

MEDIA RELEASE – Another Unfair Budget Full Of Pain For Those On Income Support

Anti-Poverty Network SA Response To Federal Budget

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The 2016 federal budget contains very little good news for Australians on income support payments. It reflects the skewed priorities of the Turnbull government, with tax cuts for business, and the top 25 percent of income earner, and further pain for those on income support payments.

The budget continues the broad pattern of the two budgets delivered by the Abbott Government.

It appears we can afford to cut the company tax rate for small business from 28.5 percent to 27.5 percent, and lower the company tax rate for all business to 25 percent by 20226-2027. Also affordable, it would seem, is lowering income taxes for those earning over \$80,000 per year (25 percent of the workforce).

But apparently, we cannot afford to raise Newstart Allowance and provide desperately-needed relief to unemployed people. This is the 22nd budget in-a-row where Newstart Allowance has not been raised in real terms. This last happened in 1994, when the payment was lifted by \$2.95 per week.

The level of the payment has fallen increasingly behind community standards, and behind the average and minimum wages. At \$260 per week, it is now \$190, or 38 percent, below the Henderson Poverty-Line – the largest the gap has ever been.

Last week, KPMG noted that Newstart was inadequate, and hampering job-seekers' efforts to find employment.

To make matters worse, the government remains committed to its 'wait for the dole' policy, where young unemployed would be required to wait one month before receiving welfare payments.

The already underfunded community sector has been hit with another round of funding cuts that will hurt vulnerable low-income people. Cuts to community legal centres, youth mental health services, and homelessness services, with job losses of 1,100 expected, will cripple the ability of welfare organisations to support those struggling with complex problems.

Especially alarming is that domestic violence organisations will receive only a \$33 million funding increase, nowhere near adequate to cope with what is a national epidemic.

The government's revamped Work For The Dole, a youth unemployment program called PaTH where job-seekers aged under 25 do placements at private sector organisations for 15-25 hours per week for 4-12 weeks, potentially for as little as \$4 hour per, deeply angers us.

We fear the scheme will be exploited by employers, who will take advantage of the bonus

payments to take round after round of job-seekers, without offering lasting paid work to any of them.

We also fear the program will drive down wages in retail, hospitality, and other industries where PaTH is likely to be widely used.

The government must recognise that what is stopping unemployed people from working is a lack of jobs: there are five job-seekers for every job, 11 if you include the underemployed.

Only programs that create real jobs, with workers paid at the minimum wage or higher, will deal with the country's jobs crisis – not programs that exploit young people and waste funds on welfare for businesses.