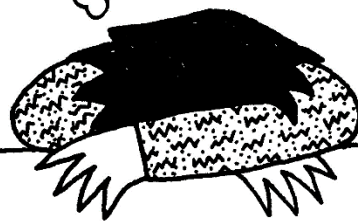


while women represent 50% of the world population, they perform nearly two-thirds of all working hours, receive only one-tenth of the world income & own less than 1% of world property

I just feel
so tired...

horacek



A GENDER LENS BUDGET 2016-17



National
Foundation for
**Australian
Women**

REAL WOMEN. VISIONARY LEADERSHIP

ACKNOWLEDGMENT

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EDITOR

Marie Coleman AO PSM DUniv (Hon.), Chair of the National Foundation of Australian Women (NFAW) Social Policy Committee. Street address: c/- Duesburys Nexia, 60 Marcus Clark Street, Canberra, ACT, 2601.

CONTRIBUTING AUTHORS

Professor Marian Baird, Professor of Gender and Employment Relations, University of Sydney Business School

Jennifer Bushell, NFAW Social Policy Committee

Marie Coleman AO PSM DUniv (Hon.), Chair of the National Foundation of Australian Women (NFAW) Social Policy Committee

Joanne Crawford, Senior Research and Policy Advisor, International Women's Development Agency

Dr Mary Crawford, President NFAW, Visiting Scholar, Queensland University of Technology (QUT)

Frances Davies, NFAW Social Policy Committee

Dr Helen Hodgson, Associate Professor, Curtin Law School, Women in Social Economic Research Cluster, Curtin University

Angela Jackson, NFAW Social Policy Committee

Dr Madeleine Laming, Adjunct Senior Lecturer, School of Education, Murdoch University

Helen L'Orange AM, Deputy Chair, Women's Electoral Lobby (WEL) Australia

Dr Kathy MacDermott, NFAW Social Policy Committee

Ruth Medd, Chair, Women on Boards

Prudence Mooney, Policy and Campaign Coordinator, WEL New South Wales

Joan Ross, NFAW Social Policy Committee

Sue Salthouse, Council Member, University of Canberra

Stephanie Serhan, School of Accountancy, QUT

Linda Simon, National Convenor, Women in Adult and Vocational Education (WAVE)

Jozefa Sobski, Convenor, WEL New South Wales, and member of WAVE

Professor Miranda Stewart, Professor and Director of the Tax and Transfer Policy Institute, Crawford School of Public Policy, Australian National University, and Professor at the University of Melbourne Law School

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EXECUTIVE SUMMARY

Budget 2016-17 fails to bring Australian women into the centre of the economy and pushes many further into poverty. Cuts to overseas aid hurt vulnerable women in our region.

The budget is far from fair, with just a touch of the white picket fence. It provides tax breaks for the wealthy, while low to middle income families are hit by 'zombie' savings from the Abbott-Hockey horror budgets. It is lacking in investments in education and training reforms which might drive innovation and jobs.

Health spending is being heavily cut. By the end of week one of the election campaign the Government was trying to negotiate a compromise with the medical profession on its pathology 'savings'. Savings measures in Health will disadvantage women, particularly those with chronic conditions, far more than any benefit from the handful of modest measures to change some approaches.

Notwithstanding \$100m for a national awareness strategy, services for women enduring or exiting domestic violence are suffering funding cuts. Delays will increase in the Family Court. New funding and eligibility changes to the National Disability Insurance Scheme will disproportionately disadvantage women while pushing costs of services for those left outside back onto state and territory hospitals and law enforcement systems.

The proposed taxation benefits for female small-medium enterprise (SME) entrepreneurs are oversold, with most of the returns going to SMEs with male heads.

Superannuation changes are the only single area where changes are beneficial for women, and are welcome, notwithstanding the seeming presumption that women will have partners willing to transfer money into their super. As the recent Senate report said, a husband is not a retirement plan.

Overall, in an environment where many economists have reservations about the underlying economic assumptions of the budget, philosophically it is a document based on Reaganomics – the theory of trickle down.

We have recommended that given the critical importance for women of sound fiscal policies which will support social infrastructure, the Government reconsider many of its decisions, and in particular consider both revenue as well as prudent spending approaches.

Careful, expert, non-partisan analysis of this budget has led us to make recommendations across a range of policy areas – workplace relations, health, education, housing, domestic violence, taxation, superannuation and more, as well as some related to machinery of government and data collections which we hope will both improve capacity to properly analyse the impacts on women and girls.

We appreciate that during the election campaign promises will be made by the Opposition and Government. We will analyse those in due course. Should the Government be returned, then the savings outlined in this document will most likely be introduced. Should the Government not be in control of the Senate again (as is commonly the historical case) then the forward estimates of savings may once again be held up with problems for achieving a balance by the forecast date.

We urge the Government to reconsider many of its approaches, and to produce more substantial approaches to bringing women fully into the economy.

The National Foundation for Australian Women calls on both Government and Opposition to respond to our recommendations as set out in the following pages.

LIST OF RECOMMENDATIONS

The National Foundation for Australian Women makes the following recommendations:

Introduction

1. That, following its return to the Department of Prime Minister and Cabinet, the Office for Women (OfW) should be properly resourced, and the position of the head of OfW upgraded to First Assistant Secretary.
2. The Gender Portal of the Australian Bureau of Statistics be maintained and enhanced; that funding to support the Household, Income and Labour Dynamics in Australia (HILDA) Survey be ensured; and that Government stop deferring the next Australian Time Use Survey.
3. Support for the National Women's Alliances be retained, and that that national meetings of Ministers for Women from all jurisdictions, and including New Zealand, be reinstated.

Taxation

4. The Government work towards an equitable funding of the fiscal deficit through both revenue and expenditure measures that do not disproportionately and negatively impact on women.

Superannuation

5. The new Low Income Superannuation Tax Offset (LISTO) should be credited to the superannuation account of the person on whose behalf the payment was made.
6. That the offset associated with extending the tax offset that exists in s.290-230 of the *Income Tax Assessment Act 1997* be credited directly to the superannuation account of the spouse.
7. The Government adopt the recommendations of the Senate Economics References Committee (2016), in particular it should:
 - implement policies to address the gender pay gap, which is the fundamental cause of the gender gap in retirement (recommendations 1 to 6),
 - guarantee adequate levels of income and housing support for older Australians who do not have adequate superannuation or housing (recommendations 8 and 18),
 - abandon the proposal to increase the age pension age to 70 (recommendation 17),
 - provide superannuation guarantee payments for people on paid parental leave and carer's payments (recommendation 9),
 - remove the superannuation exemption for employees earning less than \$450 per month (recommendation 14), and
 - provide a gender analysis of all proposals in relation to retirement income (recommendation 15).

Social services

8. The budget be revised to increase the base rate of allowances.
9. The Government increase the rate of Commonwealth Rent Assistance and change the indexation base to reflect changes in national rents.
10. That indexation changes to income support and family payments be tied to wages to keep pace with living standards into the future.
11. The Government replace the dual system of family payments with a single payment for children with higher levels for low income families.
12. The Government introduce a well-paid paid parental leave (PPL) scheme of at least 26 weeks, together with quality child care and an adequate family tax benefit (FTB), whether mothers are sole parents, low/middle income earners, working or at home, whether in part or whole day care. These policies should form the basis for a national family strategy that has more coherence than the current proposals.
13. The Government include superannuation payments in paid parental leave.

National Disability Insurance Scheme

14. The reversal of cuts in welfare payments to our most vulnerable which creates a two tiered welfare system and which treats people in the same situation differently.

Employment

15. The Government should respond to the *Willing to Work* Report with measures that address the barriers faced by older women to ensure that women have a fair share of the outcomes.
16. In order to meet its G20 commitment to increase women's workforce participation relative to that of men, the Government should identify structural barriers affecting that participation and revise its positions on child care, paid parental leave, the tax and welfare treatment of family income and the funding of education.
17. The Working Women's Centres be funded to continue to provide accessible services that are specifically targeted to provide vulnerable women with free, specialised industrial information and advice.

Schooling

18. The Government commit to a national high quality early education program to ensure that the benefits of future prosperity and national productivity may be enjoyed by the whole Australian community.
19. The Government commit to funding for resources to address the gaps identified by testing in learning for individual students.
20. The Government provide sufficient resources to provide adequate support mechanisms for teachers in the proposed linking of teacher pay to performance.

Vocational Education and Training (VET)

21. The current review of the VET FEE-HELP Scheme involve wide consultation with student organisations, community, industry and respected private and public providers.

22. Financial and criminal sanctions against fraudulent VET providers be adequate to restore public confidence in the VET sector and its regulatory framework.

23. Any new National Partnership Agreement recognises the role of the major public provider, that is TAFE, as critical to industry, small business, regions and local communities in providing high level training, workforce development as well as foundation skills for disadvantaged learners in all equity groups entering or re-entering the workforce. TAFE needs to receive secure and stable funding into the future, and must be restored as the national yardstick for quality vocational education and training.

24. The Government address concerns about its inequitable and discriminatory approach to industry skills training which has the unintended consequence of excluding women because the training priorities are industry driven and the sex segregation is entrenched in many of the industries accorded priority.

25. Funding to the Australian Skill Quality Authority reflect the critical importance of its work in regulating the VET sector and ensuring that all students are protected from unscrupulous private training providers as well as guaranteeing the quality, industry relevance and standard of teaching and learning.

Higher Education

26. Proposed cuts to the *Higher Education Participation Program* be reversed at least until a comprehensive, independent evaluation of the program is completed.

27. Funding be allocated for a successor to the Office of Learning and Teaching to support and disseminate research that will improve the quality of university teaching and learning.

Health

28. The Government immediately reverse the freeze on Medical Benefits Scheme (MBS) services and continue to support bulkbilling of pathology and diagnostic services.

29. Consistent with the COAG Oral Health Plan 2015-24, the Government invest in a program of preventative dental health care for pregnant women to ensure all women have access to the care they require during pregnancy.

30. Consideration of targeting health spending away from subsidising private health insurance (PHI) towards delivering a more efficient health system, including the option of a new hospital benefit to replace both the PHI rebate and Commonwealth funding for public hospitals.

31. Re-establishment of the Australian National Preventive Health Agency to ensure a strategic direction and evidence-based policy development in preventative health care.

Eliminating violence against women – programs and policies

32. That, as a matter of urgency, the Government fund a Women and Children's Safety Program matching the commitment of the Victorian Government to eliminate violence against women.

33. That, as a first step, the Government commit \$1 billion over 5 years for a long term and securely funded Commonwealth/state national program for 24-hour accessible women's refuges, frontline outreach services and transitional accommodation.

Eliminating violence against women – legal services

34. The Government reverse the \$34.83 million cut over the forward estimates between 2017–2020 to Community Legal Centres.

35. The Government allocate an additional \$14.4 million for Community Legal Centres to address unmet needs in 2016-17.

36. The Government reinstate the Family Violence Prevention Legal Services as a stand-alone national program and provide it with a direct allocation of funding.

37. The Government provide additional funding to Family Violence Prevention Legal Services, including

- \$2 million per year to each existing Family Violence Prevention Legal Service, and
- funding to achieve national coverage of Family Violence Prevention Legal Services commensurate to need (with a specific focus on meeting need in metropolitan and urban locations) within 5 years.

38. The Government commit to at least 5-year funding agreements with Family Violence Prevention Legal Services to ensure funding certainty.

39. The Government fully fund women's family law support services in each state and territory at an estimated cost of \$6.5 million for five years (\$1.28 million per annum for eight services).

Eliminating violence against women – housing and homelessness

40. The Government commit immediately to an extension and increase in the 2015–17 National Partnerships Agreement on Homelessness (NPAH). With a separate funding stream for a long-term, securely-funded Commonwealth/state national program for 24 hour accessible women's refuges, frontline outreach services and transitional accommodation.

41. The Automatic Rent Deduction Scheme not proceed pending a full gender analysis of the unintended consequences for women and their families.

42. Gender analysis be incorporated into the work of the Council on Federal Financial Relations' Affordable Housing Working Group on innovative financing and structural reform models to increase the provision of affordable private and social housing.

43. Similarly, gender analysis is needed for:

- COAG's work on the interface between homelessness and housing reform.
- COAG's work on the need for a differentiated approach to addressing homelessness and housing in cities and in regional and remote areas.
- The development of innovative financing models to increase supply and diversity in social housing models to meet the needs of vulnerable groups including elderly people.
- The development of accurate information and projections of the likely demand for social housing and affordable housing under the National Disability Insurance Scheme, and more generally in the development of funding approaches and opportunities to increase the supply of accessible, affordable and social housing appropriate for people living with disability.

Aid and development

- 44.** Increased expenditure on aid investments which target gender equality as a principal objective, including investment in preventing and responding to violence against women.
- 45.** Increased funding support for women's rights organisations and networks, lifting aid coded as supporting 'women's equality organisations and institutions' above current levels.
- 46.** Improved ability to track and report how much is spent on gender equality and women's empowerment, and where, particularly where gender is mainstreamed within activities. Increased transparency about budget allocations will provide decision makers, development partners and communities with improved information, enabling more informed dialogue and planning, and improved accountability.
- 47.** Strengthened collection of sex-disaggregated data across the aid program.
- 48.** Published detailed annual information linking programming and resourcing on gender equality through Australia's aid program, to assist Government and other stakeholders to assess how policy commitments are being implemented and adjust efforts accordingly.
- 49.** Implementation of the recommendations of the independent Interim Review on the Australian National Action Plan on Women, Peace and Security (the NAP), including establishing dedicated resourcing linked to specific activities to implement the NAP.
- 50.** Resourcing of the Australian Civil Society Coalition for Women, Peace and Security through the Department of Defence as part of strengthening implementation arrangements for the NAP.

INTRODUCTION

The National Foundation for Australian Women (NFAW) is a non-politically aligned feminist organisation committed to analysing the potentially differential impacts of policies and their outcomes for men and women and whether the consequences of policies, intended or unintended, adversely affect women.

WHY A GENDER ANALYSIS?

NFAW, in conjunction with experts from a range of organisations, has undertaken analysis of the implications of the budget through a gender lens for the last three years. In 2014 the Government ceased publication of the Women's Budget Statement, which was introduced in the mid-1980s. This has meant that the Australian government no longer has a systematic way of analysing the impact on women of its policies and therefore how to deliver and measure progress in achieving gender equality.

Australia was a pioneer in the introduction of gender budget analysis which has been subsequently taken up by many countries, particularly in response to obligations arising from the Beijing Platform of Action 1995, CEDAW and more recently the Millennium Development Goals. Attachment A,¹ sets out regional developments in the implementation of Gender Responsive Budgeting (GRB).

NFAW welcomes the recent commitment to review and develop training on the differential impact of gender in mainstream policy development in the Australian Public Service (APS). This has been introduced by the APS as part of its gender equality strategy for the next three years. We think this is a good start but believe it should form part of a more comprehensive set of priorities and actions. We also hope to see the analysis of gender in policy development interface actively with continuing women's alliances and with reinstated national meetings of Ministers for Women from all jurisdictions, and including New Zealand.

WHY DOES GENDER ANALYSIS MATTER?

The economy is important to women because it delivers jobs, incomes and financial security. Governments, while they can't control the economy, are responsible for delivering budgets. Budgets matter because they determine how governments mobilise and allocate public resources. They reshape the conditions under which a central activity – the care of human beings – takes place.

The impacts of public expenditure, revenue raising, and deficit reduction strategies are not gender neutral. Government expenditure and taxes don't impact equally because men and women occupy different economic and social positions.

¹ Provided to NFAW by Dr Monica Costa, Visiting Fellow at the Crawford School of Public Policy of the ANU, and Rhonda Sharp AM, Adjunct Professor of Economics at the University of South Australia.

Women tend to be in an unequal position in society with less economic, social and political power. Women do the bulk of care giving.

NFAW's analysis has highlighted the important role of budgets in underpinning the social compact. Generally, the last two budgets did not pass the gender equity test. NFAW believes we can accept reasonable levels of debt while the economy transitions from the mining investment boom without cutting the services that build our human capital. The public investments most threatened by a focus on shrinking government – health, education, welfare payments, women's refuges, public sector capability etc – are precisely those requiring more revenue so Australia can deliver growth and fairness at the same time. Social infrastructure is critical to the nation.

We need to increase revenue to sustain Australia's social compact. Income and company taxes are important because they contribute to redistribution of income that makes the system progressive and fairer overall. Many economists have suggested a range of alternative changes that would make the system fairer and more efficient without undermining its progressivity and help pay down debt. Australia does agree to raise more revenue when it believes it is justified, for example increasing the Medicare levy to fund the National Disability Insurance Scheme (NDIS).

The design of our tax system, combined with decisions about social expenditures, reflect our values as a nation.

Australia faces complex issues and policy challenges stemming from an ageing population and interactions between income-tested payments and incentives to work. However, NFAW tests the budget, not just on its affordability but also on the adequacy and effectiveness of its policy outcomes.

Our analysis has been prepared by a volunteer team of analysts. It has been not possible to cover all areas including women with disabilities, and CALD and Indigenous women. However, we can legitimately assume that any measure adversely affecting the income, housing, health care access or education of low income families will be much worse for Indigenous women and children.

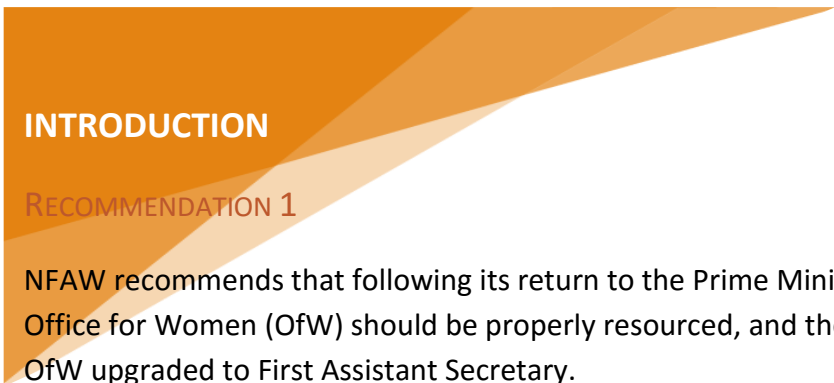
While there are clear benefits in having a women's budget analysis conducted by women working outside government, it is equally clear that this kind of analysis should be conducted within government as well, at the time that the budget is under preparation.

This is one of the critical roles of the Office for Women (OfW), and one of the reasons why NFAW and other women's organisations have welcomed its return to the Department of Prime Minister and Cabinet. We are concerned to ensure that, following its return, it should be properly resourced, and that the position of the head of OfW be upgraded to First Assistant Secretary.

We are also concerned that OfW and women's organisations more generally have access to data critical to proper budget analysis: this includes not only gender disaggregated but also data providing information about unpaid caring and household work characteristically undertaken by women. In addition to the Gender Portal of the Australian Bureau of Statistics, the Household, Income and Labour Dynamics in Australia (HILDA) Survey remains critical to analysis of child care, parental leave, income support and tax. Australia is long overdue for a new Time Use Survey.

Even without important gender-based data, not all detail required for a thorough analysis of government decisions is available or clear in the budget papers. In fact, one of the themes emerging from this analysis is the substitution of the rhetoric of a 'plan' for the analysis of a budget— a substitution that is being used to justify the loss of analysis of budget impacts on particular groups ('winners and losers'). The resulting lack of transparency extends even beyond gender disaggregated data to opaqueness in presenting offsets and distinguishing between old and new money for budget initiatives. This reduced transparency in the federal government's reporting is a concerning development.

If you find this material helpful, you might wish to join NFAW and/or make a donation at www.nfaw.org to assist our work. This entire document is produced by volunteers.

A decorative graphic consisting of several overlapping orange triangles of varying shades, creating a dynamic, abstract shape that points towards the right.

INTRODUCTION

RECOMMENDATION 1

NFAW recommends that following its return to the Prime Minister's Department, the Office for Women (OfW) should be properly resourced, and the position of the head of OfW upgraded to First Assistant Secretary.

RECOMMENDATION 2

NFAW recommends that the Gender Portal of the Australian Bureau of Statistics be maintained and enhanced; that funding to support the Household, Income and Labour Dynamics in Australia (HILDA) Survey be ensured; and that government stop deferring the next Australian Time Use Survey.

RECOMMENDATION 3

NFAW recommends that support for the National Women's Alliances be retained, and that that national meetings of Ministers for Women from all jurisdictions, and including New Zealand, be reinstated.

THE BUDGET ENVIRONMENT 2016-17

Budget 2016-17 is impossible to consider beyond the prism of the 2 July 2016 double dissolution general election.

The budget itself has been variously characterised by newspaper commentators as 'beige', and settling the ghosts of Budgets 2014-15 and 2015-16.

The Treasurer has told us that, given the forthcoming election, the budget must become the overarching economic narrative and election manifesto.

The Government has now decided against the planned white papers on taxation reform and on the future of the federation. What might be the reforms to taxation policy and changes planned for the federation must be directly deduced from analysis of the content of Budget 2016-17, and various exercises in inductive logic.

The Prime Minister has said that he wants Australia to be 'a high-wage, generous social welfare net, first-world society', so it is reasonable to assess his first budget against that ambition. 'Jobs and growth' is the Government mantra.

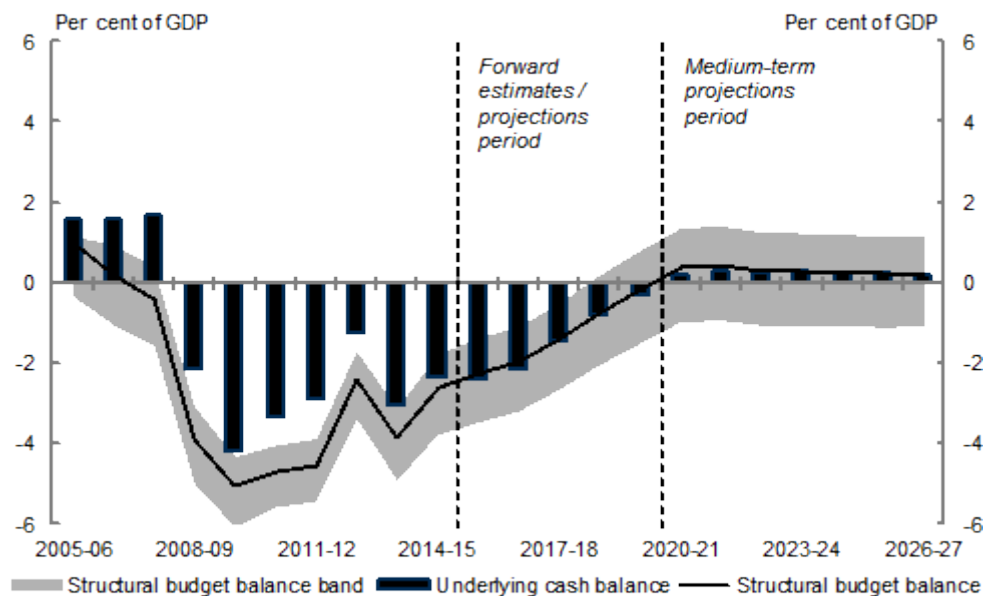
To a significant degree during the election campaign, policy commitments will be made by both the Government and Opposition. Should the Government be re-elected these promises will be added to the measures announced in the budget.

It should be assumed that the savings measures in the budget will continue.

The Pre-Election Fiscal Outlook (PEBO) will be issued by the Department of Prime Minister and Cabinet within ten days of the issuing of the election writs. This will provide a further reconsideration of the fiscal forecasts. The macroeconomic scene is not entirely comfortable.

Sustainable government finances are critical for gender equity, to support public provision of adequate social welfare payments, the age pension, health, schooling, childcare and parental leave, and other core public infrastructure. The federal government raises 80% of tax revenue in Australia and funds about half of state budgets as well as its direct federal spending. It is imperative, in an ageing population where we need to develop human capital, that adequate revenues are raised.

The federal budget has been in a fiscal deficit since the global financial crisis in 2008. The Budget 2016-17 forward estimates show a small reduction in the cash deficit from \$39.9 billion in 2015-16 to \$37.1 billion in 2016-17 (after a worsening of the deficit by \$3.4 billion since the 2015-16 Mid-Year Economic and Financial Outlook (MYEFO)). The budget projects reaching fiscal balance by 2020-21 (Commonwealth of Australia, 2016, p. 1-5, 1-8).



Source: Commonwealth of Australia, 2016, Statement 3.

Fiscal balance will be achieved both by 'bracket creep' in the income tax for most individuals (except at the very top end) combined with 'policies that continue to control spending' according to the Treasurer's second reading speech. The Treasurer stated that the Government is exercising 'disciplined restraint' and 'better targeting of spending' to offset new spending commitments and that:

Any increases in tax revenue as a result of measures contained in the budget have been re-invested back into lower taxes, not towards fuelling unsustainable higher spending.

Analysts (for example, ABC, 2016) have also indicated that there is also a risk that both economic growth and tax revenue estimates in the budget (Commonwealth of Australia, 2016, p 2-27) are too optimistic. The revenue forecasts are substantially higher than trend lines projected on actual revenues from past years, suggesting potential revenue shortfalls of as much as \$20 billion in the next four years (Sinning, 2016).

Much of this spending restraint will negatively affect women. The current deficit, growth risks and revenue forecast risks all suggest that increased revenues as well as restraint in expenditure will be needed to bring the budget back into balance within a reasonable timeframe.

While superannuation tax reforms will raise some revenue, most tax policies in the budget provide lower taxes for high income earners and businesses, which will largely benefit men.

Beyond the Government, business and consumer confidence is low, the resources boom is history, and commodity prices are sluggish. Real wage growth is minimal which means that bracket creep in taxation is unlikely for the average tax payer, individual or family.

Unemployment and underemployment in various geographic and demographic groups is a matter of concern.

The electorate is cynical as are the political pundits. The challenges lie in whether the budget and its marketing will be effective in achieving 'jobs and growth'.

Economists such as George Megalogenis (2016) have argued for government to take advantage of historically low interest rates and borrow long-term to finance infrastructure as one form of nation building.

In the lead-up to the budget, the Treasurer announced new infrastructure funding for states, conditional on privatisation of existing state assets. Immediately there was adverse commentary to the effect that this was not new money (Preiss and Carey, 2016). The Victorian Treasurer further pointed out that the process involved turning a state-owned revenue generating enterprise into a corporate entity paying taxes to the Commonwealth. Not entirely a process without capacity to feed cynicism then. In the budget itself solid savings have been banked from the infrastructure fund.

The Senate, by the date of its former prorogation, had not passed a number of bills intended to give effect to savings in welfare payments, in paid parental leave changes, and other measures intended to finance proposed new initiatives in child care, as well as to repair the budget. New legislation must be introduced, but all these so far unsuccessful measures along with other savings announced in the MYEFO continue to be included in the forward estimates. Indeed, the Government has pushed out for another year its intended changes to child care, because the savings cannot yet be banked.

These measures which we have considered to be not in the best interests of women will then be part of the forthcoming election campaign.

Just how generous the social welfare net will remain will then be part of an election debate. There is little in the budget on specific employment or education measures, and savings remain banked for research funding, for CSIRO, and other areas which might have been thought to be the engines of the change to an innovation economy.

That said, job creation seems to be dependent on spending on infrastructure projects, some yet to be announced, and on defence acquisitions – which may not themselves produce work or vocational training for many girls and women.

The youth employment program is cautiously welcomed, but there is scope for it to be abused. Perhaps the Audit Office ought to be given the task of an advance risk assessment for all new proposed programs, to have clever accountants work out how other clever accountants might find a way to push limits – as has occurred over time in child care financing (ABC Child Care), in negative gearing, in superannuation and other well-intentioned policies.

There is a complete silence on measures to improve housing affordability, surely one of the most common issues of public concern.

The Treasurer has said that the body politic is over class warfare and ‘what’s in it for me’ budget considerations.

We say that there is not a single measure in this budget which addresses poverty, and that it fails to address the issues facing women and girls.

Overall, we need to consider the issue of fairness.

NFAW will issue an election policy comparison document during early June, adding to it as further policy promises are made. In the meantime readers are recommended to the independent policy analysis of important issues in *The Conversation*, as well as to the election analysis of issues on ABC, both online.

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1. TAXATION

1.1 REVENUE MEASURES AND HOUSING

TEN YEAR ENTERPRISE TAX PLAN

A centrepiece of the budget's tax measures is the Ten Year Enterprise Tax Plan, which includes a range of company and individual income tax cuts and concessions (Commonwealth of Australia, 2016b, pp. 36-43). The Ten Year Enterprise Tax Plan has the overall goal 'to encourage Australians to work, save and invest'.

The Budget's Ten Year Enterprise Tax Plan and lapsing of the temporary budget repair levy will overall benefit men and not women. Economic growth and jobs will benefit women, however, these outcomes are uncertain and the measures significantly undermine fiscal sustainability of the government in the short and medium term.

PERSONAL TAX CHANGES: TARGETED PERSONAL INCOME TAX RELIEF, AUSTRALIAN TAXATION OFFICE (COMMONWEALTH OF AUSTRALIA, 2016B, P. 42)

Revenue (\$m)					
	2015-16	2016-17	2017-18	2018-19	2019-20
	-	-800.0	-950.0	-1,050.0	-1,150.0

This budget measure raises the third tax threshold from \$80,000 to \$87,000 effective 1 July 2016. The individual income tax rates and thresholds are currently, for the 2015-16 fiscal year:

Taxable income	Tax on this income (+ 2% Medicare levy)
0 – \$18,200	Nil
\$18,201 – \$37,000	19c for each \$1 over \$18,200
\$37,001 – \$80,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$80,001 – \$180,000	\$17,547 plus 37c for each \$1 over \$80,000
\$180,001 and over	\$54,547 plus 45c for each \$1 over \$180,000 + 2% Temporary Budget Repair Levy

Source: <https://www.ato.gov.au/rates/individual-income-tax-rates/>

The maximum dollar value of this threshold increase is \$315 in tax per year, as a result of reducing the tax rate on taxable income in that range from 37% to 32.5%. The fiscal cost is a total of \$4 billion over the forward estimates.

Budget papers (Commonwealth of Australia, 2016a, p. 12) state that this 'will help prevent taxpayers on average full-time earnings from moving into the second highest tax bracket until 2019-20'. The Treasurer said in the Budget Speech:

Those earning average wages – full-time or otherwise – should stay in the middle tax bracket.

Only 20% of female taxpayers will benefit from the tax cut, as 80% have taxable income (net of deductions and losses) below \$80,000, while two thirds of male taxpayers are in that range (ATO, 2016). Of those above the threshold who do benefit from the tax cut, only 30% are women.

Although referencing the average wage earner, the tax cut mostly benefits those on average male full time wages at \$1,688 per week or approximately \$87,000 per year. Average female full time wages are \$1,345 per week or approximately \$70,000 per year, well below the range of the tax cut (ABS, 2016, Total earnings all industries). Two in five women work part-time and most will be under the threshold (ABS, 2016a).

Many women with low earnings may be in a household with a higher earning spouse; however, the tax cut is delivered to the male earner in his tax return and it should not be assumed that these women will all benefit from the tax cut through an intra-household transfer 'from wallet to purse'.

The bracket is also not well targeted to bracket creep. As a proportion of their income, bracket creep has the biggest impact in the range from \$30,000 to \$60,000 as demonstrated by Varela (2016). The rise in the \$80,000 threshold more than compensates people in the \$80,000 to \$180,000 range for the bracket creep they experience.

In summary, this tax cut with a fiscal cost of \$4 billion over the forward estimates will have overall a negative effect for most women.

LAPSE OF TEMPORARY BUDGET REPAIR LEVY: FORMER BUDGET MEASURE: TAX LAWS AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) ACT 2014

The three-year Temporary Budget Repair Levy, introduced under the Abbott/Hockey Government in Budget 2014-15 to address the fiscal deficit, will expire on 1 July 2017 unless it is extended by legislation. The levy raised the top marginal tax rate from 45 per cent to 47 per cent for taxable income above \$180,000. It was estimated to raise \$3.1 billion in revenue (estimated at approximately \$1 billion per year).

Budget papers are silent on the lapse of this measure. However, the Treasurer has stated in media interviews that ‘We’re not changing that law. It will run out at the end of next year and that’s what was always proposed’ (Crowe, 2016). This is in spite of the ongoing challenge of the fiscal deficit.

The lapse of the Deficit Levy means that a person with taxable income of \$400,000 per year would get a tax cut worth about \$4,000 (Varela, 2016). Women make up 25 per cent of those in the top tax bracket and although those high income women will benefit from the lapse of this 2 per cent levy, it will be benefit more men than women.

UNINCORPORATED BUSINESS TAX DISCOUNT

TEN YEAR ENTERPRISE TAX PLAN: BUSINESS TAXES (COMMONWEALTH OF AUSTRALIA, 2016B: TABLE 1)

Page	Australian Taxation Office	2015-16	2016-17	2017-18	2018-19	2019-20
		\$m	\$m	\$m	\$m	\$m
40	– increase the small business entity turnover threshold	-	-295.0	-700.0	-550.0	-650.0
40	– increase the small business entity turnover threshold	-	-295.0	-700.0	-550.0	-650.0
40	– increase the unincorporated small business tax discount	-	-	-150.0	-150.0	-150.0
41	– reducing the company tax rate to 25 per cent	-	-400.0	-500.0	-800.0	-950.0

The 2015-16 budget introduced a tax discount for individual taxpayers with business income from an unincorporated business with a turnover of less than \$2 million, effective 1 July 2015. The discount is capped at \$1,000 per individual per year and is delivered as a tax offset. In line with its company tax cut, the budget proposes to increase the unincorporated business income discount to eight per cent and to raise the threshold to \$5 million. This discount will be increased to 16% in line with the company tax cut but it will remain capped at tax of \$1,000 per year.

Small businesses will also benefit from an extension of tax breaks including immediate expensing of capital investments under \$20,000, continuing tax concessions previously provided under the Abbott-Hockey Government. The estimated fiscal cost is \$2.8 billion over the forward estimates.

The Minister for Women, Senator Michaelia Cash, has stated that this reduction of taxes on small business 'will benefit women, who make up over a third of Australian business operators across the country' (2016). Among young women, the proportion is 45% (ABS, 2015). These women benefit from a small business tax cut; however, the majority of beneficiaries are men, and most female small business owners are under the \$2 million threshold, deriving an average weekly cash income of only about \$22,000 per year (unincorporated) and \$52,000 per year (incorporated) from their businesses (ABS 2015). This measure has a minor positive effect on some women.

COMPANY TAX CUT

The Government's Ten Year Enterprise Tax Plan has as its centrepiece a company tax cut from 30% to 25% over 10 years. Only the first tranche of this plan takes place (and is costed) in the budget. This comprises a reduction in the small business company tax rate from 28.5% to 27.5% and a progressive increase in the eligibility threshold from \$2 million to \$10 million of gross business revenues (2016-17); \$25 million (2017-18); \$50 million (2018-19) and \$100 million (2019-20). The 10 year plan increases the threshold further in future years, and aims to reduce the company tax rate for all businesses to 25% for all companies in 2026-27.

The fiscal cost of the company tax cut for small and medium companies is estimated at \$2.7 billion over the forward estimates. Over the 10 years to 2026-27, modelling revealed in Senate Estimates and released by Treasury indicates an estimated fiscal cost of \$48 billion, consistent with other economic estimates (Treasury, 2016).

The stated purpose of the company tax cut is to encourage 'investment, raise productivity, increase GDP and over time raise real wages and living standards' (Commonwealth of Australia, 2016b, p. 41). These positive economic effects are predicted by various models (Treasury, 2016) and it is argued that they will 'pay for' about half of the revenue lost from the tax cut.

If achieved, these economic improvements will benefit women; however, they are relatively small and long run in nature, and moreover they are contested (for example, see Dixon et al, 2016). A major concern for gender equity relates to fiscal sustainability, as further cuts in spending, or other tax rises, would be needed to fill the hole in revenues produced by the company tax cut.

COMPANY TAX AND GST INTEGRITY MEASURES: COMMONWEALTH OF AUSTRALIA, 2016, TABLE 1

Pg	Australian Taxation Office	2015-16	2016-17	2017-18	2018-19	2019-20	2019-20
19	Applying GST to Low Value Goods Imported by Consumers	-	-	70.0	100.0	130.0	
Tax Integrity Package							
31	- a new diverted profits tax	-	-	-	100.0	100.0	
32	- better protecting tax whistleblowers	-	-	-	*	*	
32	- broadening the securitised asset measure	-	*	*	*	*	
33	- deferred tax liabilities	-	*	*	*	*	
33	- establishing the Tax Avoidance Taskforce	-	77.4	767.7	1,283.8	1,610.0	
34	- implementing the OECD hybrid mismatch arrangement rules	-	-	-	*	*	
34	- increasing administrative penalties for significant global entities	-	-	*	*	*	
35	- strengthening transfer pricing rules	-	*	*	*	*	

The budget contains a number of measures to tighten enforcement and loopholes in the company tax base, primarily concerning large corporate multinational tax planning and base erosion. These include increased resourcing for the Australian Tax Office to carry out multinational tax enforcement.

Overall, they are estimated to raise \$3.9 billion over the forward estimates. The measures are welcome, although the difficulty of implementing and enforcing these measures requires international co-operation and should not be understated.

The budget papers also contain a previously announced proposal to extend GST to purchases of low value goods from online global retailers (such as Amazon). Overall, these measures are estimated to raise more than \$4 billion over the forward estimates, which will help secure fiscal sustainability of the budget and hence will have a positive impact for gender equality.

TAXATION OF HOUSING: NO BUDGET MEASURES

The budget does not contain any measures to broaden the base of the individual income tax in relation to capital gains tax or the deductibility of rental losses against other income (negative gearing). The Treasurer said in his Budget Speech,

We will not remove or limit negative gearing – that would increase the tax burden on Australians just trying to invest and provide a future for their families.

Under Australia's income tax system, all expenses on a rental property investment, including interest on the loan to buy the property, can be deducted against wages and other income, not just against rents and investment income. About 2 million taxpayers invested in rental properties in 2013-14, most having one or two properties. 1.25 million properties were negatively geared with nearly \$11 billion in losses. Less than 10% of investors are investing in new construction. Taxpayers claimed \$44.1 billion in rental property deductions of which the single biggest deduction was \$23 billion of interest expense (Ingles and Stewart, 2016; ATO, 2016).

Australian rental property investors have been increasing rental investments and making net losses since 2000, in a massive surge since the 1999 introduction of the capital gains tax (CGT) 50% discount. The Tax Expenditure Statement 2015 estimated that the CGT discount costs revenue of \$6.15 billion, projected to rise to \$8.57 billion in 2018-19. The generous discount encourages tax planning to generate capital gain.

Only a relatively small proportion of those who invest in rental property and have taxable income below \$80,000 are negatively geared, while a Grattan Institute analysis indicates that the average tax benefit per year of negative gearing in gendered occupations of teaching, nursing and cleaning, is less than \$300 per year, in contrast to an average tax benefit of more than ten times that amount for high earning, mostly male professions such as surgeons and anaesthetists (Daly and Wood, 2016).

NFAW has previously recommended reform of current tax arrangements relating to private investment in housing which do not meet needs for affordable housing (Hodgson, 2015). Such a reform would also help ensure revenue sustainability and would enhance progressivity and gender equity in the tax system. Specifically, there is no restoration of taxation incentives for the National Rental Affordability Scheme or any alternative affordable housing scheme.

The budget does not contain any measures to address the supply side of housing affordability. The establishment of a compulsory rent deduction scheme is intended to improve rental streams for housing providers and so encourage investment in public housing stock (Commonwealth of Australia, 2016b, p. 140).

TAXATION

RECOMMENDATION 4

NFAW recommends that the Government work towards an equitable funding of the fiscal deficit through both revenue and expenditure measures that do not disproportionately and negatively impact on women.

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1.2 SUPERANNUATION

It is significant that the Senate Economics References Committee Report into Women's Income Security in Retirement (Senate, 2016) was published on Friday 29 April 2016, 4 days before Budget 2016-17. A number of the recommendations in that report referred specifically to superannuation, and the Government has clearly had regard to those recommendations in drafting the budget.

Overall, most of the recommendations made by NFAW (2015) in its submission to that committee have been, in some form, adopted in this budget.

Overall the proposed changes to superannuation are redistributive. Currently women of all ages have superannuation balances that are lower than men of the same age (Senate, 2016:9):

2013-14	Average Balance	Average Balance for 60-64 age group
Male	\$82,615	\$197,054
Female	\$44,866	\$104,734

The budget contains a number of measures designed to curb the excessive accumulation of income in concessionally taxed superannuation accounts. These measures are gender blind, but are more likely to limit the benefits to men than women as men currently have higher superannuation balances and make larger voluntary contributions to superannuation than women.

We applaud the measures intended specifically to assist women; however, they could be improved.

Superannuation Reform Package — introduce a \$1.6 million superannuation transfer balance cap (Commonwealth of Australia, 2016, p 25)

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	550.0	700.0	750.0
Related expense (\$m)					
Australian Taxation Office	-	4.4	-	-	-

This measure will limit to \$1.6m the assets that can be placed into a tax free account within the superannuation fund when the fund is placed into retirement phase. The balance of the assets can remain in the accumulation phase of the fund, which is taxed at 15%. Note that this does not affect the tax exemption on payments from superannuation funds when received by a person over 60.

If a fund member currently has more than \$1.6m in retirement phase they will need to reduce their balance by 1 July 2017. They will be allowed to transfer that out to an accumulation fund where it is taxed at 15%.

Under the current rules, superannuation funds can be used as an estate planning device to accumulate income that is taxed concessionally. On death, the accrued income can be transferred to beneficiaries, according to the instructions that the member has given the fund and the rules of the superannuation fund, without paying additional tax. The \$1.6m cap will restrict the amount that can be accumulated in this way.

The Association of Superannuation Funds of Australia (ASFA) estimates that there are over 100,000 people with balances over \$1.6m (ASFA 2016). The gender balance is about 2/3 male and 1/3 female (Clare 2015: Table 4).

The 2013-14 tax statistics (below) provide the following details in relation to superannuation funds with member account balances over \$1.5m where the person also had a taxable income of more than \$180,000.

Gender	Age	Number of individuals ³	Total Member account balance \$	Mean Balance \$
Male	65-69	10,709	16,788,527,055	1,567,703
Male	70-74	3,914	8,098,158,722	2,069,024
Male	75 and over	2,785	5,667,843,326	2,035,132
		17,408		
Gender	Age	Number of individuals ³	Total Member account balance \$	Mean Balance \$
Female	65-69	3,517	5,674,120,416	1,613,341
Female	70-74	1,800	3,311,389,515	1,839,661
Female	75 and over	1,596	2,510,748,877	1,573,151
		6,913		
		24,321		

The proportion of men to women in this sample is consistent with the ASFA data.

This measure will only affect a small number of individuals, but as it affects more men than women it will moderate the gender imbalance in that group of women.

SUPERANNUATION REFORM PACKAGE — INTRODUCE A LIFETIME CAP FOR NON-CONCESSIONAL SUPERANNUATION CONTRIBUTIONS (COMMONWEALTH OF AUSTRALIA, 2016, P.27)

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	..	50.0	100.0	150.0	250.0

This proposal limits the amount of non-concessional contributions that can be paid into superannuation by a member to \$500,000 over their lifetime, and the cap calculation is backdated to the introduction of the contribution cap regime on July 2007.

A non-concessional contribution has been taxed before contribution into the fund, therefore no additional tax is imposed in the superannuation fund. The non-concessional contributions cap level is currently \$180,000 per annum or \$540,000 over three years in certain circumstances.

Investment earnings on non-concessional contributions are taxed at reduced rates in the superannuation fund: currently 15% on investment earnings; 10% for net capital gains and tax free if the fund is in retirement phase. The member benefits from the difference between the member's marginal tax rate and the superannuation fund rate.

The tax statistics do not allow a breakdown between concessional and non-concessional contributions, however there is a trend for higher contributions to be paid by men than women.

This is a significant change that will restrict access to superannuation funds as a tax shelter, and, in conjunction with the cap on concessional taxed balances, will limit the ability to accumulate excessive balances as an estate planning strategy.

The lifetime cap will be backdated to include all contributions after 2007. The measures are to commence from the date of the budget, and the budget papers say that:

contributions made before commencement cannot result in an excess. However, excess contributions made after commencement will need to be removed or subject to penalty tax. (Commonwealth of Australia, 2016, p. 27.)

Accordingly, they are not retrospective as they do not impose new taxes on people who acted properly under the law as it stood at the time.

SUPERANNUATION REFORM PACKAGE — REFORMING THE TAXATION OF CONCESSIONAL SUPERANNUATION CONTRIBUTIONS (COMMONWEALTH OF AUSTRALIA, 2016, P. 28)

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	500.0	800.0	1,150.0
Related expense (\$m)					
Australian Taxation Office	-	-	0.9	2.2	1.1
Related capital (\$m)					
Australian Taxation Office	-	2.8	-	-	-

This measure has two components: the concessional contribution cap is to be reduced to \$25,000 per annum, and the Division 293 tax on contributions by high income earners is to be extended.

The concessional contributions cap has been adjusted several times since it was introduced in 2007, and is currently \$30,000 for fund members under 50 and \$35,000 for members over 50. The concessional cap includes superannuation guarantee contributions, salary sacrificed contributions and personal contributions where a tax deduction has been claimed for the contribution. This reduction will be gender redistributive as the capacity to make concessional contributions is linked to income, and men have a greater capacity to make voluntary contributions during their peak earning years (Senate, 2016, p. 98; Productivity Commission, 2015, Vol 2, Figure 2:16).

Members over 50 no longer have a higher concessional contribution cap, however they will be able to take advantage of the carry forward measures discussed later.

Under the existing law, Division 293 of the *Income Tax Assessment Act 1997* imposes a higher rate of tax, at 30%, on contributions to a superannuation fund where the taxpayer's income, including superannuation contributions, exceeds \$300,000. That threshold is to be lowered to \$250,000.

The tax statistics for 2013-14 (ATO, 2016) show that 67,492 women, or 1.5% of female taxpayers and 223,876 men, or 4% of male taxpayers had a taxable income (excluding superannuation contributions) of more than \$197,802. Therefore this policy will affect fewer women than men.

SUPERANNUATION REFORM PACKAGE — STRENGTHEN INTEGRITY OF INCOME STREAMS (COMMONWEALTH OF AUSTRALIA, 2016, P.30)

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	190.0	220.0	230.0

This measure modifies the transition to retirement income scheme (TRIS). The TRIS (or TTR pension) was introduced in 2004 to assist workers over 55 who were reducing their participation in the paid labour market by allowing them to draw on their superannuation to supplement their income. Following the changes to superannuation in 2007 the TRIS was also used as a strategy to reduce tax and increase superannuation balances (Productivity Commission, 2015, Vol 2 p. 144).

The changes will remove the tax exemption on earnings within the superannuation fund, which will continue to be taxed at 15% after the pension stream has commenced. There is no reference to changes to the current taxation of those amounts when received by the member. Under the current rules, a person under 60 pays tax with a 15% discount, and the amount is tax free in the hands of a person over 60.

These changes have been criticised as being retrospective. Although changes were under consideration, it was expected that existing arrangements would not be changed. The structural changes do not take effect until 1 July 2017, allowing current TRIS participants to restructure their affairs. This proposal will impose tax in the superannuation fund on existing TRIS arrangements.

There is no data on the gender balance of people using this measure, however to the extent that men have higher superannuation balances, it is more likely to be used by men (Productivity Commission, 2015, Vol 2, p. 144). Accordingly this measure can be expected to be gender redistributive.

SUPERANNUATION REFORM PACKAGE — INTRODUCING A LOW INCOME SUPERANNUATION TAX OFFSET (LISTO) (COMMONWEALTH OF AUSTRALIA, 2016, P. 28)

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	-600.0	-700.0
Related expense (\$m)					
Australian Taxation Office -		-	101.0	101.1	101.1
Related capital (\$m)					
Australian Taxation Office	-	-	1.8	-	-

The superannuation reform package is broadly redistributive, as a significant proportion of the savings from reducing contribution caps and imposing tax on excessive balances will be applied to fund a revised scheme to assist low income earners. The existing low income superannuation contribution (LISC), which is a government contribution of up to \$500 per annum into the superannuation account of people earning less than \$37,000 per annum, was scheduled to end from 30 June 2017.

The new Low Income Superannuation Tax Offset (LISTO) scheme is constructed differently, but will have the same outcome. The LISTO will allow a tax credit of up to \$500 on tax payable by the superannuation fund on contributions by the fund member if their taxable income is less than \$37,000.

This offset is available to all low income earners who have concessional contributions, either paid directly or under the superannuation guarantee. However it will be particularly important to women who are overrepresented in this category. The 2013-14 tax statistics (ATO, 2016) show that 1,339,956 women who lodged income tax returns earned less than \$36,908 (30% of female taxpayers) compared with 991,963 men (18.5% of male taxpayers).

The abolition of the existing LISC was widely condemned by industry and advocacy groups including NFAW, and we welcome the new tax offset, which restores a measure of fairness to the superannuation system.

INITIATIVES TO ASSIST WOMEN

The Government has announced two measures that are intended to assist women who take time out of the paid labour market. While these measures are a step forward, there are flaws that will reduce their effectiveness in reducing the gender superannuation gap.

SUPERANNUATION REFORM PACKAGE — ALLOW CATCH-UP CONCESSIONAL SUPERANNUATION CONTRIBUTIONS (COMMONWEALTH OF AUSTRALIA, 2016, P. 24)

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	-100.0	-250.0

If concessional contributions in a year are less than the cap, which will be reduced to \$25,000, the balance can be rolled forward to allow a person to make additional contributions in later years. The concession is only available to a person who has a balance of less than \$500,000.

This provision is intended to allow a person who has taken time out of the workforce to care for children or family members to increase contributions in later years to make up the lost superannuation. However it only partially recognises the reality of interrupted work patterns: few women who return to work in these circumstances will have access to more than \$25,000 to contribute in excess of the cap (Senate, 2016, p. 98).

The provision is gender blind, and is therefore available to any person who has access to additional funds and has a balance available. In conjunction with the introduction of the lifetime cap and extension of tax deductibility, it is likely that the provision will be used by people in circumstances other than to address interrupted work patterns.

SUPERANNUATION REFORM PACKAGE — IMPROVE SUPERANNUATION BALANCES OF LOW INCOME SPOUSES (COMMONWEALTH OF AUSTRALIA, 2016, P. 25)

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	-5.0	-5.0

This measure is based on an existing tax offset that exists in s.290-230 of the *Income Tax Assessment Act 1997* that has been underutilised. The Tax Statistics (ATO, 2016, Table 1) indicate that the number of claims has steadily declined since the 2007 superannuation reforms with 12,050 claims in 2013-14 at an average of \$413 each.

The current scheme allows a person to claim a tax credit for contributions into a superannuation account for their spouse of up to \$540, based on 18% of contributions up to \$3,000. The limitation is that the offset is not available if the spouse income exceeds \$13,800. The proposal to extend the income limit to \$37,000 will encourage contributions on behalf of a spouse who is not currently participating in the paid workforce, and is not receiving superannuation guarantee payments. The income limits and the level of the offset will be comparable to the new LISTO.

While the extension of the scheme is welcome, there is still a flaw in that the offset is refunded to the taxpayer that made the payment, and is not added to the superannuation account to further increase the balance of the account. Refunding the offset reduces the compounding benefit of superannuation, and crediting the amount to the payer reduces the benefit to the spouse on whose behalf the payment was made.

We note that a combination of tax deductibility of superannuation contributions with the LISTO would have the same effect in cases where the spouse earned between \$23,400 and \$37,000. It is also questionable whether the new offset will encourage more voluntary contributions than the existing co-contribution scheme, which allows a contribution of \$500 for a personal contribution of \$1,000 directly into a superannuation account. In 2014-15 the co-contribution was paid to 461,582 member accounts (ATO, 2016b). It is unclear from the budget papers how these provisions will interact.

The offset should associated be credited directly to the superannuation account of the spouse.

MORE FLEXIBILITY IN THE SUPERANNUATION SYSTEM

The budget included several measures to correct anomalies and make the superannuation system more responsive.

In particular the Government has announced that it will extend a tax concession to certain annuity products that are currently not attractive in the Australian system. This will allow providers to develop products that will ensure income security for older retirees. This has a positive gender effect as women are overrepresented in older age groups.

SUPERANNUATION REFORM PACKAGE — HARMONISING CONTRIBUTION RULES FOR THOSE AGED 65 TO 74 (COMMONWEALTH OF AUSTRALIA, 2016, P. 24)

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-40.0	-40.0	-50.0

Currently taxpayers over the age of 65 must pass a work test to be able to make contributions to superannuation. This will be removed in respect of both concessional and non-concessional contributions. The change is consistent with other policies to increase participation in the paid labour market by older workers.

SUPERANNUATION REFORM PACKAGE — TAX DEDUCTIONS FOR PERSONAL SUPERANNUATION CONTRIBUTIONS (COMMONWEALTH OF AUSTRALIA, 2016, P. 30)

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-		350.0	-600.0	-750.0

All individuals under 75 years of age will be entitled to claim a tax deduction for contributions. Currently if a person is entitled to employer contributions under the superannuation guarantee scheme they are not entitled to claim a tax deduction if their employment earnings are more than 10% of their total income.

This measure will allow employees to claim deductions up to the cap for top-up contributions, and will remove barriers faced by contractors who also receive more than 10% of their income from employment.

This provision may be used to increase concessional contributions instead of making non-concessional contributions that would be included in the \$500,000 lifetime cap. However they will be taxed in the fund at 15%, and will be taxed if paid to non-dependents after death.

SUPERANNUATION REFORM PACKAGE — REMOVE THE ANTI-DETRIMENT PROVISION IN RESPECT OF DEATH BENEFITS FROM SUPERANNUATION (COMMONWEALTH OF AUSTRALIA, 2016, P. 29)

Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Australian Taxation Office	-	-	-	105.0	245.0

This measure has been described as removing a provision that is applied inconsistently, however it is a significant amount of revenue. The refund of contributions tax is available where a person dies and their superannuation is paid out to dependants, being a spouse and dependant children. The gender impact cannot be assessed without further data, but it is likely to affect more women than men as men have higher superannuation balances that will be paid to a spouse as a death benefit.

SUPERANNUATION

RECOMMENDATION 5

NFAW recommends that the new LISTO should be credited to the superannuation account of the person on whose behalf the payment was made.

RECOMMENDATION 6

NFAW recommends that the offset associated with extending the tax offset that exists in s.290-230 of the *Income Tax Assessment Act 1997* be credited directly to the superannuation account of the spouse.

RECOMMENDATION 7

NFAW recommends that the Government adopt the recommendations of the Senate Economics References Committee (2016), in particular it should:

- implement policies to address the gender pay gap, which is the fundamental cause of the gender gap in retirement (recommendations 1 to 6);
- guarantee adequate levels of income and housing support for older Australians who do not have adequate superannuation or housing (recommendations 8 and 18);
- abandon the proposal to increase the age pension age to 70 (recommendation 17);
- provide superannuation guarantee payments for people on paid parental leave and carer's payments (recommendation 9);
- remove the superannuation exemption for employees earning less than \$450 per month (recommendation 14); and
- provide a gender analysis of all proposals in relation to retirement income (recommendation 15).

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2. SOCIAL SERVICES

2.1 TRANSFER PAYMENTS

Our previous analyses have indicated that the social services section of the budget is critical because it is the largest section and because nearly 60% of recipients are women. Women at all ages are more likely than men to be receiving income support, generally because they have lower income and fewer assets than men (Department of Social Services, 2014).

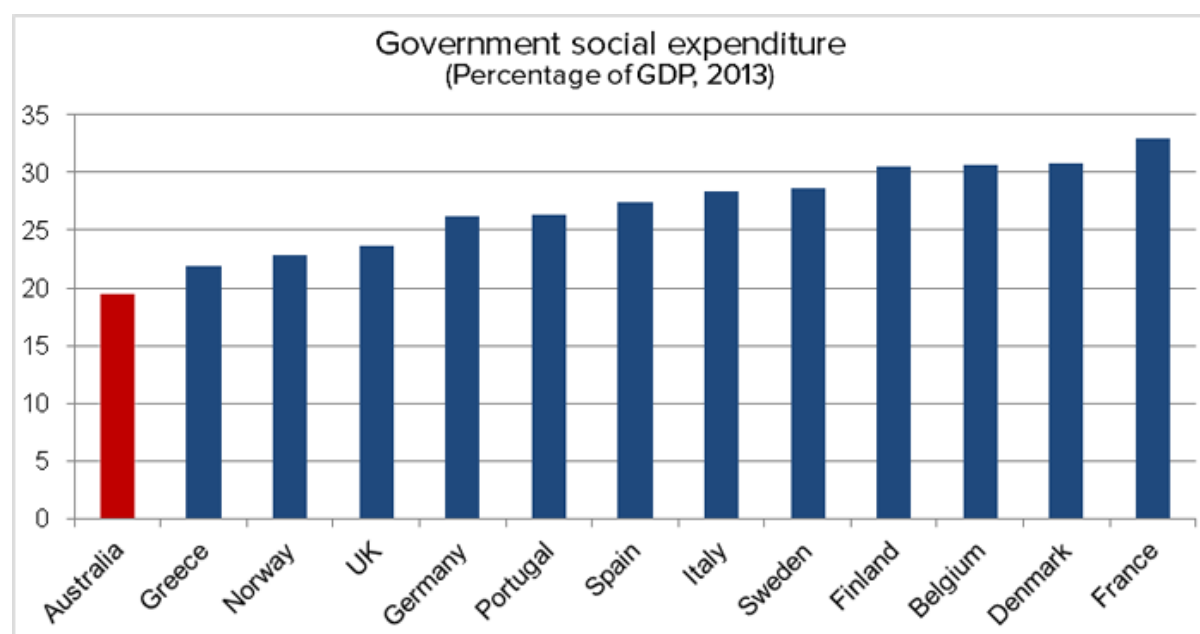
NFAW finds that the Budget 2016-17 again fails the test of advancing gender equality.

Social services are critical for addressing poverty and reducing growing inequality. The budget locks in \$13 billion in cuts to family payments, paid parental leave and cuts to income support for young people from last year's budget and adds a further \$3 billion in cuts this year.

This includes cuts to the Department of Human Services (DHS) of \$80 million over 4 years. DHS covers Centrelink, Medicare, and child support. In 2014/15, of the nearly 35,000 staff, over 70% were women.

NFAW, does however, support the \$96m allocated to fund and test policy interventions aimed at reducing the risk of reliance on long term income support, which could address inter-generational joblessness and family poverty.

In Australia, welfare spending is declining in absolute terms and the OECD indicates that Australia spends relatively less on social security than other countries.



(Source: OECD, 2013)

In addition, the OECD has reported that there is little evidence of a correlation between economic performance and social expenditure, or that social expenditures contribute to losses in productivity (OECD, 2013).

NFAW believes the role of government is to provide welfare through the redistribution of national income. Income support payments and adequate services underpin the social wage.

NFAW is also concerned that assertions such as half of all income earners pay no tax at all or that 8 out of 10 taxpayers go to work to pay the social services bill, are used to justify cuts. As the Henry report noted, there are 99 Commonwealth taxes (*Australia's Future Tax System*, 2009, p. 21). Social services are paid for from the consolidated revenue fund, which contains all taxes paid, not simply income tax. These claims also ignore the progressive nature of the Australian tax system.

The introduction of the \$3.3 billion child care package has been delayed for a year and remains tied to cuts in family payments and paid parental leave (PPL). Childcare availability directly affects women's capacity to enter the labour market and supports the early education of children in vulnerable situations. Delaying improvements to child care therefore has negative consequences for women and families. It also contradicts the government's stated intention of increasing female labour force participation.

NFAW is concerned about the effect of proposed savings measures to Family Tax Benefit B (FTB B) and PPL to be used to partly fund child care. NFAW is strongly opposed to these savings measures as they would impact harshly on low income, especially sole parent families. ACOSS has highlighted that over 600,000 children (17% of all children) are living below the poverty line (50% of median income). Forty per cent of people on social security payments, including 55% of Newstart and 47% of Parenting Payment recipients are below the poverty line (ACOSS, 2014, p.8).

NFAW rejects the proposed changes to PPL. Analysis by the University of Sydney shows that women who receive employer provided paid parental leave will lose up to \$11,500 as a result of the government's proposed changes (Ireland and Wade, 2015). These cuts will limit the time away from work mothers can take and are contrary to international and national research highlighting the importance of longer periods of leave for mothers and children's outcomes. The Productivity Commission report into PPL highlighted the greater impact on time away from work for women on low incomes. Research indicates that women on low incomes, particularly sole parents' labour supply decisions are sensitive to price changes.

The savings proposed for FTB B and PPL are simply that, savings. The proposals contradict the Government's rhetoric about 'jobs and growth' and the delays to child care provision also contradict the government's rhetoric of a having family welfare package. Women and families will be negatively impacted by the budget changes. The changes are also likely to have a negative effect on the female workforce participation rate.

The Government has also failed to address the inadequacy of indexation arrangements for family payments and allowances generally.

The level of pensions is slightly below the OECD benchmark for poverty (50% of median income). The main group still suffering persistent poverty remain those who are fully reliant on the pension who are in private rental accommodation, whose after-housing costs are much higher than those who own a home or are in public housing. These are overwhelmingly women, especially single women. Over 60% of Commonwealth Rent Assistance recipients are women.

Adequate allowance payments are crucial to combatting poverty. High rent costs combined with the extremely low Newstart allowance (\$38 per day) create housing stress and the risk of homelessness. Low rates undermine efforts to find work or to start or continue in education. The low rate of Newstart and the other allowances will be worsened because the energy supplement will be closed to new entrants.

Last year's budget proposed increasing the eligibility for Newstart and Sickness Allowance from 22 to 25 years of age. In addition, young people would be required to undertake additional job search activities for the first month before receiving income support. This would mean young people receiving approximately \$42 per week less. NFAW strongly rejects this proposal.

The budget recognises the failures of the work for the dole program and instead will introduce a program for vulnerable young people under 25 to be trained and placed in internships for work experience, paid up to \$100 per week on top of their Youth Allowance (see Employment section below). NFAW welcomes recognition of the failures of the work for the dole program but is concerned about possible exploitation if employers churn through free workers rather than creating real jobs. We are also concerned that safeguards in the work experience program launched last year, for example, accepting people for work experience if they had down-sized the previous year, may have been dropped.

Despite falling numbers of people receiving the Disability Support Pension (DSP), there will be further DSP reviews, resulting in greater numbers of people with a partial capacity to work receiving Newstart. This category of Newstart recipients increased 10% last year.

Restricting the backdating of Carer Allowance claims is potentially very harsh for people who become carers after an accident or sudden injury and are therefore unable to immediately lodge a claim with Centrelink.

The Compulsory Rent Deduction Scheme for social housing tenants is unnecessary as tenants can already pay rent by direct deductions using Centrelink's Centrepay system. In some circumstances this may cause financial hardship.

NFAW strongly rejects Budget measures that link a fully funded NDIS with the need to cut welfare spending, as the above three measures do (see Health Section). Over a third of the cuts used to fund the NDIS come from the DHS. Ongoing trade-offs against equally important human service expenditures for vulnerable people is unjust. This is especially the case when there remain revenue measures that could be used.

NFAW believes the government should also reject attempts to expand income support programs which limit what people can spend their benefits on. We believe that it is expensive, punitive and with mixed evidence about its effectiveness.

SOCIAL SERVICES

RECOMMENDATION 8

NFAW recommends that the base rate of allowances be increased.

RECOMMENDATION 9

NFAW recommends that the rate of Commonwealth Rent Assistance be increased, and that the indexation base to changes in national rents be changed.

RECOMMENDATION 10

NFAW recommends that the Government change the indexation changes to income support and family payments to wages to keep pace with living standards into the future.

RECOMMENDATION 11

NFAW recommends the Government replace the dual system of family payments with a single payment for children with higher levels for low income families.

RECOMMENDATION 12

NFAW recommends the Government introduce a well-paid PPL of at least 26 weeks, together with quality child care and an adequate FTB, whether mothers are sole parents, low/middle income earners, working or at home, or whether in part or whole day care. These policies should form the basis for a national family strategy that has more coherence than the current proposals.

RECOMMENDATION 13

NFAW recommends that the Government include superannuation payments in PPL.

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2.2 NATIONAL DISABILITY INSURANCE SCHEME (NDIS)

NFAW welcomes the Government's commitment to fully implement the NDIS. For women with a disability the NDIS represents a once in a generation opportunity to transform their lives through properly funding supports and giving them control over their lives.

Women with disabilities face specific challenges resulting from multiple levels of discrimination. Women with disabilities have lower levels of educational attainment than their non-disabled counterparts, and are less likely to be employed and well housed than both women without disabilities and men with disabilities (Women with Disabilities Victoria, accessed 2016). Only approximately 10% of women with disabilities, aged 15-64, will be eligible for individually funded support packages.

However, NFAW is concerned that the establishment of the new *NDIS Savings Fund* is merely a political mechanism being used to justify eligibility reviews of Disability Support Pension (DSP) recipients with subsequent savings associated with relegating these people to NewStart Allowance. NFAW does not consider that people with a disability should be used as a cover or an excuse for these cuts.

THE NDIS SAVINGS FUND SPECIAL ACCOUNT

The Budget includes the notional allocation of \$2.1 billion to the yet to be established NDIS Savings Fund Special Account to fund any future shortfalls in NDIS funding. This augments the DisabilityCare Australia special account established under the Labor Government currently managed by the Future Fund and holding \$5.18 billion unspent funds from the increase in the Medicare Levy on 1 July 2014.

Special accounts can be established by legislation or regulation, and money placed in them must be spent in accordance with the purpose of the account (Department of Finance and Administration (DOFA), 2003).

However, special accounts remain part of consolidated revenue (DOFA, 2009). While putting money into a special account has no impact on the underlying cash or fiscal balance, spending money from a special account does impact on the underlying cash or fiscal balance in the same way as all other Government spending.

Ultimately, budgets are evaluated each year based on the underlying cash or fiscal balance. The use of a special account will not offset the future impact of the NDIS on the Commonwealth Budget, however it is presented.

Both the DisabilityCare Australia and NDIS Savings Fund special accounts have been used to justify policies and provide a short term improvement in the budget bottom line. The Medicare Levy was increased by 0.5% from 1 July 2014, years before the costs of the NDIS would match the extra revenue gained. The hypothecated funds were used to set up the DisabilityCare Australia Special Account, which is calculated to earn a buffer of \$20.4 billion between 2014-15 and 2018-19 when the NDIS will reach full roll-out. In the 2016-17 Budget the NDIS Savings Fund Special Account is being used to justify harsh cuts to welfare.

The only possible justification for these special accounts under the finance guidelines is that they provide greater transparency because the NDIS involves joint expenditure with the states and territories (DOFA, 2003). However, neither of the special accounts will hold money from the states and territories and the Commonwealth contribution for the NDIS will not be fully met by either of the accounts. In this instance the use of special accounts may actually hinder transparency around the Commonwealth contribution as funding will be coming from more than one source.

SAVINGS FOR THE 'NDIS SAVINGS FUND' SPECIAL ACCOUNT

RE-PHASING OF NDIS EXPENDITURE (COMMONWEALTH OF AUSTRALIA, 2016, PAGE 143)

The finalisation of the transition agreements between the states and Commonwealth has resulted in \$711.2 million in savings over the forward estimates.

These savings represent a slower roll out of the NDIS, and while agreed with the states and territories may negatively impact on women with a disability who have to wait longer for supports under the NDIS.

CLOSURE OF CARBON TAX COMPENSATION (COMMONWEALTH OF AUSTRALIA, 2016, P 143-144) AND CLOSURE OF CARBON TAX COMPENSATION FOR SOME SINGLE INCOME FAMILIES (COMMONWEALTH OF AUSTRALIA, 2016, P 143-144)

The Government will make savings of \$1.3 billion over four years by removing carbon pricing compensation payments for new recipients of income support, family payments, veterans' payments or the Commonwealth Seniors Health Card from 20 September 2016.

The Government will achieve separate savings of \$67 million over five years by closing Carbon Tax compensation for those who would otherwise have become eligible for the Single Income Family Supplement from 1 July 2017.

Both measures will be grandfathered. Only new entrants to the welfare system will be affected.

Removing the carbon pricing compensation amounts will deliver a real cut to new welfare recipients in the following cohorts:

- For pensioners between \$10.60 and \$14.10 per fortnight.
- For allowees between \$7.90 and \$14.10 per fortnight.
- For youth and student payment recipients between \$0.50 and \$12.00 per fortnight.
- For Commonwealth Seniors Health Card recipients between \$10.60 and \$14.10 per fortnight.
- For Department of Veterans' Affairs clients between \$0.90 and \$21.50 per fortnight.
- Family Tax Benefit Part A amounts between \$1.40 and \$4.49 per fortnight per child, and Family Tax Benefit Part B amounts between \$1.97 and \$2.81 per fortnight per family.

Families that would have been eligible for the Single Income Family Supplement will be \$300 a year worse off due to the changes.

These cuts to payments will impact on some of the most vulnerable in our community, including Newstart Allowance recipients who currently survive on \$38 per day. Women who make up over 55 per cent of Aged Pensioners, 70 per cent of Carers and over 65 per cent of people receiving Newstart Allowance for more than five years will be significantly impacted (Department of Social Services, 2014).

The creation of two tier system is poor public policy and is likely to be a disincentive for Newstart Allowance recipients to accept work and move off the payment, as if recipients become unemployed again in the future they would receive less than under current arrangements.

REMOVAL OF PRE-CLAIM BACKDATING FOR CARER ALLOWANCE (COMMONWEALTH OF AUSTRALIA, 2016, P 143-144)

The Government will achieve savings of \$108.6 million over four years by aligning the backdating provisions for new Carer Allowance claims with other social security payments.

Changes to the carer payment will disproportionately impact on women who make up 73.6% of recipients (Department of Social Services, 2014).

From 1 January 2017, Carer Allowance will be payable to eligible applications from the date of claim or the date they first contact the Department of Human Services.

Currently, Carer Allowance (currently set at \$123.50 per fortnight) can be backdated for up to 12 weeks prior to the date the claim was submitted, provided all eligibility requirements were met during this period.

A SUSTAINABLE DISABILITY WELFARE SYSTEM (COMMONWEALTH OF AUSTRALIA, 2016, P 143-144)

Over the next three years up to 90,000 current DSP recipients will have their DSP eligibility reviewed to assess their capacity to work saving an estimated \$62.1 million over four years. This expands the scope of previous reviews of DSP eligibility which focused on the cohort of DSP recipients under the age of 35.

The measure will include up to 30,000 Disability Medical Assessments for current DSP recipients considered to be a high risk of not being eligible for a payment. It is not clear how these people will be selected and where the employment opportunities will come from. Women with disabilities will find it more difficult to get into the workforce. Only 30% of people with disabilities in full time employment are women, whereas women with disabilities make up 60% of those in part time employment (SDAC, 2015). In the absence of jobs, cutting people off the DSP and placing them on Newstart will leave some people with disability over \$170 per week worse off.

This may leave people with disability at risk of spiralling into crisis and homelessness and in greater need of the kind of specialist disability supports the NDIS provides.

CONCLUSION

Funding the NDIS should remain a budget priority and NFAW accepts that this involves making tough decisions about Budget priorities in the context of ongoing projected underlying cash and fiscal deficits. However, using the NDIS to justify harsh and inequitable cuts using the illusion of a special account is not transparent and unfairly sets people with a disability against other recipients of government support.

A large orange graphic element consisting of several overlapping triangles and polygons, creating a dynamic, abstract shape that tapers to the right. It serves as a background for the 'NDIS' and 'RECOMMENDATION 14' text.

NDIS

RECOMMENDATION 14

NFAW recommends the reversal of cuts in welfare payments to our most vulnerable which creates a two tiered welfare system and which treats people in the same situation differently.

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3. EMPLOYMENT

EMPLOYMENT ASSISTANCE

Increasing women's labour force participation is essential for jobs and growth. The employment measures in Budget 2016-17 do not directly address the needs of women, especially those returning to the workforce after a break for children or other caring.

The measures for infrastructure projects and the Defence Industry Plan will not necessarily provide a fair share of jobs for women. Active gender equality strategies will be necessary to ensure women benefit from the proposal for an advanced local defence manufacturing industry through the twenty year defence industry plan, driving new high-tech jobs in Australia, including 3,600 direct jobs as part of the Government's naval shipbuilding program.

Overall there is a drop of \$253.3m over four years in employment programs in the budget. This is an additional reduction of \$11.0m for the MYEFO 2015-16 measure, cessation of the *Mature Age Employment Programme* (Commonwealth of Australia, 2015, Appendix A, Table 2).

There is a *Youth Employment Package* with two new elements: *Youth Jobs PaTH (Prepare-Trial-Hire)* commencing in April 2017 and *Encouraging Entrepreneurship and Self-Employment* commencing in December 2016 (Commonwealth of Australia, 2016, Part 2, Employment). These new programs will cost \$840.3m over four years while the third component *Work for the Dole – reform* will save \$442.9m over this same four years.

Youth Job PaTH is welcomed as it links short courses in Employability Skills Training, an internship placement including an additional \$200 per week payment on top of income support and a Youth Bonus wage subsidy for employers. It is expected to assist 30,000 young people each year. The target is people under 25 years old on income support. Women make up just under half – 46% – of this group (Department of Social Services, 2014). There are reports of some concerns about the legal status of participants during the internship stage and the possibility of some employers using the scheme for a stream of cheap labour. However, these issues should be settled when developing operational policy and procedures in accordance with social security and employment legislation.

Encouraging Entrepreneurship and Self-Employment is also welcomed as it builds on the existing New Enterprise Incentive Scheme (NEIS) with 2300 extra places per year and other activities to encourage self-employment especially in three regions with high youth unemployment. For over 30 years NEIS has helped a range of women and men, young and old to set up their own businesses.

The impact of the Youth Employment Package will depend on the detail, in particular, whether the pre-employment training of up to six weeks is sufficient to provide skills needed. Creating 30,000 internships per year may have unintended outcomes such as displacing paid positions.

It is disappointing that these new employment measures do not appear to link to vocational training and specialist training such as in literacy, numeracy or English as a second language. The recently released *Willing to Work* report from the Australian Human Rights Commission highlights the barriers faced by older Australians. This budget does not address these issues.

EMPLOYMENT

RECOMMENDATION 15

NFAW recommends that the Government should respond to the *Willing to Work* Report with measures that address the barriers faced by older women to ensure that women have a fair share of the outcomes.

WORKPLACE RELATIONS

While chairing the 2014 G20 meeting, the Australian Government made a commitment to meeting the goal of reducing the gap in workforce participation rates between men and women in G20 countries by 25 per cent by 2025.

For Australia this meant lifting women's participation rate (including numbers of hours worked overall) by at least three percentage points. At the time, Minister Cash argued that the Government already had a number of policies either in place or proposed which would achieve this target, and cited child care proposals and the Government's old, 2014 paid parental leave policy (Commonwealth of Australia, Senate, November 17, 2014, p. 8587). The current Budget is more likely to undermine than to contribute to that target.

It is easy, and commonplace, for a budget to be sold as a 'plan' to achieve 'jobs and growth'. In the case of Budget 2016-17, it appears that the 'plan' consists largely of cutting business tax and hoping that some of that money will find its way into new jobs and some of those jobs will go to women. The employment assistance measures in the budget do not directly address the needs of women, especially those returning to the workforce after a break for children or other caring. Taxation, social welfare and education measures linked to women's workforce participation are overall more likely to have a negative than a positive effect.

When questioned about the benefits of the budget for women, Treasurer Morrison responded that 'everybody benefits from a growing economy' (National Press Club Address, 2016). The employment measures in the budget do not directly address the needs of women, especially those returning to the workforce after a break for children or other caring.

This is more of a pious hope than a plan. A plan would, as Minister Cash noted in 2014, consider and address structural barriers that are specific to women's workforce participation.

The Productivity Commission (2014) has pointed to a number of barriers that need to be removed before women's participation will rise above current trends. Those barriers that could be addressed through budget measures include: the costs of work, including out-of-pocket childcare costs; tax and welfare treatment of family income; increasing the accessibility, flexibility and quality of childcare; supporting the availability of family-friendly workplace arrangements for parents such as paid parental leave (PPL); and increasing educational attainment. Removal of these barriers would constitute a plan for increasing the relative number of women in the workforce above current employment projections.

Testing the budget plan against each barrier yields the following:

THE COSTS OF WORK (SEE THE SOCIAL SERVICES AND TAXATION SECTIONS ABOVE)

The introduction of the \$3.3 billion child care package has been delayed for a year.

The budget locks in \$13 billion in cuts to family payments, paid parental leave and cuts to income support for young people from last year's budget and adds a further \$3 billion in cuts this year.

The budget's Ten Year Enterprise Tax Plan and lapsing of the temporary budget repair levy will overall benefit men and not women.

MEASURES TO INCREASE THE ACCESSIBILITY, FLEXIBILITY AND QUALITY OF CHILDCARE (SEE THE SOCIAL SERVICES SECTION, ABOVE).

The flexibilities associated with the proposed child care package have also been delayed for a year.

AVAILABILITY OF FAMILY-FRIENDLY WORKPLACE ARRANGEMENTS (SEE THE SOCIAL SERVICES SECTION ABOVE)

Women who receive employer provided paid parental leave will lose up to \$11,500 as a result of the government's proposed changes. These cuts will limit the time away from work mothers can take. The Productivity Commission report into PPL highlighted the greater impact on time away from work for women on low incomes. Research indicates that the labour supply decisions of women on low incomes, and particularly sole parents, are sensitive to price changes.

WOMEN'S EDUCATIONAL ATTAINMENT (SEE SECTIONS ON VOCATIONAL EDUCATION AND HIGHER EDUCATION BELOW)

Gender bias in the vocational education sector has not been addressed, and the sector is in crisis.

Increases in the cost of university degrees and cuts to the Higher Education Participation Program are likely to have a disproportionately negative impact on women's educational attainment and as a consequence their workforce participation. Even more worryingly, a number of measures being canvassed in the Government's discussion paper, *Driving Innovation, Fairness and Excellence in Australian Higher Education*, are actually likely to drive unfairness, including increases in costs, the reduction of the repayment threshold and the introduction of the household income test for HELP loans.

THE WORKPLACE GENDER EQUALITY AGENCY

NFAW is pleased to note that the Budget has not reduced funding to the Workplace Gender Equality Agency beyond the increasing the efficiency dividend in the forward years. This should ensure that their important data collection and advisory work can continue.

WORKING WOMEN'S CENTRES

Working Women's Centres (WWCs) operate in South Australia (since 1979), Queensland and the Northern Territory (since 1994). Their objective is to increase women's participation in and contribution to workplace arrangements that improve their income and conditions. The centres are the only source of free, specialised, industrial information and advice for vulnerable women in Australia. Working Women's Centres in New South Wales and Tasmania closed due to lack of sufficient funding in 2005-06.

Partial funding for the remaining WWCs has been provided through the Community-Based Employment Advice Services (CBEAS) program administered through the Fair Work Ombudsman. This funding runs out in June 2016. The Budget Paper No 2 identified the CBEAS as a program that will be replaced in 1 January 2017 by a new Community Engagement Grants Program (Budget Paper No 2, p. 82). While the WWCs have had their funding extended until 31 December 2016, the criteria to apply to all applicants for funding from the new program have not yet been settled. It is very concerning that as yet it has not been determined whether the new program will fund women-specific services, or whether the WWCs will have to tender to provide services for both women and men.

EMPLOYMENT

RECOMMENDATION 16

NFAW recommends that, that in order to meet its G20 commitment to increase women's workforce participation relative to that of men, the Government should identify structural barriers affecting that participation and revise its positions on child care, paid parental leave, the tax and welfare treatment of family income and the funding of education.

EMPLOYMENT

RECOMMENDATION 17

NFAW recommends that the Working Women's Centres be funded to continue to provide accessible services that are specifically targeted to provide vulnerable women with free, specialised industrial information and advice.

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4. EDUCATION

4.1 SCHOOLING

BUDGET ANALYSIS

Budget 2016-17 has 'jobs and growth' as its central message. However, there was only a cursory mention of education despite the Government's focus on innovation. This is not surprising as *National Economic Plan for Jobs and Growth* (Commonwealth Government, 2016) makes no mention of education as a feature of the model.

Research has found that if Australia can get the early years of education right the economic gains are extensive. Modelling by Price Waterhouse Coopers (2014) suggests benefits to Gross Domestic Product (GDP) could be as high as \$3 billion. Further this has an impact of increased female workforce participation estimated to be a \$3.7 billion increase in GDP.

In fact Nobel Prize winner James Heckman (2012) found that high quality early childhood educational interventions could boost the productivity of the economy and the skills of the workforce.

A growing body of program evaluations shows that early childhood programs can generate government savings that more than repay their costs and produce returns to society that outpace most public and private investments. In fact, Kilburn and Karoly (2008) argue that benefits can range from \$2-\$17 for every dollar outlaid.

This raises the question as to why a government committed to jobs and growth would exclude such a major component from any plan for economic growth.

According to the Budget Overview (Commonwealth of Australia, 2016a, p. 13) the Government plans to invest an additional \$1.2bn in schools from 2018-20. While this extra funding is welcomed, it remains contingent on education reform from the states and territories in the areas of literacy, numeracy, teaching and school leadership. Such a proposal continues to find proof of what teachers already know – that many children are struggling with literacy and numeracy and what is needed is a careful analysis of educational inequity and a model to address the major issues.

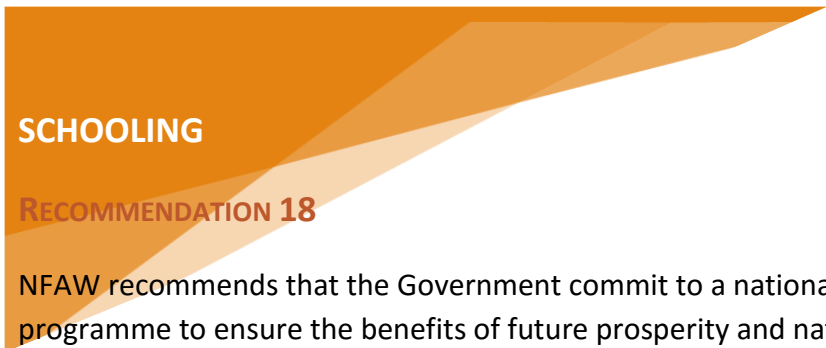
As Fischetti (2016) notes, this measure aims to link teacher salary increases to performance based measures, rather than yearly or service tenure. Nationally, in 2015 over three-quarters – 80.87% of all in-school teaching staff (full-time equivalent) – were female (ABS, 2015). The evidence and research (Springer et al, 2010) shows linking teacher pay to performance does not work. It found that an incentive structure for teachers did not constitute an effective intervention for increased student performance.

The Government is linking teacher pay to student performance for a female dominated industry at a time when it is also trying to lift the numbers of women re-entering the workforce. Other research findings suggest that such a scheme in fact leads to a loss of teachers over a three year period. Even without the scheme there is a need for teachers to have additional professional development; assistance in the classroom for children with extra needs; and teacher aids to help manage increased class sizes.

Teacher quality is simply one element in the student's ability to learn – as Kilburn and Karoly (2008) show – low socio economic status, literacy of the mother, health and social and emotional development of students also play a key role in a child's ability to become literate and numerate.

The increase in support for students with a disability of \$118.2 million is an acknowledgement of the needs of these students and informed by the Nationally Consistent Collection of Data on School Students with a Disability. This increase is welcome, but we note that Minister Birmingham (2016) has advised that the funding is only for two years.

Such work takes time to embed and given the funding is targeting students with the highest needs a more long term approach is necessary. Research (Bailey et al, 2005) finds that high quality interventions for vulnerable children reduce the incidence of future problems and can be more effective and less costly over time.

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SCHOOLING

RECOMMENDATION 18

NFAW recommends that the Government commit to a national high quality early education programme to ensure the benefits of future prosperity and national productivity may be enjoyed by the whole Australian community.

RECOMMENDATION 19

NFAW recommends the Government commit to funding for resources to address the gaps identified by testing in learning for individual students.

RECOMMENDATION 20

NFAW recommends the Government provide sufficient resources to provide adequate support mechanisms for teachers in the proposed linking teacher pay to performance.

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4.2 VOCATIONAL EDUCATION AND TRAINING (VET)

There were 3.9 million VET students enrolled in 2014 across Australia in Technical and Further Education (TAFE), with accredited private providers at universities and schools (NCVER, 2015a, table 3). Only 43% of these were female (NCVER, 2015a, table 5). Most students were enrolled with private providers – 2.252 million. TAFE's proportion of enrolments has been in decline as a result of the governments' privatisation agenda under the National Partnership Agreement on Skills Reform. Only 1.065 million students were enrolled in TAFE in 2014 (NCVER, 2015a, table 3).

The VET sector is in crisis. TAFE Institutes across Australia, which offered women students a full range of programs and special programs through a range of courses customised to their needs, are struggling to compete against private training providers. The sector is awash with Registered Training Organisations (RTOs), some 4600 of them in Australia, of whom some 2577 are private RTOs (NCVER, 2016, p.19).

NCVER data continues to show that women are not entering the male dominated occupations such as engineering and construction in large numbers (see table below), and that there has been little change despite government rhetoric. Australia's international commitments including the G20 commitments to reduce the gap in workforce participation rates between men and women by 25% within the next 10 years, make a strong case for the increase of VET funding rather than further cuts as outlined in this budget. Again the data supports government funding focused on women's programs and support for women and girls in trades' training.

Participation by field of education, 2014 (NCVER,2014)		
Field of Education	Male (%)	Female (%)
Natural and physical sciences	0.5	0.8
Information technology	3.1	1.1
Engineering and related technologies	28.6	2.9
Architecture and building	12.4	1.0
Agriculture, environmental and related sciences	5.2	1.8
Health	3.2	7.5
Education	2.4	6.8
Management and commerce	13.7	23.9
Society and culture	6.8	21.3
Creative arts	1.9	2.6
Food, hospitality and personal sciences	6.5	11.4
Mixed field programmes	8.0	11.1
Subject only—no field of education	7.7	7.9

If we look at apprenticeship and traineeships, NCVER data shows that from 2005 to 2015 the proportion of women commencing an apprenticeship or traineeship in the technical and trade occupations has remained at around 10,000, representing around 15% of trade commencements (NCVER, 2015b).

Over this same period, a similar proportion of women complete a trade apprenticeship. And the women are almost wholly concentrated in the lower-paid trades of hairdressing and food. This contrasts sharply with the approximately 55% of women making up the commencements in the non-trade occupations (Circelli, 2016).

VET FEE-HELP SCHEME

Many, though not all, VET providers have exploited loopholes in the VET FEE-HELP Scheme and pocketed hundreds of millions of dollars offering enrolment in inadequate or low quality courses with inducements, targeting low socio-economic and vulnerable people.

The Government has responded with amendments to the Higher Education Support Act which focus on tightening provisions for payments under VET FEE-HELP. The VET Guideline, 2015 has 61 pages of regulation to assist in reforming the VET FEE-HELP Scheme.

The numbers of students using the VET FEE-HELP Scheme increased from 54,216 students in 2012 to 271,985 students in 2015. This represented an annual average growth of 134%. Public borrowing for VET FEE-HELP has increased from \$26 million in 2009 to \$2.9 billion (Australian Government, 2016, pp.14-15) The paper explains the design faults and regulatory failures as well as exploring options for a new scheme which the Government wishes to introduce in 2017.

No provision is made for this in the budget. The budget does not separate elements of the Higher Education Loan Program so the VET Scheme and other programs are not itemised (Department of Education and Training, Portfolio Budget Statement, 2016, pp. 58-60). The expenditure for the whole program is shown as \$2.44 billion for 2015-16 with an allocation of \$2.6 billion for 2016-17 and a projected reduction to \$2.57 billion in the following budget year.

While the 2016 Government Discussion Paper provides enrolment figures grouped by student characteristics (p.15), the statistics are not disaggregated by gender so it is not possible to analyse the scheme's gender impact, negative or positive. However, according to the Australian Education Union, two-thirds of VET FEE-HELP borrowers are women (Thompson, 2016) . Many of these women will go into low paid and increasingly insecure feminised industries, and as a result of broken careers and caring responsibilities, may well carry this debt throughout their lives.

The scheme was initially tied to course credit transfer arrangements with universities. This provision was removed as part of the National Partnership Agreement on Skills Reform (NPA) in 2012. States which agreed to open up their VET funding to all training organisations were able to participate in the VET FEE-HELP Scheme.

This 'partnership' had the effect of gutting the public TAFE system; led to the rorting of the scheme and a massive blow-out in its costs without any tangible evidence that the nation's people were benefitting with new skills and competencies for the transforming economy. The Discussion Paper highlights the unethical behaviour and practices and the role of brokers and agents used by a *small* number of providers (p25).

VET

RECOMMENDATION 21

NFAW recommends that the current review of the VET FEE-HELP Scheme involve wide consultation with student organisations, community, industry and respected private and public providers.

RECOMMENDATION 22

NFAW recommends that that financial and criminal sanctions against fraudulent VET providers be adequate to restore public confidence in the VET sector and its regulatory framework.

NATIONAL PARTNERSHIP AGREEMENT (NPA)

Ironically, the NPA is destined to end in 2016-17 with a \$516 million payment to states. So the allocation of \$1.99 billion in 2016/17 under Skills and Workforce Development in the Specific Purpose Payment will drop to \$1.499 billion in 2017-18.

If the states cannot strike a new agreement for VET beyond the current year, this will mean a reduction in funding of nearly 28% in real terms in Commonwealth payments to the states for this sector.

In its review of the NPA, ACIL Allen Consulting makes many observations about the sector and the outcomes from the NPA. Its Final Report (2015, p.69) makes seven recommendations, including that future reforms 'prioritise clear specification of regulatory and contractual arrangements to ensure improvements in choice and access are matched by improvements in quality'. It adds that 'the role and expected activities of the public provider, both contestable and non-contestable, should be clearly and transparently articulated, costed and funded accordingly'.

RECOMMENDATION 23

NFAW recommends that any new National Partnership Agreement recognises the role of the major public provider, that is TAFE, as critical to industry, small business, regions and local communities in providing high level training, workforce development as well as foundation skills for disadvantaged learners in all equity groups entering or re-entering the workforce. TAFE needs to receive secure and stable funding into the future and must be restored as the national yardstick for quality vocational education and training.

BUILDING SKILLS AND CAPABILITY

Specific programs under the rubric of Building Skills and Capability have remained largely unchanged in this budget, with an allocation of \$1.36 billion for 2016-17 against an estimated actual expenditure of \$1.26 billion in 2015-16. The total allocation in last year's budget was \$1.5 billion.

There has been under-expenditure in the Australian Apprenticeship Support Network, Australian Apprenticeship Incentive Program and the Trade Support Loans which replaced Tools for the Trade in the controversial Abbott Budget.

This must be a concern for those in industry watching the decline in apprenticeship numbers, with skill shortages continuing in 21 trades including: automotive electrician, bricklayer, fibrous plasterer, glazier, motor mechanics, painting trades worker, roof tiler, panel beater, solid plasterer, wall and floor tiler (Department of Employment, 2015, p.6). Most of these trades are male-dominated, but there is nothing in the budget to suggest that one way of addressing these shortages is to fund programs to encourage women into these trades.

Apprentice and trainee commencements are at historic lows. Only 119,000 men and 72,900 women commenced an apprenticeship or traineeship in 2014. This is below the levels of commencement in 2004 (NCVER, 2014, p. 6). For females, it is a disturbingly low figure and may indicate that changes in the fee regime of TAFE and private providers have had a disproportionate and adverse impact on women wanting to undertake VET through an apprenticeship or traineeship.

The decline is so dramatic, it is surprising that commentators have made no connection between the decline and the so-called industry-led skill reforms, contestable funding and the fall in TAFE's share of VET provision.

The much lauded Industry Skills Fund which was going to create 121,500 training places at a first year cost of \$219.2 million in the 2014-15 budget (or \$476 million over four years) and targeted mainly male-dominated industries, has been allocated \$31.7 million in this budget after expending only \$49 million in 2015-16. According to the Portfolio Budget Statement (P. 15), 'it will be repositioned as a more targeted fund delivering on its core policy intent of assisting micro and small businesses to take advantage of business growth opportunities and adapt to rapid technological change'.

A large orange graphic element consisting of several overlapping triangles and trapezoids, creating a dynamic, abstract shape that tapers to the right. It serves as a background for the 'VET' text and the 'RECOMMENDATION 24' header.

VET

RECOMMENDATION 24

NFAW recommends that the Government address concerns about its inequitable and discriminatory approach to industry skills training which has the unintended consequence of excluding women because the training priorities are industry driven and the sex segregation is entrenched in many of the industries accorded priority.

AUSTRALIAN SKILLS QUALITY AUTHORITY (ASQA)

Against a backdrop of national scandal with respect to major fraud, abuse and misuse by some private training providers of the VET FEE-HEP Scheme, the Government has chosen to cut funding in this budget to ASQA.

Actual expenditure in 2015-16 was \$40.6 million and the allocation for 2016-17 has fallen to \$36.9 million including a reduction in staff numbers from 205 to 197. A key brief of ASQA is the protection of students undertaking Australian VET by ensuring quality VET provision.

ASQA was established in July 2011. Its focus is on building a nationally consistent regulatory system that gives confidence to the community that VET providers offer quality training and assessment services. Successive Ministers have claimed that they are strengthening provisions to address abuses and low quality providers. How can this be achieved with cuts to the funding of the regulator which is supposed to protect VET students from under-performing RTOs?

RECOMMENDATION 25

NFAW recommends that funding to the Australian Skill Quality Authority reflect the critical importance of its work in regulating the VET sector and ensuring that all students are protected from unscrupulous private training providers as well as guaranteeing the quality, industry relevance and standard of teaching and learning.

YOUTH EMPLOYMENT PACKAGE

Youth Jobs PaTH aims to create youth jobs with an allocation of \$840 million over four years and 'an enterprising new approach to youth employment [that] will help up to 120,000 vulnerable young people over four years take advantage of job opportunities as the economy diversifies and transitions to broader-based growth (Commonwealth of Australia, 2016, p.20).

This program will offer job seekers six weeks of pre-employment skills training focussing on working in a team, presentation and appropriate IT skills and then advanced job preparation and job hunting skills. The second phase will offer an internship placement of 4 to 12 weeks duration for 15 to 25 hours a week. For this, they will receive \$200 per fortnight on top of their regular income support payment. The Stage Three is a wage subsidy program offered to employers who hire a young job seeker who has been in employment services for six months or more. Employers will receive \$10,000 for less job ready job seekers and only \$6500 in wage subsidy for those who are job ready.

It is not clear what agency provides the six weeks of training or whether young people may choose to enrol in a course with some VET provider. Male and female case studies are included in the material available with the budget papers. The National Employment Services Association welcomed this initiative which has been funded partly by changes to Work for the Dole. The ACTU has expressed concerns over both the payment (it could be as little as \$4 an hour depending on hours worked), whether the internships will lead to real jobs, and the impact of the employer incentives on the labour market (ACTU, May 2016).

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4.3 HIGHER EDUCATION

THE BUDGET

The 2016-2017 Budget contains remarkably little information concerning higher education. The Turnbull Government has avoided debate on higher education funding by opting to maintain the status quo for the 2017 academic year.

Rather than provoke controversy in the lead up to the election, the Government has released a discussion paper, *Driving Innovation, Fairness and Excellence in Australian Higher Education* (Department of Education and Training, 2016). Submissions on the discussion paper will close on 25 July 2016 after the election. Changes that were expected have been postponed until 2018, ostensibly to allow time for the Government to reflect on feedback to this discussion paper and other recent changes to the funding and delivery of higher education.

Budget documents state that postponing the changes proposed originally in the Abbott Government's 2014-15 budget will save \$2 billion (Commonwealth of Australia, 2016a). These included the deregulation of university fees and the removal of caps on sub-bachelor courses such as associate degrees and advanced diplomas recommended by David Kemp and Andrew Norton (Kemp & Norton, 2014).

The Government will achieve efficiencies of \$152.2 million over four years from 2016-17 from the *Higher Education Participation Program* (HEPP). The Government will continue to provide \$553.2 million under HEPP. The savings from this measure will be redirected by the Government to repair the budget and fund policy priorities (Commonwealth of Australia, 2016b).

It has also saved \$20.9 million over four years by closing the Office for Learning and Teaching (OLT), which supported research into the scholarship of teaching and learning and provided funding for excellence in university teaching awards. The awards remain with an annual budget of \$4.5 million a year. However, they do little to identify innovative and effective approaches to teaching or disseminate good practice throughout the sector. Maintaining the quality of university teaching and learning is now the responsibility of the universities.

In contrast, funding for the co-operative research centres has been increased by \$46 million over four years, emphasising the Government's priorities (Commonwealth of Australia, 2016b).

Expenditure on support for Indigenous students in higher education has been set at \$97 million. The Government will consolidate support for the Batchelor Institute for Indigenous Tertiary Education (BIITE) by transferring governance of BIITE to the National Institute program. BIITE is Australia's only specialist provider of tertiary Indigenous education. It operates in some of the most remote parts of Australia, providing pathways to employment for Indigenous people (Commonwealth of Australia, 2016b; Commonwealth of Australia, 2016c).

GENDER IMPLICATIONS

Aboriginal women are possibly the only group who may benefit from the 2016-17 budget in the area of higher education. Funding for Aboriginal education, including the *Indigenous Student Success in Higher Education* program has been increased. At present, the majority of Indigenous university students are women.

Increases in the cost of university degrees may have the effect of deterring female students. Research undertaken in the United Kingdom indicates that female students are more debt averse than male students and, when they received financial support, they were more keenly aware than men of their responsibility for any help received (Kettley, Whitehead and Raffan, 2008).

Cuts to the HEPP program are likely to have a disproportionate impact on female students. HEPP funding supports outreach programs to schools and providers, and support programs for students from low socioeconomic and culturally and linguistically diverse backgrounds. At present the majority of students are women (Department of Education and Training, 2015). Data reporting methods make it difficult to identify the exact number of mature-age students, however the implication is that the majority are also women. Research also suggests that mature-age students are more likely to gain entrance to university through alternate pathways (Stone & O'Shea, 2012) and consequently may need more support than students entering directly from school. Cuts to HEPP funding are likely to reduce support services to disadvantaged students, including mature-age students, with adverse effects on retention and completion rates.

Closing the OLT is unlikely to have a substantial impact on women academics. However, the OLT did provide funds for research into teaching and learning, which is typically undertaken by more junior academic staff who are women.

THE DISCUSSION PAPER

Options for comment in *Driving Innovation, Fairness and Excellence in Australian Higher Education* (Department of Education, 2016) include:

- A uniform approach to the fees charged on Fee HELP and Vet-Fee Help loans.

- A reduction in the student loan repayment threshold and the possibility that outstanding debts will be recovered from the estate of students who die before their loan is repaid.
- Introducing a household income test for HELP loans with the result that an employed partner of a person earning nothing would be required to make HECS repayments on their behalf assuming that their income has exceeded the threshold.
- Removing the HECS-HELP benefit, which reduces HELP repayments for education, and nursing graduates working in a related occupation.
- An increase in the cost of degrees by 20% on average through a reduction to the per-student subsidies.
- Revisiting the question of whether sub-bachelor courses should be demand-driven or capped. The number of places was capped in 2012 to avoid a potential blow out in costs to the Commonwealth if students shifted to the university sector from the TAFE sector and other non-university providers.
- Weighting Commonwealth support towards postgraduate courses deemed to be of community benefit such as teaching and nursing while introducing demand-driven funding for all postgraduate coursework courses.
- Creation of prestige ‘flagship’ courses that would allow universities to specialise in particular disciplines areas in order to distinguish themselves from other universities. Enrolment in these ‘high quality, innovative courses’ would be limited to a small cohort of students within each university. Fees would be based on demand, but regulated either by the Australian Competition and Consumer Commission or by withdrawing Government funding if fees rise too high.
- Placing a time limit on access to Commonwealth subsidies for undergraduate and postgraduate students.
- Evaluating the effectiveness of the HEPP. The program provides funding worth \$553m over four years for programs to support students from disadvantaged backgrounds who wish to undertake a university degree. Typically, HEPP funding is used improve to improve outreach programs, bridging and access programs and support services for undergraduate students with the aim of improving access, retention and completion rates of those students. The higher education options paper will consider HEPP’s outcomes to determine which groups have benefited and whether a program of targeted scholarships (also proposed in the 2014 budget) might be more effective.
- Funds for regional and outer suburban universities to adapt to local conditions. Infrastructure could take the form of new technologies instead of, or in addition to, physical teaching spaces.

GENDER IMPLICATIONS

While the gender implications of the budget are relatively minor, the same cannot be true of the discussion paper.

Increases in costs, the reduction of the repayment threshold and the introduction of the household income test for HELP loans will all have a disproportionate impact on women who are concentrated in degree programs that are less prestigious, and occupations that are less well-paid. Women are also more likely to earn less as they take time out of paid employment to care for children. In fact, they might experience significant periods in which they earn no income. Expecting repayments from women who are dependent on their partners could render them vulnerable to abuse. Conversely, women may find it more difficult to access the proposed flagship course, which will attract significantly higher fees in return for their elite status.

HIGHER EDUCATION

Higher education is already underfunded and further cuts to funding would appear to be at odds with the Government's National Innovation and Science Agenda and its stated intention to promote excellence in education and research training. Therefore we recommend that:

RECOMMENDATION 26

Proposed cuts to the HEPP be reversed at least until a comprehensive, independent evaluation of the program is completed.

RECOMMENDATION 27

Funding be allocated for a successor to the Office of Learning and Teaching to support and disseminate research that will improve the quality of university teaching and learning.

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5. HEALTH

Health care and outcomes for Australian women are among the best in the world (Australian Institute of Health and Welfare (AIHW), 2014). However, the way in which women experience the health system continues to be shaped by gender, and some groups lack adequate and equitable access to health services. In particular, Indigenous women, women with a disability, women in rural and remote areas, migrant and refugee women, women as carers, older women, and lesbian and bisexual women have been identified as being at a greater risk of poor health outcomes (Australian Government Department of Health, 2010).

THE 2016-17 BUDGET OVERVIEW

Budget 2016-17 represents a lost opportunity to reform our health system for the future, and further erodes the foundation of the universality of Medicare which has helped deliver Australians a relatively equitable and efficient health system for over 30 years.

Policy decisions in the budget include savings in the health area of \$2.2 billion over the forward estimates. In net terms the budget represents a reduction in spending on health and aged care of over \$1 billion across the forward estimates, but this hides previously announced cuts that have yet to be legislated or implemented.

Overall the budget lacks a strategic approach to addressing existing inequalities in access to health care, and to substantially addressing the future challenges facing the health and aged care systems. Consideration of the options outlined for reform in the Federalism White Paper released last year, including a new hospital benefit to replace both the private health insurance (PHI) rebate and Commonwealth funding for public hospitals, has been deferred until 2018.

There is no strategy to close the gap between Indigenous and non-Indigenous health outcomes, which results in Indigenous women having a life expectancy 9.5 years less than non-Indigenous women (AIHWa, 2015).

While the trial of *Health Care Homes* announced in the Budget is welcome, Australia continues to suffer from a lack investment in preventative health care to address the rising incidence of chronic disease. Given the large increase in tobacco excise, the budget represents another lost opportunity for strategic reforms and investment in preventative health care initiatives.

KEY MEASURES

EXTENDING THE PAUSE ON INDEXATION: MEDICARE BENEFITS SCHEDULE

The budget extends the pause on indexation of Medicare Benefits Schedule (MBS) fees for all services provided by general practitioners, medical specialists, allied health and other health practitioners by two years to 30 June 2020 (\$897.8 million over two years from 1 July 2018).

	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Extending the pause on indexation: Medicare Benefits Schedule				-292.2 -	-605.6 -	-897.8

(Commonwealth of Australia, 2016, page 108)

The two year extension will bring the total period of the MBS freeze to over seven years for most MBS items and six years for GP services. These changes are in addition to the Government's 2015-16 MYEFO saving of \$650 million over four years from removing bulkbilling incentives for pathology services and diagnostic tests. Any reduction in bulkbilling for these services will increase out of pocket costs for patients and reduce access to medical services.

Women will be adversely impacted by the increasing costs of accessing health care due to their higher use of services, and lower access to financial resources. Approximately 60% of GP visits are made by women and a further 11% by children (Britt H et al, 2014).

While no longer official government policy, the abandoned GP co-payment from the 2014-15 budget has effectively been introduced through the freezing of MBS rebates. Successive government policies will mean that from 1 November 2012 to 1 July 2020, Medicare rebates for standard GP consultations (group A1-Level B consultations at consulting rooms) will increase by just 75 cents.² Applying the standard indexation of two per cent over that period, the rebate should have increased by \$6.20, representing a real cut of \$5.45 for a standard GP consultation.

² The Gillard Government's 2013-14 Budget delayed indexation of MBS items from 1 November 2013 to 1 July 2014 saving \$664.4 million over four years, the Coalition Government extended this freeze in the 2014-15 Budget but excluded GP MBS fees (which were to be subject to a separate \$7 co-payment) and the standard rebate for level B GP consultation was increased by two per cent to \$37.05 on 1 July 2014. The 2014-15 Budget MYEFO abandoned the planned co-payment and announced a freeze in MBS items related to general practice until 1 July 2018. The 2016-17 Budget extended the freeze in all MBS items until 1 July 2020.

While predicting the exact impact of the freeze on bulk billing rates is difficult (see health estimates) it is clear that more patients will pay a co-payment to see their GP into the future, and bulkbilling rates may collapse faster than the Government anticipates.

The use of co-payments shifts the burden of rising health care costs from government to patients. Such policies disproportionately impact women (Cherkin et al, 1989) who have access to fewer economic resources, and are therefore more likely to consume less health care as a result.

While some argue that co-payments reduce unnecessary health care consumption and improve efficiency, evidence from the highly influential RAND experiment indicates that increasing co-payments reduces both 'necessary' and 'unnecessary' health care equally (Brook et al, 2006). Recent evidence also points to a large impact on preventative health care, such as immunisations and screening through the use of co-payments (Butin et al, 2011). There is a real risk that the bulk billing incentives for diagnostic tests will negatively impact on the highly successful national screening program for cervical cancer, which has contributed to a halving in deaths from cervical cancer over the past 25 years (AIHWb, 2015).



HEALTH

RECOMMENDATION 28

NFAW recommends that the Government immediately reverse the freeze on MBS services and continue to support bulkbilling of pathology and diagnostic services.

AGED CARE PROVIDER FUNDING

The 2016-17 Budget includes an additional \$950 million cut over the forward estimates to aged care provider funding. These savings are in addition to cuts of \$472.4 million over four years to the core daily care funding announced in the 2015-16 MYEFO (released in December 2015), \$645 million cut to payroll tax supplements in 2014-15 and cuts to workforce programs.

Cuts to aged care funding disproportionately impact women. Women represent two out of three residents in aged care facilities (AIHW, 2016) and almost 90% of workers (Aged and Community Services Australia, 2015).

While welcoming the better targeting of the aged care viability supplement, NFAW is concerned that the scale of cuts will reduce staff numbers in aged care facilities and threaten the viability of some providers.

	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Aged Care Provider Funding						
Further revision of the Aged Care Funding Instrument		-106.6	-205.8	-307.9	-425.2	-1045.5
Improving targeting of viability supplement		12.6	26.1	27.4	29.3	95.4
Total		-94	-179.7	-280.5	-395.9	-950.1

(Commonwealth of Australia, 2016, pages 101 and 102)

The Aged Care Funding Instrument (ACFI) determines the level of funding paid to aged care providers. Changes to the funding matrix of the ACFI will deliver the majority of savings. In addition, the Government will cut indexation of the Complex Health Care component of the ACFI by 50 per cent in 2016-17 and establish a \$53.3 million transitional assistance fund to support providers.

The aged care viability supplement will be more effectively targeted to areas of greatest need by replacing the current outdated remoteness classification system with the more up to date Modified Monash Model.

PUBLIC HOSPITALS — NEW FUNDING ARRANGEMENTS

Budget 2016-17 boosts funding for public hospitals by \$2.9 billion as announced on 1 April 2016 as part of the COAG commitment to retain activity based funding (ABF). It should be noted that this funding represents a part-reversal of previous cuts announced in the 2014-15 budget.

Notwithstanding this, NFAW welcomes the continuation of ABF and the increase in funding for public hospitals, which will benefit Australian women who rely heavily on public hospital services every year.

	2015-16	2016-17	2017-18	2018-19	2019-20
Public Hospitals — new funding arrangements			477.3	936.7	1,445.8

(Commonwealth of Australia, 2016, page 117)

HEALTH CARE HOMES

The establishment of *Health Care Homes* in the 2016-17 budget is supported by NFAW as an opportunity to test a more effective model to care for people with chronic conditions in the community. The trials will include up to 200 Health Care Homes and up to 65,000 patients with chronic and complex conditions. Women will benefit to the extent that the trials provide an opportunity to work towards a more integrated and sustainable health system and improve patient outcomes.

NFAW is concerned that the amount of funding is insufficient to ensure that the trials are successful, and notes that consideration may be required for further funding in the future.

	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Healthier Medicare –						21.3
trial of health care						
homes	0.4	9.4	0.3	11.2		
Quality Improvement in					4.6	-21.2
General Practice –						
simplification of the	-0.2	-0.6	-29.0	4.0		
Practice Incentives						
Program						

(Commonwealth of Australia, 2016, page 105 and 118)

CHILD AND ADULT DENTAL HEALTH PROGRAMME

The 2016-17 budget lays the foundations for reform of funding of dental services in our public hospitals, providing 40% of the national efficient price for all dental services provided under the scheme, with the states providing the remaining 60%.

The total cost of the scheme is \$1.7 billion over four years, but represents a reduction in overall spending by the Commonwealth on dental services.

While welcoming the policy direction outlined in the budget, NFAW is concerned that it represents a real reduction in funding of dental services of approximately \$200 million per year and does not provide adequate growth funding going forward.

	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Child and Adult Public	4.1	-60.6	-50.5	-32.7	122.4	-17.3
Dental Scheme						

(Commonwealth of Australia, 2016, page 102 and 103)

Australia's universal health care system has consistently failed with respect to the provision of dental services, and greater effort is required to remove the inequities in access to dental services. In 2012–13, nearly one in five (18.8%) Australians who needed to see a dental practitioner delayed or did not see one due to cost. This is more than three times the rate for delaying to see a GP (5.8%) (COAG Health Council, 2014).

The COAG Oral Health Plan 2015-2024 released in September 2015 recommends dental care for women during pregnancy, but there is no funding in the budget to ensure that women requiring care receive that care regardless of their income.

Pregnant women are particularly at risk from poor dental health. A 2013 study found while more than 50% of women surveyed reported dental problems during pregnancy, less than a third (30.5%) saw a dentist in the last six months, and only 10% had received any information about perinatal oral health (George, 2013). This is despite the risk of pregnancy to a women's dental health, and the impact of poor dental health on pregnancy outcomes, including increased rates of pre-term labour and reduced birth weight (George, 2011).

HEALTH

RECOMMENDATION 29

Consistent with the COAG Oral Health Plan 2015-24, NFAW recommends that the Government invest in a program of preventative dental health care for pregnant women to ensure all women have access to the care they require during pregnancy.

PRIVATE HEALTH INSURANCE

The budget reports on the continuing freezing of the PHI rebate and the Medicare surcharge thresholds which will save \$744.2 million over four years (Commonwealth of Australia, 2016, page 113). The PHI rebate costs taxpayers \$6.2 billion per year (Department of Health, 2016), and NFAW supports measures to slow growth in expenditure.

HEALTH

RECOMMENDATION 30

NFAW recommends consideration of targeting health spending away from subsidising PHI towards delivering a more efficient health system, including the option of a new hospital benefit to replace both the PHI rebate and Commonwealth funding for public hospitals.

PREVENTATIVE HEALTH CARE

Budget 2016-17 includes a number of small and targeted preventative health care measures that will benefit women that are summarised below. NFAW welcomes the initiatives however of concern is the lack of a coherent preventative health strategy. We also note that many of the measures simply reverse previous cuts in the same area.

HEALTH

RECOMMENDATION 31

NFAW considers that the abolition of the Australian National Preventive Health Agency in 2014 was ill-considered, leaving Australia with a lack of strategic direction and evidence-based policy development in preventative health care and recommends that it be re-established.

PERINATAL DEPRESSION ONLINE SUPPORT (COMMONWEALTH OF AUSTRALIA, 2016, PAGE 114)

An additional \$0.8 million over two years will be provided to develop resources for women who are experiencing, or are at risk of, developing perinatal depression.

This funding is being internally financed in the Department of Health and does not restore funding for perinatal depression services recently withdrawn from Commonwealth/state agreements.

COSTS FOR CARDIAC AND BREAST DEVICE REGISTRIES (COMMONWEALTH OF AUSTRALIA, 2016, PAGE 112)

The budget provides \$2.2 million in 2016-17 for the operational costs of the Australian Breast Device Registry and the Cardiac Devices Registry. The registries will collect data necessary to provide information on the performance of these devices over time and help improve the safety of women with these devices by providing earlier notification of any systematic issues.

NATIONAL CANCER SCREENING REGISTER (COMMONWEALTH OF AUSTRALIA, 2016, PAGE 110)

The budget provides an additional \$29.9 million (for a total of \$178.3 million over five years from 2015-16) to develop a National Cancer Screening Register to replace current state and territory registers for the National Cervical Screening Program and the current register for the National Bowel Cancer Screening Program.

This will benefit Australian women, especially those that move between states and territories as it will ensure they continue to receive advice on screening.

MEDICARE BENEFITS SCHEDULE — MAGNETIC RESONANCE IMAGING (MRI) OF THE BREAST (COMMONWEALTH OF AUSTRALIA, 2016, PAGE 107)

The budget provides \$3.0 million over four years from 2016-17 to list two new items on the MBS for diagnostic imaging services.

In the absence of a Medicare rebate for MRI of the breast, patients would incur out of pocket costs of approximately \$700 for each MRI scan. This initiative will improve access to a key diagnostic test to promote early diagnosis of breast cancer for a select group of patients – leading to improved patient outcomes.

TAKING MORE ACTION TO PREVENT FETAL ALCOHOL SPECTRUM DISORDERS (COMMONWEALTH OF AUSTRALIA, 2016, PAGE 119)

The budget provides \$10.5 million over four years from 2016-17 to reduce the occurrence of Fetal Alcohol Spectrum Disorders (FASD), focusing on prevention of FASD in high risk remote and rural communities.

Activities will include establishing a FASD clinical network, a FASD diagnostic clinic, a model of care for communities, and expanding the FASD technical network. This measure will aim to improve the diagnosis of FASD in high risk communities and will provide additional education and training for families and health professionals to reduce the instances of FASD in new pregnancies.

CONCLUSION

There is widespread acceptance of the challenges facing the health system due to an ageing population, increased burden of chronic disease, advances in care and greater demands for better health from consumers (Productivity Commission, 2015).

Successive governments have grappled with how to address rising health care costs and pressure in the system, and women will be affected by how these challenges are addressed.

Disappointingly, the Budget 2016-17 continues the trend of an increasing reliance on co-payments and rising out of pocket costs to meet the rising cost of health care, rather than real reform.

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6. ELIMINATING VIOLENCE AGAINST WOMEN

6.1 POLICIES AND PROGRAMS

SUSTAINABLE DEVELOPMENT AND COAG COMMITMENTS

At the UN General Assembly on 25 September 2015 Australia voted for the resolution *Transforming our world: the 2030 Agenda for Sustainable Development* (A/RES/70/1). There are 17 goals under the resolution. Goal 5 is 'Achieve gender equality and empower all women and girls' (p. 18). The second target for Goal 5 is 'Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation' (p. 18).

On 1 April 2016, the Council of Australian Governments (COAG) chaired by the Prime Minister issued a communiqué which responded to the final report of the Advisory Panel on Reducing Violence Against Women and their Children. The panel had advised COAG of the need for collective, long-term action and leadership in order to address gender inequality and to achieve lasting change in community attitudes which underpin and enable violence.

COAG supported, in-principle, the six areas identified by the panel for further joint action:

- national leadership to challenge gender inequality and transform community attitudes;
- empowering women who experience violence to make informed choices;
- recognising children and young people as victims of violence against women;
- holding perpetrators to account for their actions and supporting them to change;
- providing trauma-informed responses to violence for Aboriginal and Torres Strait Islander communities; and
- providing integrated responses to keep women and their children safe (COAG, 2016, p.3).

It also confirmed that 'jurisdictions will consider the recommendations in each of these areas in developing the Third Action Plan of the *National Plan to Reduce Violence against Women and their Children 2010-2022* this year'(COAG, 2016, p.3).

So what additional funds has the Commonwealth committed to eliminating violence against women?

BUDGET MEASURES

In the budget, there is \$100 million allocated for the Third Action Plan of the *National Plan to Reduce Violence against Women and their Children 2010-2022*. The most relevant non-housing specific new measures outlined in Budget Paper No 2 are summarised in the ACT Shelter Member Bulletin 2016/17 Federal Budget (p. 10) as follows:

Domestic and Family Violence — new initiatives to break the cycle of violence

	EXPENSE (\$M)				
	2015-16	2016-17	2017-18	2018-19	2019-20
DEPARTMENT OF SOCIAL SERVICES	--	33.3	33.3	33.3	--
DEPARTMENT OF THE PRIME MINISTER AND CABINET	--	--	-10.0	-10.0	-12.2
TOTAL — EXPENSE	--	33.3	23.3	23.3	-12.2

The Third Action Plan is currently being developed in consultation with the sector and will also be informed by recommendations from the COAG Advisory Panel's Final Report. It should be launched in mid-2016 (post-election). It will include targeted assistance for Indigenous and culturally and linguistically diverse women and their children.

There will also be \$9.9 million for the National Domestic Violence Order Information Sharing System. The System will strengthen identification and enforcement of domestic violence orders (DVOs) across state and territory borders for police and courts

This additional investment builds on:

- Ongoing funding over the 12 year life of the National Plan of around \$25 million a year. This funding underpins the National Plan and supports key services like 1800RESPECT, and national initiatives like primary prevention organisation OurWatch and Australia's National Research Organisation for Women's Safety.
- The \$100 million Women's Safety Package, launched by the Prime Minister in September 2016.
- The \$30 million national campaign 'Let's Stop it at the Start,' which is jointly funded by the Commonwealth and the states and territories.
- The Commonwealth's much broader investments that drive a reduction in violence, including income support, education, housing and health.

The cost of violence against women and their children to the Australian economy in 2009 was \$13.6 billion. According to Our Watch (2016), it is calculated to rise to \$15.6 billion by 2012-22 without the right preventive action.

There is a range of funded programs at a state and federal level that are designed to meet the needs of women and children who are experiencing or needing to escape domestic and family violence.

Since the abolition (2012) of the Supported Assistance Accommodation Act (SAAP), some states have moved away from the funding and provision of specialist domestic and family violence services such as women's refuges to a generalist homeless approach in service modelling.

This has resulted in fewer specialist services for domestic violence victims at a time when Australia's domestic violence homicide rate and police response rates to domestic violence incidences are at an all-time high.

Prevention measures are essential to reduce domestic violence in the long-term but, with the current rate of domestic violence in Australia, adequate crisis services need to be included in the strategy. More crisis services are needed for the nearly 85,000 adults and children seeking help from specialist homelessness service agencies for domestic and family violence (AIHW, 2014, p. 39).

VICTORIAN INITIATIVES

Contrast this with the action of Victorian Premier Daniel Andrews.

Daniel Andrews has shown the way by announcing a half billion dollar program within days of the tabling of the Report of the Victorian Royal Commission into Family Violence.

The Victorian two-year funding package includes a major boost for crisis housing, support services, specialist interventions for vulnerable children and Aboriginal Victorians, and programs to promote respect for women in the community and in schools.

\$152 million extra for housing services would fund the construction of 180 new units of crisis accommodation, 130 new social housing properties for victims, and upgrades to existing refuges.

It is untenable that women in other states will not be able to access refuge and protection at the same level as women and their children in Victoria.

The urgency cannot be understated. According to Destroy the Joint (2016), thirty women have been killed by violence in Australia since the beginning of the year as at 8 May 2016. Countless other women have been maimed for life and their children traumatised as evidenced most recently in these Stories of Survival published by Save our Services in May 2016.

Continuously for forty years the Commonwealth Government has co-funded (with the states) women's refuges and other front line domestic violence services. This funding is coming to an end on 30 June 2017.

A NEW NATIONAL PROGRAM

Led by the Women's Electoral Lobby (WEL) and strongly supported by NFAW, over 30 women's and community organisations representing thousands of supporters, and ten thousand individual women and men have been campaigning for eighteen months for long term and securely funded Commonwealth/state national program (Women and Children's Safety Program: Women's Refuges and Housing Program, 2015) funding for 24-hour accessible women's refuges, frontline outreach services and transitional accommodation.

The program would be separated from the current homelessness programs which do not serve the specific needs of women and children escaping violence. Escaping domestic violence is vastly different in character from general homelessness and requires specialised programs. It is a crisis situation, which with the specialist help provided by refuges may eventually see women and their children returning to their home and community

The program has the capacity to support a much needed highly integrated systems approach. All relevant agencies, including child protection, police, legal services, family law, and health, need to be involved for an integrated cross-sectoral system to work.

The WEL proposal focuses on reinstating a nationally consistent and adequately funded program that has bipartisan support and is enshrined in legislation.

ELIMINATING VIOLENCE AGAINST WOMEN

RECOMMENDATION 32

NFAW recommends that as a matter of urgency the Commonwealth Government fund a Women and Children's Safety Program matching the commitment of the Victorian Government to eliminate violence against women.

RECOMMENDATION 33

NFAW recommends that as a first step the Commonwealth Government commit \$1 billion over 5 years for a long term and securely funded Commonwealth/state national program for 24-hour accessible women's refuges, frontline outreach services and transitional

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6.2 LEGAL SERVICES

EXISTING SERVICES

The legal needs of disadvantaged Australians are met by the following government-funded services:

- Legal Aid Commissions (LACs) receive most government funding and service most Australians who receive publicly-funded legal assistance. The LACs are independent statutory authorities established under state or territory legislation. They provide legal assistance services in criminal, family and civil law matters. LACs are the portfolio responsibility of the Attorney-General's Department (AGD).
- Community Legal Centres (CLCs) are community-based not-for-profit organisations. They assist Australians who cannot afford a private lawyer but who are unable to obtain a grant of legal aid. CLCs provide mainly civil and family legal assistance, as well as prevention and early intervention services. They prioritise those on low incomes and otherwise disadvantaged individuals and groups in the local community, as well as those with special needs and those whose interests should be protected as a matter of public interest. CLCs are also the portfolio responsibility of AGD.
- Aboriginal and Torres Strait Islander Legal Services (ATSILSs) are the main providers of legal services to Aboriginal and Torres Strait Islander people, providing approximately 200,000 legal assistances to Aboriginal and Torres Strait Islander people annually. ATSILS are the portfolio responsibility of AGD.
- Family Violence Prevention Legal Services (FVPLSs) provide legal assistance, casework, counselling and court support to Aboriginal and Torres Strait Islander adults and children who are victims/survivors of family violence. FVPLS also undertake important community legal education and early intervention and prevention work. There are 14 FVPLS across Australia. FVPLS are the portfolio responsibility of Prime Minister and Cabinet.

BUDGET OVERVIEW AND ANALYSIS

Budget 2016-17 does not reverse the funding cuts identified in the 2014-15 budget or include any additional investment in legal assistance service, including LACs, CLCs, ATSILSs, or FVPLSs.

COMMUNITY LEGAL SERVICES

The unchanged funding in the 2016-17 budget means CLCs under the National Partnership Agreement for Legal Assistance will experience a \$34.83 million cut between 1 July 2017 and 30 June 2020 (National Association of Community Legal Centres (NACLC) a, 2016). Funding cuts to ATSILS of amounts of over \$6 million between 2014-2015 and 2017-2018 will continue, as will the underfunding of FVPLSs and LACs (NACLCa, 2016).

The cuts do not implement long-term structural changes or reduce waste; they simply reduce the access of the most disadvantaged and vulnerable people across Australia to legal support. The Productivity Commission (2014) has found that the people trying to access LACs and CLCs are disproportionately female.

CLCs helped over 215,000 people with free legal advice last year and had to turn away over 160,000 largely due to lack of funding (NACLCb, 2016). It is important to note that turnaway data is not yet consistently collected by CLCs and these rates do not take into account the large number of people who, for a range of reasons often associated with compounded disadvantage, do not seek legal help (NACLCb, 2016).

Violence against women and children is the number one presenting issue for CLCs, and taking legal action in the context of separation is the most significant source of risk of violence for women. CLCs are a vital part of the legal framework in responding to and addressing family violence moving forward.

The funding identified in the Commonwealth *Women's Safety Package* does not offset the funding cuts CLCs face from 2017, and funding for the family violence work of CLCs alone is not sufficient.

The flow-on effects of family violence are clear in a range of the other work CLCs undertake, including for example the impact of family violence on credit and debt, tenancy, homelessness and access to social security.

LEGAL SERVICES

RECOMMENDATION 34

NFAW recommends that the Government reverse the \$34.83 million cut over the forward estimates between 2017–2020 to Community Legal Centres.

RECOMMENDATION 35

NFAW recommends that the Government allocate an additional \$14.4 million for Community Legal Centres to address unmet need in 2016-17.

FAMILY VIOLENCE PREVENTION LEGAL SERVICES

The National FVPLS Program was effectively defunded and continues to have no direct allocation which means there is no transparency or guarantee of funding for the program into the future, nor national recognition of the value of this model (NACLCb).

Additional funding for FVPLS is required to meet existing and rising demand for FVPLS services, and that long-term funding agreements are required to ensure funding certainty.

FVPLS are not currently resourced to provide national coverage to ensure that all Aboriginal and Torres Strait Islander victims/survivors of family violence can access these services regardless of geographic location. Significant service gaps exist particularly in metropolitan and urban areas.

LEGAL SERVICES

RECOMMENDATION 36

NFAW recommends the Government reinstate the Family Violence Prevention Legal Services as a stand-alone national program and provide it with a direct allocation of funding.

LEGAL SERVICES

RECOMMENDATION 37

Provide NFAW recommends the Government provide additional funding to Family Violence Prevention Legal Services, including

- \$2 million per year to each existing Family Violence Prevention Legal Service, and
- funding to achieve national coverage of Family Violence Prevention Legal Services commensurate to need (with a specific focus on meeting need in metropolitan and urban locations) within 5 years.

RECOMMENDATION 38

NFAW recommends that the Government commit to at least 5-year funding agreements with Family Violence Prevention Legal Services to ensure funding certainty.

WOMEN'S FAMILY LAW SUPPORT SERVICES

At present, New South Wales (NSW) is the only state or territory in Australia that has a women's family law support service. The NSW Women's Family Law Support Service has assisted 3,000 clients since it began in 2007. Eighty per cent of women who accessed the NSW service between July and October 2015 had a history of domestic violence. It is critical that women have support and guidance when negotiating Family Court processes, noting that many women are unrepresented in Family Court proceedings.

The Family Court and the Federal Circuit Court – which are responsible for the bulk of family law matters, especially those involving parenting disputes and family violence allegations – are facing a budget deficit of \$75 million by 2017-18 according to an independent review undertaken by KPMG on the performance of the Federal Court, Family Court and Federal Circuit Court of Australia (Sydney Morning Herald, 2014).

Delays are significant in many registries around Australia. It is unacceptable that people wait six months to have their first court hearing, especially if that hearing is about urgent interim arrangements for their children. During these periods of delay, unsuitable arrangements for women and children can become entrenched, sometimes with catastrophic consequences. It is not the courts that fail to assist and respond to family violence, but the decision makers who fail to adequately resource these critical legal services to ensure real and meaningful responses.

Funding of \$160,000 is likely to enable a women's family law support service to fund one full-time coordinator, one part-time court support person, volunteer workers to augment paid staff, plus on-costs and office accommodation.

The total cost of funding eight women's family law support services (one in each state and territory) could be as little as \$1.28 million per annum, with total spending over five years approximated at \$6.5 million.

LEGAL SERVICES

RECOMMENDATION 39

NFAW recommends that the Government fully fund women's family law support services in each state and territory at an estimated cost of \$6.5 million for five years (\$1.28 million per annum for eight services).

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6.3 HOUSING AND HOMELESSNESS

EXISTING PROGRAMS

The Commonwealth provides funding to the states for homelessness – in particular, specialist homelessness services (SHS) – in two main ways:

- As part of the general funding for the National Affordable Housing Agreement (NAHA) which replaced the Commonwealth/state Housing Agreement (CSHA) in 2008. The NAHA is a broad banded agreement that incorporates the funding previously provided for homelessness services through the SAAP funding. States are not required to match this, but they generally provide more funding to state homelessness programs than the amount previously provided by the Commonwealth as SAAP funding. \$1.3 billion is provided to states and territories each year.

This includes \$250m per year for Specialist Homelessness Services (SHS). NAHA is the primary source of Commonwealth funding provided to state and territory governments to deliver housing assistance and specialist homelessness service, along with the National Partnership Agreement on Homelessness.

- The National Partnership Agreement on Homelessness (NPAH) was a specific time-limited boost for homelessness funding. After strong lobbying campaigns it was extended twice by the Abbott government, most recently in March 2015 with \$230 million in 2015-17. States are required to match this. Funding priority is given to frontline services focusing on women and children experiencing domestic and family violence, and homeless youth under 18. Under the NPAH, jurisdictions retain the flexibility to decide which service providers in these priority areas should be funded and in which location.

Table 2.8 of Budget Paper No 3 (2016) sets out payments to support state affordable housing services as follows:

\$million	2015-16	2016-17	2017-18	2018-19	2019-20
National Affordable Housing SPP	1,324.1	1,342.6	1,362.7	1,383.2	1,405.3
National Partnership payments					
First Home Owners Boost	-0.3	-	-	-	-
Homelessness (NPAH)	115.0	115.0	-	-	-
Northern Territory remote Aboriginal investment					
Remote Australia strategies component	56.0	49.7	50.9	3.6	3.6
Remote Indigenous housing	388.3	428.5	345.7	-	-
Total	1,883.0	1,935.7	1,759.3	1,386.7	1,408.9

BUDGET MEASURES

There were no announcements of additional funds for housing and homelessness in Budget 2016-17.

In its 2016 Budget media release, National Shelter pointed out that the budget ignored housing affordability. In part, the release said:

In a budget struck as a national economic plan there is no plan for housing.

Housing is the major cost facing every vulnerable household and this budget offers no relief.

National Shelter Executive Officer Mr Pisarski noted that the budget discusses replacing the National Partnership Agreement on Remote Indigenous Housing with a new remote housing partnership but provides no forward estimate expenditure to ensure it is funded.

Additionally the budget provides:

- *No increase to Commonwealth Rent Assistance to assist renters.*
- *No increase to public housing funding to provide more public housing.*
- *No new money for rental affordability incentives to leverage private investment to provide more stock for renters on moderate incomes.*
- *No addition to homelessness responses.*
- *No new financing option for affordable housing or response to the Senate inquiry into housing affordability or the reform of federation.*

The budget does introduce a compulsory rent deduction scheme for public housing tenants which we think will limit the financial flexibility of those affected.

There are specific life-cycle contexts at which housing affordability issues and homelessness particularly disadvantage women. Policy reform is urgently needed to address the needs of:

- women leaving domestic violence,
- older single women with little or no super and unable to afford rents in the private market,
- single mothers on Commonwealth Rent Assistance,
- women seeking employment within reasonable distance of home, and
- women in and seeking access to social housing.

Domestic violence is the biggest cause of homelessness for women and children in Australia.

The Mercy Foundation's report *A Plan for Change: Homes for Older Women* (2016) highlights the plight of women with low incomes and no super but who have no access to social housing and have to rely on private rental market.

Older people who need to leave home because of family violence, overwhelmingly women, have no choice other than a nursing home.

While unaffordable housing impacts disproportionately on women, data is rarely sex disaggregated. Extensive work is underway by Housing and Homelessness Ministers who met in Brisbane on 31 March 2016. Federal Housing Minister Christian Porter attended this meeting. The Communiqué issued at the conclusion of the meeting covered a range of issues. The recommendations below draw on the language of the Communiqué.

HOUSING AND HOMELESSNESS

RECOMMENDATION 40

NFAW recommends that the Government commit immediately to an extension and increase in the 2015-17 National Partnerships Agreement on Homelessness (NPAH), with a separate funding stream for a long-term, securely-funded Commonwealth/state national program for 24 hour accessible women's refuges, frontline outreach services and transitional accommodation.

RECOMMENDATION 41

NFAW recommends that the Automatic Rent Deduction Scheme not proceed pending a full gender analysis of the unintended consequences for women and their families.

RECOMMENDATION 42

NFAW recommends that gender analysis be incorporated into the work of the Council on Federal Financial Relations' Affordable Housing Working Group on innovative financing and structural reform models to increase the provision of affordable private and social housing.

RECOMMENDATION 43

Similarly, NFAW recommends that gender analysis is undertaken for:

- COAG's work on the interface between homelessness and housing reform.
- COAG's work on the need for a differentiated approach to addressing homelessness and housing in cities and in regional and remote areas.
- The development of innovative financing models to increase supply and diversity in social housing models to meet the needs of vulnerable groups including elderly people.
- The development of accurate information and projections of the likely demand for social housing and affordable housing under the National Disability Insurance Scheme and beyond, and more generally in the development of funding approaches and opportunities to increase the supply of accessible, affordable and social housing appropriate for people living with disability.

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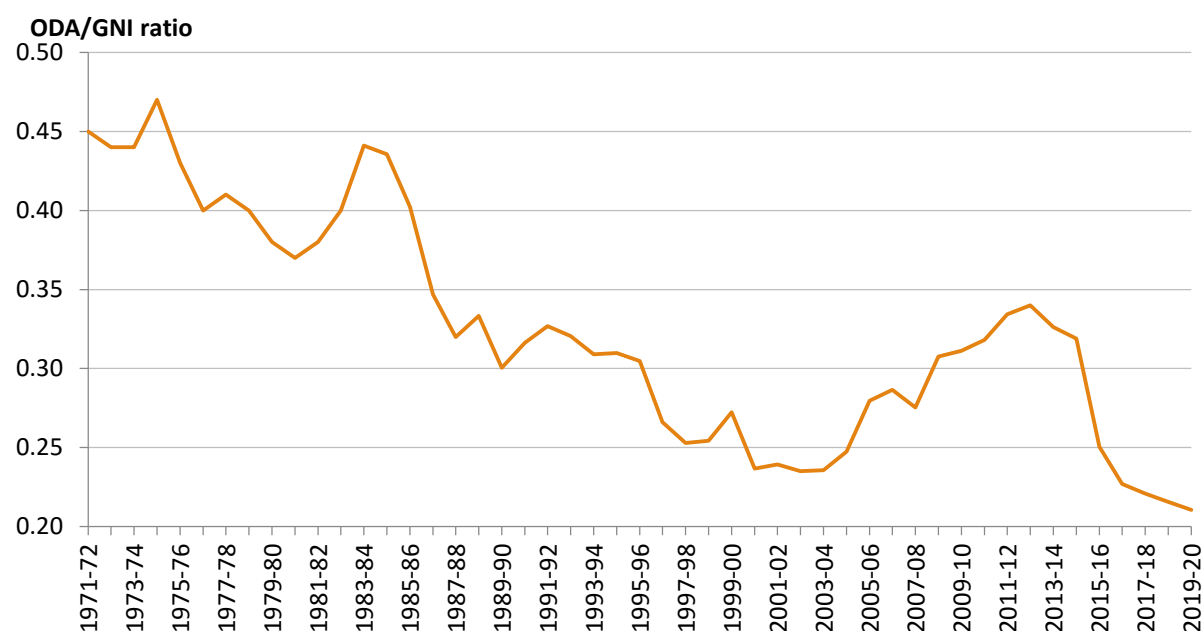
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<http://www.wel.org.au/housing_and_homelessness_ministers_meeting_31_march_2016_communicu>

7. AID AND DEVELOPMENT

The Australian Aid Budget Summary 2016-17 and the Foreign Affairs and Trade Portfolio Budget Statement affirm the Government’s continuing commitment to gender equality and women’s empowerment, and recognition of ‘their importance to Australia’s national interest’ (DFAT, 2016a, p. 13).

However, these positives are overshadowed by unprecedented aid cuts. This year’s cut of \$224 million or 7.5% after inflation is the fourth cut in a row, amounting to a total reduction to Australia’s aid budget of some 30% after inflation over the last four budgets. Aid spending is now at its lowest ever level as a proportion of both total government expenditure (0.8%) and Australia’s gross national income (GNI)(0.23%). Australia is now well below the global average of just over 0.3% of GNI. Once there was bipartisan a commitment to bring aid up to 0.5% of GNI. The current investment is less than half that. Although Australia remains one of the world’s wealthiest nations, it is no longer a generous one. These cuts have affected all parts of Australia’s aid program, including expenditure on gender equality.

AUSTRALIA’S OFFICIAL DEVELOPMENT ASSISTANCE AS PERCENTAGE OF GNI



(Source: Howes, 2016)

The scale of cuts to the aid program have not been borne by other areas of Commonwealth expenditure, as the table below illustrates. As Swan (2016) shows, the Government has effectively improved its budget bottom line at the expense of developing countries.

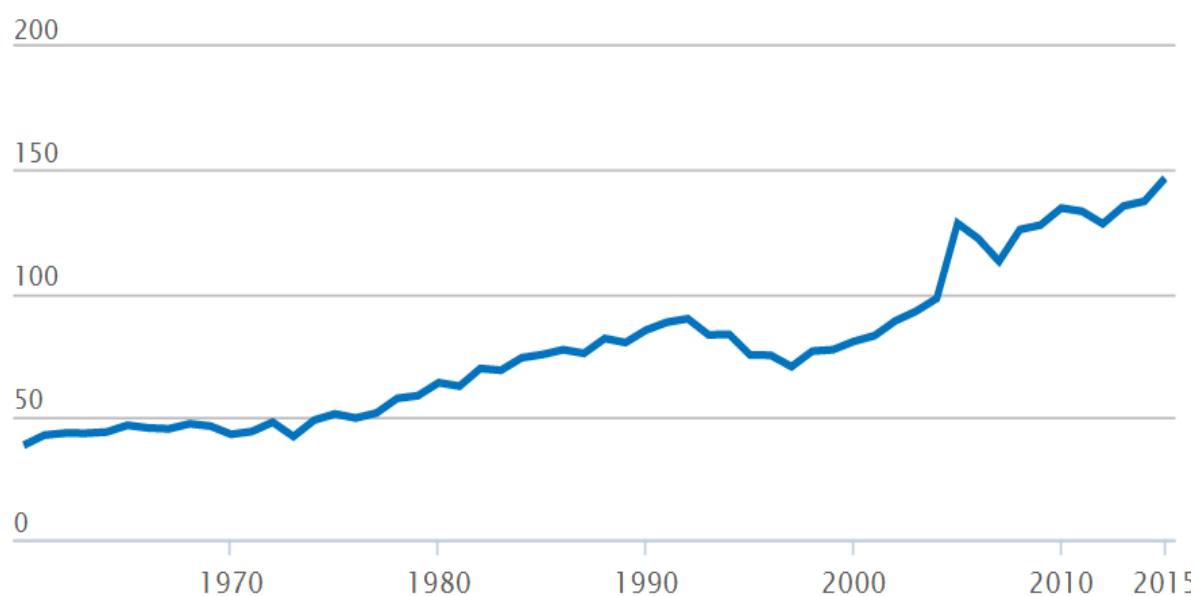
TREND, AID VERSUS NON-AID IN THE BUDGET

	(\$b, 2016-17 prices)		Cumulative change	
	Aid	Non-aid	Aid	Non-aid
2012-13	5.4	406.4		
2013-14	5.3	428.5	-3.0%	5.4%
2014-15	5.2	428.9	-4.5%	5.5%
2015-16	4.1	436.0	-24.0%	7.3%
2016-17	3.8	446.8	-29.6%	9.9%
2017-18	3.8	450.7	-29.7%	10.9%
2018-19	3.8	463.0	-29.7%	13.9%
2019-20	3.8	472.4	-29.7%	16.2%

(Source: Howes, 2016)

Other countries facing fiscal pressure are not reducing their aid budget. All other OECD donors except Australia and Portugal have continued to increase overall aid spending. They recognise that pressing development priorities persist, including responding to growing humanitarian needs, disaster preparedness and response, and infectious disease concerns. They recognise that development cooperation benefits both aid giving and aid receiving countries.

ODA - USD billion (2014 prices & exchange rates)



(Source: Howes, 2016)

This overall story of unprecedented cuts shapes every aspect of this year's aid budget. While the analysis below tells us about relative priorities in the context of much reduced expenditure, the big story is that for the Coalition Government, aid is a very low priority, and a much lower priority than most Australians think it should be.

GEOGRAPHIC AND SECTORAL FOCUS

Australia's aid remains firmly focused on the Indo-Pacific region, with more than 90% of the aid budget spent in our immediate neighbourhood (DFAT, 2016a, p. v). The big cuts to country programs came last year, when almost \$1 billion was cut from the aid program. Aid allocations to specific countries are mostly exactly the same in dollar terms as last year, meaning a small real cut after inflation. It is difficult to identify how much is spent on gender equality initiatives within these programs, a problem that is explored later in this chapter.

Multilateral and regional programs have borne the brunt of this year's cuts. The Department of Foreign Affairs and Trade (DFAT) says this is a delay to payments which will be accommodated by the return of indexing for inflation in next year's budget. This will continue to squeeze other aid spending, including country programs (Howes, 2016).

In terms of sectors, spending on health and education has continued to fall, health by around 16%, education by nine per cent (Howes, 2016). Health expenditure is now at 13% of the overall aid budget, one of the lowest proportions in the OECD (Development Policy Centre, 2016). Governance remains the biggest sector overall. Spending on innovation and agriculture has been protected, reflecting the Government's private sector and aid for trade priorities. This is despite the fact that these are among the worst sectors in terms of aid performance, indicating the limits of the Government's *Making Performance Count* (Development Policy Centre, 2016; see DFAT, 2014) policy. There is a new humanitarian initiative for Syria and the region, and increased prominence to climate change, but the 'resilience' sector as a whole, which includes humanitarian and environment spending, continues to fall (Howes, 2016).

This is noteworthy, given the strategic outlook in the recent *2016 Defence White Paper*, which sees climate change as a major challenge for countries in Australia's immediate region, including through higher temperatures, increased sea-level rise and increased frequency and intensity of extreme weather events. 'These effects will exacerbate the challenges of population growth and environmental degradation, and will contribute to food shortages and undermine economic development' (Department of Defence, 2016, pp. 55-6).

Climate change is having gendered effects, in line with women's and men's different economic and social roles, and differential power to influence decision making, particularly in Pacific Island countries where women make up just 6.1% of national parliaments.³

³ Figures as at March 2016. <http://www.pacwip.org/women-mps/national-women-mps/>

Disability inclusion remains a policy priority but it is not possible to see how this translates into budgeting. The latest *expenditure* information, for 2014-15 and released shortly before the budget (and reflecting expenditure levels before the \$1 billion cut in the 2015-16 budget), estimates expenditure on all activities that provide some level of assistance to disabled persons (from principal or significant through to moderate or minor) at \$127.2 million, or 0.026% of total estimated ODA (\$5027.9 million). No sex-disaggregated data is provided (Department of Foreign Affairs, 2016c, p. 20).

GENDER EQUALITY IN AUSTRALIA'S AID BUDGET

The Australian Aid Budget Summary 2016-17 confirms that 'gender equality is critical to development and stability, and will remain a central pillar of the aid program' (DFAT, 2016a, p. 1). The dedicated Gender Equality Fund is up 10% in nominal terms, to \$55 million. This will 'support country and regional programs with a gender focus, global initiatives that can advance progress towards the sustainable development goals, and work by private sector and non-government organisations to promote gender equality' (DFAT, 2016a, p. 1). In the context of significant overall cuts to the aid program, this is significant and welcome.

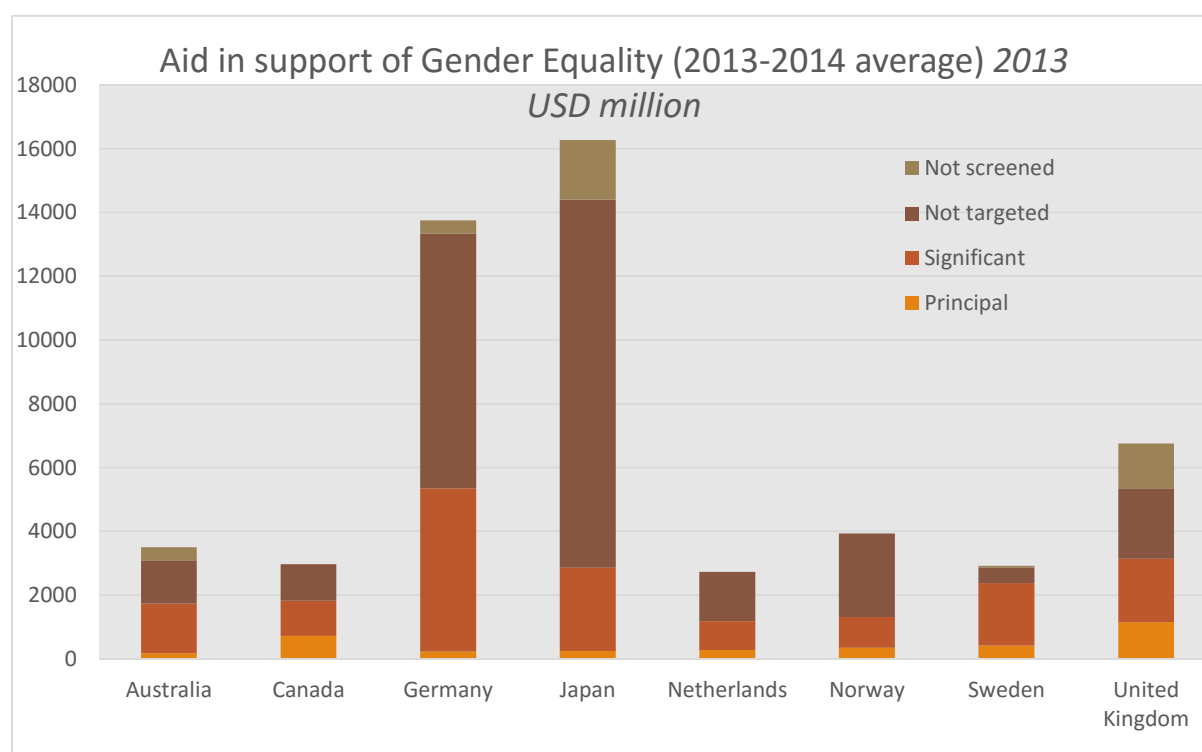
The aid budget continues to support Pacific Women Shaping Pacific Development, a vital 10 year (2012-2022) \$320 million program working to improve political, social and economic opportunities for women. Also supported is the new Investing in Women Initiative, a \$46 million program to support partnerships with government and the private sector in South East Asia to expand women's economic participation; and continuation of the Empowering Indonesian Women for Poverty Reduction program. There is funding for specific programs to address violence against women in Afghanistan, Pakistan, Cambodia, Timor-Leste, Papua New Guinea and across the Pacific (DFAT, 2016a, p. 11).

Strategic leadership and an able team within DFAT is focused on strengthening performance on gender equality across DFAT, including through technical advice, training and performance frameworks. This is supported by a policy requiring that at least 80% of all Australia's aid performs effectively in promoting gender equality.

BUT— and it is a big but — expenditure on gender equality as a specific line item, where it is the focus of a program, lags well behind policy commitments, and is not in line with the scale and significance of gender inequality and violence against women, especially in our region. For example, the Papua New Guinea program, Australia's largest country program, is spending \$12 million to tackle violence against women, which is at epidemic proportions — or 0.025% of the total PNG aid program of \$477.3 million. Violence against women is one of the most significant security issues in Papua New Guinea. It is a priority for the Australian Government. But the numbers demonstrate very clearly that spending priorities do not reflect the strength of the policy commitment or its significance as an issue. The Government will find it impossible to realise its policy objectives without fixing this disconnect.

Part of the problem is that DFAT is working with one hand tied behind its back in terms of tracking expenditure on gender equality. Its systems are better at tracking spending when gender equality is the *principal* objective of the program. When gender equality is a *significant* objective – which is how most of Australia’s aid spending on gender equality is categorised - it is impossible to say how much is actually *spent* on promoting gender equality and addressing barriers to women’s economic empowerment. We only know the total value of initiatives with gender equality as an important but secondary objective.⁴ Given that in these cases, by definition, gender equality is not the main focus, using total project value as an indication of expenditure is misleading at best. Improving the ability to track and report how much is spent, on what, to promote gender equality across the aid program is crucial to assessing effective use of resources – and to more closely linking policy priorities and spending.

To better align expenditure with need and policy, the Australian Government needs to increase the proportion of aid targeting gender equality as a primary objective (the pink sections of each bar below), which is behind many of its counterparts.



(Source: OECD DAC, 2016)

⁴ This is what is tracked using the gender markers that are used across OECD donors to provide a common reporting framework. The latest expenditure figures published by the Australian Government can be found in DFAT, 2016c, p.19.

HUMAN SECURITY

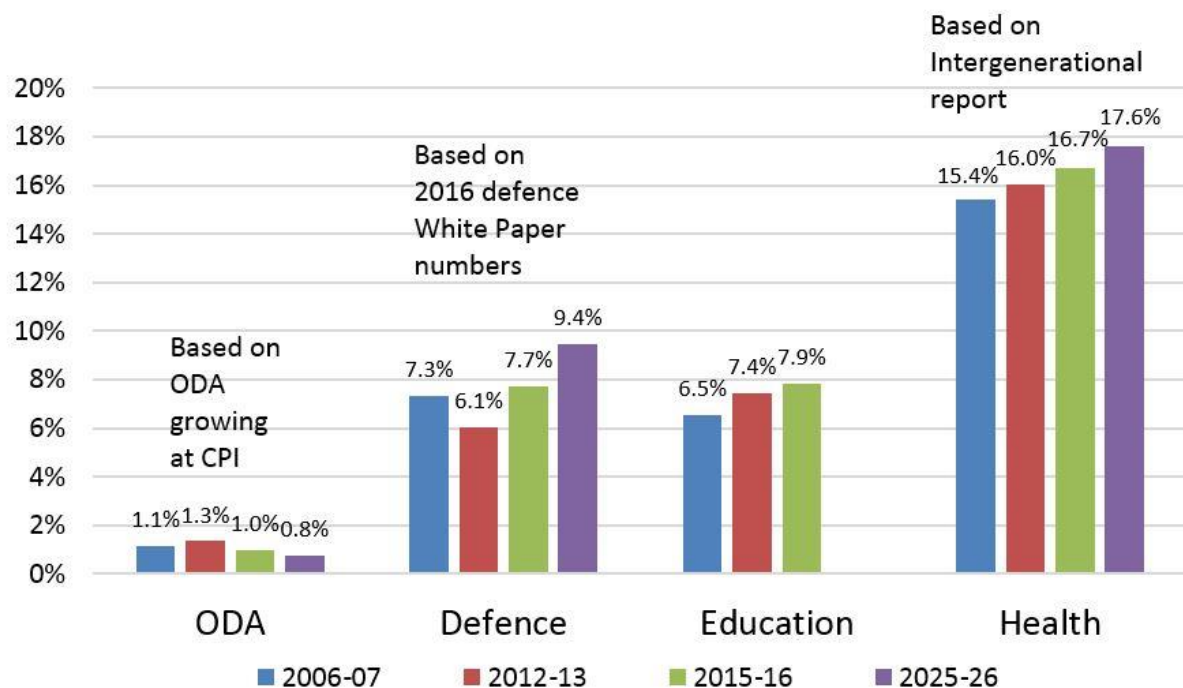
Another big story in this budget is the contrast between the huge reduction of investment in human security through the aid program in recent years and the huge increase in investment in defence capacity to address security challenges. This reflects a narrow and incoherent approach to national security, and one which is at odds with Government's policy leadership on the importance of UN Security Council Resolution 1325 on Women, Peace and Security on UN Security Council Resolution 1325 on Women, Peace and Security. This was a priority during Australia's recent two-year term on the Security Council, and its importance is recognised in the recent *2016 Defence White Paper*. This confirms that the Department of Defence will

... provide expertise to support the Australian National Action Plan on Women, Peace and Security 2012–2018 that implements United Nations Security Council Resolution (UNSCR) 1325. UNSCR 1325 recognises that security, stability and peace can only be achieved through a gender inclusive approach to conflict resolution and peace building. Defence is responsible for implementation of 17 of the 24 actions in the National Action Plan. The National Action Plan sets out what Australia will do, at home and overseas, to integrate a gender perspective into its peace and security efforts, protect women and girls' human rights and promote their participation in conflict prevention, management and resolution. (Department of Defence, 2016, p. 137)

An independent interim review of the Australian National Action Plan on Women, Peace and Security 2012-2018 ('the NAP'), released by the Government in April, makes 16 practical recommendations to strengthen the whole of government approach to implementing the NAP (Department of Prime Minister and Cabinet, 2016). The Australian Civil Society Coalition on Women, Peace and Security has welcomed the interim review and its recommendations, and called for a dedicated budget linked to specific activities to support implementation of the NAP (IWDA, 2016). This needs to be combined with a robust monitoring and evaluation framework, more consistent institutionalisation of the NAP across government, and resourcing of civil society engagement to reflect the importance of collaboration between government and civil society in achieving the objectives of the NAP.

Aid spending is 0.8% of the national budget and flat-lining out to 2020. Defence spending is currently around eight per cent and projected to reach 9.4% of total Government spending by 2025 (Swan, 2016). Australia's entire aid program costs roughly as much as one new submarine (Ronalds, 2016). The Government is funding 12 of these, but can't find adequate funding for the security of women and children experiencing violence, in our aid program or at home.

Share of total government expenditure



(Source: Swan, 2016)

Budgets tell us about priorities. Despite the Government's positive language on gender equality and women's empowerment, the numbers tell us that it is not a priority. Australia continues to underperform in terms of addressing gender discrimination, violence, marginalisation and unequal access to citizenship rights and the benefits of development which are daily impacting on the lives of women, and some women more than others. This is short-sighted and undermines Australia's national interests and our ability to meet commitments under the new Global Goals for Sustainable Development.

AID AND DEVELOPMENT

RECOMMENDATION 44

NFAW recommends that the Government increase expenditure on aid investments which target gender equality as a principal objective, including investment in preventing and responding to violence against women

AID AND DEVELOPMENT

RECOMMENDATION 45

NFAW recommends that there be an increase in funding support for women's rights organisations and networks, lifting aid coded as supporting 'women's equality organisations and institutions' above current levels (according to the OECD-DAC Creditor Reporting System, less than 2 per cent of sector allocable aid in 2014).

RECOMMENDATION 46

NFAW recommends that the ability to track and report how much is spent on gender equality and women's empowerment, and where, be improved, particularly where gender is mainstreamed within activities. Increased transparency about budget allocations will provide decision makers, development partners and communities with improved information, enabling more informed dialogue and planning, and improved accountability.

RECOMMENDATION 47

NFAW recommends that the collection of sex-disaggregated data across the aid program be strengthened.

RECOMMENDATION 48

NFAW recommends that detailed annual information linking programming and resourcing on gender equality through Australia's aid program be published to assist Government and other stakeholders to assess how policy commitments are being implemented and adjust efforts accordingly.

RECOMMENDATION 49

NFAW recommends that the Government implement the recommendations of the independent Interim Review on the Australian National Action Plan on Women, Peace and Security, including establishing dedicated resourcing linked to specific activities to implement the NAP.

RECOMMENDATION 50

NFAW recommends that the Australian Civil Society Coalition for Women, Peace and Security be resourced through the Department of Defence as part of strengthening implementation arrangements for the Australian National Action Plan on Women, Peace and Security.

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ATTACHMENT A- GENDER RESPONSIVE BUDGETING: DEVELOPMENTS IN THE REGION⁵

Over the past two decades there has been a growth in gender responsive budgeting (GRB) initiatives with some thirty countries in the Asia-Pacific region taking steps to adopt elements of GRB. In the region the first attempts to integrate a gender perspective into the budget can be traced to initiatives introduced in Australia in 1984 and the Philippines in 1995. GRB initiatives aim to undertake a gender analysis of the impact of policies in the budget and to influence policies priorities and decision-making processes in the budget to promote gender equality.

There is no blueprint for GRB in the region, with initiatives varying in the political actors engaged, scope, whether it is a government or an NGO driven exercise and the underpinning conceptual framework. The degree of development or phases which GRB initiatives have reached is also varied.⁶

In countries such as Vietnam, Pakistan, Laos, Sri Lanka and Thailand the focus has been on awareness-raising of the gender impacts of spending and revenue raising and building an agenda for integrating a gender perspective into policies, programs and budgets. In the Pacific Island countries of Samoa, Fiji and the Republic of the Marshall Islands it can involve implementing a pilot GRB as in the case of donor supported initiatives. Countries that have reached the stage of formal adoption of an initiative include India, Nepal, Indonesia and Timor-Leste. This phase involves the implementation of a conceptual framework for gender budgeting, engagement of a range of actors and the exercise of political will on the part of politicians and finance officials to support the process.

The most advanced phase of GRB initiatives is the concrete implementation of a gender aware budget. This involves gender analyses in budget decision making processes and the practical implementation of these analyses in programs and policies. No country in the world has achieved this across an entire budget. Nevertheless in countries such as South Korea, GRB has promoted gender equality by facilitating the implementation of those programs and their budgets included in the Basic Plan for Gender Equality.

A number of political and institutional factors have been found to play an important role in the nature and the development GRB initiatives across the region. During the initial GRB phase a focus on the development of a pro-equality climate is crucial for making claims on government through legal and policy frameworks that oblige institutions to advance gender equality.

⁵Provided to NFAW by Dr Monica Costa, Visiting Fellow at the Crawford School of Public Policy of the ANU, and Rhonda Sharp AM, Adjunct Professor of Economics at the University of South Australia.

⁶ These phases are outlined in Sharp, R. (2003) *Budgeting for equity: gender budgeting initiatives within a framework of performance oriented budgeting*, New York: UNIFEM; O'Hagen, A., (2015) 'Favourable conditions for the adoption and implementation of gender budgeting: insights from comparative analysis, *Journal of Economic Policy* (2) pp 233-252.

Specific legal requirement for GRB have been adopted in a few countries, including Vietnam which has integrated gender equality as a basis for decisions in its budget law in 2015.

An agenda for GRB initiatives have been bolstered in some countries by factors such as positive political change, a favourable economic context, opportunities created by budgetary reform and an emphasis on a good governance agenda. In Indonesia, these factors played an important role in the emergence of a GRB initiative with a strong local focus and underpinned by a good governance agenda that emphasised women's participation.

The presence and pressure of women and women's non-governmental organisations and the establishment of women's machinery in government are essential. The support of international bodies has played a role in creating a favourable pro-equality political context in the region. UN Women for example, funds workshops and develops and disseminates GRB resources for the region.

Experience in those countries that have formally adopted a GRB initiative highlights the significance of the presence of political will, not the least amongst finance department officials, positive institutional arrangements and the engagement of a range of actors. In South Korea, for example, women in parliament working with women's NGOs played an important role in requiring that a gender perspective be integrated into budgetary processes in its the 2006 Financial Act. Also significant is the presence of clear conceptual framework for GRB. Nepal's GRB initiative, first developed in early 2000s, was identified as a tool for gender mainstreaming and gained significant momentum with the introduction of budgetary reforms to improve the public financial system and the relationship between planning and budgeting.

Evidence of a more mature GRB initiative with an emphasis on changing policies and budgets involves the practice of gender mainstreaming in policy decisions, evidence of gender analysis in budget documents or gender aware budget documentation and a practical implementation of GRB in government resource allocation processes. One of the most developed initiatives in the region is in South Korea, which moved from a four year trial of gender budget statements to the implementation of GRB in the budget. These statements have covered a growing, albeit moderate, amount and percentage of total allocations. A relative newcomer to GRB is Timor-Leste, which has highlighted the positive role of institutions with a gender focus in ensuring that resources back policy. This shows how a policy area over time can be developed and implemented through the budget even in the context of a fragile state.