Introduction: A Very Unequal Australia

Australia's welfare and income support system has become one of the most unfair and unequal in the developed world, thanks to inequities that have now been built into an unfair system. This has disastrous personal consequences for many hundreds of thousands of individuals and their families, who are in extreme poverty, with much increased risk of homelessness, energy disconnections, no access to telephone and internet, and an inability to provide adequately for themselves and their families.

This is the result of government policies in Australia, which may be the only developed country in the world which pays one sub-group of welfare recipients - the unemployed - less than another: those on pensions. It has been more than a year since the OECD recommended that Australia pay more to its jobseekers.

Australia's low payment rates are now not only restricted to unemployed people, but have been increasingly extended to groups such as disabled people and sole parents as the eligibility for pensions has been tightened under the Howard liberal government as well as the Rudd and Gillard labor governments.

This poverty is also extended to students, as payment rates for students are linked to payments for unemployed people. Many tertiary students are financially supported by their families, but not all families can afford to do this.

All sub-groups which receive the lower rate of payment are affected:

These include: unemployed people

sole parents with older children

some disabled people

students.

Basic human rights cannot be assured when a person's income is so low. In the context of human rights alone, increases to payment levels are necessary.

History and Present Context: The Myth of the Dole Bludger

In the mid 1970s, Australians began labelling all those who were unemployed as ‘dole bludgers’. This was fuelled by the then Fraser government, who took the opportunity to effectively reduce the payments of the unemployed by not indexing these payments for inflation. This, and subsequent policy decisions, has led to a situation where only a small difference in the mid 1970s (approximately $53.20 per week, compared with $51.45 per week Unemployment Benefit) has now grown to a difference of more than $130 per week.

Any low-income person is struggling to get by in our society where it is assumed that we all have access to affordable housing, communication (telephone and internet), transport (the ability to meet the requirements of Centrelink to attend interviews), basic energy costs, as well as basic food. This assumption is false. Many people are suffering the most extreme poverty and social exclusion.

A person who is on a pension of $377.75 per week ($755.50 pf) struggles to meet these costs, but any reduction would cause a low-income person, such as a pensioner, severe stress and financial difficulty. When the basic Australian Allowance for jobseekers is a mere $244.85 per week ($489.70 pf), this inevitably means severe deprivation for this group.

Even the cheapest housing in the private rental market will take up at least half of this allowance, leaving only approximately $120 per week to cover all other costs. No amount of careful budgeting can make this amount stretch to cover even energy costs, not to mention telephone, transport, food and clothing.

Yet those receiving Newstart Allowance are not only expected to live, but to present themselves for ten jobs per fortnight. This pressure and the impossibility their situation has led many unemployed people to desperation and despair.

It would have been unheard of in the 1920s to call those people receiving government support ‘dole bludgers’. Indeed, it would have been shocking. Nearly 100 years later, the inappropriateness of this label should be clear.

Policies should be based on a true assessment: not on outdated myths which blame those caught up in an unfair income support system for their poverty.

Consequences for Unemployed People in Australia

Unemployed people end up at risk: living long-term on friends' couches or returning to a family home if they have one. Some end up amongst the ranks of the homeless.

Australia should be ashamed that there are any homeless people in a country that can no longer claim to be one of opportunity. The lucky country is only lucky if you have access to family wealth and educational opportunities only available to the wealthy.

We as Australians should be ashamed of treating our poorest citizens like this. Yet we blame them for their situation and poverty. We label all people who are unemployed as 'dole bludgers' and blame them for their situation. We think that all people are as lucky as we have been.

We need to be aware of the truth of the situation. We need to try actually living on the amount of money allocated to Newstart Allowees, as Senator Rachel Siewert has done, and realize what how difficult life is for this group of people.

The Undeserving Poor: Blaming the Unemployed

The extreme inequities in the Australian income support system have led to a two-tiered welfare system.

It has also led to anomalies such as 15 year old dependent students (defined as children by Centrelink) being paid approximately $100 per fortnight less than 16 year old dependent students in exactly the same circumstances. This was recently recognised and changed (after a nearly two year delay) by the present government by extending the definition of children to include those over 15 in full-time secondary education.

Now the income cut is postponed until those students leave secondary school, but applies to all students, including the poorest, who go on to further education and receive an allowance for students.

Secondary Students receiving Family Payment A and B	321.30 per fortnight
Tertiary Students receiving Austudy	244.85 per fortnight
Difference:	76.45 per fortnight

Our two-tiered welfare system is divisive even among welfare recipients, as well as in the community generally. It is common for people to assume that our poorest deserve their fate.

But if we live in a developed country like Australia, this attitude is at best incorrect and at worst punitive and unfair. We should be providing a basic minimum for all people. To have different base rates of payment according to different categories is patently unfair and inappropriate.

We should not tolerate, in a country like Australia, concepts like the “undeserving poor” in the 21st Century.

The Married Rate

For many years, only the single rate of the Allowance has been affected by erosion through non-indexation, thereby protecting unemployed married people and their children. However, this has changed recently and unemployed partnered people now receive a rate which is $82.10 (combined) per fortnight less than the pension rate.

This is partly the result of the Rudd Government’s Pension Supplement. This was an ill-thought out and incorrectly targeted supplement, which withheld the Supplement from those most in need.

Conclusion and Recommendations

I have personally been trying to raise this issue for several years. I have submitted the paper hereunder to The Age and the Australian. I was dissuaded from trying any other newspapers. The Age had intended to run this as an Opinion Piece in April 2011, but it was pulled out at the last minute.

It is virtually impossible for individuals to have access to members of Parliament. I have submitted the article (Opinion Piece) to the Prime Minister's Office. There used to be a Minister who could be approached about these matters. They have now been subsumed under other categories so that it is difficult for an individual person to make representations to a Minister.

The existence of this Senate Committee and its terms of reference should have been made more widely available, so that more individuals - those who are affected - had the opportunity to comment on this very important matter.

Recommendation 1

Accessible, Well-informed and Responsible Minister

A Minister for Social Security or Income Support should be appointed and be accessible to people. This Minister should have clear understanding and knowledge of Income Support policies in both Australia and overseas. OECD recommendations should be taken seriously.

Recommendation 2

Income Support based on Truth, not Myth

A well-reasoned approach to providing income support needs to be established.

This should be based on need and equity, not blaming unemployed people, students, disabled and sick people and sole parents for their situation. The myth of the dole bludger should be debunked through government education programs.

Recommendation 3

Immediate Increase

The base rate of payment for unemployed people, students, etc should be immediately increased by at least $60 per week ($120 per fortnight).

Recommendation 4

Full Indexation

There needs to be a return to full indexation status for all income support payments, so that allowances are indexed in exactly the same manner as pensions.

Recommendation 5

Equity of base rate payments and poverty promise

There needs to be a commitment to restore equity within the Australian income support system over time, so that base rate payments are eventually equal again, as they were in the early 1970s.

This needs to be accompanied by a Poverty Promise, similar to the Child Poverty Promise given by the Hawke government in the late 1980s. The Hawke government's promise was backed up by a clear plan to increase and index child payments so that they were more adequate. This has now been done, though it has been undermined by the Howard government's policies targeting children in sole parent families, and child poverty rates in one-parent families have increased over the past six years.

Whatever the fallout was from Hawke's famous Child Poverty promise, in particular the choice of words used, it was backed up by clear policy and reforms designed to address the issue of adequacy of income support payments for children. No other Australian Prime Minister has even acknowledged the issue of poverty publicly.

The link between inadequate income support payments and homelessness also needs public recognition and a public promise to combat homelessness.

Recommendation 6

Pensioner Supplement to be replaced by Low-Income Supplement

The Rudd Government's Pension Supplement further increased the inequity between those receiving pensions and those receiving Austudy and other Allowances. It should be immediately replaced by a supplement which recognizes poverty as the most important factor, not pension eligibility. The supplement should be immediately extended to all Australians receiving income support who do not receive the present Pension Supplement.

Recommendation 7

Contribution by wealthy towards funding of these changes

Those who are financially comfortable, or indeed wealthy, should be asked to forego indexation increases, as the unemployed have done over the past forty years, in order to contribute towards these long overdue increases to payments for our poorest Australians. Parliamentarians in particular should be asked to do this.

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