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## News release

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Contact: Dr Pamela Kinnear (02) 6249 6221 (mob) 0438 914 206  
Dr Clive Hamilton (02) 6249 6221 (mob) 0413 993 223

### **Budget pits ‘deserving’ pensioners against ‘unworthy’ unemployed**

The Howard Government’s budget explicitly endorses the socially divisive distinction between the deserving and undeserving poor, according to The Australia Institute.

The Treasurer repeatedly said that the budget’s range of tax breaks for older Australians was justified because “they deserve it”. At the same time, the budget extends punitive Mutual Obligation requirements to sole parents and mature aged unemployed people.

Along with younger unemployed people, these groups will be entitled to public support only if they satisfy Mutual Obligation requirements. If they do not “put something back”, they are subject to heavy penalties.

Under the new arrangements, older Australians of pensionable age are deemed to have already made their contribution and deserve their benefits, while older Australians only a few years younger are deemed to have not yet made a contribution and must jump through hoops to collect their benefits.

“The distinction between those who do and those who do not deserve support is based on prejudice and political posturing rather than fact,” said Dr Pamela Kinnear, Institute Research Fellow and author of the Institute’s report on the ethics of Mutual Obligation.

“Welfare recipients contribute to society in a variety of ways. Unemployed people are redundant because of macroeconomic management decisions and the pursuit of microeconomic reform aimed at raising the living standards of those in employment.

“Sole parents contribute to the raising of new generations of citizens, and older unemployed people have a life-time of work and tax-paying. All recipients are also taxpayers”, she said.

In its report last year, the Australia Institute concluded that Mutual Obligation deflects attention from the real causes of poverty and unemployment and wrongly assumes that the solution lies in greater personal responsibility by welfare recipients.

“Whether the budget allocation of \$1.7 billion for welfare reform is adequate is not the point. No amount of money will resolve the fact that the Government’s idea of Mutual Obligation is fundamentally unjust. The welfare provisions of the budget are founded on the politics of division and erode the basic Australian idea of a fair go”, said Dr Clive Hamilton, Executive Director of the Institute. **ENDS**