Unemployment and charity requests soar in Australia

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Applications for unemployment benefits and requests for emergency financial aid, accommodation and food parcels are rising much faster in Australia's working class areas than the official jobless statistics indicate.

Two sets of data released a fortnight ago point to a mounting economic and social toll being imposed on working people, belying claims of a budding recovery being pushed by the media and Prime Minister Kevin Rudd's government.

Nationally, the number of people claiming unemployment benefits jumped to 427,537 in July, up by 50.6 percent from last September, when the global financial crisis erupted. The increase was well above the 36.1 percent rise in the official jobless rate from 4.3 percent to 5.8 percent.

Far from the rate of claims slowing, it has accelerated. Last month alone, an extra 22,000 people started receiving the Newstart or Youth Allowance, about twice the average rise for the 12 months since July 2008. For the same month, July 2009, the official Australian Bureau of Statistics (ABS) survey registered no change in the official unemployment rate.

The figures from Centrelink, the government agency that handles benefit claims, provide a truer picture because budget cuts have restricted the ABS to conducting surveys of only 23,000 households. In addition, the ABS does not count people as unemployed if they worked more than an hour a week.

The Centrelink statistics, however, also seriously understate the true level of joblessness because they do not include those who lost their jobs but are not eligible for benefits—for example, if they received redundancy payments or their spouse worked.

Major working class areas, as well as those dependent on mining and tourism, suffered the largest rises. In Queensland, the number of people receiving benefits jumped by 88 percent. A breakdown of the records at each Centrelink office showed that in the year to July, the numbers doubled or more in that state's regional coastal cities, including Cairns, Mackay and Gladstone, as well as in the suburbs of the capital Brisbane and the Gold Coast-Sunshine Coast strip north and south of Brisbane.

Across Brisbane, Caboolture, on the northern outskirts, had 3,126 recipients, up 111.2 percent; Beenleigh, to the south, had 2,622, up 105.6 percent; Inala, to the west, 2,024, up 115.5 percent, and Woodridge, to the south-west, 2,478, up 85.1 percent.

In Western Australia, which is heavily dependent on mining, the total rose 84 percent. Some of the sharpest rises were in regional towns like Busselton, up 225.7 percent to 785. North of the state capital Perth, Joondalup had 2,278, up 125.3 percent; while Mandurah and Rockingham, to the south, had 1,855 and 2,299 respectively, up 108.9 percent and 99.7 percent.

In Sydney, the numbers more than doubled in several mixed working class-middle class suburbs, including Hornsby, Chatswood, Northern Beaches and Ryde. In the working class western suburbs, the rises ranged from 37.8 percent (Mount Druitt) to 77.6 percent (Parramatta), from far higher starting points. Liverpool had the biggest total in the country, 4,727, a rise of 52.8 percent.

Throughout the working class suburbs of Melbourne, the percentage increases over the past year ranged from 34.0 percent, in the outer western suburb of Sunshine, which had 3,028 people receiving benefits, to 89.1 percent in the outer eastern suburb of Ringwood, which had 2,192 recipients. Areas with manufacturing, construction and service sector concentrations had the four biggest totals: 4,190 in the northern suburb of Broadmeadows, 3,572 in Werribee in the

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far west, 3,097 in the southern suburb of Frankston and 2,909 in Dandenong, in the south-east.

Alongside the wholesale destruction of jobs, there has been a wider cutting of working hours, with a drop of nearly 3 percent in the past year, or the equivalent of about 300,000 jobs. (See: “Australian jobless statistics reveal deep cuts to hours”).

The resulting sharp cuts to incomes have led to an increase of up to 50 percent in the number of people asking charities for help, including emergency cash to pay bills, crisis housing and food packages.

According to a report, “Impact of the economic downturn on not-for-profit organisation management,” produced for the Australian government by the Centre for Corporate Public Affairs, 65 percent of the organisations reported increased demand for services in 2008-09, and 83 percent expected higher demand in 2009-10.

When asked to quantify the 2008-09 increase, a third of the charities reported a rise of up to 15 percent, a third said it was between 15 and 20 percent, and a final third gave a range of 20 to 50 percent. Despite the rhetoric of recovery, nearly 95 percent agreed (nearly 1/3), or strongly agreed (nearly 2/3) with the proposition that, “More people will be needing my organisation’s services in the next year or two.”

At the same time, however, 77 percent of the charities reported that they had been forced to reduce costs—and themselves shed jobs and cut staff hours—because of a fall in corporate donations, and inadequate and unreliable government funding. Due to the economic downturn, 84 percent reported increased competition for funds, and half said funding from corporations had decreased.

Most charities (58 percent) said they were not cutting their services, but 35 percent reported that they were. One respondent commented: “We rely on the generosity of corporate sponsors and this is rapidly evaporating.”

There were numerous complaints that governments had not filled the gap, illustrated by the following remarks: “All of our current state and federal government funding is one-off for specific projects and programs. Local government provides a small amount of ongoing funding. This funding could be under threat as the economic downturn bites in the area due to job losses in the region. Government funding is insecure with budget cuts.”

Although the report was handed to Housing, Families and Community Services Minister Jenny Macklin in June, it was buried by the government and the media. When an article appeared in the Melbourne *Age* last month, Macklin feigned concern, saying the report highlighted the pressure placed on charities as “more people come knocking at the door for help”.

In an earlier media release, Macklin declared that the Rudd government had provided an 80 percent increase to emergency relief funding, taking the total to more than $120 million over the next two years. This, she claimed, would give a funding boost to “more than 700 non-profit organisations across Australia” and help “an estimated one million Australians next year”.

But these sums fall far short of the urgent requests made by the charities. Earlier this year, for example, the welfare umbrella agency, the Australian Council of Social Services (ACOSS) called for nearly $1 billion in the period to 2011 to help the long-term unemployed.

The Labor government’s cynical response is firstly driven by budget-cutting to overcome the massive deficits produced by the recession and the multi-billion dollar stimulus handouts, which have overwhelmingly gone to the corporate sector. Beyond that, the government calculates that unemployment and poverty will coerce working people into accepting work on substantially lower pay and conditions.

While handing billions to the banks and big business to shore up their profits in the wake of the global meltdown caused by financial markets, the Rudd government has been equally intent on forcing the working class to bear the social cost of the breakdown, and to exploit the crisis to drive through far-reaching attacks on living and working conditions.

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