



Australian Government

Australian Government response to the Senate Select Committee into the Abbott Government's Budget Cuts report:

First interim report

February 2016

A response to each recommendation from the first interim report from Senate Select Committee into the Abbott Government's Budget Cuts Senate Select Committee is provided below.

Recommendation 1

(2.31)–The government maintains the age of eligibility for Newstart at 22 years of age.

The Government notes this recommendation.

Recommendation 2

(2.32)–The committee recommends that the government abandons the 2014-15 Budget measure providing for a six-month waiting period for Newstart payments for new claimants.

The Government notes this recommendation.

As announced in the 2015-16 Budget the Stronger Participation Incentives for Job Seekers Under 30 measure announced in the 2014-15 Budget will no longer proceed. In its place, the Government has announced a Growing Jobs and Small Business package, which includes a new four week waiting period for job seekers applying for Youth Allowance (other) or Special Benefit, who are aged under 25 and assessed as job ready. This will commence on 1 July 2016, subject to the passage of legislation. The package provides additional supports for young people under 25 to find employment and/or become work ready. Job seekers who have been assessed as having significant barriers to finding a job, including parents caring for children, and young people leaving state care, will not be required to serve the four week waiting period. Students will not be subject to the four week waiting period. Additional funding has also been allocated to providers of Emergency Relief services, who may assist young people with material aid, if required.

In addition, as part of the Growing Jobs and Small Business package, the Government will provide over \$330 million to implement a Youth Employment Strategy to improve employment outcomes for Australia's young people and make it easier for them to enter the workforce. The package provides targeted support for groups of young people who are more susceptible to long term unemployment or are at risk of welfare dependence. This includes:

- \$212 million for the Youth Transition to Work programme to assist young people who have disengaged from work and study and are at risk of long-term welfare dependence. As part of this program, community-based organisations will provide flexible and holistic support to help these young people find and maintain employment or take up an apprenticeship or traineeship.
- \$106 million to provide intensive support for key groups of vulnerable job seekers. This measure will:
 - establish an innovative youth programme to engage vulnerable young people early in their transition to work
 - provide support for parents to plan and prepare for employment
 - deliver specialised individual placement employment support for young people with mental illness, including those in Disability Employment Services

- help young refugees and other vulnerable young migrants make a successful transition to work through support in the areas of employment, education, sports engagement and vocational opportunities.
- \$14 million for the Early School Leaver policy to help to improve education outcomes for early school leavers by ensuring they are working or studying.

Recommendation 3

(3.44) –The committee recommends that the government reinstate funding for Youth Connections immediately.

The Government does not agree with this recommendation.

The Youth Connections programme (2010–14) targeted school-age young people; 74 per cent of programme participants were under the age of 17. State and territory governments are responsible for keeping school-age children engaged in education, with families playing a central role.

As part of the 2015 Budget the Government focused youth efforts on new initiatives to provide opportunities for young Australians to participate in education and employment. These include the \$330 million Youth Employment Strategy to improve employment opportunities and outcomes for Australia's young people and make it easier for them to enter the workforce. This package includes \$18 million over four years for 6000 job seekers annually to undertake work experience for up to four weeks while they continue to receive income support.

The Government is also investing in the Industry Skills Fund - Youth Stream which includes two pilot programmes, Training for Employment Scholarships and Youth Employment Pathways. The programmes assist business by supporting job specific training for new, young employees; and community organisations to help young people return to school, start vocational training or move into work.

Recommendation 4

(3.48) – The committee recommends that the government reinstate Commonwealth funding for Reclink Australia immediately.

The Government notes this recommendation.

The Government recognises the work that Reclink does in assisting people experiencing disadvantage. However, as a terminating measure with funding not provided for in the Forward Estimates, the Government was unable to further extend funding for the Reclink National Programme. The Government will continue to support disadvantaged Australians through sport including through funding the Australian Sports Commission. The Commission works with National Sporting Organisations to support under-represented groups and encourages all National Sporting Organisations to provide products and programmes that are inclusive.

Recommendation 5

(4.35) –The committee recommends the government keep the promise made to the Australian public not to cut education funding.

The Government notes this recommendation.

School Funding

There are no cuts to school funding. The Government has honoured its election commitment and delivered funding for all states, territories and school sectors by investing \$69.5 billion in total funding to schools over the forward estimates period. This includes the reinstatement of \$1.2 billion removed by the previous government and takes Commonwealth investment in schooling over the forward estimates to a record high.

The Government will be considering longer term funding arrangements within the context of the White Paper on the Reform of the Federation. This paper is an important part of our commitment to stable and sustainable government and will help inform negotiations of funding arrangements from 2018 with all state and territory governments and non-government education authorities.

Higher Education

The Government has not cut funding to higher education.

The Government is seeking to implement changes to higher education to create a system that is higher in quality, more accessible, more competitive and more sustainable. To achieve these objectives, the Government remains committed to delivering policies that ensure the higher education sector delivers the educational opportunities and research outcomes Australia needs to succeed in the future.

The Government is consulting with students, their parents, institutions, employers, members of parliament, senators and other stakeholders, to ensure ongoing, fair and sustainable support for an adaptive, world-class higher education system, with equitable access for students.

To provide certainty to the Australian higher education community as this consultation process is undertaken, the Government has determined that 2016 higher education arrangements will be the same as 2015, indexed for inflation.

Recommendation 6

(4.42)–The committee recommends the government abandons plans to deregulate fees in the higher education sector.

The Government notes this recommendation.

The Government will continue to pursue reform in the higher education system to find a fair and sustainable way to fund an adaptive, world-class higher education system, with equitable access for students.

All options remain on the table as the Government consults with the higher education sector, students, employers, members of parliament and senators, and other stakeholders, on the future of higher education reform.

Recommendation 7

(4.43) –The committee recommends the government maintain HELP debt repayment arrangements and assistance for disadvantaged and low SES groups.

The Government notes this recommendation.

The Government will continue to give students access to the Higher Education Loan Programme (HELP), meaning that they are not required to pay any tuition fees up front and are not required to start making repayments until they are earning a decent income.

The Government has moved to ensure that Australians working overseas are required to pay back their HELP loans in just the same way they would be required to if they were working in Australia.

The Government will continue to provide assistance for disadvantaged and low socioeconomic status students. The Higher Education Participation and Partnerships Programme will continue to support opportunity and success in higher education.

Recommendation 8

(4.42) –The government restore funding cuts in the 2014-15 Budget to the VET Sector.

The Government notes this recommendation.

Australian Government support for vocational education and training (VET) is at record levels. Through providing funding to the states, running Commonwealth own programmes and the provision of student loans, total funding for VET will soon surpass \$6 billion per annum.

Recommendation 9

(4.50) – The committee recommends the government restore the funding cuts to school funding.

The Government notes this recommendation.

There are no cuts to school funding. The Government is investing \$69.5 billion in total school funding over the forward estimates period taking Commonwealth investment in schooling to a record high.

From 2018, school education funding will increase based on student enrolment growth and the government-wide indexation rate of the Consumer Price Index (CPI). This will consolidate the substantial increases in Government funding made from 2014 to 2017 and allow sustainable growth into the future for Australian schools.

Funding from 2018 will be negotiated with all states and territories and non-government education providers to develop arrangements which are equitable, address student need, and help governments to deliver quality education outcomes in a sustainable and affordable manner. These negotiations will provide the opportunity to further consider the issue of indexation.

While funding is important, national and international research indicates that, by itself, it isn't a sufficiently effective driver of improved outcomes — countries that spend a high proportion of their GDP on education do not automatically produce high performing education systems. The Government's approach recognises that states, territories and the non-government school sector are best placed to determine how policies should be implemented in their schools. The Government's *Students First* policy is focused on supporting a national approach in teacher quality, school autonomy, engaging parents in education and strengthening the curriculum.