Reports document growing social inequality in Australia

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4 January 2006

Last month, as corporate boardrooms toasted Australia's "boom" economy, the Catholic charity organisation, the St Vincent de Paul Society, released a report documenting the growing gap between the country's rich and poor.

The social policy issues paper, *Winners and losers: the story of costs*, is a further salvo in an ongoing conflict between the Howard government and welfare organisations over the level of poverty in Australia.

According to the paper's principal author, Gavin Dufty, its background was an attempt to answer critics who dismissed the charity's reports of increasing demand for its services as "exaggerations," as well as the government's insistence that higher costs of living were being counterbalanced by rising incomes, leaving poorer people better off.

Published on December 19, *Winners and losers* found that since 1990 the most vulnerable people had been hardest hit by rising costs, notably for essential services such as health, education and public transport. The aged, disability support pensioners and the unemployed had experienced "harsher changes in the costs of living," with parents also bearing a disproportionate burden of cost increases.

Rising costs had impacted on low-income households at variable rates, however. A typical outcome showed that aged or disability support pensioners reliant on the rental market and the public transport system had borne cost increases 30 percent higher than the underlying inflation rate.

The study used a range of official measures such as the Consumer Price Index (CPI), the Household Expenditure Survey (HES) and the Relative Price Index (RPI). Whereas the government uses the CPI to measure inflation, the RPI more accurately reflects the true cost of living for the poorest households. It is derived from the HES, which details expenditure patterns for various groups, taking into account the value of concessions or government entitlements.

The paper's authors compiled a series of charts recording cost trends in a range of essential and non-essential goods and services from 1990 to 2005. They then constructed weightings representing expenditure patterns for the most disadvantaged households.

Their results revealed extraordinary cost increases for a number of vital services. Education costs, for example, had soared 200 percent above the inflation rate. Hospital and medical services had increased 180 percent above the inflation rate while dental services were up by 130 percent over the inflation rate.

These skyrocketing prices are the outcome of the "user-pays" agenda imposed for more than two decades by federal and state governments, both Liberal and Labor. Private profit-making increasingly dominates areas that were formerly considered basic public services.

As the report points out, essential services are being placed beyond the reach of a growing section of the population. Parents, particularly those with large families, already struggle to afford visits to the doctor. Similarly, a decent education—long promoted as the path to equality of opportunity—is being restricted to those able to pay hefty fees.

The study also found a growing disparity in cost burdens between home owners/purchasers with private means of transport and those reliant on the rental market and public transport.

The charity hit out at the government for "cementing ever greater wins for those who are already winners, leaving the losers to seek assistance for electricity bills, medical costs and school excursions from charities..." Furthermore, it expected that the government's recent "welfare and IR [industrial relations] reforms will further reduce the chances of low-income families paying for the essentials on a day-to-day basis".

The findings of *Winners and losers: the story of costs* are in line with the charity's first social policy issues paper, *The Reality of Income Inequality in Australia*, published earlier in 2005.

Focussing specifically on income, rather than household expenditure, the paper confirmed a steady trend of widening inequity, directly contradicting the Howard government's repeated claims that the poorest Australians had experienced the strongest income growth.

The study was critical of the government's "dubious use of averages and percentages... which disguise an unequal growth in income reflected in absolute terms especially at the lowest levels".

It cited one instance of this "smoke and mirrors" approach in National Centre for Social and Economic Modelling (NATSEM) statistics, which recorded that the bottom 10 percent of private income households increased their income by 165 percent between 1994-5 and 2002-3 while the top 10 percent had an increase of just 38 percent.

As the St Vincent's report pointed out, when these percentages were translated into actual figures, an entirely different picture emerged. They represented a mere $26 weekly rise for the bottom 10 percent as opposed to a $762 rise for the top. The report also noted, importantly, that these statistics excluded households that relied solely on government benefits, thereby ignoring the most disadvantaged.

The 2005 federal budget, which granted by far the largest tax cuts to the rich, would only deepen this trend, the report stated. The budget measures would mean that those on $20,000 a year received a cut of $280, while those earning $100,000 obtained a massive cut of $3,252.

The study's author, John Wicks, concluded that Australia was on a "headlong dash into the chasm of inequality". If not reversed, it would "see a return to the dismal social injustices that characterised the dawn of the industrial era, where people were kicked when down, while governments stood idly by."

While the mainstream media has completely ignored *Winners and losers*, the previous paper, *The reality of income equality in Australia*, was immediately rejected by the Howard government and subjected to an orchestrated media campaign.

The Centre for Independent Studies (CIS), a right-wing think tank, spearheaded the attack. It published a paper by Peter Saunders titled, "A headlong dash into the chasm of hyperbole". The charity was accused of being "alarmist" and driven by a "Marxist" political agenda. Saunders' comments were quoted extensively in subsequent opinion pieces and editorials.

The cause of the uproar, it soon became clear, was concern that reference to inequality might threaten the domination of the free-market program. In the end, Saunders did not disagree that inequality had grown. However, his purpose was to assert that this was of little significance and even a good thing, as poverty would coax lazy people into the workforce.

"If (as seems probable) a mild increase in inequality of disposable incomes has occurred as the result of people who earn a living gaining a bit more than people who do not, this might very well be considered a positive outcome given the long-standing problem of work disincentives that has dogged the Australian tax and welfare systems and which has helped produce a lower rate of workforce participation here than in many other comparable countries."

In a similar vein, columnist Christopher Pearson declared, "When it comes to policy for alleviating poverty, the Government and Pope John Paul II favour more enterprise from everyone in the economy. Vinnies [St Vincent de Paul] would still prefer to cramp enterprise by reallocating resources from those who work to those who don't." Pearson concluded that the charity had been "captured by the soggy left".

The claim that the St Vincent de Paul organisation is Marxist is, of course, ridiculous. This is a religious charity whose existence is intimately bound up with the maintenance of capitalist relations and the defence of the church's own interests. Its determination to expose deepening social inequality reflects concerns over the implications for social and political instability.

That such an organisation should be subject to a vicious media campaign reveals just how determined the Australian ruling elite is to press ahead with its agenda of market reform and to suppress any discussion over its social consequences, above all the growing divide between rich and poor.