

Australians living on the edge

## New report slams government welfare policy

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One of Australia's largest charity groups, St. Vincent De Paul, recently sent an unprecedented letter to the federal Howard government criticising it for “divesting” its responsibility to “look after the less well off in society”. A spokesman for the charity declared, “The current system is not working ... if government agencies find themselves with a situation where they have to refer people to charitable organisations for assistance...

“The society ... will not be an arm of [the government's] operations.”

St. Vincent's criticisms have been supported by the Salvation Army, which declared that major problems in welfare funding have existed for over eight years, and Anglicare Australia, which accused the government of “passing off its responsibilities”. Anglicare characterised the Liberal government's approach as “a revolving door charity operation” where welfare recipients are cut off assistance and then sent to charities for help.

The charities' concerns underscore the findings of the Australian Council of Social Service (ACOSS), which has just released its third annual report into the community welfare sector and the provision of welfare services for the disadvantaged. Entitled *Australians Living on the Edge*, the report highlights the impact on community organisations and needy individuals of the government's welfare policies.

The report opens with the following observation: “The 2000 *Living on the Edge* survey reveals the continuation of worrying trends identified in the previous surveys. It presents a picture of rising needs amongst low income and disadvantaged Australians, and a community services sector operating under enormous pressure.”

The report demonstrates that welfare recipients, particularly the unemployed, are being driven to seek charity because their benefits are terminated if they breach punitive welfare laws. Government figures released in the wake of the ACOSS report disclosed that

its job agency, Centrelink, referred more than 170,000 people to charity organisations during the past year alone. A spokesman for St. Vincent's said that this type of treatment for the unemployed “has become institutionalised” and warned, “if that's what the future of welfare is, we are going to have a divided nation.”

The ACOSS report found that 80 percent of government-funded welfare agencies were operating at “maximum capacity” and of these 35 percent were working “beyond capacity”. Sixty-seven percent reported an increase in the numbers they were assisting and, although 23 percent of agencies reported no increase, many of them simply had no further resources. Of the 9 percent that recorded a *decrease* in services provided, most said this was due to a drop in funding, not an absence of need.

Despite demands for help, government funding has been cut over the last year by 4 percent. This has been paralleled by a 3.5 percent rise in fees charged to clients for services. The report says, “These figures indicate a trend towards user-pays as organisations struggle to make up a shortfall in government funding.”

ACOSS estimates that 23 percent of the rise in the numbers of people seeking help has been due to an increase in referrals from other agencies, 21 percent due to an increase in the complexity of needs, and 17 percent because of government policy changes. It suggests that the increased demand from referrals indicates that “a ‘merry-go-round’ effect has developed in which clients are simply being directed from one over-stretched service to the next.”

The most significant government policy changes relate to unemployment benefits, making them more difficult to obtain, and compliance breaches, which strip recipients of their benefits.

Last week the government released its latest compliance review, revealing that over a quarter of a million people had their payments reduced or cancelled during the last 12

months. This generated savings for the government of \$17.4 million a week. The review concluded that the government could save a total of nearly \$300 million through its campaign to tighten welfare restrictions and increase penalties for those receiving assistance.

Another major burden on agencies has been the government's policy on migrant and refugee services, which denies any assistance to the most vulnerable layers of society, obliging them to seek charity to survive.

The ACOSS report found that in order to cope with increasing demand, 21 percent of agencies used unpaid labour provided by volunteers, 16 percent were forced to draw on financial reserves and 15 percent dealt with the problem by creating waiting lists. Twelve percent simply referred people to other agencies whilst 38 percent reported turning greater numbers away.

ACOSS comments: "The community services sector has traditionally prided itself on never turning people away, however figures suggest that this is an option which increasing numbers of service delivery organisations are being forced to take."

One welfare agency reported: "Current demand for our services has led to applying caseload controls and the closure of our intake services. In the past four weeks there have been a total of 80 requests of which 43 were priorities where a family member was at risk due to abuse, violence, etc.... We have been able to respond to only 10 of these referrals."

Referring to the problems associated with the growing reliance on unpaid volunteers, another agency drew out that there was an "increased expectation of government that the not-for-profit sector is a garden in which people with little or no skills can magically grow new and useful skills and develop competency levels that will not only advance the programme they volunteer for, but will serve to increase their employment options—WRONG."

Many of the agencies complained that whilst government funding remained their primary source of income, this was generally short-term, needing to be renegotiated on a year by year basis. This left them in a volatile financial position and unable to plan ahead. Another issue was that many agencies had to compete against the "mega-charities" for dwindling government funding. Last year, St. Vincent's distributed \$77.4 million in assistance, yet only received \$2.6 million in emergency relief funding from the government.

The report says: "Overall, the above findings would suggest that the sustained pressure under which the community service sector is operating has meant that its

capacity to provide assistance (in terms of coverage of clients in need and the level of assistance provided) is under serious threat."

Its conclusions are equally grim: "The sector will indubitably continue to strive to do its best for low income and disadvantaged Australians. However, the end point of the circumstances detailed in this report is cuts to service delivery and a further reduction in assistance for those in need." As one agency put it: "We will be desperate—or, more correctly, even more desperate than we are now!" Another declared: "We have clients ending up in gaol or hospital (mental health wards) because there are inadequate supports (or funds to pay for them) in the community."

Exacerbating the welfare crisis is the housing situation. During the five-year period from 1993/94 until 1998/99, the availability of subsidised government housing declined by 23.9 percent. The ACOSS report notes that affordable housing has become the single greatest area of need across the country. Anglicare warned that government policy was "biting at the very social structure of Australia and Australia must not go back to the last century ... to the 1930s of depending on the handouts of the well-to-do".

In another report released last week, Mission Australia found that in the last decade the number of homeless families increased by over 400 percent.

The crisis confronting both welfare agencies and charities is the product of a definite government agenda. Responsibility for those in need is being shifted away from the state and dumped instead on the doorsteps of overburdened charities. The Howard government's response to the McClure report on welfare, due in December, will further institutionalise this process.



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