

budget fails to deliver

Economic growth over the last nine years in Australia has been strong, particularly in the last three in which we have experienced record GDP growth of 4% in each quarter. Productivity is up, inflation is down and the Commonwealth Budget, and most state budgets, are in surplus. Many economists have said "this is as good as it gets". Yet the distribution of the benefits and burdens of economic restructuring and growth are far from fair let alone equal.

This is true both within our cities and between our regions. Unemployment remains high, there are greater numbers in poverty, the plight of Aborigines remains a national disgrace and our Social Security system remains mean and inadequate.

In this context of both record economic growth and stark unmet social need throughout Australia, the 2000-2001 Commonwealth Budget should have delivered a big social dividend to the three-quarters of a million Australian households living in poverty.

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Instead, we have a Budget of wasted opportunities. While it has a few bright spots in the form of the "Stronger Families and Communities" package, 1,500 extra places in the Indigenous Community Development and Employment Program [as requested by ATSIC] and a modest rural health package, it does not provide the relief that low income Australians both need and deserve.

The primary reason for this is that priority was given to \$7 billion of tax cuts and concessions for high income earners instead. To a large extent, this left the cupboard almost bare. The abandonment of the progressive and much-needed "Timor Levy", which would have at least retained \$900m each year to cover the ongoing annual costs of Australia's contribution to rebuilding East Timor, obviously put additional unnecessary pressure on the Budget bottom line.

missed opportunities

For a Government that has consistently pledged since the last election to put social needs at the top of its agenda, the few gains in this Budget are inadequate and disappointing. The big-ticket items that would make a real difference to struggling Australians are missing. In particular:

- There is not even a modest increase in Social Security payments for unemployed people and young people, which are currently 20% and 37% below the Poverty Line respectively, to even bring them up towards the Age Pension of \$186 per week.
- There is no new investment in wage subsidies or other training and employment services for disadvantaged jobseekers. Instead there are pilot programs to expand "mutual obligation" to new groups of people - before the Government's own Welfare Review completes its deliberations - but with no additional spending on the necessary resources and supports.
- There is no new program to assist newly arrived residents who are currently denied Social Security for their first two years in Australia. Instead, there are harsh new measures for people on temporary protection visas.

expenditure savings

Overall, the Social Security component of the Budget actually provided savings of \$671.8m over the next four years whilst providing \$255.7m in new expenditure. To be fair, the bulk of the savings [\$275m] comes from a long overdue proposal to clamp down on people using private trusts and companies to shelter income so as to qualify for Social Security to which they would not otherwise be entitled. However, other savings proposals [\$212m] stem from the now discredited Australia Day announcement to increase the demands on unemployed people which are likely to

result in more breaches and a significant number of people deterred from even claiming.

These savings altogether might well have been used to address the Government's "social needs" promise by taking up any of the important social priorities listed above. Regrettably, however, this has not occurred. ▲