

# Australian government clashes with leading charity over welfare reform

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An ongoing confrontation between the Howard government and St Vincent de Paul, one of the country's largest charities, escalated this week. In reply to trenchant criticisms from the Society over the government's welfare policies, Employment Services Minister Tony Abbott sent a scathing letter back, accusing St Vincent's of lacking insight "about the structural and cultural factors behind poverty in Australia."

Canberra's conflict with the charity has erupted at a sensitive time for the government. Within weeks it is due to act on sweeping welfare reforms, recommended by a government-commissioned report, aimed at driving thousands of recipients off benefits and further gutting the postwar welfare system.

In his three-page diatribe Abbott rebuked St Vincent's for having circulated a statement to federal members of parliament claiming that the government was divesting itself of the responsibility to provide welfare assistance. The Society had claimed that the government's social security agency Centrelink was referring thousands of people to the charity, many of whom had become destitute after being cut off welfare for minimal offences.

Abbott arrogantly expressed surprise that the charity was "unhappy with suggestions for the further devolution of welfare responsibilities to community agencies," claiming that such suggestions were in line with statements made by the Pope on "catholic principle."

According to Abbott, the principle involved the "devolving of tasks to those organisations (such as for instance the St Vincent de Paul Society) which are closer to the problem in question (such as the relief of poverty) leaving 'higher bodies' (such as the Federal government) to play a coordinating role."

St Vincent de Paul hit back, issuing a statement condemning Abbott's claims as "ridiculous". At the same time it released a damning report that presented further evidence of entrenched poverty resulting from

government welfare policies and continued funding cuts.

The report, entitled *Working out of welfare*, draws on information from the weekly reports of 20,000 of the Society's members and volunteers working with disadvantaged people in both rural and metropolitan areas, to identify five key factors responsible for keeping people entrapped in what it terms "a pattern of need".

The first factor is the "stubbornly high rates of long term unemployment" followed by an "insufficient level of social security payments; lack of appropriate social service support networks; a decline in the availability of affordable housing and decreases in the available funds for public health, and education and training."

In a thinly veiled reference to the government, the report claims that "when it comes to debating welfare dependency, attention has been consistently diverted from these factors and focused more on blaming the victim". It says that a conception has been promoted that "the long term unemployed, single parents or people with disabilities actually prefer to live on social security rather than participating in the workforce".

The report charges that in order to "break welfare dependency" government measures have "been directed at the individual" and "tend to be punitive" through the introduction of measures such as more stringent activity tests for the unemployed and "harsher penalties for all recipients even for minor breaches" which are used to cut them off benefits.

These measures, it claims, have led to an increase in the number of people being forced to live for long periods without any payment at all, "creating greater dependency as they fall behind in their weekly commitments and increasingly rely on organisations like St Vincent de Paul for a de facto form of social security."

Even where benefits are paid, the report shows that in thousands of cases they are hopelessly inadequate. It points out that "our main help is given to people who just

can't manage on social security payments” and that “96 percent of all people St Vincent de Paul assists are reliant on social security”.

For example, the report cites the case of a single parent with a five-year-old son that is typical of many. The pair was forced to exist on a net weekly income from a Supporting Parenting Benefit (SPB) of \$342.34. After paying \$180 rent and \$120 for food there was not enough left to meet the \$65 needed for electricity, gas and phone bills and nothing at all for clothing, school fees, transport or medical needs. The mother had build up a debt for essential services and increasingly depended on charitable institutions to get by. The report says that more than 36 percent of people assisted by the Society are currently on SPB.

According to the report, unemployment is still the single most important factor in perpetuating disadvantage. It maintains that, despite government claims that unemployment is at the lowest level in a decade, “the reality is the number who are long-term unemployed has remained steady, with over 50 percent being unemployed for 12 months or more. Seventeen percent of these have been unemployed for five years or more.”

In rural communities the unemployment rate “is well above 10 percent” and the “situation for rural Aboriginal people remains dire, with over 40 percent unemployed.” Only 50 percent of all long-term unemployed had received intensive assistance to find work.

The most damning part of the report deals with the two demographic groups that the charity says it is increasingly being called upon to assist—young people and the mentally ill. The report insists that increasing youth poverty is the result of the “continued high level of unemployment and the generally low level of benefits available through the Common Youth Allowance.” This allowance, introduced to replace unemployment benefits for youth, is currently at least \$20 a week less than all other allowances.

The report draws out that approximately 60,000 young people under the age of 20 have been jobless for 12 months or more and this is “compounded by the over 200,000 long-term unemployed people in their twenties. This represents 40 percent of the total long-term unemployed”.

The mentally ill represent the second largest increase in those seeking assistance. The report notes that “accommodation and poor access to health and community support networks are the two most influential factors of need among people suffering a mental illness”. Over recent years thousands of mentally ill people have

been forced into substandard dwellings and left to fend for themselves as governments, both Liberal and Labor, have closed down mental institutions.

The case is cited of a man, suffering an undiagnosed and untreated illness, who was shunted from one crisis hostel to another for 10 years. It was only when one of the Society's caseworkers placed pressure on government health authorities that he was eventually diagnosed and treated.

The report also reveals cases of extreme hardship caused by the cutting of government funds for public housing. This “has lead to longer public housing lists” and “contributed to the higher incidence of homelessness as people are unable to afford higher rents on the private market”. An ACOSS report, *Australians living on the edge*, released last month noted that the availability of subsidised government housing declined by 23.9 percent in the five-year period to 1998/99.

An older woman referred to in the St Vincent report was forced to leave her flat because she was no longer able to pay the \$200 weekly rent following the death of her husband. Her entire savings were used to pay for the funeral. She has lived in one of the Society's shelters for single women for three months but must move shortly. Despite continued appeals, she has not been able to secure accommodation through the Department of Housing.

Speaking on the eve of the report's release on November 13, John Wicks, a member of St Vincent de Paul's national public affairs committee, declared that Abbott's letter to the Society demonstrated that the government had decided to go down the “path of mutual obligation and reliance on private charities”.

Wicks went on to predict that even harsher measures would be implemented when the Howard government announced its response to the McClure welfare report in December. The Society was now convinced, he said, that the government “had missed all the things the report had said were needed, like new programs” and would “cherry pick” what it wants from its recommendations. “There'll be peanuts for programs, but the core of the response will be the privatisation of the welfare sector.”



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