



Will the Budget create jobs and alleviate poverty?

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Adult Learning Commentary Number 15, 20 June 2001

The \$1.7 billion package 'Australians Working Together' was at the centre of this year's Budget. It included a series of much overdue investments in employment and training opportunities – in particular for people with disabilities and indigenous people, a network of personal advisers in Centrelink, and a working credit scheme to encourage take-up of casual employment.

But more fundamental reform is needed to make a real difference to the unacceptable unemployment and poverty levels in this country. As it stands, the package will have a limited impact on the fact that one in nine Australians live in poverty and that in May 2001 6.9 per cent of the population were unemployed (675 000 people).

Arguably, much more could have been done to improve the Job Network through provision of sufficient additional resources to guarantee all long-term unemployed people a place in Intensive Assistance. Additional resources were also needed for paid work experience, training and wage subsidies for all of the most disadvantaged unemployed people.

The main education and training spending measures in the Budget are part of the Government's innovation package – 'Backing Australia's Ability' – and include:

- additional growth VET funding (of up to \$231 million over four years) for ANTA,
- additional places in regional universities (\$35 million over four years),
- other higher education initiatives including additional places and research funding under the Innovations Package (\$996 million over four years), and
- 5 200 additional places in VET for people with a disability, additional support for 1500 students with a disability in higher education, and 15 new Coordination Officers to help people with disabilities move between school, VET, higher education and work.

In isolation, these measures are unlikely to make a dent in joblessness, while the fundamentals – adequate income support, more jobs and the right kinds of assistance for those most at risk – go unattended.

The package also contains a number of design flaws. There is a predictable over-reliance on Work for the Dole. Obligations and penalties have been extended to parents, stemming from the misplaced assumption that unemployment is caused by behaviour and attitudes rather than economic structures. It also falls short of addressing the biggest challenges confronting our welfare system and central to the McClure Report – the rising tide of long-term unemployment and the flaws at the heart of our income support payment structure.

The Budget itself assumes that the number of unemployment benefit recipients will rise by almost 100 000 next year. The urgent task of getting as many long-term unemployed people as possible into jobs before the next downturn requires a change in policy direction because present employment assistance policies have failed to overcome entrenched barriers to employment. Investment in this kind of help (such as wage subsidies in mainstream employment) is missing from the welfare reform package.

Another basic problem is our flawed welfare payment structure. Social security recipients of workforce age are grouped into categories such as disability pensioners, unemployed people and students, and paid at different rates. The McClure Report recommended an integrated payment system for people of workforce age, based on a single uniform rate of payment. Disappointingly, there was no move towards this in the Budget.

By ignoring these issues, the Government keeps the entrenched poverty of unemployed people and students in particular unacknowledged and off the policy agenda.