

budget triumphs in poverty alleviation!!

Unemployed people struggling on Newstart Allowance are to receive a \$10 a week rise taking the payment to \$172 a week, only \$8 less than the Age Pension. Young unemployed people on Youth Allowance will similarly get a rise of \$8 per week taking their payment up to 73% of the relevant Henderson Poverty Line. And in recognition of the steep rise in rents in areas where jobs are available, maximum levels of Rent Assistance are to rise from \$37.90 per week to a massive \$42.50.

Unfortunately, these are just some of the poverty alleviation measures that were missing from the recent Social Security Budget. Their absence highlights the neglect and lost opportunity that characterises the 1999-2000 Budget. In the place of these long overdue measures was yet another series of extended "mutual obligation" and compliance measures.

more mutual obligation and compliance...again!

Rather than seek to increase rates of payment or to remove labour-force participation disincentives, like the loss of 70¢ from each \$1 earned, the Government has decided to subject people aged 25 to 34 who have been unemployed for 12 months to new "mutual obligation" requirements including compulsory participation in the "Work for the Dole" scheme. This initiative will double the scheme to 50,000 places each year and will be funded largely by a transfer from Intensive Employment Assistance programs. Participation in "Work for the Dole" is also to be required of school leavers who are not in work, education or training three months after leaving school.

New compliance measures, this year in the form of "strengthened debt recovery" and "enhanced data matching" measures, will once again produce savings in the order of \$50m, although this is slim pickings compared with previous years. It would appear as though the Government is coming to the end of its capacity to extract much more out of this old chestnut.

youth allowance rescue—"too little, too late"

Perhaps the most controversial measure in this year's Budget was the attempt, apparently motivated by a desire to meet Senator Harradine's concerns, to address the harsh impact of the Youth Allowance parental means test provisions. This measure would provide families with children aged 16 to 21 who are not eligible for Youth Allowance [or who are paid at a very low rate] a payment of \$18.80 per week through the Family Tax Benefit which is to be introduced in the Government's new tax package.

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Reports since the Budget indicate that the Government is prepared to double the rate and implement the measure from 1 January 2000, with payment backdated to 1 October 1999, even though Sen Harradine dismissed the Government’s offer as “too little, too late and improperly dependent on [his] vote for the tax package.” This measure remains inadequate as it fails to address the real problem of the payment being improperly linked to parental income in the first place. Nevertheless, it would improve the situation for a number of families on incomes of between \$40,000 and \$70,000.

another lowest common denominator reform

Too many of the Government’s Social Security reforms, like the “Common Youth Allowance” itself, have been “lowest common denominator” reforms. The attempt in this Budget to reform the income support arrangements for separated couples who share the care of their children is an unfortunate example of this approach which, because of its inadequacies and meanness, may not get through the Senate. The measure would mean that a person in a shared care arrangement would not be able to claim Parenting Payment [Single] unless they had care of the child for more than 60% of the time. 50-50 shared care arrangements would mean that both parents would only be eligible for Newstart Allowance with reduced activity test requirements, but a reduced payment rate and a loss of pension concessions which will reduce the overall level of income available to the child.

The Government appears to be operating a bizarre double standard throughout its income support and tax policies whereby mothers in couples are encouraged to stay home and parent full-time whilst mothers who are separated are encouraged to return to work. This proposal is another such measure.

strikingly few measures this year

Overall the most striking feature of this year’s Social Security Budget is the fact that it has so little in it, not just in the way of positive measures, but in volume as well. Over the years we have become used to analysing and reporting on dozens and dozens of new targeting and other cost saving measures each Budget. But this year either the Government has run out of ways to screw down the system any further or it has realised that a moratorium is necessary as Centrelink is simply not capable of implementing any more change for at least another year or two. ▲