

A sharp increase in welfare cutoffs in Australia

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The Australian Council of Social Service (ACOSS) this week revealed that there has been a steep rise in the number of unemployed who have had their welfare benefits either completely or partially cut off. Almost 350,000 jobless people—more than half the total number receiving benefits—were penalised during the 2000-2001 financial year for breaches of the federal government's draconian job search rules.

Under Freedom of Information legislation, ACOSS obtained statistics showing that the "breaching" of unemployed people has increased three-fold since 1997-98—causing severe hardship to some of the poorest and most vulnerable members of society, particularly the homeless, the mentally-ill, jobseekers with drug and alcohol problems, people with literacy and numeracy difficulties, those with brain injuries, youth and indigenous people.

ACOSS estimated that \$258.8 million worth of penalties were inflicted during the year, delivering a windfall to the government at the expense of the unemployed and their dependants. The welfare body provided details of people losing their cars, homes, families and even public transport concessions as a result, setting back their lives for years to come, regardless of whether their benefits were later restored on appeal.

An estimated 35,400 people lost their dole payments altogether for eight weeks—a threefold increase on the previous 12 months. Many more recipients received the heaviest penalties, ranging from \$837 to \$1,431, for breaching the government's "activity test".

This is a direct result of the Howard government's policy. In July 2000, it introduced compulsory "Preparing for Work Agreements," which imposed extra activity tests and set harsher penalties, partly by re-classifying what were previously treated as more minor "administrative" breaches.

The most common "offences" were missing an interview with a Job Network agency, failing to attend a compulsory work-for-the-dole interview, and incorrect declaration of income. Other frequent breaches included neglecting to contact an agency, failing to keep a Job Seeker Diary and becoming "voluntarily unemployed". The latter charge primarily results from refusing to take a job on sub-standard wages and conditions.

In many cases, people were cut off benefits automatically for not responding to a computer-generated letter, which may have been sent to a previous postal address.

The "fines" handed out by Centrelink, the government's welfare office, often exceeded those imposed by courts. Penalties totalling

\$3,383 over three breaches were inflicted on impoverished jobless people, whereas millionaire radio host John Laws was last year given a good behaviour bond and a 15-month suspended sentence despite being found guilty of soliciting information from a former juror. Justice James Wood commented that a fine would not deter someone of Laws' wealth.

In criminal cases, prosecutors must prove "beyond a reasonable doubt" that offences have been committed, yet the onus of proof falls on the unemployed to convince agency officials that they have a "reasonable excuse" for not complying with a rule. Appeals can be made, but they are heard by senior bureaucrats or government-appointed tribunals, whose processes can be equally inflexible and arbitrary, as well as time-consuming.

By far the biggest increase in penalties came from recommendations made by Job Network agencies. These are charities or private companies with government contracts to administer the dole system, which now consists of closely monitoring the unemployed and pushing them into jobs, no matter how poorly-paid, insecure, part-time or temporary.

In the year to February 2001, the number of breaches recommended by the Job Network rose by 66 percent. Centrelink did not apply all these penalties—nevertheless Job Network-initiated breaches increased by 45 percent. Overall, Job Network agencies were responsible for almost 40 percent of all penalties, up dramatically from 21 percent in 1998-99.

The penalties have a devastating impact, because welfare recipients are already living far below the official poverty line. Single adult unemployed people receive just \$178.90 week, while those under 21 receive \$145.05—more than 20 percent less than the poverty standard.

By depriving the jobless of these meagre benefits, the government and its contractors are literally turning many workers and their families into paupers. The ACOSS report sheds new light on the mounting levels of homelessness over the past three years.

In one of the several case studies that ACOSS provided, an unemployed man "Jim" was penalised because an employer, unaware of the consequences, refused to sign an Employer Certificate stating that Jim had approached him for work. Jim was forced to ask two charities for food vouchers and help to pay bills until, one month later, Centrelink finally contacted the employer, who verified Jim's explanation.

Often, people have been cut off benefits because they simply misunderstood Centrelink's bureaucratic jargon or did not receive

notices. Brotherhood of St Laurence spokesman Steve Gianni said the breaching system was out of control. “People are being fined for having disabilities... this research confirms our experience that the people hardest hit by these fines are those who, because of homelessness or disability, are having trouble even receiving and understanding Centrelink’s requirements.”

Stung by the popular outcry over the ACOSS report, Community Services Minister Larry Anthony said he had asked Centrelink to review its procedures, but insisted the penalty system would remain. “The policy is that people have to genuinely look for work and if they don’t, there are sanctions in place,” he said. He requested a two-month inquiry by Centrelink to identify disadvantaged individuals who may be “falling through the cracks” of its administrative processes, yet declared in advance that Centrelink was acting correctly in the vast majority of cases.

Anthony, the wealthy son of former deputy prime minister Doug Anthony, has mounted a witchhunting campaign against welfare recipients over the past year, urging people to perform their “civic duty” to inform Centrelink of any suspicions that beneficiaries, whether they be unemployed, sole parents, sick or disabled, are being over-paid.

Only a month ago, he issued media statements hailing a 58 percent increase in inquiries into alleged welfare fraud triggered by public tip-offs between July and December 2000. As a result, he boasted, Centrelink had conducted 36,423 reviews, resulting in 8,211 payment cancellations or reductions, saving taxpayers \$16.1 million.

Despite this record, ACOSS president Michael Raper welcomed Anthony’s announcement of a review, while saying that ACOSS would conduct its own investigation into the breaching system.

The most striking feature of the ACOSS response was that it said nothing about the role of the Job Network providers or the purpose of the government’s vindictive regime. It denounced the breaching rules as “unfair” and “wrong” but provided no explanation for why and how they have been introduced.

Part of the reason for the silence is that ACOSS represents the charities and other welfare organisations, some of which are profiting from the government’s system. As Job Network providers, major charities—such as the Salvation Army, Mission Australia and the Smith Family—have a direct financial interest in cutting some of their “clients” off welfare.

Under their contracts with the government, they receive fees for placing people in jobs. They can lose money if their clients do not accept jobs or later quit them. This can also be an incentive to “breach” clients who are difficult to place, removing from an agency’s books to make way for potentially more profitable referrals from Centrelink.

Mission Australia, with Job Network contracts potentially worth \$88 million annually, has become a virtual government business. By one newspaper’s estimate, the Salvation Army has grown so huge on government contracts that if it were a company it would be in Australia’s top 200.

These arrangements are part of the Howard government’s “social coalition” with charities and big business. It is increasingly handing over welfare services to profit-making organisations, which have financial reasons to cut spending levels.

The leading charities also share the government’s ideology of blaming the unemployed and the poor for their own plight. In February, they became part of a new 220-member Social Entrepreneurs Network, which espouses the reactionary line that welfare payments have become a barrier to shifting recipients into so-called self-help projects—essentially small businesses. Poor communities had to become “authors of their own futures,” Vern Hughes, the Network’s secretary, told the inaugural meeting.

While some charities have expressed opposition to the most obvious cruelties of the breaching regime, they have joined a coalition whose underlying agenda is bound up with scrapping the very conception of social responsibility for the plight of the unemployed and other victims of the private profit system.

The government’s aims are clear—to slash public spending, gut social programs and further lower corporate and income taxes, while providing employers with a ready supply of desperate job-seekers who can be forced into low-paid work. As Employment Minister Tony Abbott declared bluntly in April last year, “job snobs” will be cut off benefits if they do not take jobs “they may not like”.

ACOSS has no fundamental disagreement with this program, having participated in last year’s welfare reform report headed by Mission Australia chief Patrick McClure. That report endorsed the government’s attack on so-called “welfare dependency” and its proposals to extend the “activity tests” and other “mutual obligation” requirements to older unemployed workers and single parents.

Even as the government’s brutal breaching regime strips hundreds of thousands of workers and their families of their only source of income, often placing them at the mercy of the charities, these same organisations are profiting from the process and, despite a few qualms about the results, enforcing the system.

See Also:

Mailed fist behind a velvet glove

Australian government prepares to abolish social security system
[7 April 2000]

Welfare report recommends steps to end Australia's postwar social security system
[31 August 2000]



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