

Senate Committee: Education and Employment

QUESTION ON NOTICE Budget Estimates 2015 - 2016

Outcome: Higher Education Research and International

Department of Education and Training Question No. SQ15-000414

Senator Carr, Kim provided in writing

Portfolio Budget Statement employment and earnings projections

Question

"In regards to the Portfolio Budget Statement Key Performance Indicators over the forward estimates:

- (a) On p.48 you predict that, in the coming financial year, graduate fulltime employment four month after graduation will sit at 66%, a drop on the current year's figure of 68%. Why do you think this drop will occur?
- (b) You predict that this figure will grow again to 67%. What factors are relevant here? Isn't this prediction a bit counter-intuitive? Isn't the graduate labour market softening? Can you provide detail on this?
- (c) The PBS, in the same table, also predicts that graduate starting salaries will stay steady at 74% of male AWE? Isn't this overly optimistic? Isn't the value of graduate labour likely to fall as the numbers of graduates increase?
- (d) What programs or funding is in place to counter this increase?
- (e) What is preventing said programs or funding from taking over two years at minimum to take effect; why is university graduate unemployment set to rise in the short term on the Government's own estimations?
- (f) Do the current estimations of university graduate unemployment mirror past departmental predictions? If not, why not? What has changed that would see this estimation fluctuate?
- (g) What is the government doing to arrest this trend? The Budget papers suggest a rise in the unemployment rate from 2017-18, what is behind this projection?
- (h) What programs have folded or what savings have been sought from the portfolio in areas working directly with graduate support and employment?"

Answer

- a) – b) Estimates of the proportion of new graduates employed full-time, published in the 2015-16 PBS (p. 48), were based on a statistical relationship with Treasury estimates of the overall unemployment rate published in the 2014-15 MYEFO. Treasury estimates indicated overall unemployment rising from 5.9 per cent in June 2014 to a peak of 6.5 per cent in June 2015, before falling to 5.8 per cent by June 2018.
- c) It is assumed that graduate starting salaries will remain constant as a proportion of male average weekly earnings.
- d) The Demand Driven Funding System enables institutions to respond to labour market and student needs.
- e) The proportion of new graduates employed full-time has been estimated as falling in 2015 and 2016, in line with Treasury estimates of rising overall unemployment in these years.
- f) The department's estimates of new graduates employed full-time are adjusted in line with the most recent available Treasury estimates of overall unemployment.
- g) Unemployment projections are a question for Treasury.

h) No portfolio programs working directly with graduate support and employment have had funding removed or reduced in the 2014-15 Budget.