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## **The 2003-2004 Federal Budget Commentary**

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Are you unemployed and looking for a job? Well last night's Federal Budget offers you nothing. But if you want to be able to buy your way into higher education then this Budget is for you! Overall, this is a conservative budget that lacks a vision for the future.

A projected \$2.2 billion surplus for 2003-04 continues the fiscal drag which will bite hard when household debt pressures begin to unwind over the next 12 months. The Budget projections are disappointing with GDP growth slowing to 3.25 per cent and the unemployment rate stuck at 6 per cent until at least 2007. Any sustained attack on unemployment requires GDP growth exceeding 4.5 per cent per year.

The Treasurer's Budget speech accentuated national security and was full of self-praise for the Government's 'sound' economic management. It's easy to be a successful treasurer when you set your standards low. This Budget sets mediocre and misguided standards that fail to harness the vitality and potential of our communities, our regions and our people.

Despite the border protection rhetoric, high unemployment and the tentative status of modern employment remains the biggest security problem facing Australian families. Unemployment causes poverty, family breakdown, and crime. It is an unacceptable legacy for our children.

How can we claim to be pursuing a successful economic strategy and continue to be self-satisfied while the costs of unemployment to individuals, families and the community in areas like the Hunter are unacceptably high?

The annual federal budget used to be a grand statement of the commitment of the Federal Government to ensure that there were employment opportunities for all Australians. A forward-thinking treasurer would always commence the budget process by assessing how much federal spending was required to sustain full employment and then to spread that amount across national priorities.

The Federal government is unique in our system because it alone has the fiscal power to solve unemployment. If private sector spending does not deliver enough jobs, the government should run budget deficits to close the spending gap and ensure there were jobs for all who wanted them.

The last thing a prudent treasurer would aim for is a budget surplus when there are such high levels of labour underutilisation. So if the surplus is the biggest boast that the Treasurer has then it speaks volumes for his economic ignorance. The alternative is that he thinks this level of unemployment is acceptable.

This view is reinforced by the swag of ideologically-motivated initiatives in the Budget. What used to be a grand macro strategy to achieve full employment is now a set of micro strategies to push the 'market' into ever increasing areas of our lives.

The Budget recognises the problems in terms of access to affordable health care and higher education even though the Government's previous policies have exacerbated these problems.

The Government's solution is to invoke free market initiatives and drive access to health and education by the ability to pay principle. This is in the context of a continued commitment to maintaining a thread-bare safety net provision.

Stringency is accompanied by contingency. The health package signifies a failure to underwrite universal health care and any increase in bulk billing rates will depend upon the GPs accepting the pittance being offered to them. This is a particular problem for Hunter families given that our bulk billing rates are well below the national average, which itself has falling dramatically under this government.

Even if the GPs succumb to the bribery, bulk billing will only be guaranteed to Commonwealth Concession cardholders. The concessional threshold excludes at least 33,000 Hunter low-income families who are likely to pay more for health care.

While the region is likely to benefit from extra medical school places each year, the higher education news from the Budget is generally bleak and represents an on-going Government aim to dismantle a publicly-funded higher education system in Australia.

The budget offers \$1.5 billion to higher education over four years but makes this contingent on the sector undergoing severe structural changes. The universities will be forced to expand full-fee paying places with rising fees inevitable. This will fall harshly on the Hunter given our socio-economic profile. Research funding will depend on academics entering into individual workplace agreements and increased managerialism will be forced on universities. The deregulation of higher education will benefit the elite city universities over the regional universities.

Modest tax cuts provide an electoral sweetener. It is heartening that the cuts are designed to help low income Australians although they initially only return about 18 months in 'bracket creep' which has fattened revenues. You also have to be working to enjoy them.

There appears to be no specific outlays for major Hunter capital works although we should benefit from the extra defense funding and there is allocation to improve the F3.

The bottom line is that the Government is sentencing the unemployed to another extended period of suffering for no sensible economic reason. This is an act of institutionalised abuse of the disadvantaged.

Let's hope the Senate rejects most of this ideologically-driven nonsense that is paraded as sound economic management.