

## **No budget joy for the unemployed! – Federal Budget 2002-2003**

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The Budget deficit of \$1.2 billion for 2001-02 announced last night indicates why the economy has withstood the global slowdown. Aided by Reserve Bank interest rates cuts, the Federal Government provided a huge spending boost via defence and the first-home buyers' scheme.

For the year ahead, this boost will be lost with a projected \$2.1 billion surplus announced. The Budget projections are thus disappointing - GDP growth at 3.75 per cent and unemployment to remain above 6 per cent. To eat into unemployment in any significant way, GDP growth has to be sustained above 4 percent per annum.

The Treasurer sees this budget delivering safety to Australia and the \$1.3 billion increase next year to defence and nearly 1.8 billion over 5 years for national security and are consistent with that.

Despite the border protection rhetoric, the biggest security problem facing Australian families remains the persistence of high unemployment.

Although the Government says the economy is going "gangbusters" the labour market continues to under perform and an ideal budget would make the creation of jobs, particularly in hard-hit regional areas like the Hunter, a priority.

So while the Treasurer broadened the safety theme to include "safe in the economic sense" the Budget fails badly.

Recent Labour Force data showed large falls in employment during April with significant full-time job losses. The problem worsens when one considers that we are increasingly becoming a "part-time" economy with workers frustrated by not having enough hours of work.

The Hunter labour market ranks third worst in Australia. At 10.1 per cent the result is only surpassed by Northern NSW and the Queensland's basket-case Wide Bay region.

More deficit spending is needed to generate regional development and sustained employment growth. The Budget does not address this agenda.

To pay for the border protection measures significant cuts in spending are signaled which will impact on the most disadvantaged.

First, \$60 million will be cut from intensive assistance for the long-term unemployed. In part this is a clawback from \$214 million that was under-spent last year and elicits no confidence that the Job Network is doing its job to help the long-term unemployed.

More work for the dole places are funded "to develop work skills" despite the Department of Employment and Workplace Relations admitting that it is a compliance

rather than a training program. Only a small percentage of work for dole participants gain permanent employment.

Second, the Disability Support Pension will be cut harshly. The DSP allowed the Government to move thousands out of the workforce at a time when the unemployment rate was soaring in the early 1990s. The modification of the eligibility criteria (from 30 to 15 hours a week work capacity) will shift around 180,000 people back onto the unemployment benefit with a \$52 per fortnight cut in income.

This would be a good policy if both the DSP and unemployment benefits were harmonised and there were enough jobs available. With insufficient work available this policy change is harsh and continues to use the DSP recipients as pawns.

Taken together, the Job Network cuts and the increased demands that will be placed on it from those pushed out of DSP represent bad news.

Third, major cuts have also been made to the Pharmaceutical Benefits Scheme with the co-payments for concessional card holders increasing by a dollar and by \$6.20 for others. Families in the asthma-prone Hunter can look forward to paying around \$190 more per year (around \$52 per year for pensioners) for essential medicines.

On a positive note, the precarious state of aged care in the Hunter will be eased by the additional 6,000 additional Community Aged Care Packages funded in the Budget.

Hunter families will also benefit from the baby bonus of up to \$2,500 to parents on the birth of the first child although there are serious equity issues involved in this policy.

There appears to be nothing specific earmarked to support major capital works in the Hunter although some of the \$230 million allocated for capital investment at defence bases will come to us.

There is little to make educators happy although additional funding to provide aged care nursing scholarships at rural and regional university campuses may flow to Newcastle.

Finally, no joy for Knights or Breakers fans for a stadium upgrade (this will be pushed onto the State Government) nor for those north of here who were hoping for funds to upgrade the Buckett's Way.

Given my emphasis on unemployment, one has to be regret another opportunity lost.