Budget Response from Academic Stand Against Poverty

Associate Professor Danielle Celermajer, Co-Chair, ASAP Oceania, University of Sydney

The 2014-15 federal budget has several clear and clearly detrimental implications for the poor and marginalized, both in Australia and internationally. The patterns of expenditure that it sets out for the future will reinforce existing trends towards greater inequality in this country and globally. Explicit and implicit cuts to funding to address Indigenous inequality and the enormous cut to the aid budget significantly undermine national commitments to ‘Closing the Gap’ and to the Millennium Development goals. Rhetorical commitments to ethical principles such as alleviating the most serious global poverty, addressing the uneven global disease burden or ensuring that the first peoples of this country are not permanently marginalized and excluded are only meaningful if they are accompanied by concrete and funded programs to realise them. As such, budgets are significant ethical acts. As Academics Against Poverty, however, we are concerned not only about what the budget does but also about what it says. What it says that economic management, understood through a particular ideological lens, is both the overriding value that steers priorities and the assumed answer to all social ills. Addressing the challenges that confront us requires that we adopt a perspective that shows much greater concern for less advantaged people in Australia and throughout the world and different policy measures that express it. Members of Academics Stand Against Poverty have written brief commentaries on three key areas: aid, indigenous peoples and welfare.

Academic Stand Against Poverty is a global network of academics committed to the alleviation of global poverty and to ensuring that academic research and teaching contributes towards this outcome. The Oceania chapter was established through a grant of the University of Sydney Social Justice Network.
Welfare

Associate Professor Ruth Phillips, University of Sydney

It takes little analysis to see that the 2014 Federal Budget’s cost-cutting objectives will increase poverty in Australia. The underlying social Darwinism inherent in the political agenda of the current Abbot government places no priority on reducing poverty, as poverty is seen as a personal not societal responsibility. The massive attack on welfare, particularly for the young unemployed, pensioners and people with disabilities, the attack on universal healthcare, massive cuts in education and health spending and the withdrawal of support for middle and lower income families, as well as the slashing of Indigenous program funding, add up to a painful future for low income and unemployed individuals, families and communities. Social research concerned with locational disadvantage informs us that poor people mostly live in specific geographical locations, forced there by cheaper housing. Poor suburbs, regional towns and remote communities already face deprivations such as limited or little access to employment, public transport and healthcare and often have the lowest performing schools, creating conditions that highlight their relative poverty. With the imposition of a group of young people with no income, with no prospect of employment in such communities, what are the consequences? Increased stress on low-income families? A growth in crime rates? There was a startling absence of any budget commitment to regional economic development and no mention of areas of high youth unemployment. This suggests an assumption of a highly mobile youth workforce, disregarding the needs of young people to remain with or near their families or communities.

It is not hard to imagine the impact of a budget that seeks to deprive young people of any income if they are unemployed from when they leave school – no Youth Allowance benefit for the first six months, then forced into Work-for the Dole schemes (proven to not create job readiness), and then facing a further 6 months with no income if they don’t go straight into a job. Anyone under 30 and unemployed will also have to wait six months to get a benefit that also requires doing 25 hours of work for the dole per week. Unemployed younger people will have to wait an extra three years before moving from the $414 per fortnight Youth Allowance to the Newstart Allowance of $510 per fortnight. Both incomes are below the poverty line. Add to this, the cutting of the family tax benefit B when the youngest child turns 6 and the lowering of the threshold by $50,000 for eligibility, affecting 60% of all Australian families; the introduction of co-payments for visits to the doctor; increased fuel costs; and the prospect of increased costs for any tertiary education, and the future looks very bleak.
indeed for already disadvantaged individuals, families and communities. Overall this is a budget that supports business and attacks the social wage, imposing harsh conditions on the poorest in the Australian community while reaffirming the power of elites and the market.
Foreign Aid Budget: Promoting Australia’s Interests at the expense of the poor

Dr. Nichole Georgeou (Australian Catholic University)
Dr. Charles Hawksley (University of Wollongong)

The Abbott government has kept at least one election promise: it has cut the foreign aid budget. Treasurer Joe Hockey mentioned foreign aid just once in his Tuesday budget speech—a cut of $7.9 billion over five years. The budget “savings” appear mostly in the forward estimates, that is, moneys that were committed by the previous government, but which will no longer be spent. Three main concerns emerge from the 2014-15 foreign aid budget.

Capping the aid budget into the future.
In the pre-election Our Plan document the Coalition committed to ensuring that “future funding increases are dependent on AusAID meeting strict performance benchmarks.” With AusAID abolished from November 2013 funding increases will not occur. Indeed, Australian aid will be capped at 2103 levels, or around $5bn per year, for two years, and any future increases will be in line with a rise in the Consumer Price Index (CPI), estimated at between 2.25-2.5%. The 2013 budget represented 0.37% Gross National Income (GNI), with the UN target for foreign aid being 0.7%. Both sides of Australian politics had committed to this target, but it was progressively delayed until 2017-18. It has now been abandoned entirely.

Cuts to multinational programs.
The biggest cuts come from not granting the $2.785bn that was to support the work of the International Development Association, a division of the World Bank; and the Asian Development Fund, a body that provides low interest loans to poor countries in the region for poverty alleviation. The government also will not join the African Development Bank Group; nor will it join the International Fund for Agricultural Development (IFAD), a specialized UN agency committed to overcoming food insecurity by addressing problems of structural poverty. Clearly the government sees the alleviation of poverty as occurring through the market, not through multilateral agencies, and through agreements that promote free trade, such as the Pacific Agreement for Closer Economic Relations (PACER) Plus for the Pacific Islands, and the Trans Pacific Partnership.

Increased funding for regions and bilateral.
The cuts to multilateral agencies also reflect a preference for bilateral development assistance where Australia can exert direct control over its aid dollars, as well as the framework for development and poverty alleviation in
the region. Australia remains the dominant donor in the “Indo-Pacific region” (a new term from this year) and its development emphasis is on market-based solutions rather than addressing the problems of structural poverty.

All bilateral aid funding to key regions has increased: East Asia from $698m in 2013-14 to $1.04bn in 2014-15, an increase of $352m (54%); PNG and the Pacific from $637m to $966m, an increase of $329m (51.6%); Africa, South and Central Asia, Middle East and Other from $606m to $1.131bn (86.6%). There is a 168% increase in money for NGOs, volunteer and community programs, up from $76m to $203.8m, while the much-touted New Colombo Plan also receives a boost from $5.3m to $11m. The Plan will send Australians into Asia to promote Australia: this export is not matched by a welcoming stance toward others. Other budget measures continue the strict border security regime that pushes Australia’s obligations toward asylum seekers on to developing countries. As the government sees it, peace and security in the region are to be achieved through a combination of military power and market-led poverty reduction.

Overview.
The Abbott government’s first budget promotes Australia’s national interests, in particular its economic, security and foreign policy goals. The 2014-15 aid budget continues to support the interests of the private sector through promoting mining for development, and in the provision of contracts for management of aid service delivery to Australian companies. Not much has changed, except that Australia is becoming more parsimonious and less engaged in multilateral agencies.
Implications for indigenous peoples

Professor Jon Altman, Australian National University

In February this year Prime Minister Tony Abbott made his first report to parliament on progress on Closing the Gap. Indications were that progress was slow and that some gaps, especially employment, were diverging rather than converging, things are getting worse.

And so the government’s response in the budget is to do two things. First, it proposes to cut $500 million from Indigenous specific programs. And second it has re-orientated what it now terms its Indigenous Advancement Strategy, with all its colonial discursive implications, to focus on remote Australia where only 20 per cent of Indigenous Australians reside.

Indigenous policy has suddenly collapsed into a simplistic mantra, get the kids to school, adults into jobs and communities safeguarded by ‘the ordinary law of the land’. At the same time the government proposes to support Indigenous Australians to maintain their culture. Even if school attendance improves it is hard to see what jobs there are in the remote Indigenous communities that are referred to again and again; and one fears that the safety objective might see Indigenous imprisonment increase beyond the current 15 times the non Indigenous rate.

Things are obviously bad in remote Australia where Indigenous communities are discrete and highly visible, but the statistics tell us they are bad elsewhere. The Abbott government clings to the utopian hope that equitable access to mainstream services on a needs basis will look after those in non-remote Australia, a central tenet of neoliberalism ideology being that the playing field is level in these jurisdictions and integration will inevitably occur. History tells us this will not just happen.

Indigenous Australians face a triple jeopardy that will see them further marginalized and disadvantaged as a result of this most inequitable of budgets. First, like other poor Australians they will see a rapid decline of family support and welfare incomes and an increase in medical costs. As the section of the community with highest rates of unemployment and in the most parlous health these already draconian ‘mainstream’ changes will disproportionately impact on Indigenous people. Second, they will see Indigenous specific programs cut, including the miniscule $5 million to allow the representative National Congress of Australia’s First Peoples to continue its operations. Third, those in remote areas will be disproportionately impacted because the cost of goods and services in their
communities are extraordinarily high; recent research suggests that basic foods are 50-60 per cent more expensive and yet welfare income remains unadjusted for cost of living while $100 million is wasted on income management. And still there is ongoing evidence that Indigenous communities remain relatively neglected in terms of infrastructure and basic service delivery, not just in remote areas but also in regional and urban Australia.

There has been much rhetoric on how the consolidation of programs will generate savings and efficiencies, but little concrete analysis on how. It seems inevitable that the budget measures of 2014-15 will increase rather than decrease gaps between Indigenous and other Australians. One wonders at the conscionability of such cutbacks for the most needy Australians and who will hold the government accountable if, as I anticipate, outcomes decline: the Prime Minister’s selected Indigenous Advisory Council?

Indigenous Australians face the prospect of a deepening of poverty as the young and the unemployed are deprived of basic income support and are forced to fall back on their already desperately stretched families for basic sustenance.