

Just Comment

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Governments dismantle 'A Fair Go' for All

Recent government economic priorities continue the attack on many Australian families who are already doing it tough.

The NSW Government has recently made extensive changes to the public housing sector closely followed by the Commonwealth Government's so called "welfare to work" reforms designed to push welfare recipients into the workforce, a workforce where the casualisation of jobs is now the norm. For low income earners the hits keep on coming while for high-income earners the concept of giving back to the community is disappearing. The nation is increasingly being managed like a corporation; sharing dividends and cutting costs. Tax cuts are now viewed as the "right" of the wealthy while welfare is seen as a "privilege" for those who are destitute. Government policies increasingly reward the already well off and punish families that are struggling to meet the most basic of needs.

Attack on Housing

The NSW Government in April 2005 announced unprecedented changes to public housing in the wake of diminishing funds and Federal Government funding slashes to the Commonwealth State Housing Agreement (CSHA). The changes included ending security of tenure through fixed term leases; user pay water charges; and rent increases for so-called "modest income" earners (ie: singles earning \$29,000 per year and couples with

children earning \$46,000 per year).

These changes attempt to place public housing amid current rental market figures while ignoring the crisis of unaffordable housing in NSW and the housing needs of families made vulnerable through unemployment, ill-health or poverty. While wealthier property owners have accumulated high capital gains in recent years affordable housing for low income groups has rapidly diminished. Proposed water charges will place an extra burden of up to \$500 per year for many families while rent increases add further stress on those already on low incomes.

The NSW Council of Social Service (NCOSS) argues that these "reforms" affect more than 2500 public housing tenants while it is doubtful that the 80,000 on public housing waiting lists will be cut. With little affordable rentals in Sydney those alleged "modest income" earners are facing rent increases and short-term leases that will push more people into economically unstable situations. The housing lobby group Shelter NSW has called for changes that will address disadvantage, not increase it. St Vincent de Paul warns that these increasing costs for low-income earners will force many more people to seek help from charities in order to survive (*media release 2/5/05, "Vinnies Greets housing Plan with Disbelief"*).

Attack on Health

The rising cost of health care has also alarmed community groups with the safety net threshold rising



so that low-income families face an extra \$200 out of pocket before being eligible for accessing the safety net. The Federal Government's announcements in April/ May 2005 directly affect low-income earners while investing little in future sustainable health care. The gap between the medical benefits schedule and doctor's fees is increasing and this is a major problem for low-income earners where bulk billing is not available. For the chronically ill these costs amount to even greater out of pocket fees with rising specialist costs. Yet according to the Australian Council of Social Services (ACOSS) \$2.6 billion dollars is paid out through private health insurance rebates to mostly

• Around 80,000 sole parents

with children aged 6-16 years who apply for parenting pensions will be put on unemployment payments and lose \$20 a week over the next 3 years.

• Changes to eligibility criteria for the Disability Support Pension (DSP) means that 70,000 people with disabilities over the next three years will be deemed ineligible for DSP and lose \$40 a week.

ACOSS media release, May 11, 2005

well off Australians who can afford private health insurance. ACOSS argues that this represents a significant shift of funds from the public sector to the private sector (The World Today, ABC online, April 26, 2005). For many community groups this represents clear evidence of government policies focused on the unequal distribution of public monies.

Why Sole Parents?

The Federal Government's "welfare reform" measures in the May Budget have hit single parents, their children and people with disabilities the hardest. Far from reform those who are already struggling to make ends meet on \$240 a week are facing a \$40 payment cut and harsher penalties for non compliance of employment expectations.

While the investment in increased childcare places is welcomed this is overshadowed by "mutual obligation" demands forced on single parents. However, if children have two parents with only one working, family tax benefits provide for the other parent to stay out of the workforce and care for their children. These tax benefits are not income tested and allow for parents rather than other childcare measures to care for children. This amounts to significantly different "mutual obligation" expectations

between single parents and partnered parents (McInnes, *On Line Opinion*, May 9, 2005). Is the Government rewarding parents who are married and well off while punishing those who are single with lower incomes? If so, why?

Tax cuts for the Wealthy

While the Federal Government offered minimal funds to address skill shortages and investments in education in the May Budget, tax cuts for the wealthy were a prominent feature. With the abolition of the superannuation surcharge and income gains from salary sacrifice this leaves high income earners 7% better off while for those on \$30,000 a year only 1% better off (Colebatch, *The Age*, May 11, 2005). Tax cuts for high-income earners leave those earning more than \$100,000 a year \$60 a week better off. In contrast tax cuts for low-income earners at just \$6 a week, rising costs in so many other areas will leave many people much worse off in real terms.

Cuts to Support Structures

Cuts of \$457.4 million to Job Network, agencies assisting unemployed and disadvantaged jobseekers, contradict the Government's aims to move people from "welfare to work". Instead greater punishments have been put in place for low-income earners who try to get ahead. The push to move sole parents and disabled people from the pension onto the Newstart Allowance, will mean that if earnings exceed \$125 a week, the welfare withdrawal rate will rise from 40 cents in the dollar to 60 cents in the dollar (Gittens, *Sydney Morning Herald*, 18/5/05). In addition these sole parents and disabled people will no longer be eligible for the pensioner education supplement designed to offer new opportunities in the workforce. This means the future looks bleak for many single mothers hoping in the future, when their children are older, to get a better job. Far from assisting people from "welfare to work", the Government is dismantling the support structures that allow many families to escape the poverty cycle (Adele Horan, *Sydney Morning Herald*, 19/5/05).

Many economists are arguing that while it is certainly evident that "carrots and sticks" are being inequitably distributed to different sectors of the workforce, the lack of future investment in education and training makes it well short of good economic sense. Is giving money away to those already wealthy of value in building an equitable society for the future? It is reasonable that people should, if possible, be employed and utilise welfare only when there is no other alternative. Job networks attest to the fact that many unemployed people are actively seeking employment. But it is unreasonable that people should be expected to move from welfare to work without the support systems in place that many other workers, now and in the past, have needed and used successfully.

The Federal Government claims that increased participation in work from all Australians capable of work, including welfare recipients, increases individual wellbeing and is needed to help improve our future standard of living (*Budget 2005-06*, www.aph.gov.au). The Budget however sends a very clear message that incentives to work harder operate differently depending on your income status. It seems that the wealthy need more money as an incentive and the 7 million Australians already doing it tough need less money as an incentive. Is this a fair go for all?

Just Action

- Check out The Vinnies Submission to the Poverty Inquiry (2003) and see research by John Falzon that predicts "that by 2030 the top 20% will have 70% of wealth and the bottom 50% about 4.9%", www.vinnies.org.au.
- See the Financial Review for in depth economic analyses of where governments need to be investing in research and education for the future.



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