

Media release

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Tackling poverty should still be a budget priority

Australia spends more on subsidies to the booming mining industry than it would cost to increase the Newstart Allowance by \$50 per week, a new analysis by The Australia Institute reveals.

The analysis shows that Australia has the least generous unemployment benefit in the developed world, falling behind countries such as Germany, Spain, America and Canada.

For example, as a percentage of an average worker's income the unemployed in Germany receive 88 per cent while in Australia they only receive 57 per cent.

The Australia Institute will launch the analysis today with the support of UnitingCare Australia, Anglicare Australia, St Vincent de Paul Society, Catholic Social Services Australia and ACTCOSS.

The Australia Institute's Executive Director Dr Richard Denniss said history shows that governments can tackle poverty if they have the will to.

"Former Prime Minister Bob Hawke was ridiculed for promising that no child would live in poverty by 1990. Our analysis shows that his government did more to tackle poverty than all subsequent governments," Dr Denniss said.

"The cost of increasing benefits by \$50 per week is only \$1.8 billion per year which is just 0.5 per cent of the Commonwealth budget. Or put another way, less than a third of the lifetime cost of a submarine or less than half of the \$4 billion in subsidies we give to the booming mining industry each year."

Lin Hatfield Dodds, National Director of UnitingCare Australia, said that current unemployment benefits were inadequate.

"Our experience tells us that when benefits are set so far below the poverty line, people struggle to afford the most basic elements of a decent life," she said.

"These people are getting left behind."

Paul O'Callaghan, Executive Director of Catholic Social Services Australia, said finding savings in the Federal Budget should not be to the detriment of poor and disadvantaged Australians.

"We need to better invest in their future and one thing the Government can do immediately with positive effect is lift these people out of poverty," Mr O'Callaghan said.

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CEO of the St Vincent de Paul Society, Dr John Falzon, said if you are on an unemployment benefit in Australia you are forced to wage a daily battle for survival from below the poverty line.

“This is not a path to employment. It is a path to despair. It is our responsibility as a nation to not only engage in a modest redistribution of resources by lifting Newstart but also to engage in a massive redistribution of hope,” Dr Falzon said.

“By not tackling child poverty today we miss another chance to change things and condemn another generation to adult poverty and hardship,” **Executive Director of Anglicare Australia Kasy Chambers** said.

“Even in sheer economic terms, the costs of alleviating poverty are miniscule when compared with the costs of dealing with poor health, low education and employment opportunities and crime directly caused by poverty. Add to this the human cost and the case is compelling - no child deserves to live in poverty in Australia today.”

Susan Helyar, Director of ACT Council of Social Service, said the analysis shows it's possible to address this major driver of poverty in hundreds of thousands of households.

“Although it is a cost, in the longer term it will increase the number of people who can get back on their feet and back into work. Even with a budget deficit we have to invest in decent income support,” Susan Helyar said.