the Liberal Party has promoted hostility towards the welfare state and welfare recipients. This animus reflects two distinct ideological perspectives: a neo-liberal concern to cut government, reduce social expenditure and enhance individual autonomy, and a social conservatism that aims to punish the bad behaviour of welfare reliant individuals who allegedly refuse to conform to mainstream values. The overall agenda seems to be to reduce government interference with free market outcomes, and to redirect responsibility for the disadvantaged from government to families and the non-government sector (Mendes 2009).

The Liberal Party claim, philosophically, to be committed to minimum government intervention in order to maximise the choice, freedom and rights of individual Australians (Abbott 2009; Abjorensen 2008). But there is an obvious potential contradiction between respect for the freedom of the individual, and a conservative emphasis on preserving the existing social order that results in massive state intrusion into the lives of powerless individuals. When it comes to the rights of those on social welfare, conservative social values seem to take precedence over the dignity of the individual (Brandis 2008).

During the 11 years of Coalition Government from 1996-2007 headed by Prime Minister John Howard, this anti-welfare agenda was characterised by three core themes. One was the notion of welfare dependency, which holds that government income security payments such as the NewStart Allowance for the unemployed, the Disability Support Pension and the Parenting Payment for single parents encourage dependency and anti-social behaviour, and do little to encourage self-reliance and desirable behaviour (Mendes 2008).

The general argument here is that welfare programs have a ‘perverse’ effect: that is they produce poverty instead of relieving it. As noted by Hirschman (1991:27-35), this ‘perversity thesis’ dates from the time of the Poor Laws in England when critics of social assistance argued that it promoted idleness and mendicancy, instead of relieving distress.
One of the strongest contemporary critics of the benefit dependency culture has been influential American, neo-conservative, political scientist Charles Murray. Murray argues that the welfare state, by providing automatic support for the disadvantaged, has undermined individual responsibility and made it profitable for the poor to become dependent on welfare. Murray claims that the solution to the problem is to scrap the entire US federal welfare and income-support structure for working-aged persons and force individuals to rely on their own resources and those of family and friends (Murray, 1984).

Neoliberals construct welfare recipients as fundamentally different from the rest of the community. Dependence on welfare is interpreted as an addiction not dissimilar to that of helpless dependence on drugs and alcohol or gambling (Harris, 2000). This ‘dependency culture’ is then allegedly transferred to the children of welfare recipients leading to what has been called transgenerational welfare dependence (Kinnear, 2000; Saunders, 2004).

Neoliberals believe the state should act to motivate and discipline welfare recipients and reintegrate them with mainstream social values and morality such as self-reliance and the work ethic. Income security should shift from being a right or entitlement to a privilege. Welfare-dependent individuals should be given incentives to choose employment over welfare.

Influenced by the concept of welfare dependency, the Howard Coalition Government regularly drew attention to the individual flaws of the poor person, rather than any structural context of their poverty (Marston et al 2014). In order to eliminate this alleged incentive to welfare dependency, the government introduced far stricter eligibility criteria for most income security payments as typified by the 2005 Welfare to Work Bill, which adversely affected new applicants for the Disability Support Pension and Parenting Payment (Mendes 2008; 2009).

An associated theme was that welfare programs provided assistance to many who did not genuinely need or deserve support. As a result, the government employed a number of measures under the banner of mutual obligation (Fawcett et al 2010; Jamrozik 2009; Marston et al 2014). Mutual obligation reflects the influence of the 1834 amendment to the English Poor Laws Act concerning the distinction between the deserving and the undeserving poor. The Poor Laws were based on the ‘less eligibility’ principle: that unemployment payments for the able-bodied poor must never exceed the level of wages able to be earned by the lowest paid labourers in the land, so as to maintain work incentives (Beilharz et al, 1992:59-60).

The deserving poor - those who had become briefly dependent on poor relief through no fault of their own, and who with some assistance, could return to independence - are to be cared for. The undeserving poor (more recently labelled the underclass) whose poverty is viewed as the result of individual anti-social behaviour or moral defects - laziness, profligacy, reckless fertility and so on - are to be disciplined (Conley, 1982:281-282).

Neoliberals such as American political scientist Lawrence Mead argue that the permissiveness of the welfare state is the key to understanding the growth in unemployment and welfare dependency. Federal welfare programs have given benefits to their recipients, but have not asked for anything in return. Jobs are available for all those who want them. Low wages, racism, and inadequate child-care do not present serious barriers to employment. Many people voluntarily choose not to work for personal and cultural reasons.
Mead believes that the welfare state should be based on the concept of ‘new paternalism’, which emphasizes contractual duties and obligations as well as needs and rights. People should be offered a combination of ‘help and hassle’ to end the cycle of welfare dependency, and drive them into self-reliance. The principal and mandatory obligation should be to work for welfare benefits (Mead, 1997).

The Howard Coalition government introduced a number of mutual obligation measures such as Work for the Dole (the mandatory unpaid work requirement for sections of the unemployed) whereby undeserving groups were disciplined via contractual obligations that require them to give something back to society in return for their payments. Those who failed to meet their obligations were increasingly subjected to payment breaches and associated heavy fines. The most radical application of mutual obligation was the introduction of compulsory income management (the quarantining of a set percentage of income security payments – usually somewhere between 50 and 70 per cent – into a special account for the exclusive purchase of essential household items such as food, rent, clothing and energy bills) for selected Indigenous communities in the Northern Territory (Carson & Kerr 2014; Mendes 2008; 2009).

A third theme was that there should be greater involvement by private charities or non-government community organisations in the provision of welfare benefits and programs. The Prime Minister particularly admired the emphasis placed by charities on the personal and moral underpinnings of social problems, their ability to develop programs cheaply, and their supposed capacity to promote behavioural change. Consequently, the government placed charities at the centre of a number of government projects including most notably the Job Network (Mendes 2008; 2009).

In this article, I analyse their views on income security payments during their six years in opposition from 2007-2013 using mainly statements by leading Party personnel such as the then Party leader Tony Abbott and the former Shadow Treasurer Joe Hockey plus some media reports and secondary sources. Attention is drawn to four key themes in their continued critique of welfare: a general neo-liberal concern to reduce the level of social expenditure (Jamrozik 2009), an emphasis on individualistic rather than structural causes of disadvantage linked to the concept of welfare dependency, a belief that greater pressure should be placed on the unemployed via mutual obligation measures to seek unemployment and become self-reliant, and a desire to divert responsibility for social disadvantage from government to community groups.

**Theme one: Reduce the level of social expenditure by decreasing the numbers of welfare recipients.**

The Liberal Party have consistently argued that Australia needs to reduce its level of social expenditure due to demographic pressures arising from our ageing population. These pressures will allegedly place increasing cost demands on health and aged care services and pensions (Hockey 2012; 2013), although some researchers argue that Australia is well-placed to cope with future pressure on pensions (Kinnear 2001; Borowski & McDonald 2007). Regardless, the Liberals suggest that there will need to be a significant reduction in the number of Australians reliant on income support (Karvelas 2010; McClure 2013).
For example, as the former Shadow Treasurer, Joe Hockey said that in order to balance our budget, we needed to identify major savings that would involve an end to the so-called age of entitlement, and a shift to personal responsibility. Otherwise, our welfare system is likely to promote long-term and inter-generational welfare dependency which he equated with an ‘addiction that becomes difficult to escape’ (Hockey 2011: 8). Hockey also compared Australia unfavourably with Hong Kong which he said lacks a welfare safety net, but nevertheless manages via hard work, low taxation, and family support to achieve high levels of growth and employment (Hockey 2012a). Yet even the former Prime Minister John Howard has warned that Australia should not follow harsher welfare systems such as that of the USA whereby many genuinely disadvantaged people are left without state support (Howard 2010). Additionally, welfare spending in Australia is relatively low compared to other OECD countries, and there is no evidence to support a view that increased spending on social welfare hinders savings, investment or employment growth (Emy & Hughes 1991).

To be sure, some Liberal Party statements pay lip service to retaining a basic safety net for vulnerable groups such as the young, the elderly and the disabled. There is also in-principle support for the responsibility of government to promote equality of opportunity, although not equality of outcome (Hockey 2011; 2012b). But in practice, the Liberals have not been willing to support any positive measures that would lift the incomes of, and arguably enhance freedom of choice, for those on income security. The Liberals even opposed proposals by a Parliamentary Inquiry for an increase in the NewStart Allowance. The Inquiry argued that the low level of payments was forcing long-term recipients into poverty. However, the Liberals argued that an increase was unaffordable, and ‘scarce resources should be targeted at programs that assist payment recipients to transition to independence’ (Back & McKenzie 2013: 15).

They also voted in May 2012 to support the measures introduced by the Labor Government to transfer existing Parenting Payment recipients to Newstart Allowance when their youngest child turned eight. The Liberal Party Senator Chris Back, Deputy Chair of the Education, Employment and Workplace Relations Legislation Committee, expanded on the Coalition perspective in a Senate report published in August 2012. Senator Back emphasized that the Coalition supported initiatives such as the Fair Incentives to Work Act that ‘promote workforce participation and provide appropriate incentives to encourage those who are out of the workforce to find and maintain paid employment’. Back argued that children who grew up in jobless families were far more likely to be unemployed as adults, but ignored evidence that close to half of single parents were already in paid work, and that those in employment were the group of single parents whose total income would be most adversely affected by the changes (Back 2012: 22).

**Theme two: Changing irresponsible behaviour rather than promoting social justice is the solution to social disadvantage.**

The Liberals appear to share the view of their conservative counterparts in Britain (Duncan Smith 2007) that disadvantage cannot primarily be attributed to social and economic deprivation and inequality. Rather, it is linked to the emergence of an immoral underclass typified by behavioural characteristics such as dependency, addiction, failed education and family breakdown (Andrews 2013).

Not surprisingly, the Liberal Party has emphasized individualistic rather than structural explanations for social problems, and policy solutions that aim to change individual behaviour
rather than reform social structures. For example, Party leader Tony Abbott argued many years ago that poverty is caused in part by irresponsible behaviour such as laziness, alcohol and drug abuse, family violence and gambling (Abbott cited in Gordon & Gray 2001). More recently, he refused to set targets for reducing rates of homelessness because he believes that many people make ‘a choice’ to be homeless, and there is little government can do to help this group of people (Abbott cited in Nader 2010). Yet there is little if any research evidence that people freely choose to be homeless, rather than being pushed into homelessness by a complex range of individual and structural factors (Perusco 2010).

Joe Hockey called for the introduction of intensive case management for the long-term unemployed in order to identify ‘those factors in their personal lives that may be impinging on their job readiness and employment potential’ (2011: 9). A Coalition employment policy document urged immediate action to prevent the long-term unemployed falling into what was called ‘long-term welfare dependency’ (Liberal Party & National Party 2013: 3). Similarly, two Party Senators defended the introduction of compulsory income management by referring to groups of income security recipients as ‘dysfunctional’ people whose welfare payments needed to be quarantined (Adams & Boyce 2010: 74).

Now there is no doubt that negative individual behaviour and choices such as substance abuse, crime and gambling can undermine opportunities for participation and employment. But there is little research evidence that people who are reliant on income support payments actually hold fundamentally different values and attitudes to the rest of the community. For example, a recent study of 150 Australian income security recipients (Murphy et al 2011) found that most were actively engaged in social and/or economic participation. At least one third were employed, mainly in part-time work, and closely linked to workplace social networks.

Equally, the type of punitive measures proposed by the Liberal Party may only divert responsibility for the disadvantaged from one social welfare agency to another. For example, those welfare recipients who have their payments suspended or cancelled are rarely able to suddenly acquire full-time employment, as the ideal neo-liberal model would suggest. Rather, the evidence suggests that they are most likely to turn up at non-government welfare agencies (NGOs) seeking emergency relief assistance. Unlike government, the NGOs don’t feel able to just turn desperate people away in order to encourage their self-reliance.

**Theme three: Obligations as well as Entitlements: Pressure the unemployed to become self-reliant.**

The Liberal Party urged that greater pressure be placed on the unemployed and other income security recipients to seek employment. Tony Abbott argued that ‘the best form of welfare is work’ (2012a: 5). He also suggested that leaving people on long-term income security is a ‘kindness that kills’ and ‘misguided compassion that breaks down the social fabric’ (Abbott 2011: 4). Instead, he argued that governments benefit the disadvantaged by emphasising their capabilities, rather than the things they can’t do. Finding employment helps to raise their self-esteem (Abbott 2010a; 2012c).

The Liberal Party outlined a number of proposals to progress this policy agenda. Firstly, they demanded that Work for the Dole (WFD) be made mandatory for all the long-term unemployed under 50 years of age, and that they start WFD after only three months, and stay on the
program until they have found work. This is despite research evidence showing that WFD provides poor skill and employment outcomes compared to other labour market programs (Argy 2003; Borland & Tseng 2004).

Secondly, they suggested either suspending unemployment benefits for people under 30 years of age in areas where there are unskilled jobs such as a fruit picking that have not been filled or, alternatively, requiring all the unemployed to relocate to centres of high job growth to find work or lose their payments. It was contended that these forms of pressure would assist in separating the genuine unemployed or deserving poor from the undeserving group who are not genuinely looking for work (Abbott 2009; 2011; 2012b).

These ideas seem to assume that there are jobs available for all who want them, and that all welfare recipients are work-ready individuals who could find work tomorrow if only they tried harder. Yet, the real unemployment rate in Australia is almost certainly more than double the official rate of 5.7 per cent or 705,400 Australians in July 2013 (Australian Bureau of Statistics 2013), and it appears that nearly half the unemployed are long-term. Many in this group experience a complex range of structural, personal and locational barriers to accessing employment including limited life opportunities and skills, disabilities, the impact of past trauma, shortages of relevant employment in particular postcodes, and the practical difficulties of relocation (Australian Council of Social Service 2011).

Finally, the Liberal Party recommended an extension of compulsory income management (IM) from the relatively small number of existing sites and targeted groups to all Australians who are long-term unemployed, and particularly those families who have children under 16 years of age (Abbott 2009). According to Tony Abbott, ‘ensuring that at least 50 per cent of welfare income is spent on the necessities of life should be a help rather than a hindrance for unemployed people. It would also have the advantage of discouraging people who might be working the system’ (Abbott 2011: 4). Elsewhere, Abbott argued that IM helps enforce people’s ‘social as well as economic responsibilities to society’, and claims it will ‘produce a better life for long term unemployed people’ (2010b: 4).

This proposal ignores a number of philosophical and practical concerns expressed regarding IM. Objections include that it is racially discriminatory in that it primarily targets Indigenous communities, and that many income security recipients have felt disempowered, embarrassed and ashamed at being subject to IM, especially when shopping. Additionally, there is at best limited evidence that it is effective in promoting greater personal responsibility including parenting skills and budgeting. It is also extremely costly (Mendes, Waugh & Flynn 2013). Most fundamentally, the coercive arrangements involved in IM do not promote the individual rights and choices of the unemployed, which the Liberals claim to philosophically support (Fifield 2013).

To be sure, the Liberals canvassed a few positive proposals to assist the unemployed to find work. These included a relocation allowance for young people who have been on unemployment benefits for more than 12 months with a bonus for those who then remained in employment for a year or more, and also a bonus for businesses that give work to unemployed person over 50 years of age for more than six months (Abbott 2010a). But even these carrots have a sting in the tail. For example, any relocated young person who doesn’t remain in the allocated job for at least six months would then have a six month waiting period before they
were eligible again for unemployment benefits (Liberal Party 2010). This condition could have serious adverse implications given that young people may have to cease employment for reasons that are beyond their control, such as a workplace injury, an illness, having to care for a parent or partner who is ill or disabled, or an irreconcilable conflict with an employer or work colleague. If unable to claim any income security payments, the young person could become homeless or involved in crime as a direct consequence.

**Theme four: Divert responsibility from government to community groups.**

The Liberal Party argues that the policy solution to disadvantage lies not with government action, but rather with greater personal responsibility by the disadvantaged, and also the empowerment of local community welfare groups. This idea seems to reflect the influence of the British Conservatives ‘Big Society’ concept, and the associated ‘Red Tory’ ideas of Phillip Blond (2010). According to Tony Abbott, it is not the role of government to redistribute income or to ‘abolish the disappointments and failures that are part and parcel of even the best lives’, rather, social problems are best solved by ‘empowering’ community groups, and promoting participation by the disadvantaged in their local communities via Work for the Dole (Abbott 2012b: 4).

The former Shadow Minister for Families, Housing, and Human Services, Kevin Andrews, argued in favour of a greater role for local community groups in providing welfare services. But he also spoke of the danger of non-government organisations relying on government funding and potentially losing their independence, and promised to promote a ‘culture of philanthropy’. Additionally, he praised the role of community volunteers that give ‘freely of their time and resources’ (2013: 3).

Andrews seemed to be merely suggesting that governments should devolve responsibility to community groups as a means of reducing government spending. There is no evidence here that he was proposing the introduction of genuine bottom-up community development measures that would utilize local knowledge and expertise regarding the causes of, and potential solutions to, social disadvantage. Rather, the Liberals seemed to be suggesting a transfer of responsibility for service delivery from centralized government to local organisations, but without an associated devolution of power regarding policy making and decisions. This seems to be what has happened in Britain where the ‘Big Society’ concept has mostly been characterized by harsh cuts to social expenditure, rather than any significant bottom-up transfer of power from central government to local community groups and citizens (Lewis 2012).


Since returning to power in September 2013, the Liberal-National Party Coalition government has announced a review of welfare payments to be headed by former Mission Australia head, Patrick McClure. In announcing the review, the Social Services Minister Kevin Andrews argued that too many Australians, estimated at more than five million, were receiving income support payments; that the level of spending was unsustainable; and that significant and urgent changes needed to be made to the disability support pension, and the Newstart Allowance. The Minister added that the ‘best form of welfare was work’, and that the review would examine work disincentives in the welfare system, and the different rates of payment between the Newstart Allowance and the Disability Support Pension (Karvelas 2014; Marszalek 2014). The Minister’s
statements suggest a concern to reduce income security spending by cutting the number of Australians receiving the Disability Support Pension, possible reductions in the DSP rate, and placing more pressure on the unemployed to accept whatever work is available or lose their benefits (Maiden 2013). They also confirm a continuation of the anti-welfare themes promoted by the Coalition whilst in opposition.

**Conclusion**

The Liberal Party seems to hold a highly suspicious attitude towards income security recipients who are constructed as undeserving of support unless proven otherwise. The Party’s policy agenda leads to negative approaches that target the weaknesses rather than the strengths of recipients, and directly contradict as in compulsory income management the Party’s stated belief in individual choice and empowerment. Conversely, the Liberal Party, in Opposition, developed very few proposals that involved positive incentives, and opportunities for the empowerment of those reliant on welfare.

Now that the Liberal Party has returned to government, it is likely that there will be increasing pressure on disadvantaged groups to rely on their own resources. This will result in increasing demands on practitioners who work in areas such as family support, housing and emergency relief. Those at the coalface may need to increasingly acquire funds from sources other than the Commonwealth Government to meet client needs. Equally, they will need to ensure that the impact of government cuts is fed back into policy debates through advocacy groups such as the Councils of Social Service and the professional social work and welfare/community worker associations.

Additionally, there is an imperative for welfare advocates to identify alternative policy directions. For example, a case could be made for a more liberal model of income security that would involve recognizing the diverse individual experiences and capacities of the unemployed, and accepting that a certain proportion of the working age population would remain outside the paid workforce. All people reliant on income security could then be offered a participation income which incorporated a range of social, cultural, educational, environmental, community and caring activities and expectations ranging from the more conventional, such as caring for young children, the disabled, and people who are frail aged or chronically ill, to manning the kiosk or clothes shop at school and/or coordinating the local sports team, to the less conventional, for example, participating in local exchange and trading schemes. Additionally, the bureaucratic uniformity of the income security system could be addressed by transferring control to local communities with extensive consumer participation. The focus of services would then be on meeting the aspirations of participants, rather than those of government or providers.
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