

The cost of poverty is more expensive than the dole

By Dr John Falzon

It's easy to blame people for being outside the labour market or on its low-paid fringes.

It's easy when you're passing judgment from a comfortable vantage point, well above the fray.

The members of my organisation, the St Vincent de Paul Society, however, are painfully close to the reality of poverty in a prosperous nation. Every day, we see how hard it is to survive on social security payments. The people who have been left out of the economic prosperity that has been generated in this lucky country are waging a daily battle for survival. It's a battle that is being waged from below the poverty line.

But the battle isn't just a financial one. The people we assist are waging a battle for respect. They are frequently demonised and all too often damned.

Our problem is not the bad behaviour of the so-called moral underclass. Our problem is inequality; an inequality of resources, of opportunities, of hope.

When you've even got the OECD berating us for the level of our unemployment benefit, worrying that it is counterproductive to a participation agenda, surely we should be sitting up and taking notice.

When we're sitting still on an unemployment benefit that has not seen an increase in real terms since 1994 you've got to start looking at how this translates into further hardship and a steeper climb for people trying to get into paid work.

The proposed \$50 increase that the St Vincent de Paul Society and other members of the Australian Council of Social Service (ACOSS) are calling for is based on a recommendation of the Henry Report.

The figure was arrived at after careful assessment by the Henry panel and Government officials of its impact on work incentives - unemployed people would still double their after-tax income by taking up a job at minimum wage. The problem is not one of incentives - they are searching but not getting job offers.

This has to change – a new skills package must include serious investment in training for Long Term Unemployed that is linked to future job prospects. Otherwise, we end up simply setting people up to be rejected.

Both sides of politics have gravitated towards punitive approaches to people who are left out or pushed out of the labour market. Sticks being applied to the backs of the people doing it tough might make the welfare-bashers feel good but the reality is that this approach does nothing to address the real causes of structural unemployment and underemployment.

It's not just offensive to blame people for their own exclusion. It's also inaccurate. Choices are massively constrained for those who have been systematically locked out of the nation's prosperity. Often, in our experience, people feel like they are up against a solid wall of exclusion and the longer they are outside the labour market the harder it is to get in. In the meantime, the paltry amount they are forced to live on further excludes them. This translates into further obstacles to participation. It's hard to go to a job interview, for example, when your teeth are a total mess. This might sound like a trivial example but I can assure you it's not.

As the UNSW's Professor Peter Whiteford has pointed out, after rent, the people we are talking about are left with around \$16 a day. It is little wonder that they cannot afford many of the things most Australians take for granted.

If we keep blaming the individuals what we end up with is a system that residualises the people who are excluded from it, sending them to charities such as ours in order to furnish them with the essentials or leaving them with levels of service provision that are second or third rate in comparison with their user-pay counterparts.

The cost of increasing unemployment benefits is high.

The costs, however, of effectively condemning people to a life of long-term poverty and exclusion is significantly higher.

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