2017-18

Gender lens on the Budget

National Foundation for Australian Women

REAL WOMEN. VISIONARY LEADERSHIP

ACKNOWLEDGEMENT

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Overview of findings

A gender lens on the 2017-18 Budget

By Marie Coleman

With ABS data on wages and employment producing disquiet about the growth forecasts underpinning this Budget, there is cause for concern about the overall economic environment. The reports on housing affordability set against the news on incomes equally are causes for apprehension.

NFAW is quite clear in its view that women and girls can only benefit from a strong economy where there are realistic plans for bringing the Budget back into balance over the cycle.

We congratulate the Government for recognising that it has a need for both revenue and expenditure measures, and that the Australian population has both an appetite for decent quality public services – education, health, income supports, transport – and a willingness to find the revenue to pay for them.

There are positives for women and girls in the Budget, which we welcome. There are also many concerning measures and also policy vacuums. There is nothing which could be described as a strategy for coordinated action on gender equity or even as a coordinated strategy for finding out how Budget policies affect men and women differently. The dropping of the so-called 'zombie' measures from Budget 2014 is welcomed.

NFAW began its annual Gender Lens on the Budget in 2014 in response to the manifest unfairness of that Budget. From the first hastily assembled team of a handful of authors we have grown and expended our coverage, drawing on expertise in former Treasury, Prime Minister and Cabinet, and other Departmental officers, as well as on colleagues in the academic and not for profit sector. We have greatly expanded the portfolios we are now able to analyse. One concerning remaining gap is in Aboriginal and Torres Strait Islander affairs, but we anticipate publishing a supplementary document in a few weeks which will put those programs under the Gender Lens.

We have noted the disappearance from the Budget Papers of many of the tables which once allowed careful analysis of historical trends, and of the impacts of measures on individuals and family types. We deplore the consequent increasing lack of transparency in the Budget material.

We know that Treasury has its own in-house microsimulation tool to assess distributional impacts of measures. We are at a loss to understand how measures could have been introduced in different portfolios which come together to produce Effective Marginal Tax Rates of up to 100% or more when the Government continues to emphasise the need for greater productivity and to encourage female workforce attachment.

It is quite clear to us that notwithstanding the elevation of the Office for Women to full divisional status and its re-location in the Department of Prime Minister and Cabinet that there has not been any effective gender aware analysis in the formation of this Budget.

We draw to attention the statements by Minister Julie Bishop when she held the portfolio in the Howard Government.

> **"Creating the budget material is still a whole-of-government process of consultation, with responsibility of gender analysis on individual departments and in consultation, where necessary, with the Office for Women. The collaborative nature of the production of the document ensures that the impact of initiatives on women and men is conducted by line agencies, the Office for Women, the Treasury and the Department of Prime Minister and Cabinet, as part of the budget process (The Hon. Julie Bishop, "Australia's Commitment to Gender Equality", The Parliamentarian, 2006/issue 3, p. 203).**

We call on the Prime Minister to commit to re-introducing gender aware budgeting, to increasing the transparency of the budget process, and to resourcing necessary data collections such as the Time Use Survey.

We do not doubt his personal commitment to enhancing equity for women and girls.

However, without gender aware budgeting and the data against which to assess progress (or lapses) we can only expect more disappointments.

A Women's Budget Statement from the Government would be beneficial if it could demonstrate actual gender aware budget processes.

That said, there will remain a role for a civil society Budget analysis such as this: independent of and external to Government.

Net impact on women

Gender based analysis identifies the ways in which public policies affect men and women differently. It does so through systematic use of data to better tailor the development of government programs.

The Australian Government introduced the Women's Budget Statement in 1984, the first such statement in the world. Since 2014, when publication ceased, NFAW has produced a Budget Gender Lens to analyse the impact of the Budget on women. This document is produced by a number of expert analysts on a volunteer basis.

So how did women fare in this year's Budget?

This year's Budget delivers some significant improvements in infrastructure, disability support, health and housing. These are welcome, as is the acknowledgement that citizens place a higher weight on the provision of government services than on unfair policies aimed at arbitrarily reducing the deficit. The 2017 Budget contains initiatives that help alleviate some of the worst aspects of its predecessors. However, it doesn't radically turn things around for women.

The good news.

The significant increase in infrastructure spending is welcomed. From a gender perspective, jobs created through infrastructure investment tend to go to men rather than women, as men vastly outnumber women in the building trades. However, research suggests that most users of public transport are women, particularly low income women. The European Commission study *She Moves/Women's Issues in Transportation* (p.10, 2014) suggested two thirds of public transport users in urban areas were women. Good public transport allows shorter commutes to school and work, easier access to child care and possibly greater access to better paid jobs.

New child care arrangements with a substantial increase in funding will commence next financial year. There was no change to paid parental leave and no cuts were made to domestic violence funding.

We can only estimate the impact on women of the other key positives such as school funding or disability expenditure as the Budget papers are not disaggregated by gender.

A meaningful and transparent discussion around gender and other intersecting transparencies allows for a greater understanding of the challenges this country faces and helps the government make informed decisions to address those challenges – with better results for all Canadians (Canada, Budget 2017, Chapter 5, Equal Opportunity: Budget 2017's Gender Statement).

The bad news.

Women are overrepresented at lower income levels. Changes to government benefits and increases in taxes have a disproportionate effect on women. ATO statistics recently released show the median income for women was $47,125 in 2014-15, while for men the amount was $61,711.

Effective marginal taxation rates (EMTRs) measure the proportion of each extra dollar of earnings that is lost to both income tax increases and decreases in government benefits (for example, Parenting Payment, Family Tax Benefit, the Age Pension etc).

The increase in the Medicare Levy will affect those on incomes greater than $21,644. For those with eligible children, FTB A payment rates are frozen for two years. Those who pay child care fees will continue to face high EMTRs. University graduates will start repaying loans when they reach income levels of $42,000 per year.

These changes hit those on earning well below the average wage, and are particularly harsh for women. Combined, these changes could lead to effective marginal tax rates of possibly 100% or higher for some women, particularly as Family Tax Benefit Part A begins to decrease at $51,903. Graduates caught between these policies will experience considerable financial stress; graduates earning $51,000, most of whom are likely to be women, will have less disposable income than someone earning $32,000. Changes to penalty rates may also have a significant impact on some graduates if they are extended to the aged and health care sectors as well as the childcare sector.

The point to note is not just the harsh effects on low income women but also that it is not discussed in the Budget papers, with no modelling of the exact EMTRs for different groups of women provided.

The way to improve incomes for most women is not to cut taxes but through improved welfare, social investments and increased wages (for example, by taking real action against the spread of precarious low paid work or by opposing cuts to penalty rates). Tax cuts, particularly those for top income earners, lower revenue at a time when investment is needed in public services and social infrastructure. ATO statistics show that in 2013-14 only 17% of women had taxable incomes greater than $80,000. This tax reduction has led to an increase in gender inequality.

Welfare payments to the unemployed are a small part of total welfare outlays. However, as ACOSS points out, the 2014 demonising of recipients continues. Many groups argue for an increase in the value of the Newstart payment, and an increase in Commonwealth rent assistance. What we have instead is ineffectual drug testing, harsh compliance penalties and expanded income management. However, for sole parents there will be a new verification process that is especially demeaning.

There were no measures designed to specifically address gender inequality and the related entrenched financial vulnerability of women.

NFAW is aware of only one poll that examines women's reactions to the Budget.

Mamamia's *Australian Women React: Federal Budget 2017* (11 May 2017) reported that over 60% of women were disappointed that equal pay, aged care and domestic violence did not receive coverage. Child care changes were welcomed but women worried about the need to address the needs of parents that don't work. The chronic underfunding of domestic violence was considered to put women's lives at risk. The ParentsNext expansion was considered a small win. The increasing number of single older women, who overwhelmingly work in low income jobs, were seen to be in desperate need of affordable housing.

NFAW believes that a comprehensive gender analysis would have made explicit the challenges Australian women face and the services that would help address them.

Among those key challenges are:

- Women and girls' experience of poverty, violence and harassment.

- Labour market challenges: the gender wage gap, women's concentration in a narrow range of lower paid occupations, women's relatively low participation in the workforce compared to the best performing OECD countries.
- Balancing work and family responsibilities: Australia has one of the highest rates of part time work for women, in part because of the contribution of women to the unpaid care sector. The economic value of the unpaid care sector suggests, to some extent, excess demand for formal care is compensated for by mostly women.

And yet for all its relative merit there is something unmistakably absent from this budget. Women do not rate a mention (Georgina Dent, Women's Agenda, 10 May 2017).

Net impact on young women

This Budget fails to address major challenges facing young women in Australia, and has no measures to improve financial, job or housing security for this cohort.

Youth unemployment is at 13.5% of the youth labour force, which is the highest rate in 40 years, and many young people are underemployed (18% of young people in the labour force) (Brotherhood of St Laurence, 2017, 3). Women aged 20-24 have a much higher rate of underemployment than men of the same age (Burgess, 2017). The job market is increasingly casualised and insecure, and as young people have little or no working experience they are more likely than other groups to work in non-permanent jobs (Brotherhood of St Laurence, 2017, 4). There is nothing in this Budget to address the unemployment or underemployment that young people experience, and which have implications for the economic security of young women.

The Budget lacks measures that improve the accessibility of higher education and other post-secondary training. The higher education reforms announced in this Budget paint a bleak picture for young Australians hoping to undertake post-secondary education, and those who are paying off student debt. Young people will be paying more for their degrees, and the overall cuts to university funding are likely to affect the security of academic staff, including women who are already highly concentrated in lower-paid and less secured positions.

The reduction of the HECS-HELP repayment threshold to $42,000 will disproportionately affect women, who earn less over a lifetime of employment and particularly so in the first ten or so years after graduation. The gender pay gap is apparent in starting salaries for university graduates – there is an average gender pay gap for recent graduates of 9.4% favouring males (WGEA, 2017, p. 34). As a result, women are more likely to be caught by the reduced repayment threshold and have a lower weekly take home pay than previously.

The focus of the vocational education and training (VET) measures in the Budget is on apprenticeships and traineeships, with little for the majority of VET students who are studying other programs. Without adequate funding for VET programs other than apprenticeships and traineeships, options for education and jobs are reduced, particularly for women who may find it difficult to secure apprenticeships in skilled occupations in high demand because they are still largely considered male fields.

The Budget fails to address growing concerns about housing affordability. The Government's first home super saving scheme, allows individuals to voluntarily contribute to their superannuation fund to access lower marginal rates of taxation. This measure will only assist a small group of young people who are able to make additional contributions to their superannuation. Given women are more likely to be on lower incomes, combined with the reduced HECS-HELP repayment threshold and increased Medicare Levy, it is unlikely that many women will be able to make such contributions. Those who can make the maximum contribution of $30,000 will still be a long way from the average deposit on median-priced houses in Australian capital cities (Evershed, 2016).

For the many young people who find buying their first home out of reach in the current housing market, the lack of reform of negative gearing, no increase in rent assistance payments, and lack of political will to work with State and Territory governments to improve security for tenants will further compound their housing situation. For young women, particularly those on low incomes, this undermines their ability to be financially secure.

The permanent extension of homelessness funding is positive, and the Government has announced that this funding will have a continued focus on supporting young people and victims of domestic violence.

Funding for measures relating to domestic and family violence are positive, however much more needs to be done to ensure essential services assisting women who experience violence have funding certainty at the necessary levels. The 2012 Personal Safety Survey found that women in the 18 to 24, and 25 to 34 years' age groups were more likely, compared to all women, to have experienced violence in the previous 12 months (ABS, 3013).

Another positive measure is the abandonment of various negative measures, announced since 2014, which would have disproportionately affected young people. These included deregulation of universities, increased age of eligibility for Newstart Allowance, and stricter compliance measures for social security payments. NFAW has previously analysed how these measures would have affected women.

However, this Budget does include further compliance measures for recipients on job seeker payments, including a 'demerit point' system and trial of drug testing, and the expansion of the ParentsNext program which will largely affect young, single mothers and features a range of compulsory obligations and the risk of suspended income (Equality Rights Alliance, 2017). These measures undermine a rights-based approach to Australia's social security safety net.

Finally, this Budget has no measures to support policies that address the specific circumstances and challenges facing young Australians. The Australian Government has not had a Minister for Youth to lead government policy for young people since 2013, and has failed to fund a national voice for young people. The final National Youth Week, celebrating the contributions of young people to Australia, was celebrated this year after funding was cut in the 2015 Budget.[1] It is clear that without coordinated government policy for young Australians, and combined with the absence of gendered budgeting, young women are left behind by government policy.

Recommendations

In addition to recommendations relating to youth in each relevant section below, NFAW recommends the introduction of mechanisms to support national youth policy, including a Minister for Youth and funding for a national voice for young people.

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[1] The Australian Youth Affairs Coalition has called for the Government to implement these measures: a Minister for Youth and reinstated funding for a national youth voice and National Youth Week: Australian Youth Affairs Coalition, 'Calls for a Minister for Young People as government fails to make gains for young Australians' (27 March 2017), https://d3n8a8pro7vhmx.cloudfront.net/youthaction/pages/116/attachments/original/1490582905/Call_for_Minister_for_Young_People_-_AYAC_Media_release_27_Mar_2017.pdf?1490582905

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Net impact on culturally and linguistically diverse (CALD) women

Budget measures

Enhanced residency requirements for Age Pension and Disability Support Pension

The enhanced residency requirements for claimants of the Age Pension and the Disability Support Pension (DSP) from 1 July 2018 will require claimants to have 15 years of continuous Australian residence before being eligible to receive the Age Pension or DSP unless they have:

- 10 years' continuous Australian residence, with five years of this residence being during their working life (16 years to Age Pension age); or
- 10 years' continuous Australian residence, without having received an activity tested income support payment for a cumulative period of five years.

Claimants previously only required 10 years of continuous residence in Australia.

Skilling Australians Fund levy and the new Temporary Skill Shortage Visa

Employers who nominate workers for the new Temporary Skill Shortage visa, and certain permanent skilled visas will pay a levy that will go into a new skilling Australians Fund. This fund will ensure an ongoing source of revenue to support Australian skills development and the take up of apprenticeships and traineeships.

Strengthening Australian Citizenship Arrangements

There is a raft of changes proposed including changes to the language test and waiting periods.

Gender implications

Approximately 40% of older Australians are born overseas and the majority of these are women (AIHW 2007, 4). Within CALD communities, as with the broader population, women are more likely to require age pension support because they have less superannuation (from lower paid jobs and from fewer years working). Women are therefore more vulnerable to economic insecurity and should not be punished in old age for being migrants or for not being able to meet the 5 cumulative years of no income support payments during the requisite 15 years' continuous residency. CALD women are more likely to experience periods of income support due to their family care responsibilities and should not be punished for this.

The *Skilling Australians Fund* levy, is a levy on employers who nominate workers for certain temporary and permanent visas. The levy will provide funds to support skills development in the Australian workforce. This kind of measure implies that migrant workers are responsible for Australia's skills gap and threaten social cohesion. Migrant workers are among those most likely to be vulnerable to the risk of abuse and exploitation by their employers. Female overseas workers fill key positions where local employees cannot be recruited, in particular in caring for Australia's elderly, disabled and sick. This levy presents new risks to migrant workers including salary deductions and a rise in racism and discrimination.

The cost of the Temporary Sponsored Parent Visa is inequitably high ($20,000 for a ten-year visa plus mandatory health insurance costs) and will place a further burden on CALD women and families who would benefit from the support of their parents/in-laws particularly in the raising of children.

The option to bring parents to Australia should be available for all migrants not just the very wealthy.

The new requirement for 'competent' English is higher than that required for entry to some Australian universities. This requirement targets the most vulnerable (women, refugees) and particular language communities for whom English language learning is more challenging but who make a huge contribution to Australia's society and economy.

Recommendations

NFAW recommends that residency and activity tested income support requirements for claimants to the Age Pension not be increased.

NFAW recommends that care be taken regarding rhetoric around the Skilling Australians Fund levy and the new Temporary Skill Shortage Visa to ensure social cohesion is not threatened. The new visa must ensure that there are strong protections for temporary migrant workers to avoid exploitation and abuse.

NFAW recommends that the Government not remove or reduce existing more permanent parent visa options and that parent visa options continue to be accessible for all migrants, not just the wealthy.

NFAW recommends that visa application charges are capped at current (high) rates. This is particularly important for family visas where individual women can bear the financial burden of sponsoring a family member.

NFAW recommends that that there should be no extension to waiting times between granting of permanent residency and opportunity to apply for citizenship.

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Budget measures

1. The 2017-18 Budget

1.1 Economic and fiscal forecasts and sustainability

Budget measures

The 2017-18 Budget estimates a fiscal deficit on a cash basis (the "underlying cash balance") of $29.4 billion in 2017-18. This is higher than the 2017-18 estimate from last year's Budget of a $26.1 billion deficit – the deficit has increased because of lower than expected wage growth and commodity prices. For the previous year, the actual deficit in 2016-17 was $37.6 billion, close to last year's estimate of $37.1 billion.

The total government receipts estimated for 2017-18 are $433.5 billion (Budget Paper No. 1, BS3 Table 5, 3-25). This includes taxation receipts of $404.3 billion. Total government expenditure (payments) is estimated to be $459.7 billion. Taxation comprises 93% of all revenues and funds 88% of all expenditures.

The Budget forecasts the deficit to reduce to $21.4 billion in 2018-19. It is then projected to reduce dramatically over the last two years of the forward estimates years producing a projected surplus of $7.4 billion in 2020-21.

Government net debt is the cumulative deficit and is estimated to be $354.9 billion in 2017-18, or 19.5% of GDP (Gross debt, or Commonwealth government securities on issue, is estimated at $606 billion). Because of the increase over $600 billion, the Government has had to increase its self-imposed debt ceiling. This has a real cost to the Budget which is net interest payments of $13.4 billion estimated in 2017-18.

TABLE: Budget Fiscal Balance

[Table 1: Budget aggregates]

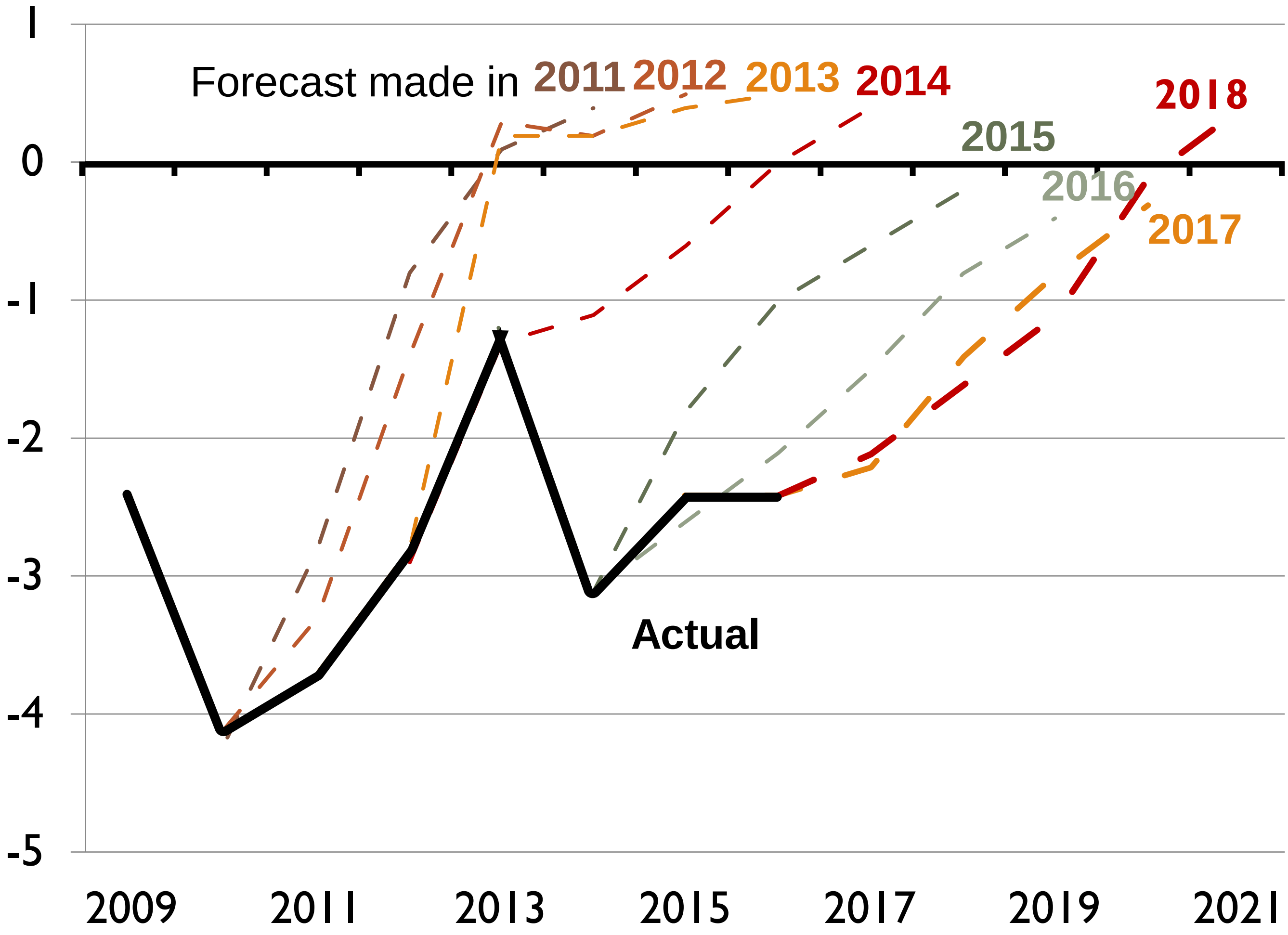
	Actual	Estimates			Projections		
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total(a)
Underlying cash balance ($b)(b)	**-39.6**	**-37.6**	**-29.4**	**-21.4**	**-2.5**	**7.4**	**-45.9**
Per cent of GDP	-2.4	-2.1	-1.6	-1.1	-0.1	0.4	
Net operating balance($b)	**-33.6**	**-38.7**	**-19.8**	**-10.8**	**7.6**	**17.5**	**-5.5**
Per cent of GDP	-2.0	-2.2	-1.1	-0.6	0.4	0.8	

(a) Total is equal to the sum of amounts from 2017-18 to 2020-21.
(b) Excludes expected net Future Fund earnings before 2020-21.
Source: Table 1, Budget Paper No. 1, Statement 1, 1-7.

As indicated in Table 1 (BP1 BS1) above, the Government has also presented in the main Budget Overview for the first time, a "net operating balance" which is a different measure of fiscal balance. The net operating balance is an accrual balance measure, however it has been adopted in a particular way in this Budget. It is explained in Budget Paper 1, Statement 4 (and see below).

This projection of a return to surplus in year 4 of the forward estimates is similar to the pattern in Budget years since the end of the Global Financial Crisis (GFC) in 2010 – under both Labor or Liberal/National Governments. Given past history, it also seems similarly implausible. Last year, the pattern of forecasts and failure to meet them was revealed graphically by the Grattan Institute (see CHART below).

CHART: Budget Forecasts, underlying cash balance, per cent of GDP



Source: Grattan Institute, *Analysis of Commonwealth Budget Papers 2010-11 to 2017-18*

The Budget forecasts growth, GDP, wages, interest rates and other key domestic economy parameters for the 2017-18 and 2018-19 years. The later two years of the forward estimates for revenues and expenditure rely on projections of those forecasts as the key parameters. The Budget forecasts economic growth of 2 ¾ % in 2017-18 and up to 3% in 2018-19 and remaining years in the forward estimates period. Similarly consumption growth is forecast to increase to be 2 ¾ % in 2017-18 and 3% in 2018-19.

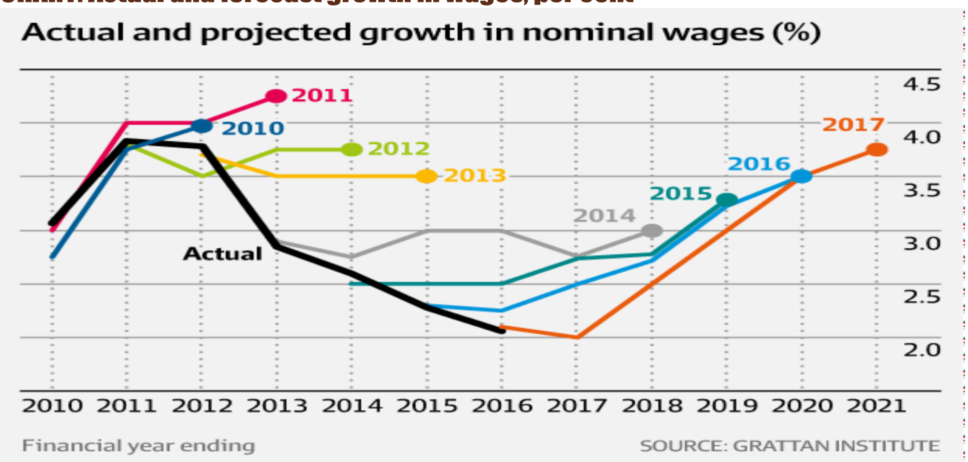
CHART: Budget Paper No. 1, BS2, Table 1, 2-6 (notes excluded)

Table 1: Domestic economy forecasts[a]

	Outcomes(b)	Forecasts		
	2015-16	2016-17	2017-18	2018-19
Real gross domestic product	**2.6**	**1 3/4**	**2 3/4**	**3**
Household consumption	2.9	2 1/2	2 3/4	3
Dwelling investment	10.6	4 1/2	1 1/2	-4
Total business investment(c)	-10.3	-6	0	3
By industry				
Mining investment	-27.5	-21	-12	-3
Non-mining investment	1.4	1 1/2	4 1/2	4 1/2
Private final demand(c)	0.8	1	2 1/4	2 1/2
Public final demand(c)	3.4	4	2 1/2	3
Change in inventories(d)	-0.1	0	0	0
Gross national expenditure	1.3	1 3/4	2 1/2	2 3/4
Exports of goods and services	6.7	5 1/2	5	4
Imports of goods and services	-0.3	3	3	3
Net exports(d)	1.4	1/2	1/2	1/4
Nominal gross domestic product	2.3	6	4	4
Prices and wages				
Consumer price index(e)	1.0	2	2	2 1/4
Wage price index(f)	2.1	2	2 1/2	3
GDP deflator	-0.3	4	1	1
Labour market				
Participation rate (per cent)(g)	64.8	64 1/2	64 1/2	64 1/2
Employment(f)	1.9	1	1 1/2	1 1/2
Unemployment rate (per cent)(g)	5.7	5 3/4	5 3/4	5 1/2
Balance of payments				
Terms of trade(h)	-10.2	16 1/2	-2 3/4	-4 1/4
Current account balance (per cent of GDP)	-4.4	-1 1/2	-1 1/2	-2

As personal income tax is our largest tax and most of it falls on wages, the forecast of wage growth is a critical parameter in the Budget. In fact, the budget forecast trend for the fiscal balance almost exactly tracks the budget forecasts for wages growth, as illustrated by another Grattan Institute chart (below).[2] These wage forecasts and projections in the Budget have been widely criticised by commentators as too optimistic given the current economic situation; and that suggests that the fiscal balance forecast is similarly too optimistic.

CHART: Actual and forecast growth in wages, per cent



Source: Grattan Institute; http://www.afr.com/news/policy/budget/budget-repair-is-underway-pity-its-all-about-revenue-and-not-expenditure-20170512-gw37tn?btis

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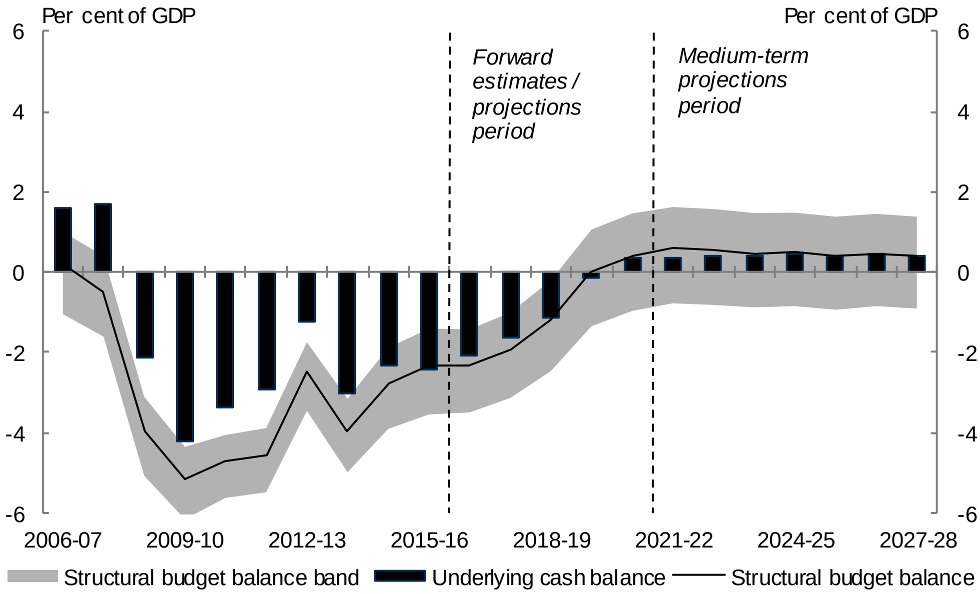
[2] https://grattan.edu.au/news/pragmatic-progress-on-budget-repair-but-a-long-way-to-go/

Fiscal Strategy

The Government restates its commitment to "strong fiscal discipline" and a "responsible pathway back to balance". The budget repair strategy requires offsetting of spending within the Budget, so that "new spending measures will be more than offset by reductions in spending elsewhere within the Budget" (Budget Paper No. 1, BS3, 3-7). The pathway to budget balance is shown in this Chart:

CHART: Pathway to budget balance

Chart 5: Structural budget balance estimates



Note: The methodology for producing structural budget balance estimates was detailed in Treasury Working Paper 2013-01 and incorporates the medium-term projection methodology detailed in Treasury Working Paper 2014-02.b Source: ABS cat. no. 5206.0, 5302.0, 6202.0, 6401.0 and Treasury.
Source: Budget Paper No. 1, Chart 5, BS3, 3-20.

Net operating balance compared to cash balance

Budget 2017-18 brings to the front the "net operating balance" which has been recorded in past Budgets as part of the general accrual budgeting approach. The Government states that this is done "to provide better information as to how closely the Government is meeting its recurrent obligations from its annual revenues" and argues that "if government cannot meet recurrent spending from today's taxes then this spending must be funded by taking on public debt which will have to be funded by higher taxes in future" (Budget Paper No. 1, Box 7, BS3, 3-33).

This states the obvious that the primary way to fund government expenditure is through taxes. The ability to tax, in a sense, is the Government's greatest asset – but it must be used wisely.

A "revenue" budget

The 2017-18 Budget is a "revenue" budget. Overall it contains policy measures that will contribute to a forecast of tax receipts rising by $11.9 billion over the forward estimate, offset by downward revisions because of economic assumptions (Budget Paper No. 1, BS1, 1-10). The main policies increasing revenue are the increase in the Medicare Levy, the new Bank Levy, the "foreign visa worker" (Skilling Australians Fund) levy and various integrity and base protection measures in the GST, company tax and personal income tax.

This contrasts with last year's Budget when the Government stated it was committed to a sustainable surplus but that the "overall tax burden" was not being increased and indeed, that it was reducing the tax burden by $1.9 billion over the forward estimates (Budget Paper No. 1, 2016-17, p. 1-6). Similarly, in the 2014-15 Budget, the government insisted that it would achieve fiscal balance with expenditure cuts. However, the Budget still does not contain broad-based tax reform that would put the Government finances on a more sustainable footing for the future.

"Zombie" expenditure cuts removed – and blamed on Senate

The Budget has "reversed" the projected "zombie" expenditure cuts from budget repair measures dating back to the 2014-15 Budget. It explains that this is a response to the "continued rejection by the Parliament of significant government savings measures" (Budget Paper No. 1, BS1, 1-25). The full list of these rejected measures (estimated at $13 billion) is at Appendix A to Budget Paper 1, Statement 3, entitled "Decisions taken as a result of Senate positions".

Debt and Capital Investment

As discussed above, the Government has highlighted in this Budget the concept of "net operating balance" (in addition to the underlying cash fiscal surplus/deficit). Net operating balance is an accrual measure that excludes, according to the Government's definition, capital investment and is intended to highlight the ongoing management of "recurrent expenditure".

The concepts are not new but the choice to emphasise them is new. The Budget states (Budget Paper No. 1, BS3, Box 7, 3-33: "If government cannot meet recurrent spending from today's taxes then this spending must be funded by taking on public debt which will have to be funded by higher taxes in the future."

The concept is further explained in Budget Paper No.1 BS4. The Government points to a "large capital program" in excess of $50 billion and states that if this is separately accounted for (and treated as funded with debt), then the Budget will reach fiscal balance (on the net operating balance measure) in 2018-19, two years earlier than the cash balance timeline. It should be recalled that both balance forecasts rely on optimistic forecasts of growth and wages.

This more permissive approach to borrowing to fund capital investment is sensible ("good debt") has had a generally positive reception, in an era of low interest rates and a need for more infrastructure. However, it must be remembered that the merits of this depend on the quality of the investment. It is likely that investments especially in defence and inland rail have gendered effects and at least directly benefit men more than women.

Enterprise Tax Plan – Company Tax Cut

Budget 2017-18 continues the Enterprise Tax Plan announced in the 2016-17 Budget, which announced cuts to company tax and for small unincorporated businesses. Some of the company tax cuts previous announced have been made law, so the company tax rate for small businesses is now 27.5 % up to a turnover of $50 million, to be phased in over the coming three years. The Government has not persuaded the Parliament to pass the remainder of its plan which would reduce the rate for all companies to 25% phased in over a decade to 2026-27.

The Budget itself does not contain the Enterprise Tax Plan as a new measure. However, it restates the Government's proposal to enact the full Plan.[3] The Government continues to state the purpose of the company tax cut as to raise productivity and real wages and "permanently expand the economy by just over one per cent in the long term" (Budget Paper No 1, BS1, 1-3). The concerns about tax competition internationally continue to be important and uncertain, in particular it is not clear what our biggest source of foreign investment, the United States, will do with its company tax.

The company tax cuts to date were estimated in the 2016-17 Budget to cost between $500 million to $1 million in each year over the forward estimates. The Government's estimates for company tax revenues to trend up takes this policy change into account.

Gender implications

A strong and fiscally sustainable government to deliver public goods and social welfare is good for women. The accuracy and realism of fiscal forecasts matters to all Australians, men and women, as the Budget should be transparent and present the real fiscal position of government.

It is good for all people, but women in particular, that the Government has accepted that core public funding is needed for education (especially schools and early childhood education), health (especially Medicare), disability and social welfare.

We support the Government's acknowledgement of the need for revenue measures to achieve fiscal balance, not just expenditure cuts. Fiscal discipline at all costs is not good for people, or in particular for women who suffer more from cuts in social welfare, public expenditure on health, education, safety and the age pension. However, fiscal prudence is an important element of sustainable budget policy which is good for women and girls in the longer term. The revenue measures in the 2017-18 Budget go some way towards improving fiscal sustainability but are not substantial tax reform that would place the Budget on a firm basis for the future.

This Budget undoes some of the most extreme cuts to expenditures. There is a risk, based on previous policy proposals, that the expenditure offsetting fiscal strategy could result in a transfer of government expenditures from women to men or with more significant impact on women than on men.

Debt and capital investment

There is some justification in budget principles for the acceptance of use of debt to fund capital investment but the assumption that only infrastructure expenditure delivers benefits over time is plainly wrong. Recurrent expenditure includes expenditure to prevent domestic violence, pay teachers and fund vaccines. Women benefit directly from all of these forms of public spending. To the extent that government insists on cutting or not increasing this spending where needed, this will negatively affect women.

The Budget states (Budget Paper No.1, BS4, 4-13) that "another approach is to attribute government debt and associated interest payments to areas of government spending to get a better sense of the drivers of increased debt." As money is fungible - as acknowledged in BP4, there is no justification for the allocation of debt - called "bad debt" in media debates to specific Government departments.

[3] See also Treasurer Media Release, 1 February 2017, http://sjm.ministers.treasury.gov.au/media-release/005-2017/

In sum, the new approach, while purporting to add clarity to the Budget does little to do so. It may free up some room for borrowing to fund need infrastructure especially for public transport in cities and the new airport, which will ultimately benefit women as well as men. However, it fails to recognise the Government's biggest asset – the ability to tax, to fund public goods and expenditure.

Enterprise Tax Plan – Company Tax Cut

Our analysis in the 2016-17 Gender Lens remains relevant. If achieved, jobs and wages growth will benefit women, however the fiscal cost of company tax cuts remains a concern and the economic benefits are contested. Alternative proposals, including investment allowances or depreciation for capital investment, would also have a fiscal cost and may more directly benefit male-dominated industries which have significant capital costs (such as mining or manufacturing) compared to female-dominated industries including services.

1.2 Revenue measures

Winners

- National Disability Insurance Scheme (NDIS) consumers.
- Older downsizers who are not age pensioners.

Losers

- Taxpayers earning more than $21,644.
- Banks with liabilities greater than $100 billion, and potentially customers of those banks.
- Bank employees.
- Non-residents owning residential property.

Budget measures

INCREASE IN THE MEDICARE LEVY

Personal income tax — increase in the Medicare levy — National Disability Insurance Scheme (Commonwealth of Australia, 2016B, p24)

Revenue ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-	400.0	3,550.0	4,250.0

The Medicare Levy will increase by 0.5% to 2.5% with effect from 1 July 2019. The increase will be directed to funding the NDIS.

Personal income tax — increasing the Medicare levy low-income thresholds (Commonwealth of Australia, 2016B, p.25)

Revenue ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	-60.0	-40.0	-40.0	-40.0

The Medicare Levy low income threshold will be indexed to exempt people from the Medicare Levy where annual income is less than the following thresholds:

	Single	Family (+ per child)
Pensioner or Senior	$34,244	$47,670 (+$3,356)
Other	$21,655	$36,541 (+$3,356)

This annual indexation is in accordance with usual practice.

Establishment of the Medicare Guarantee Fund (Commonwealth of Australia, 2016A, pp. 5-12)

The Government will establish a Medicare Guarantee Fund from 1 July 2017. Twenty per cent of the revenue from the Medicare Levy is already required to be applied to the Disability Australia Fund; a further 20% will be allocated to the NDIS Savings Fund, then the balance will be credited to the Medicare Levy Guarantee Fund to fund the Medicare Benefits Schedule (MBS) and the Pharmaceutical Benefits Schedule (PBS).

The Medicare Levy Guarantee Fund will be supplemented by the amount of tax revenue required to meet the full cost of the MBS and PBS.

Table 6: How revenue from the Medicare levy is used[a]

(Commonwealth of Australia, 2016A, p5-12)

	Estimates			Projections		
	2016-17	2017-18	2018-19	2019-20	2020-21	Total
	$m	$m	$m	$m	$m	$m
DisabilityCare Australia Fund	3,890	4,040	4,230	4,440	4,690	21,290
NDIS Savings Fund	-	-	-	4,440	4,690	9,130
Remaining Medicare levy revenue(b)	11,680	12,100	12,700	13,310	14,070	63,860
Total	**15,570**	**16,140**	**16,930**	**22,190**	**23,450**	**94,280**

(a) Includes other taxes associated with the Medicare levy.
(b) Available only to the Medicare Guarantee Fund from 2017-18 onwards.

This suite of measures is expected to fully fund the NDIS, and provide a guaranteed pool of funds to pay the cost of the MBS and the PBS. The low-income threshold protects very low income earners from paying the Medicare Levy, and they will not be affected by the increased levy.

SMALL BUSINESS TAX MEASURES

Extending the immediate deductibility threshold for small businesses (Commonwealth 2017b, p 21)

Revenue ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	..	-950.0	50.0	250.0

This measure extends the measure that was introduced in the 2015-16 Budget to allow small business to write off the cost of capital equipment costing less than $20,000. This incentive was originally implemented from 1 July 2015. The most recent tax statistics are in relation to the year ended 30 June 2015 (ATO, 2017), therefore we are not able to comment on the take up rates of this initiative.

MAJOR BANK LEVY

Major bank levy — introduction (Commonwealth 2017b, p 24)

Revenue ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Taxation Office	-	1,600.0	1,500.0	1,500.0	1,600.0
Related expense ($m)					
Australian Competition and Consumer Commission	*-*	*1.2*	*-*	*-*	*-*

This new levy will be levied from 1 July 2017 directly on banks with a liability exceeding $100 billion, currently the ANZ Bank, Commonwealth Bank, Macquarie Bank, National Australia Bank and Westpac Bank. The levy is based on 0.015% of their licenced entity liabilities, as reported to the Australian Prudential Regulatory Authority each quarter, but exempts customer deposits of less than $250,000 in calculating the liabilities subject to the levy.

REFORM OF THE BANKING SECTOR

A More Accountable and Competitive Banking System — implementation (Commonwealth of Australia 2017b 160)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of the Treasury	-	1.1	-	-	-

A More Accountable and Competitive Banking System — improving accountability

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Prudential Regulation Authority	-	0.4	1.4	1.2	1.2
Related revenue ($m)					
Australian Prudential Regulation Authority	*-*	*1.4*	*2.4*	*2.2*	*2.2*

A More Accountable and Competitive Banking System — improving competition

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Competition and Consumer Commission	-	3.0	3.2	3.5	3.5
Department of the Treasury	-	1.2	-	-	-
Total — Expense	-	4.2	3.2	3.5	3.5
Related revenue ($m)					
Australian Prudential Regulation Authority	*-*	*3.0*	*3.2*	*3.5*	*3.5*

A More Accountable and Competitive Banking System — improving external dispute resolution

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Australian Securities and Investments Commission	-	0.9	1.1	0.7	-4.5
Related revenue ($m)					
Australian Securities and Investments Commission	-	-	*1.8*	*1.1*	*0.7*
Australian Prudential Regulation Authority	-	*-2.0*	-	-	*-5.2*
Total — Revenue	-	*-2.0*	*1.8*	*1.1*	*-4.5*
Related capital ($m)					
Australian Securities and Investments Commission	-	*-1.1*	-	-	-

These proposals will provide funds to implement recommendations 1, 2 and 4 of the Review of the Four Major Banks (Standing Committee on Economics, 2016) to: establish an external banking review process; impose accountability obligations on banking executives; and inquire into the best way to establish an open banking regime regarding sharing of financial data to facilitate banking transactions. The cost of establishing these proposals will be largely offset by industry funding.

TAX INTEGRITY PACKAGE

Page		2016-17	2017-18	2018-19	2019-20	2020-21
	Australian Taxation Office	$m	$m	$m	$m	$m
20	Additional funding for addressing serious and organised crime in the tax system	-	45.0	125.5	118.4	119.6
12	Aligning the tax treatment of roll your own tobacco and cigarettes	-	5.0	10.0	10.0	10.0
34	– application of the OECD hybrid mismatch rules to regulatory capital	-	-	-	-	-
35	– Black Economy Taskforce: extension of the taxable payments reporting system to contractors in the courier and cleaning industries	-	-21.0	-1.0	146.0	194.0
35	– Funding:to Black Economy Taskforce: extension of the taxable payments reporting system (TPRS) to contractors in the courier and cleaning industries(**Error! Bookmark not defined.**)	-	0.7	1.0	1.0	0.6
35	– Black Economy Taskforce: one year extension of funding for ATO audit and compliance activities	-	441.7	85.5	42.7	19.1
35	– Funding to Black Economy Taskforce: one year extension of funding for ATO audit and compliance activities	-	-32.0	-	-	-
36	– Black Economy Taskforce: prohibition on sales suppression technology and software	*	*	*	*	*
37	– combatting fraud in the precious metals industry	*	*	*	*	*
38	– improving the integrity of GST on property transactions	-	-	200.0	220.0	240.0
38	– Funding to improving the integrity of GST on property transactions	-	1.8	-2.6	-4.6	-4.8
38	– improving the small business capital gains tax concessions	-	-	*	*	*
39	– toughening the multinational anti-avoidance law	*	*	*	*	*

(* = unquantifiable)

The Australian Taxation Office has been allocated funding to continue to address payments in the Black Economy. Initiatives in respect of large multinationals will continue, but the revenue gain is unquantifiable.

The most significant measures include:

Extending the Taxable Payments Reporting System

Funding has been allocated to extend the taxable payments reporting system, which currently applies to the building and construction industry, to contractors in the cleaning and courier industries. This system requires businesses operating in the industry to annually report payments to contractors that have not had PAYG tax deducted. The information is used in the ATO data matching programme to ensure that the recipient returns the income.

Improving the integrity of GST on property transactions

This measure will require that where a new property is subject to GST the tax is withheld at the time of settlement, and paid to the Australian Taxation Office. Under the current arrangements, the developer is responsible for remitting the GST on the sale of new developments subject to GST.

This is an integrity measure that will ensure that GST paid by the purchaser of a new property is paid to the Australian Taxation Office. It should not have any effect of the price of the property, as the GST is already included in the purchase price of new property.

SUPERANNUATION

Following the reforms implemented last year there have been no major initiatives in the superannuation area. There are some technical changes that will limit the ability of SMSFs to enter into arrangements with related parties, or enter into financing arrangements through Limited Recourse Borrowing Agreements in a way that will circumvent the 2016 reforms.

There are two superannuation measures that have been incorporated in the Housing Affordability Package: the First Home Super Saver Scheme and Contributing the Proceeds of Downsizing to Superannuation.

HOUSING AFFORDABILITY PACKAGE: REVENUE MEASURES

Page		2016-17 $m	2017-18 $m	2018-19 $m	2019-20 $m	2020-21 $m
	TREASURY					
	Reducing Pressure on Housing Affordability					
26	– affordable housing through Managed Investment Trusts		*	*	*	*-
26	ATO program costs – affordable housing through Managed Investment Trusts	-	-1.3	-0.1	-0.1	-
27	– annual charge on foreign owners of underutilised residential property	-	..	5.0	5.0	10.0
27	ATO Program Costs – annual charge on foreign owners of underutilised residential property	-	-0.5	-1.0	-1.0	-1.0
27	– capital gains tax changes for foreign investors	*	150.0	100.0	150.0	200.0

27	ATO program costs – capital gains tax changes for foreign investors	-	-4.8	-4.7	-4.7	-4.8
28	– contributing the proceeds of downsizing to superannuation	-	-	..	-10.0	-20.0
28	ATO program costs – contributing the proceeds of downsizing to superannuation	-	..	..	..	..
29	– disallow the deduction of travel expenses for residential rental property	-	..	160.0	180.0	200.0
29	– expanding tax incentives for investments in affordable housing	-	-	..	-5.0	-10.0
30	– first home super saver scheme	-	-50.0	-60.0	-70.0	-70.0
30	- ATO Program costs for first home super saver scheme	-	-2.8	-2.1	-1.8	-1.6
30	– limit plant and equipment depreciation deductions to outlays actually incurred by investors	-	-	40.0	100.0	120.0
31	– restrict foreign ownership in new developments to no more than 50 per cent	-	-	-	-	-

The Housing affordability package includes a number of revenue measures to support affordable rental accommodation and home ownership, to reduce the number of vacant dwellings and to address tax deductibility of certain expenses.

Affordable Rental Accommodation: Increase in CGT discount

From 1 July 2018 resident individuals who own properties that are rented below market value, will be eligible for a capital gains tax discount of 60%, instead of 50%, when the property is sold. Eligible properties must be managed by a Community Housing Provider and be rented at a discount for at least three years. Properties receiving an National Rental Affordability Scheme (NRAS) incentive will not be eligible until the NRAS incentive has ceased.

There is concern that the interaction of negative gearing and the current 50% CGT discount encourages investment demand in housing, placing pressure on house prices (Standing Committee on Economics, 2016b). Although the Committee recommended that there be no change to the current arrangements, both the ALP and the Greens appended dissenting reports recommending change to current policy.

In the absence of any broader reform to reinstate the NRAS, increasing the capital gains tax discount for investment in affordable rental accommodation will provide a tax incentive that may influence the decisions of private landlords.

In addition to providing funding to develop a bond aggregator finance model, the Budget encourages investment through managed investment trusts (MIT). To be an eligible MIT the trust must have a portfolio in which at least 80% of the properties are rented below market rates. Non-residents who reside in countries where Australia has the relevant agreements who invest in a MIT will be subject to a lower rate of withholding tax of 15% instead of 30% on distributions. Resident individuals will be eligible for the 60% discount rate on capital gains on eligible investments within the trust, which will flow through to the individual.

This will facilitate investment in affordable housing vehicles by individual and smaller institutional investors who may not be able to participate in a bond aggregator scheme. The long-term cost cannot be quantified.

Private Rental Investment

Limits on Tax deductions

There are no significant initiatives in relation to private rental accommodation. There is no increase in the Commonwealth Rent Assistance (CRA), and the capital gains tax discount available to owners of investment properties has not changed, other than the above measure that will be available to owners of affordable rental properties.

Negative gearing as a principle has not been abolished, however two new limitations on the deductibility of expenses for a rental property will be introduced with effect from 1 July 2017.

Firstly, owners of rental properties will no longer be able to claim the cost of traveling to inspect that property. Under the current law, such travel should be apportioned between the proportion related to inspecting the property and other purposes. Disallowing deductibility will address non-compliance and excessive claims for travel.

Secondly, the depreciation of plant where it is not acquired and installed by the current owner will not be deductible, with the cost of fixtures and fittings that are installed when the property is purchased being included in the cost base for capital gains tax purposes. Currently depreciation can be claimed based on a valuation report estimating the value of the fixtures and fittings when purchased. This can result in overvaluations, with the amount allowed in depreciation deductions over several owners exceeding the initial purchase price. Disallowing such deductions will address excessive claims in this area.

However, this is the low hanging fruit. The largest tax deductions in relation to rental properties are interest expense and capital works deductions. The value of deductions for travel and depreciation in 2014-15 was $455 million and $2.5 billion respectively (Table 19a, ATO, 2017) but the value would not be sufficient to ensure that expenses do not exceed rental income.

NFAW has previously recommended reform of the current tax arrangements relating to private investment in housing (Hodgson, 2015). Such reform would also help ensure revenue sustainability and would enhance progressivity and gender equity in the tax system.

Home Ownership

The final step in the housing cycle is home ownership. Although there is reference to assisting home ownership in the material accompanying the Budget (Treasury, 2017 p21), there is no specific funding as these forms of assistance are state matters.

Investment in Housing by Non-residents

In response to concern over foreign investment in residential housing, there are three measures that will affect non-residents, which all take effect from Budget night.

Firstly, new residential developments will be restricted to a maximum of 50% of sales to foreign investors.

Secondly, if a property owned by a non-resident is vacant for more than six months of the year, the owner will be liable to pay a levy equal to the Foreign Investment Review Board Application fee. The fee is currently based on the price of the land, starting from $5000 for a property costing less than $1 million.

Finally, non-residents and temporary residents will be unable to claim the main residence capital gains tax exemption on the sale of an Australian residence, even if that property is their main residence when they are in the country.

These measures are intended to increase the supply of available properties in the private rental market. Reserve Bank data shows that Chinese investment in the housing market is a small proportion of overall activity in the market, but it is increasing, although the data is limited (RBA 2016). This accounted for only a small proportion of the strong property price growth between 2010 and 2015. Further, foreign investors are more likely to purchase newly constructed dwellings, whereas first home owners are more likely to purchase existing dwellings (Wokker and Swieringa, 2016).

Accordingly these measures are unlikely to make any significant change to housing affordability for new home buyers.

First Home Super Savers Scheme

The First Home Super Savers (FHSS) scheme will allow people saving for a deposit on a home to make voluntary concessional (pre-tax) contributions to their superannuation account, then withdraw those contributions to make the deposit on their home.

The first home owner can contribute a maximum of $15,000 pa, up to $30,000 in total and cannot exceed the concessional contribution cap, currently $25,000. When making the withdrawal, the interest attributed to the deposit is deemed at a statutory rate equal to the 90 day bank bill rate + three per cent. The withdrawal will be taxed, but there will be a tax offset of 30% applied against the saver's marginal tax rate.

The Government claims that this will increase the amount that a person will have available for a deposit by up to 30%. The increase in savings arises from leveraging the difference between the 15% tax rate applied on deposits to and earnings in the superannuation fund against the marginal tax rate that the saver would pay on earnings, and on any bank interest earned.

There are some significant differences from the First Home Saver Accounts (FHSA) available between 1 October 2008 and 30 June 2015. The structure of the taxpayer support is different, being through leveraging tax rates rather than a direct contribution to the account. Significantly the FHSA required the saver to leave the funds in the account for at least four years. There does not appear to be any such time limitation on the FHSS. The FHSA was criticised for being complex and poorly promoted, and the take-up rate was low.

The use of the superannuation system for a purpose other than retirement savings is questionable. NFAW supported the legislation enshrining the Objectives of Superannuation as being to provide for retirement. In this scheme the withdrawals are limited to voluntary contributions, within the contribution caps; and there is a maximum amount that can be withdrawn. If there is no withdrawal, the amount remains invested in superannuation and subject to the usual preservation rules.

Downsizing Initiative

Under this proposal homeowners who downsize will be encouraged to contribute up to $300,000 of any surplus to superannuation. The purpose of the concession is to encourage older homeowners to downsize, freeing up larger homes for sale. The property must have been the principal residence for at least 10 years, and each member of a couple can utilise the concession, allowing contributions up to $600,000 for a couple.

The proposal removes two key barriers in the superannuation system that restrict contributions in this situation. Firstly, a person over 65 will be permitted to contribute to superannuation without having to meet the work test; and secondly the new restriction on non-concessional contributions by people who have more than $1.6 million in superannuation will be suspended.

However there are two significant issues that remain. If a person has more than $1.6m in superannuation the transfer balance cap remains, limiting the amount that can be held in pension phase, paying no tax, to $1.6 million. If this amount is exceeded after contributing the downsizing amount the surplus must remain in an accumulation account paying 15% tax.

More significantly, a pensioner's superannuation balance is taken into account in the means test for age pension and aged care purposes, and the proposal does not modify this rule for downsizers. For every $1000 that a person has in assets over the threshold, the age pension is reduced by $3 per fortnight. The upper threshold for the assets test is currently:

	Homeowner		Non-homeowner	
Family situation	Full pension	Part pension	Full pension	Part pension
Single	$250,000	$542,500	$450,000	$742,500
Couple (combined)	$375,000	$816,000	$575,000	$1,016,000

Depositing $300,000 into superannuation could reduce the age pension by $900 per fortnight, which is more than the current single age pension rate. As the age pension is replaced by drawing down on superannuation, the exempt family home will become an income stream.

This measure is targeted to older people who are not receiving the age pension, because they either have an alternative income stream or they have assets in excess of the age pension limits.

Gender implications

Increase in Medicare levy

NFAW supports the use of additional Medicare Levy collections to fully fund the NDIS, but we believe that the increased revenue could be obtained in a fairer manner. Women are overrepresented among lower income earners, so any measure that increases the tax burden on low income earners has a disproportionate effect on women.

The increase in the Medicare Levy is a flat tax, applied across the board to all except the lowest income earners. NFAW supports a progressive tax system, where the rate of the tax increases proportionately as income increases. A flat increase across all taxpayers who are above the low-income threshold does not meet this test.

Alternatives to a flat rate increase across all tax brackets would include increasing the Medicare Levy for high income earners, for example by removing the exemption from the Medicare Levy surcharge where a person has private health insurance; adjusting the amount and thresholds for the Low Income Tax Offset; or adjusting personal income tax rates across all income levels to ensure there is no increase in the marginal tax rate (with levy) for low income earners.

The Deficit Reduction Levy that was applied to high income earners is due to be lifted with effect from 1 July 2017. The Budget papers are again silent on this matter. As noted last year, this is the expiry of an existing levy, not the repeal of a tax on high income earners.

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% of those in the top tax bracket and although those high-income women will benefit from the lapse of this two per cent levy, it will be benefit more men than women.

Creating the Medicare Guarantee Fund is an unnecessary complication to public finance. The remaining Medicare Levy collected after deducting the NDIS and Disability Care amounts will not be sufficient to fund the MBS and the PBS, and will need to be topped up with income tax revenue. The creation of this fund does not serve any particular purpose.

Small business tax measures

The NFAW analysis in the 2015-16 Gender Lens noted that:

This measure will benefit small businesses that have a positive cash flow, but will not assist businesses that do not have the cash flow to incur additional expenditure up front on relevant items. Women are almost as likely as men to operate small business, but are less likely to operate as independent contractors; therefore access to accelerated depreciation is more likely to favour men who operate businesses reliant on tools or machinery. (Department of Industry, Innovation, Science, Research and Tertiary Education, 2012)

(NFAW 2015)

Major bank levy

The bank levy is a significant new source of revenue in the Budget. It is structured as a levy directly on the bank, without any requirement that the cost is transferred to the customer as an indirect tax. Following discussion at the G20 at the September 2009 G-20 Pittsburgh summit banking levies have been introduced into at least 15 countries (Kogler, 2016).

However, business taxes will inevitably be passed on through a combination of three mechanisms: the cost will be passed on to customers through increased prices; profit distributions to shareholders will be reduced; and/or other expenditure, including employment costs, will be constrained which passes the cost on to employees. Each of these will impact different, possibly overlapping, stakeholders in the bank.

It is difficult to determine the gender impact of each response. A reduction in profits will reduce distributions to shareholders and reduce the value of shares in these banks. This effect will be spread widely through the community as the proportion of institutional investors in each bank ranges from 46.5% (Commonwealth Bank) to 58.2% (ANZ) and bank shares are included in most superannuation portfolios.

The effect of an increase in the cost of bank services would depend on the products that the banking sector decided to include in increased pricing structures. Although certain products are excluded from the assessment base, as the proposed charge is not designed to be passed on to the consumer, there is no requirement that those products are excluded from price rises, or reductions in interest rates paid. Evidence on the incidence of bank levies indicates that it is more likely to be passed on to borrowers through increased lending rates (Kogler, 2016). Interest rates and fees are under scrutiny by the Reserve Bank and the Australian Securities and Investment Commission, and this scrutiny could limit increases.

Of more concern is the possibility that the banks will cut operating costs. Indeed, the Treasurer has warned the banks to absorb the levy instead of passing it on to consumers or shareholders (Morrison, 2017). Although bonuses paid to senior executives have been criticised (Standing Committee on Economics, 2016), restraining bonuses alone will not be sufficient to pay the levy. In 2016 women made up 55.8% of employees in the finance sector (WGEA, 2017), so expenditure constraints are likely to have a negative effect on female employment in that sector.

Securing a new source of revenue represents a significant change in policy direction, and has allowed the Government to abandon the savings measures proposed in Budgets since 2014-15 that had a negative impact on women. Although certain groups will bear the burden of this tax, it is likely to be shared more widely among the community, with the burden on investors and borrowers increasing as the holdings or loans increase. Although there is limited information to make a gender breakdown, as women have lower superannuation and other investments than men (Senate Economics Committee, 2016), the gender impact is likely to favour women.

Therefore NFAW supports the proposed levy as broadly redistributive across the whole community, and between men and women, but we call on the banks to fund the levy without reducing employment or employment conditions of women in the sector.

Reform of the banking sector

These proposed changes to the banking sector will improve the ability for consumers to negotiate with the banks, and hold banks to account.

There is insufficient data to determine whether there is a gender impact from these changes. Women are likely to hold a larger proportion of assets in cash deposits, and would therefore benefit from these changes. However, many of the accountability concerns have arisen in more complex areas of business, where women are less likely to invest.

NFAW supports these changes although we cannot analyse the gender impact.

Extending the Taxable Payments Reporting System

Although women are overrepresented in the cleaning industry, this will have no negative impact on women who are correctly returning their earnings from contract cleaning. There will be an additional administrative burden on businesses paying contractors in this industry however the reporting requirements are annual and not onerous.

Of more concern to NFAW is the problem of whether workers are engaged as contractors when they should be employed as employees, removing a range of workers' entitlements. This measure does not address this problem.

Superannuation

We support changes that protect the integrity of the reforms implemented in 2016. As noted in the Gender Lens on the Budget produced last year (NFAW, 2016) changes to reduce the bias that allowed high income earners to benefit disproportionately from the ability to access superannuation tax concessions will improve the gender equity of the superannuation system.

Housing Affordability Package

Our bigger concern is that there is a gender bias in using the superannuation system in this manner. Women are overrepresented among lower income earners, and have less capacity to make voluntary contributions to superannuation. Single women, in particular, are less likely to have the capacity to save through their superannuation fund. When combined with the lowering of the HECS repayment threshold, women will have less capacity to access this as a form of savings. Further, the amount that can be withdrawn, at $30,000 (less contributions and income tax), is less than 10% of the median house price in any of the major cities:

Median Price of Established House transfers: December 2016

City	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Median Price	970,000	675,000	515,000	450,000	523,000	385,000	525,000	650,000

ABS 2017

Overall, while this measure will assist savers, it will not be sufficient to make a substantial difference to home ownership levels among women purchasing their first home.

Downsizing initiative

This measure has an adverse gender impact. Older women are less likely to have superannuation accounts than men, and their balances are usually substantially lower than men of the same age (Clare, 2015). Women are more likely to be in receipt of an age pension than men, and more likely to be receiving the full age pension (Senate Economics Committee, 2016). Women are less likely to make use of this measure.

Recommendations

1.2.1

NFAW recommends that the proposed increase in the Medicare Levy is restructured to ensure it is progressive. Alternatives to a flat rate increase across all tax brackets would include increasing the Medicare Levy for high income earners, for example by removing the exemption from the Medicare Levy surcharge where a person has private health insurance; adjusting the amount and thresholds for the Low Income Tax Offset; or adjusting personal income tax rates across all income levels to ensure there is no increase in the marginal tax rate (with levy) for low income earners.

1.2.2

NFAW supports the proposed bank levy as broadly redistributive across the whole community, and between men and women, but we call on the banks to fund the levy without reducing employment or employment conditions of women in the sector.

1.2.3

NFAW does not support the superannuation downsizing proposal as it is poorly targeted, will not advantage age pensioners and is unlikely to increase the supply of housing.

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2. Social services

2.1 Transfer payments

Winners

- Extra funding for service providers in rural, regional and outer suburban areas to develop their work force needs.
- Funding for survivors of institutional child sexual abuse.
- Pensioners receive a one-off Energy Assistance Payment.
- Child support program recipients will have better payment arrangements.
- The pensioner concession card will be reinstated for those who lost eligibility in January
- Commonwealth funding for the development of the market for social impact investments

Losers

- Pensioner Education Supplement recipients will receive reduced payments.
- Some FTB A recipients will have reduced payments because of an alignment of taper rates.
- FTB Recipients will have their payments frozen for two years.
- The Liquid Assets Waiting Period will be doubled, those affected will now wait for six months before payment.

Budget measures

Aligning the Pensioner Education Supplement and Education Entry Payment (Commonwealth of Australia, 2017, p. 146)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Human Services	0.1	6.6	0.2	0.1	-
Department of Social Services	-	-14.5	-29.4	-30.1	-30.8
Total — Expense	0.1	-7.8	-29.3	-30.0	-30.8
Related capital ($m)					
Department of Human Services	-	*3.1*	-	-	-

The Government will achieve savings of $94.7 million over five years from 2016-17 by more closely aligning the payment rates for the Pensioner Education Supplement (PES) and the Education Entry Payment (EdEP).

Boosting the Local Care Workforce (Commonwealth of Australia, 2017, p.148)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Social Services	-15.5	3.5	12.0	3.0	-
Department of Health	-	-3.0	-	-	-
Total — Expense	-15.5	0.5	12.0	3.0	-

The Government will assist service providers in rural, regional and outer suburban areas to provide the workforce required to meet the expected growth in the disability and aged care sectors arising from the introduction of the National Disability Insurance Scheme and an ageing population by investing $33.0 million over three years from 2017-18.

Commonwealth Redress Scheme for Survivors of Institutional Child Sexual Abuse (Commonwealth of Australia, 2017, p. 149)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Human Services	-	16.1	nfp	nfp	nfp
Department of Social Services	-	6.0	nfp	nfp	nfp
Department of Health	-	2.1	nfp	nfp	nfp
Attorney-General's Department	-	1.6	nfp	nfp	nfp
Australian Taxation Office	-	-	nfp	nfp	nfp
Department of Immigration and Border Protection	-	-2.8	nfp	nfp	nfp
Department of the Prime Minister and Cabinet	-	-4.8	nfp	nfp	nfp
Department of Defence	-	-25.8	nfp	nfp	nfp
Total — Expense	-	-7.6	nfp	nfp	nfp
Related revenue ($m)					
Australian Taxation Office	-	-	-	-	-
Related capital ($m)					
Department of Human Services	-	*7.6*	*nfp*	*nfp*	*nfp*

The Government will provide $33.4 million in 2017-18 to establish the Commonwealth Redress Scheme for Survivors of Institutional Child Sexual Abuse (the Scheme). The Scheme has been designed in close consultation with the Independent Advisory Council on Redress appointed by the Prime Minister in December 2016. The Scheme will commence in March 2018 and start receiving applications from 1 July 2018 from people who were sexually abused as children in Commonwealth institutions. The Commonwealth will continue to engage with States, Territories and non-government institutions to encourage them to join the Scheme to promote a nationally consistent approach to redress. Redress payments will be exempt from income tax.

Consistent Income Treatment for Families Receiving Family Tax Benefit Part A (Commonwealth of Australia, 2017, p.150)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Human Services	0.3	7.1	7.3	2.9	0.9
Administrative Appeals Tribunal	-	-	0.5	-	-
Department of Health	-	-	-3.0	-7.4	-8.8
Department of Social Services	-	-	-127.6	-143.0	-144.3
Total — Expense	0.3	7.1	-122.9	-147.5	-152.3

The Government will achieve efficiencies of $415.4 million over five years by implementing a consistent 30 cents in the dollar income test taper for Family Tax Benefit Part A families with a household income in excess of the Higher Income Free Area (currently $94,316) from 1 July 2018.

Energy Assistance Payment (Commonwealth of Australia, 2017, p.151)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Social Services	245.5	2.0	-	-	-
Department of Veterans' Affairs	17.4	0.3	-	-	-
Department of Human Services	3.2	0.3	-	-	-
Total — Expense	266.1	2.5	-	-	-
Related capital ($m)					
Department of Veterans' Affairs	-	*0.3*	-	-	-

The Government will provide $268.9 million over two years to make a one-off Energy Assistance Payment in 2016-17 of $75 for single recipients and $125 per couple for those eligible for qualifying payments on 20 June 2017 and who are resident in Australia.

Family Tax Benefit Part A rate increase — not proceeding (Commonwealth of Australia, 2017, p.153)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Health	-	-	..	..	..
Department of Social Services	-	-	-643.2	-638.1	-633.5
Department of Human Services	-	-0.6	-0.3	-0.3	-0.3
Total — Expense	-	-0.6	-643.5	-638.5	-633.8

The Government will achieve savings of $2 billion over five years by maintaining the current Family Tax Benefit (FTB) payment rates for two years at their current levels from 1 July 2017. Indexation of the FTB payment rates will resume on 1 July 2019.

Government Response to the Parliamentary Inquiry into the Child Support Program — implementation (Commonwealth of Australia, 2017, p.154)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Human Services	0.4	8.1	1.4	1.2	1.3
Department of Social Services	-	-	-	-	-
Total — Expense	0.4	8.1	1.4	1.2	1.3

The Government will provide $12.4 million over five years from 2016-17 to implement three priority recommendations of the report of the House of Representatives Standing Committee on Social Policy and Legal Affairs, From conflict to cooperation — Inquiry into the Child Support Program.

Liquid Assets Waiting Period — increasing self-reliance (Commonwealth of Australia, 2017, p.155)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Human Services	-	0.3	2.1	-	-
Department of Employment	-	-	-3.8	-10.4	-12.2
Department of Social Services	-	-	-30.9	-40.6	-43.1
Total — Expense	-	0.3	-32.5	-51.0	-55.3

The Government will achieve efficiencies of $138.5 million over four years from 2017-18 by increasing self-reliance for income support recipients who have sufficient assets to support themselves.

Pensioner Concession Card — reinstatement (Commonwealth of Australia, 2017, p.158)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Human Services	-	3.1	-	-	-
Department of Social Services	-	-	-	-	-
Total — Expense	-	3.1	-	-	-

The Government will provide $3.1 million in 2017-18 to reinstate the Pensioner Concession Card for pensioners who were no longer entitled to the pension following changes to the pension assets test from 1 January 2017. Reinstating the Pensioner Concession Card will enable pensioners to access Commonwealth subsidised hearing services.

Social Impact Investing Market — trials (Commonwealth of Australia, 2017, p.159)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Social Services	-	2.2	3.6	2.1	3.2
Department of the Treasury	-	-	-	0.5	0.5
Total - Expense	-	2.2	3.6	2.6	3.8

The Government will provide $20.2 million over 10 years from 2017-18 to encourage the development of the Australian market for social impact investments. Social impact investing is an innovative, outcomes-based approach that brings together governments, service providers, investors and communities to deliver a range of social and environmental outcomes.

Gender analysis

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 (*Statistical Paper No.12: Income Support Customers: a statistical overview).*

Social services are critical for addressing poverty and reducing growing inequality.

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.

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 Poverty in Australia Report 2014 p2).* Freezing FTB indexation will simply make this situation worse.

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) (*OECD Income Distribution Database: Gini, poverty, methods and concepts. February 2016).* 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.

Recommendations

2.1.1
NFAW recommends that the Budget be revised to increase the base rate of allowances

2.1.2
NFAW recommends that the Budget be revised to increase the rate of Commonwealth Rent Assistance and change the indexation base to changes in national rents

2.1.3
NFAW recommends that the Budget be revised to change the indexation changes to income support and family payments to wages to keep pace with living standards into the future.

2.1.4
NFAW recommends that the Budget be revised to replace the dual system of family payments with a single payment for children with higher levels for low income families.

2.1.5
NFAW recommends that the Budget be revised to retain the current levels of the PES and the EdEP.

2.2 Jobseekers

Winners

- New funding to assist older unemployed find work.

Losers

- Work for the Dole will be refocused.
- A new Jobseekers Compliance Framework will be introduced through a new demerit system for non-compliance and through drug and alcohol testing for some new claimants.
- Sole parents will have to prove their relationships have broken down.
- Older unemployed will have greater mutual obligations imposed upon them.
- Unemployed claimants will no longer have payments backdated by Centrelink. They will not be paid until they meet with employment providers.

Budget measures

Better Targeting of Assistance to Support Jobseekers (Commonwealth of Australia, 2017, p.92)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Human Services	4.1	35.4	33.3	29.6	29.7
Administrative Appeals Tribunal	-	0.1	0.1	0.1	0.1
Department of Employment	-	-10.0	-34.8	-32.5	-31.6
Department of Social Services	-	-44.1	-183.6	-213.1	-229.5
Total — Expense	4.1	-18.6	-185.0	-215.9	-231.3
Related capital ($m)					
Department of Employment	-	*14.6*	-	-	-

The Government will refocus Work for the Dole and introduce a new Jobseeker Compliance Framework (the Framework) that strengthens penalties for deliberate non-compliance while providing additional help for genuine job seekers to meet their requirements.

The new Framework will include a Personal Responsibility Phase where each failure without a reasonable excuse will result in payment suspension until re-engagement, and accrual of demerit points. Individuals who accrue four demerits in six months will enter a three-strike Intensive Compliance Phase, in which they will face escalating penalties.

The new Compliance Framework will include initiatives aimed at reducing substance misuse among welfare recipients. It will also include initiatives that will encourage claimants to provide information and meet their responsibilities in a timely manner, including the removal of backdating provisions. The relationship status verification process will also be streamlined for new and existing single parent claimants.

A new 'Work First' approach in the income support claim process will encourage recipients to make faster connections with employment service providers, improving their chances of finding work quickly.

Under the current arrangements, income support payments are backdated to the date the payment recipient first contacted the Department of Human Services.

From 1 January 2018, income support payments will start from the date a recipient attends their first appointment with their employment service (*jobactive* or Transition to Work) provider. This will encourage people who are looking for work to engage as quickly as possible with the services that will help them to find a job.

Working Age Payments Reforms (Commonwealth of Australia, 2017, p.161)

Expense ($m)

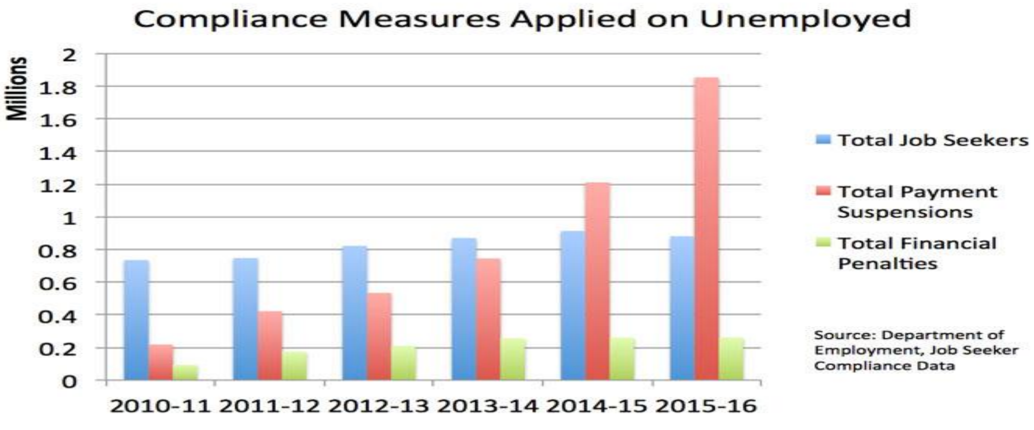
	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Human Services	0.3	6.9	19.2	25.0	6.2
Department of Employment	-	1.8	5.1	6.7	9.0
Administrative Appeals Tribunal	-	-	1.8	2.2	2.2
Department of Veterans' Affairs	-	-	0.4	0.1	..
Department of Social Services	-	-0.4	-1.2	-0.6	-4.9
Total — Expense	0.3	8.3	25.3	33.4	12.5
Related capital ($m)					
Department of Employment	-	*3.5*	-	-	-
Department of Veterans' Affairs	-	-	*0.6*	*0.2*	-
Total — Capital	-	*3.5*	*0.6*	*0.2*	-

As part of the Working Age Payment reform measure, a new system of participation and mutual obligation rules will encourage more people to actively look for work and join in activities that will boost their chances of getting a job.

Participation requirements for job seekers aged 30 to 49, and job seekers aged 55 to the Age Pension age will be strengthened, along with increased support to help them into employment. To provide more opportunities for mature age people looking for work, from 1 July 2018 a range of initiatives will be introduced to provide additional assistance to people aged 50 years and over.

Gender implications

The past few decades have seen an increased focus on links to employment through tightening obligations (conditionality) on activities the unemployed must undertake. However, there hasn't been a recent concomitant focus on the adequacy of payments. Many commentators have highlighted the inadequacy of the unemployment payments. The new compliance framework would exacerbate already dire poverty levels.



Since the introduction of the job active system in 2015, the number of penalties imposed by job agencies the unemployed has increased by more than half. These figures are not available disaggregated by gender.

Single parents, particularly have suffered harsh changes over the last decade. Parenting Payment Single was ceased for parents whose youngest child turned eight. This was followed in 2008 by moving "grandfathered" PPS recipients onto Newstart (130,000 people, mostly women). This Budget proposes reducing education payments and the introducing the particularly demeaning verification process. There appears to be no evidence that these measures have resulted in increased labour force participation.

The proposed changes to welfare announced in the Budget, aimed at moving the jobless into work will make life for many working age people uncomfortable or precarious. These changes make out-of-work benefits even lower. Placing more people onto a working age payment has many risks, unless the base payment is substantially increased and a community standards rate of indexation is introduced.

The jobs first rationale is not supported. NFAW is concerned that an exclusive focus on an individuals' deficits, and the role and actions of individuals, understates the redistributive or protective role of the state. We believe that the individual focus has become the rationale for a harsher sanction regime.

Recommendations

2.2.1

NFAW recommends that introducing a working age payment should be delayed until its historical relativity to pensions be re-established.

2.2.2

NFAW believes the government should reject attempts to expand income support programs which limit what people can spend their benefits on.

2.2.3

NFAW recommends that the Compliance Framework be rejected.

2.3 Child care

Winners

- From next year more parents will be able to afford child care.
- Universal access to preschool the year before starting school will be continued for a further two years.
- Extra funding for child care in rural, regional and Aboriginal and Torres Strait Islander communities.

Losers

- Parents not in the paid work force have access to child care reduced to 12 hours per week.
- Families with incomes above $350,000 per annum.

Budget measures

Jobs for Families Package — upper income threshold (Commonwealth of Australia, 2017, p. 87)

Expense ($m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Human Services	-	-	-0.3	-0.3	-0.3
Department of Education and Training	-	-	-32.6	-39.4	-46.4
Total — Expense	-	-	-32.9	-39.7	-46.8

The Jobs for Families Child Care package, which is intended to result in a child care system that is more flexible, accessible and affordable. A key feature of these reforms is replacing existing child care payments with a single, means-tested Child Care Subsidy from 2 July 2018.

Measures in the 2017–18 Budget relating to these reforms include:

- Adjustments to the Child Care Subsidy taper that will reduce the subsidy to zero for families on incomes of $350,000 or more (in 2017–18 terms).
- Adjustments to the Community Child Care Fund to set aside $61.8 million to provide a third funding stream for Budget Based Funded services operating in mostly rural and remote communities to ensure viability as they transition to the new child care system. This is in addition to the Child Care Subsidy and Additional Child Care Subsidy.

Funding has also been made available to extend Early Childhood Education—see section 4.1.

Gender implications

In 2002, median weekly expenditure on child care was $53 for couple families with expenditure on child care, and $28 for lone-parent families with expenditure on child care. In 2014, the corresponding medians were $111 and $65, which translate to large real increases of 109% and 132%, respectively (Wilkins, 2016, p. 12).

Child care is a significant financial strain for many families, and has an impact on women's workforce participation. In couple families, mothers are often regarded as the second income earner. Mothers also tend to have primary responsibility for the care of their children and household activities.

According to the Productivity Commission (2014, p. 183) mothers' workforce participation in 2014 — in terms of the participation rate and full-time share of employment — was well below that of fathers (93% and 92%), of women aged 25 to 54 years without children (84% and seven per cent). Australia's maternal employment rate in 2009 (62%) was below the Organisation of Economic Co-operation and Development average (66%).

The Commission argued (2014, p. 183) that government support for families needing child care would deliver increased workforce participation, which in turn could result in benefits to the wider community through: reduced social and economic disadvantage; increased economic output and productivity; and improvements in the Government's fiscal position.

Investment in children also helps develop their human capital and can have an important effect on the inter-generational transfer of poverty.

For these reasons, the new funding arrangements for child care are welcome. However, while this package makes considerable improvements, the lack of adequate access for women not in paid work is of concern, particularly as it is likely to affect women on lower incomes.

Women continue to do most of the unpaid care. While economic and demographic aims are important for investment in child care, it has a much broader gender equality objective.

Recommendations

2.3.1

NFAW recommends that child care to be part of a national strategy to reduce child poverty.

2.3.2

NFAW recommends that the Budget reinstate 24 hours of care for parents who don't work, particularly for children who have a disability because they may need more intensive and more hours of quality care to minimise disadvantage when they enter school.

2.4 Housing affordability

Winners

- Investors with geared properties.
- Community housing organisations.
- Homelessness services: funding secured but not increased.

Losers

- Commonwealth Rent Assistance recipients.
- Public housing tenants and those on the waiting list.
- Prospective first home buyers.

Budget measures

National affordable housing and homelessness funding

Federal housing and homelessness funding will undergo a restructure with the new National Housing and Homelessness Agreement (NHHA), which combines the National Affordable Housing Agreement (NAHA) and National Partnership Agreement on Homelessness (NPAH).

At $4.6 billion over the forward estimates (approximately $1.5 billion per annum), the NHHA maintains the NAHA ($1.3billion per annum) and NPAH ($117 million per annum) funding with the introduction of indexation allowing for a slight increase.

The NHHA will come into force in mid-2018 after one more year of the NAHA and NPAH. Together NAHA and NPAH have served as the primary federal financial contributions to the operational expenditure of public housing, homelessness services and related housing affordability measures.

The Budget also includes measures to promote Social Impact Investing to improving housing and welfare outcomes ($10.2 million over 10 years) and $6 million over the forward estimates for the Homes for Homes Big Issues initiative.

The National Partnership Agreement on Remote Housing (NPRH) will end 1 July 2018. The future of the $385.4 million in funding will considered as part of the 17-18 MYEFO process. This funding supports critical housing initiatives for Indigenous people in remote communities.

National Housing and Homelessness Agreement[(a)]

$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	-	-	-	-	-	-	-	-	-
2018-19	473.0	375.0	306.5	165.1	105.3	31.8	24.2	19.2	1,500.2
2019-20	480.5	382.7	311.4	167.9	106.4	32.0	24.5	19.5	1,524.9
2020-21	487.7	390.1	315.9	170.5	107.5	32.2	24.8	19.7	1,548.5

(a) Funding includes $116.6 million in 2018-19, $118.4 million in 2019-20 and $120.0 million in 2020-21 for homelessness.

Source: Budget Paper No. 3, p. 43

National Partnership on Remote Housing

$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	133.5	92.3	12.0	-	-	153.2	391.0
2017-18	-	-	111.7	121.8	14.8	-	-	137.1	385.4
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

Source: Budget Paper No. 3, p. 44

Commonwealth rent assistance

The Budget does not include an increase to Commonwealth Rent Assistance (CRA). The median fortnightly CRA entitlement is $128.40 and the median fortnightly rent for CRA recipients is $415.38. CRA as a proportion of rent is 30.9% (AIHW, 2016b).

Cash projections for Rent Assistance[a]

Cross-Program: Rent Assistance

	2016-17 Estimated actual $'000	2017-18 Budget $'000
DSS: A New Tax System (Family Assistance) (Administration) Act 1999		
Family Tax Benefit	1,933,315	1,969,516
DSS: Social Security (Administration) Act 1999		
Age Pension	771,809	810,649
Austudy	47,734	47,711
Bereavement Allowance	94	108
Carer Payment	104,810	113,650
Disability Support Pension	680,924	714,046
Newstart Allowance	560,202	561,128
Parenting Payment (Partnered)	1,342	1,300
Parenting Payment (Single)	32,038	33,918
Partner Allowance	158	138
Sickness Allowance	7,368	8,125
Special Benefit	5,618	8,791
Widow Allowance	11,874	10,017
Widow Pension B	6	6
Wife Pension (Age)	884	835
Wife Pension (DSP)	934	812
Youth Allowance	209,238	204,914
DSS: ABSTUDY (Student Assistance Act 1973)	18,484	15,553
DVA: Veterans' Entitlements Act 1986[b]	31,499	30,398
Total cash projections	**4,418,331**	**4,531,615**

[a] Rent Assistance is not a discrete sum of money separately payable under the law, but is a supplementary payment included in the calculation of the primary income support payment, Family Tax Benefit (FTB) or service pension. This table provides cash projections for the Rent Assistance component included in the primary income support payment FTB or service pension.

[b] Rent Assistance is paid to eligible service pension and income support supplement recipients.

Source: Department of Social Security 2017 Portfolio Statement, p. 48

Boosting affordable housing options and supply

(See also Chapter 1.2: Revenue Measures)

The Budget contains a suite of measures to increase the supply of affordable housing. Revenue measures include:

- providing Tax Concessions for Managed Investment Trusts to invest in affordable housing;

- increasing the Capital Gains Tax discount for individuals investing in affordable housing;
- measures to discourage foreign investment in residential housing;
- limitations on certain deductions for the owners of residential investment properties;
- the First Home Super Saver Scheme; and
- superannuation Concessions for downsizers.

The National Housing Finance and Investment Corporation (NHFIC) will commence operations from 1 July 2018 as a bond aggregator raising funds for the community housing sector. The NHFIC will also administer the National Housing Infrastructure Facility (NHIF). The NHIF will administer $1 billion over five years to develop infrastructure to support new housing development.

The NHFIC is based on the model applied successfully in the UK and Swiss markets, as examined and recommended by the Australian Housing and Urban Research Institute (Lawson et al, 2014).

Reducing Pressure on Housing Affordability — establishment of the National Housing Finance and Investment Corporation

Expense ($m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of the Treasury	-	4.8	16.0	18.8	18.7
Related capital ($m)					
Department of the Treasury	-	*4.8*	-	-	-

Source: Budget Paper No 2, p. 169

Gender implications

National affordable housing and homelessness funding

- Women are the primary beneficiaries of housing support and assistance.
- Women make up 59% of those using specialist homelessness services and represent 64% of those whose requests for specialist homelessness assistance go unassisted. This translates to 104 women (15 and over) every day having their requests for service unable to be assisted (AIHW, 2016a).
- The year 2015-16 saw a 17.5% increase in the number of women over the age of 55 seeking assistance from homelessness services. This is twice the rate of growth for the general homelessness services population (AIHW, 2015 and AIHW, 2016a).
- Women are the majority of adult tenants in public housing. There are 297,740 adult women living in public housing and 218,784 adult men. Forty-four per cent of public housing tenants report living with a disability (AIHW, 2016b). Data on the public housing waiting list is by household and not sex or gender disaggregated. There are 200,000 households on social housing waiting lists (PC, 2017).

The NHHA will be the primary vehicle for Federal funding of public housing, homelessness services and other affordable housing initiatives. While the inclusion of indexation is much-needed and welcome, the essentially maintained funding levels are not expected to alleviate the enormous pressure that both public housing and homelessness services are under.

For homelessness services, the NHHA structure provides much-needed long-term funding security and certainty for services that have been previously funded through NPAH. Given NPAH was rolled over annually and biennially since 2013, this is a welcome shift. A significant increase in funding for homelessness services is needed to deal with both the increasing rates of demand, particularly from women experiencing violence (see chapter 6) and single, older women.

For public housing, 'chronic underinvestment' has characterised the last two decades (Women's Housing Company, 2014) with funding rates barely covering operations (Martin and Pawson, 2017). By maintaining current funding levels, NHHA will not turn the public housing ship around. The need for a direct injection of funds for capital investment in public housing remains.

The negotiations for NHHA will take place over the next year and, as always, the devil is in the detail. There are several priorities for this agreement highlighted in the Budget papers, including working with States and Territories on: land use planning reform, tenancy reform for longer-term leases, shared equity schemes and stock transfer to the community housing sector. Government consultation with women's organisations will be crucial to ensure that a diversity of frontline women's services (including women's refuges), supporting the diversity of women's needs, are prioritised and supported by the NHHA.

Commonwealth rent assistance

- Women make up 60% of single Commonwealth Rent Assistance (CRA) recipients.
- Women are more likely to be paying enough rent to be eligible for the maximum rate of CRA: 78.9 % (479,291) of single women are in receipt of the maximum rate, compared to 69.9% of singles receiving the maximum rate (277,687).
- 44.2% of single women receiving CRA remain in housing stress. This represents 266,109 single women. 177,117 single men are in the same situation.
- Single, older women in the private rental market are at particular risk of homelessness. There are 113,705 single women on the age pension in receipt of CRA and 67,830 single men in the same situation (Senate Community Affairs Committee, 2015).

CRA is one feature of a wholly inadequate income support system. As far back as 2009, Australia's Future Tax System Review recommended an increase to the maximum available CRA and indexation of CRA to movements in national rents (Archer: 2012). CRA constitutes the largest Federal Government housing assistance investment and is still leaving just over 40% of recipients in housing stress.

Further, adequate rent assistance is critical to the success of the supply measures outlined in the Budget to boost community housing (Lawson et al, 2012). An increase in CRA should be a plank in the approach to growing community housing.

Boosting affordable housing options and supply

- Women are slightly over-represented in rental stress statistics. There are 462,436 women living in low income households in rental stress and 423 746 men in the same situation (ABS, 2016).
- The gender wage gap limits opportunities in the private rental market for single women (CHP, 2016).
- Mirroring a similar pattern in public housing, women are the majority of tenants in community housing (AIHW, 2016b).

Measures to boost affordable housing options are welcome and long-awaited. The establishment of a bond aggregator is a significant development to support the growth of community housing. Increasing the supply of community housing and measures to incentivise smaller-scale investment in affordable housing form crucial responses along the housing continuum and it is expected that such measures will 'help some people in the lower-middle end to get some housing off the ground' (Whitzman in ABC News, 2017). This highlights the role of a bond aggregator as one part of the response and reinforces the need for multiple housing affordability options, including public housing.

All new build housing resulting from these initiatives must be accessible for people living with a disability and our ageing population. The development of new build housing must meet the Silver Standard Design in the Livable Housing Australia guidelines.

Recommendations

2.4.1

NFAW recommends that the negotiations for the National Affordable Housing and Homelessness Agreement include extensive consultation with women's services working in affordable housing and homelessness. The new funding agreement must be structured in a way that both supports a continuing role for public housing and a diversity of services working on women's housing and homelessness issues.

2.4.2

NFAW calls on the government to provide clarity on the future of funding for the National Partnership on Remote Housing.

2.4.3

NFAW supports the development of a bond aggregator to expand community housing supply. New build housing must be accessible for people with disability and our ageing population by meeting the Silver Standard Design in the Livable Housing Australia guidelines. An increase to CRA, in line with previous recommendations from the Henry Tax Review, would be an effective counterpart to growth in community and affordable housing options.

2.4.4

There are no major injections to the overall Federal funding for affordable housing and homelessness services through the proposed NHHA. The unmet demand on public housing and homelessness services is longstanding and projected to increase. NFAW supports the revitalised role of the Federal Government in housing affordability through a strengthened funding infrastructure, but fundamental issues around funding adequacy remain unaddressed. As noted previously in this report, NFAW supports reform of the current tax arrangements relating to private investment in housing. Savings from such reform should be redirected to direct government investment in the NHHA.

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3. Employment

3.1 Paid parental leave

Winners/losers

There are no winners or losers in relation to government funded paid parental leave (PPL). Government efforts to reduce their payment by removing it wholly or partly from women who receive employer funded PPL have to date been unsuccessful.

Budget measures

The key Budget measure regarding PPL is that the Government states that it 'will not proceed with the unlegislated components of the following measures: 'including '2015-16 MYEFO measure titled *Parental Leave Pay — revised arrangements* and 2013-14 MYEFO measure titled *Paid Parental Leave — removing the mandatory obligation for employers to administer payment*' (Budget Measures Budget Paper No. 2 2017-18, pp 77-78). This includes the 'Reversal of 2015-16 MYEFO measure 'Parental Leave Pay — revised arrangements' and 2013-14 MYEFO measure 'Paid Parental Leave — removing the mandatory obligation for employers to administer payments'(Budget Measures Budget Paper No. 1 2017-18, p 3-39). Proposals for cuts were formally withdrawn on 10 May 2017.

The Budget has dropped the most recent attempt by the Government to reduce its financial liability to fund the scheme. This had been contained in the Omnibus Bill which proposed (in summary) that:

- the Government payment be increased from 18 weeks to 20 weeks for some working parents,
- for workers with PPL negotiated into their employment agreements, the number of weeks available from their employer be cut from their government PPL payment.

Gender implications

The creation of Australia's first PPL scheme was a landmark achievement for women when it was implemented in 2011 (and in 2013 for their partners who then obtained their own dedicated payment for leave taken around the time of the birth known as Dad and Partner Pay - DaPP). For mothers and other primary carers government PPL is currently 18 weeks at the National Minimum Wage ($12,106.80 in total at May 2017).

Over 99% of PPL recipients are women (Martin et. Al. 2014), so almost all those losing out from the proposed cuts would have been women. Those employed in certain industries (for example, finance, professional services, tertiary education) by large employers or by state and federal governments are are more likely to receive employer PPL (WGEA 2017), but the combined government and employer PPL rarely compensates women for the full loss of wages due to the time they take off work at a child's birth. WGEA's analysis suggests that many lower paid parents would experience cuts under the Government proposals. For example, 59% of reporting organisations in the lower paid, female dominated Health Care and Social Assistance sector where an average of 7.7 weeks is provided would lose financially.

Analysis by the University of Sydney Women, Work and Leadership Group (Baird and Constantin, 2017a) demonstrates that many women who would have been adversely affected by the changes in the Omnibus Bill are not necessarily amongst the well paid. It shows that despite the proposed increase in government PPL to 20 weeks, workers such as part-time nurses and teachers and full-time patient transport officers (earning between $37,000-50,000 pa) would lose financially compared with their current situation of receiving both government and employer PPL.

PPL was designed to be supplemented by employer payments to assist primary carers to manage to take at least 26 weeks off work (Productivity Commission 2009). Twenty-six weeks paid birth leave from employment has been recognised by the Productivity Commission and internationally as the minimum length needed after childbirth for health and welfare reasons of the primary carer and newborn (Baird and Constantin 2017b).

The LNP government's efforts since May 2015 to reduce the total PPL parents receive treats PPL like a welfare payment instead of a work-related one designed (like personal leave for illness) to compensate for time taken out of the workforce and associated loss of wages. Compensation for the costs of children and the means testing of these payments are dealt with elsewhere in the social security system.

The opportunity presented by the widespread support for the existing government PPL scheme should be taken as a chance to improve it for all working women thus promoting gender equality.

Recommendations

3.1.1

NFAW recommends extending government PPL (to be shared between partners) to 26 weeks in the near term, and eventually 52 weeks.

3.1.2

NFAW recommends raising the payment level over time from the minimum wage to wage replacement.

3.1.3

NFAW recommends increasing the DaPP by eventually designating up to 12 weeks of the proposed 52 weeks PPL as DaPP on a 'use it or lose it' basis.

3.1.4

NFAW recommends ensuring that PPL and DaPP include superannuation contributions.

3.2 Employment programs

Winners

- Some parents may benefit from the expansion of the ParentsNext program.

Losers

- There are no new programs or significant new elements of existing employment programs targeted particularly to women who are not parents, and who do not live in specific *jobactive* regions.

Budget measures

ParentsNext — national expansion (Commonwealth of Australia, 2017, p.94)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Employment	-	9.4	69.8	71.2	73.5
Department of Human Services	-	9.1	11.6	4.9	4.9
Administrative Appeals Tribunal	-	-	..	..	..
Total — Expense	-	18.5	81.5	76.1	78.4
Related capital ($m)					
Department of Employment	-	*7.0*	*0.5*	*0.5*	*0.5*

The *ParentsNext* expansion will be delivered in two streams providing different levels of support across specific *jobactive* regions:

- $150.1 million over four years to expand *ParentsNext* nationally to the 51 employment regions covered by *jobactive* providers. Services will include participants meeting with a *ParentsNext* provider every six months, developing a Participation Plan and participating in activities that will help prepare them for employment.
- $113.0 million over four years to provide an intensive service offering to all *ParentsNext* participants in 30 locations where a high number of Parenting Payment recipients are Indigenous. Expanding the program to these locations will provide intensive support to help boost the participation of Indigenous parents in the labour market and help achieve the Closing the Gap employment targets. The increased services will include additional pre-employment training and outcome fees to encourage successful placements.

Gender implications

ParentsNext — national expansion

Parents may be compelled by the Department of Human Services to participate in the ParentsNext program as condition of receiving the Parenting Payment. The overwhelming majority of Parenting Payment recipients are women. Women account for 90% of Parenting Payment (Partnered) recipients, and 95% of Parenting Payment (Single) recipients (DSS, 2016). Parents may also be able to participate voluntarily if they have a child under five; have not been employed for 6 months or more; and if they live in an identified ParentNext location (Department of Employment, 2017).

The Department of Employment contracted the Social Research Centre to carry out an evaluation in late 2016 on the pilot program, delivered in ten local government areas. These locations were originally selected for the Helping Young Parents and Supporting Jobless Families trials in 2012 because of high unemployment, relatively low educational attainment and high numbers of people receiving income support payments. The Department of Employment advises that the evaluation will be made public in early 2018, subject to the approval of the Secretary.

Without access to the evaluation it is not known how many people participated voluntarily or as a condition of receiving the Parenting Payment. The success of the program in increasing women's employment opportunities in also unknown. So, while programs aimed at improving women's access to employment are welcomed, there is insufficient evidence to determine whether ParentsNext is helpful to parents, or whether it unnecessarily adds another layer of compliance and obligation for Parenting Payment recipients.

Recommendations

3.2.1

That reporting on employment programs be publicly provided on an annual basis and include gender disaggregated data on participation and outcomes.

3.2.2

That the evaluation of the ParentNext program be made available to the public.

3.3 Women's workforce participation

Winners

- The winners are men who work in highly paid jobs supported by 'good debt' such as construction.

Losers

- The losers are women who work in poorly paid jobs supported by 'bad debt' such as caring services.

Budget measures

Supply side measures

Key Budget measures affecting to women's capacity to enter the workforce are addressed separately in the *Gender Lens*. These include:

Paid parental leave – see section 3.1

Child care – see section 2.3

Early childhood education – see section 4.1

Demand side measures

Key Budget measures affecting job creation are also addressed separately in the *Gender Lens*. These include:

Infrastructure spending – see section 8

Aged and disability care workforce spending – see section 2.1 and references to the Boosting the Local Care Workforce measure.

Gender implications

Supply side measures

So long as women remain the principal family carers, paid parental leave (PPL), child care and early childhood education arrangements dominate their capacity to enter work and to return to work after childbirth.

The Budget has dropped proposed cuts to to PPL. This will not increase women's access to the workforce, but at least it will not undermine it.

The new funding arrangements for child care are welcome and should assist women in paid work.

While additional funding for early childhood education is certainly welcome, it still leaves 20% of children unable to access more than 15 hours of pre-school per week. It also leaves their mothers severely restricted in their employment options.

Demand side measures

The Government has been sending mixed messages on workforce matters generally. The Commonwealth Budget anticipates employment growth and earnings growth that are suddenly and significantly in excess of current employment and wage trends, with Australian annual wage growth at 1.9 per cent – the weakest since data collection began in 1997.

The Commonwealth's most recent submission to the current to the national wage case on the annual minimum wage adjustment points, on the contrary, to fragile employment levels and the consequent need to contain wage growth – especially in regard to women on award wages in low paid jobs (Australian Government Submission 2017, section 2.3 para 60, section 6.5 para 226, section 7.5 paras 250-251, section 8.6 para 287).

While there is no simple way of reconciling these forecasts, one factor may be the continuing sex segregation of the workforce, and how men's work and women's work intersect with the redefining of Budget debt. Infrastructure equals good debt; service delivery (health, education and caring work) equals bad debt. Men work in building infrastructure; women work delivering services.

Accordingly, while touting the jobs and wages resulting from infrastructure investment, the Government has taken every opportunity offered by both the Budget and the industrial system to maintain a strong downward pressure on earnings in female-dominated service occupations. It has:

- argued against award wage increases for award-reliant employees (mainly women), arguing that 'since they are a larger proportion of the low-paid, women are likely to be particularly at risk from any impacts on employment' (Australian Government Submission 2017, section 1.3.2, para 30)
- cut $3 billion set aside under Labor to meet wage increases that would have significantly lifted salaries in the female-dominated social and community sector
- terminated a $300 million fund to give pay rises to undervalued child care workers, 97% of whom are women (see note below)
- endorsed the recent penalty rates decision to adjust wages in female-domінted occupations downwards, initially leaving around 700,000 people up to $77 per week worse off. Further applications to reduce penalty rates for award-reliant employees (mainly women) are proceeding
- ceased direct funding for Working Women's Centres.

Those increased earnings foreshadowed in the Budget are not going to come from female-dominated health, education and caring sectors if the Government has anything to do with it.

Consistent with the lack of a gender analysis in developing Budget measures, there are no measures tied to infrastructure spending to break down sex segregation in the workforce.

Note: In November 2011, the Government which had recently revised the Commonwealth's equal remuneration provisions further announced $2 billion in funding to allow the Commonwealth to 'fund its share of any wage increases' awarded as a result of the SACS equal remuneration proceedings. It also announced funding to support enterprise bargaining for predominantly female low paid employees in the SACS-related child care and aged care industries ($300 million for childcare workers and $1.1 billion for aged care workers). Following the change of Government in 2013, both of these funding decisions were reversed.

Recommendations

In addition to those recommendations relating to PPL, child care, early childhood development and breaking down sex segregation of the workforce through jobs investment made elsewhere in the Gender Lens, NFAW recommends that the Government use its Budget to:

3.3.1

Reinstate the $3 billion set aside under Labor to meet wage increases that would have significantly lifted salaries in the female-dominated social and community sector.

3.3.2

Reinstate the $300 million fund to give pay rises to undervalued child care workers.

3.3.3

Reinstate direct funding for Working Women's Centres.

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4. Education

NFAW welcomes the Government's refocus on improving educational outcomes in Australia's schools and pre-schools. In particular, NFAW congratulates the Government on the move to needs-based funding informed by the Schooling Resource Standard (SRS).

While there have been concerns raised about the quantum of funding (Chan and Karp, 2017), such arrangements should ensure student needs are put at the centre of the educational system and offer long term certainty of funding. Schools will be funded for each student based on need, irrespective of location. The funding will transition over ten (10) years. It will also, hopefully, put an end to the vagaries and "special deals" which have marked funding arrangements in the past and provide certainty for parents, schools and students into the future.

It is expected that both the Gonski Review 2.0 and the Halsey Review (into regional, rural and remote education) will lead to more effective strategies and support to lift student performance. NFAW looks forward to these reports being brought down in December 2017.

Further, NFAW endorses the Government's Extension of the National Partnership Agreement on Universal Access to Early Childhood Education as all children should have access to high quality early childhood education programs. While the target for 2018 is 95% this must be extended to 100% to meet best international practice and to ensure all children meet their full potential.

4.1 Early education

Winners

- Students able to access 15 hours of preschool and kindergarten.

Losers

- The Australian Early Development Census.
- The 20% of children still unable to access more than 15 hours of pre-school per week.

Budget measures

National Partnership Agreement on Universal Access to Early Childhood Education — extension (Commonwealth of Australia), 2017, p. 87)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of the Treasury	-	128.4	299.5	-	-
Department of Education and Training	-	-	1.5	-	-
Total — Expense	-	128.4	301.0	-	-

Gender implications

In Australia, 37.6% of three year olds were in formal child care or pre-school in 2010 compared with countries like France (100%), Belgium (99%), Denmark (97%), Germany (88%), the UK (83%) and the OECD average of 63% (ABC, 2015). Early education of 600 hours per year is the UNICEF recommended benchmark for children's development (Anderson, Raikes, Kosaraju & Solano 2017).

Such poor attendance has considerable impact on society and the ability of each individual to fully contribute. In Australia where the gender pay gap stands at 17.3% (Workplace Gender Equality Agency, 2016) attention needs to be paid to ensuring equity measures are taken early. This is further reinforced by James Heckman, the Nobel Prize winning economist who recognised that:

Our economic future depends on providing the tools for upward mobility and building a highly educated, skilled workforce. Early childhood education is the most efficient way to accomplish these goals (2011, 32).

In fact, research by Price Waterhouse Coopers found that the participation of vulnerable children in quality early learning would add $13.3 billion to Australia's GDP by 2050 (Price Waterhouse Coopers, 2011).

The availability of early childhood education also impacts on the capacity of many women with child caring responsibilities to seek and maintain paid work. Such limitations have consequences not just for women but for the families affected and the community in general.

Hence an expansion of early childhood education would not only benefit individuals, and close the gender equity gap but also contribute to Australia's GDP.

Recommendation

4.1

NFAW recommends funding to enable all children to access more than 15 hours early childhood education.

4.2 Schooling

Winners

- Students in the 9400 schools which will receive increased funding.
- Everyone committed to needs-based school funding.

Losers

- Families losing the School Kids Bonus.
- Students attending 24 of the nation's wealthiest schools.
- Students attending 350 wealthy schools that will receive less funding.
- Students in the Catholic school system that had special agreements.

Budget measures

Quality Schools — true needs-based funding for Australia's schools (Commonwealth of Australia, 2017, p. 87)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Education and Training	-	103.4	292.4	509.6	840.3
Related capital ($m)					
Department of Education and Training	-	3.0	3.0	1.7	-

Gender implications

Women continue to enter teaching at more than double the rate for men in both the government and non- government sectors. According to the ABS,

In 2014 the majority of in-school staff (FTE) were female, as observed in previous years. Between 2013 and 2014, female teaching staff (FTE) increased by 1.4%, with no change in the number (FTE) of male teaching staff. At the primary level of schooling, females accounted for 81.5% of teaching staff in government schools, 82.6% in Catholic schools, and 77.1% in Independent schools. The proportion of teaching staff who were female was less at the secondary level, where the figures were 60.1% for government schools, 58.9% for Catholic schools, and 55.8% for Independent schools. Administration and Clerical staff also recorded a high proportion of female staff at the primary level; 94.3% for government schools, 94.7% for Catholic schools, and 84.7% for Independent schools (ABS 2014).

It follows that any changes to the workplace and enhancement of schools directly impacts on a larger number of women than men.

The most successful schooling systems have been identified as those where students achieve to their ability (OECD, 2010). Needs based funding then builds on this (Caldwell & Spinks, 2008; Field, Kuczera and Pont, 2007) and ensures that girls and boys are treated equally. Such action should enable girls to participate in the full range of subjects and be able to transition to study and work across all fields. In the longer term this should lead to a less gender segregated workforce as Australian women are currently over- represented in less well paid jobs (WEGA 2016).

The Australian Early Development Census measures the physical health and wellbeing, social competence, emotional maturity, language and cognitive skills and general knowledge of all children in their first year of school. It has enabled programmes to be developed to best meet the needs of students. NFAW finds the cuts of $4.6m to this program difficult to understand in the light of the Government's commitment to needs-based schooling.

Recommendations

4.2.1

NFAW recommends the reinstatement of the funding for the Australian Early Development Census.

4.2.2

NFAW recommends that the government create the National Schools Resourcing Body as recommended by the Gonski 1.0 Report.

4.3 Vocational education and training (VET)

Winners

- There are no winners in the VET budget. The National Partnership Agreement on Skills Reform that delivered $1.75 billion over 5 years, albeit with significant structural reforms, is largely replaced by the Skilling Australians Fund with $1.5 billion over 4 years, an increase of $70 million according to the Assistant Minister. The priority focus for this fund is apprenticeships and traineeship.

Losers

- VET students who are not in an apprenticeship or traineeship. Of the more than one million government-funded students in Australia's VET system, over 800,000 are not apprentices and trainees.
- Businesses sponsoring migrants under new temporary skill shortage visa and certain permanent skilled visa holders to pay levy. Revenue to go to Skilling Australians Fund.
- Students choosing to study sub-bachelor degree programs through university rather than TAFE. This was announced prior to the Budget as part of the Government's higher education reform package. If these programs receive government subsidies, students may opt for university rather than the TAFE system which is still able to provide significant support services for students.
- Women and girls who cannot secure an apprenticeship in skilled occupations in high demand because they are still largely male preserves.
- Specific initiatives targeted to disadvantaged learners in all equity groups entering or re-entering the workforce.
- Apprenticeship for Girls programs which could mentor and support women in male dominated trade occupations where there are continuing shortages.
- VET-FEE-HELP students, a majority of whom were women, who were cheated of adequate quality training and have not had their loans forgiven or waived.
- TAFE Institutes, whose funding and share of student enrolments continues to decline and which are dependent on generating substantial revenue from fees from local and overseas students. The growth of diploma and advanced diploma programs in the university sector may also severely impact on the range of TAFE offerings.

Budget measures

Industry Specialist Mentoring for Australian Apprentices — establishment (Commonwealth of Australia, 2017, p.85)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Education and Training	-	20.2	39.5	-	-
Related capital ($m)					
Department of Education and Training	-	*0.3*	-	-	-

Skilling Australians Fund (Commonwealth of Australia, 2017, p.90)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of the Treasury	-	350.0	360.0	390.0	370.0
Department of Education and Training	-	-	-	-	-
Total — Expense	-	350.0	360.0	390.0	370.0

There are only two measures in Budget Paper No. 2 which are new for 2017-18. One of these is the Industry Specialist Mentoring for Australian Apprentices with a $20.3 million allocation (or $19.3m in the Portfolio Budget Statement for Education and Training).

The Skilling Australians Fund has an initial allocation of $15.3 million, but only $1.9 million in the Forward estimate, as the ongoing fund is dependent on revenue generation and it is unclear whether the Government intends to top up this fund should revenue predictions fall short for any given year. It will be outcomes focused to ensure that states and territories achieve agreed milestones to qualify for funding. The first meeting is on 2 June to commence negotiations about these projects.

Other elements of the *Program 2.8 Building skills and capability* listed in the portfolio budget statement remain the same as 2016-17 except that some initiatives are being phased out or funding is being tapered down and out in the forward years to 2020-21.

The *Industry Skills Fund and National Workforce Development* Fund under Industry Competitiveness sub-program is being phased out. The *National Foundation Skills Strategy* is to cease in 2017-18 and *Workplace English Language and Literacy* is to cease at end of 2017 under Access to Training.

There are cuts in other programs, for example, *Skills for Education and Employment* tapers from $125 million to $88 million in 2020-21. There is modest growth in funding in other programs.

The Australian Skills Quality Authority responsible for ensuring the performance and quality of VET providers has had its budget allocation cut by approximately $5 million from $40.9 million estimated actual in 2016-17 to $35.5 million in 2017-18. With the scandal of the VET-FEE-HELP Scheme, the rorting by unscrupulous providers, the massive blow-out in costs to the public purse, NFAW might have expected better funding of compliance by providers of new laws.

The new VET Loans scheme must be adequately supervised because a concern remains that private providers will continue to exploit any loopholes and the Authority will not have the resources to take regulatory action, where necessary, to remove poor quality providers from the sector.

There is no reference in the Budget Papers to measures for waiving or forgiving students for loans which paid for low quality courses or courses which they could not complete or were not provided.

The casualties of the old scheme need to be fairly treated and providers who exploited the most vulnerable with inducements need to be removed from the VET system.

There are other Budget items where the impact is uncertain:

- Extra support for 47,000 apprentices and trainees with a $60 million over two years with an Industry Specialist Mentoring Program, $19.3 million in 2017-18 and $39 million in 2018-19.
- Trade Support Loans of up to $20,000 for trades, benefitting men predominantly, continued with no increase in allocation – $65 million in 2017-18. No real increase.
- Adult migrants benefitting from small increase ($21 million) in Adult Migrant English Program.
- VET students accessing new VET Student Loans in Bands 1, 2 and 3 for 355 Approved Courses from January 2017 subject to loan caps and fee limits for approved providers.

Gender implications

The Government continues to allocate funding to measures to support apprentices and/or trainees. Both Budget measures for Vocational Education and Training are specifically targeted to this category of training. Yet it anticipates in the forward estimates that there will be only 45,000 Australian Apprentices availing themselves of Trade Support Loans with 51,000 employers receiving payments under the Australian Apprentices Incentives Program (See *Department of Education and Training Budget Statements* p. 63).

The growth in enrolments in apprenticeships to 300,000 over the four-year period forecast in the Budget under the Skilling Australians Fund seems at best optimistic and, at worst, budget spin!

The latest annual statistics from NCVER on Apprentices and Trainees indicate the *decline* in commencements is continuing from 262,000 in 2005 to 171,000 in 2015. Of the number in 2015, only 58,000 or 33% were women and they remain concentrated in female dominated occupations.

There will have to be a huge amount of growth in relevant jobs to meet the ambitious targets for apprentices set in the Budget whether candidates are male or female. Yet the 2016 Skill Shortage List for Australia issued by the Department of Employment is replete with Trade and Technician level occupations required by industry. Clearly the so-called industry driven VET system is not delivering what is required by employers so this results in the reliance on skilled workers from overseas.

In 2015, there were 4.5 million students enrolled in training with 4277 Australian providers. Of these students, 1.96 million or 43% were female. There is a continuing decline in the number of women accessing VET programs and a decline in the proportion of them undertaking an apprenticeship or traineeship.

Women continue to be concentrated in fields like Health, Education, Management and Commerce, Society and Culture, Food, Hospitality and Personal Services while the Budget is concentrating on large injections of capital into huge national infrastructure projects.

Recommendations

4.3.1

NFAW recommends that the issues around gender implications of Skilling Australians Fund be clarified with the Assistant Minister for Vocational Education and Skills with the aim of ensuring that the major public provider, that is TAFE, receives adequate funding to provide the quality training critical to industry, small business, regions and local communities. This includes high level training and workforce development as well as foundation skills for disadvantaged learners in all equity groups, especially women, entering or re-entering the workforce.

4.3.2

NFAW recommends that funding be allocated for Women in Adult and Vocational Education (WAVE) and other relevant women's organisations to work with the new projects to ensure that women and girls are involved and receive appropriate mentoring and support.

4.3.3

NFAW foreshadows further campaigns to highlight the significant role of TAFE in delivering a range of programs for women and girls.

4.3.4

NFAW foreshadows action to pressure the government and the Assistant Minister to address continuing concerns about the discriminatory outcomes resulting from its approach to funding skills training focused on apprenticeships and skills shortages, without any positive funding intervention to redress the sex segregation entrenched in many industries.

4.4 Higher education

Winners

There are no winners in the higher education sector unless you describe replacing the 20% cut to university funding outlined in the 2014 Budget with a five per cent efficiency dividend on Commonwealth Grant Scheme payments as a win. It is estimated that funding will be reduced by $2.9 billion over two years.

Nevertheless, some funding has been reallocated to assist the following sub-groups of students:

- Students enrolling in sub-bachelor qualifications: The demand-driven system will be expanded to include Commonwealth Supported Places (CSPs) in diploma, advanced diploma and associated degree courses for students who have not completed another higher education qualification.
- Postgraduate coursework students: a new scholarship system for postgraduate coursework places will be introduced.
- Students undertaking work experience: The Commonwealth Grants Scheme will be expanded to support students undertaking Work Experience in Industry units that provide a credit toward a Commonwealth supported qualification.
- Rural students: Up to eight community-owned regional study hubs will be established to provide access to students in remote areas.

Losers

- All graduates, whose fees will increase by 1.8% each year starting in 2018, rising to 7.5% increase by 2021, as the average student share of fees increases from 42% to 46%.
- Lower paid graduates, who will be required to begin repaying student loans when their income reaches $42,000. It is probable that most graduates earning this, or similar amounts, will be women.
- All Australian permanent residents and most New Zealand citizens – who will no longer have access to the Commonwealth Grant Scheme.
- Students enrolling in enabling programs, who will now be liable for a student contribution through HELP. Unless this can be offset in some way, students taking an enabling program prior to commencing an undergraduate degree will face additional costs.

Budget measures

The Education Minister took an unusual step by announcing changes to higher education policy a week before the Budget and issuing a press release that contained most of the budget measures relating to higher education (Birmingham, 2017). He had been instructed by the Cabinet to find around $1 billion savings from higher education spending, equivalent to the 20% in subsidies for university courses proposed by the Abbott Government in the 2014 Budget.

Budget paper No 2 (pp. 81-84) describes these proposals as creating a 'fairer and student focussed higher education system' that 'will place the higher education sector on a more sustainable footing' (p. 81). To begin with it introduces an efficiency dividend of 2.5% in 2018 and 2019 on the Commonwealth Grant Scheme. This decision is based on a 2016 report that gathered data from 17 universities to show that the average cost of delivery for universities increased by 9.5% from 2010 to 2015, while revenue grew by 15% (Deloitte Access Economics, 2016).

Other significant measures listed in the Budget include:

- expanding the demand driven system to include Commonwealth Supported Places (CSPs) in sub-bachelor level diploma, advanced diploma and associated degree courses for students who have not completed another higher education qualification;
- introducing a scholarship system for postgraduate coursework places, which will allocate CSPs to students, not universities, on a competitive basis;
- expanding the Commonwealth Grants Scheme to support students to undertake Work Experience in Industry units that provide a credit toward a Commonwealth supported qualification (Budget paper No 2, p. 82).

In his pre-Budget press release, Minister Birmingham (Birmingham, 2017) argued that the 2017-2018 Budget rebalances contributions toward course fees by increasing student contributions through the Higher Education Loan Program with a commensurate reduction in funding universities receive under CGS. Student contributions will increase for all Commonwealth supported students from 1 January 2018 regardless of when they began their study.

The Commonwealth loading for enabling programs will also be discontinued. Enabling programs will now be liable for a student contribution through HELP. At the same time, the government argues that it is providing better support for students who need it most by tightening application of the $592 million Higher Education Participation and Partnerships Program, by funding up to eight community-owned regional study hubs that will be accessible to remote students, by distributing postgraduate coursework places across institutions where students want to study, extending Commonwealth support to approved sub-bachelor level diploma, advanced diploma and associate degree courses so more students have more pathways to higher education, and for the first time subsidising work experience in industry units of study.

The Minister pointed to a government commitment to sector-wide transparency of admissions standards and entry pathways. Universities will be held to account for improving retention, completion and employment outcomes; 7.5% of each university's Commonwealth Grant Scheme funding will be contingent on performance against key benchmarks. In 2018 this funding will be dependent on participation in admissions transparency reform and cost of education and research transparency initiatives. From 2019, this funding will be dependent on performance metrics such as student outcomes and satisfaction, transparency and financial management, with a formula to be developed in consultation with universities. Legislation will require that any funds withheld be reinvested into well performing universities, new equity measures or additional research funding.

The thresholds for repayment of HELP debt, repayment rates and the indexation of repayment thresholds will be revised as of 1 July 2018. A new minimum threshold of $42,000 will be established with a one per cent repayment rate and a maximum threshold of $119,882 with a 10% repayment rate.

Permanent residents living in Australia, and most New Zealand citizens, will no longer have access to the Commonwealth Grant Scheme. These students will instead be able to access concessional loans through HELP. Students enrolled prior to 1 January 2018 will maintain their eligibility arrangement.

The Promotion of Excellence in Learning and Teaching in Higher Education Program will be terminated. The Office of Learning and Teaching Digital Repository, and the Teaching awards will be transferred to Universities Australia.

This measure is estimated to achieve savings of $3.8 billion over five years from 2016-17 in fiscal balance terms and savings of $2.7 billion over five years from 2016-17 in underlying cash terms. The measure will partially offset the cost of reversing the previous higher education reform measures announced in the 2014 - 15 Budget and 2014-15 MYEFO.

Gender implications

Women will be particularly affected by the changes included in the 2017 Budget. On average, women earn less over a lifetime of employment, and this is particularly so in the first ten years or so after graduation when they are likely to be establishing a family. Women also tend to be concentrated in lower paid occupations such as nursing and teaching, and are more likely than men to take time out of the workforce to raise children.

Teasing out the precise details of the impact the changes proposed in the 2017-2018 is no easy matter, but it is probable that the structure of the proposed repayment scheme will cause financial hardship for many women. Unlike normal income tax, the HELP loan repayments apply to a person's entire income. Existing legislation set the repayment threshold at $55,000 in recognition of the low starting salaries in many professions. This Budget proposes a series of thresholds beginning with one per cent at $42,000 (an amount that is just $7,000 above the minimum wage and less than half of the average male full-time male income), and increasing to 10% on salaries over $119, 882. In effect, graduates will not just begin repaying HELP loans sooner, but lower paid graduates will pay a higher proportion of their income.

Adding these repayments to proposed increases in the Medicare Levy and changes to other benefits such as rental assistance will lead to an effective marginal tax rate of 100% for some women, particularly as Family Tax Benefit Part A begins to decrease at $51,903. Graduates caught between these policies will experience considerable financial stress; graduates earning $51,000, most of whom are likely to be women, will have less disposable income than someone earning $32,000.

Writing in *The Sydney Morning Herald*, Eryk Bagshaw (2017) has argued that when increased repayments to are added to proposed increases in the Medicare Levy and changes to other benefits graduates (most of whom are likely to be women) 'earning as little as $37,000 a year and receiving rent assistance will be discouraged from looking for more work because of an increase in the effective marginal tax rate to 100 per cent'.

There are wider implications. Jericho (2017) suggests that these changes may lead to a decrease in the number of female graduates seeking work. However, this is by no means certain. HECS mostly affects the "average tax rate" (total tax/taxable income) and could encourage women in dual earner households to stay in full time work to pay off their HECS debt. This assumes that these women are in a position to work full-time and that their salary will be sufficient to make repayments easily. It may not make financial sense for a woman with young children to take up a job with a salary that is close to the repayment threshold, if it jeopardises other benefits and if she is required to pay for childcare as well, something that the government recognised when it proposed a household income test for HELP loan repayments in the 2016-2017 Budget. Changes to penalty rates may also have a significant impact on some graduates if they are extended to the aged and health care sectors as well as the childcare sector.

It has also been suggested that university degrees, which do not have a clear vocational path to a job with a starting salary of at least 75% of the average male wage will become less attractive to potential applicants. The overall cuts to university funding are likely to lead to further increases in class sizes and in the number of casual academic staff as the university administrators try to contain spending. Women are already concentrated in lower-paid and less secure positions; in theory they are gaining valuable experience while waiting to move on to permanent positions; however, funding cuts make it likely that permanent positions will not eventuate.

Recommendations

4.4.1

NFAW recommends that the government abandon its plan to implement the proposed efficiency dividend and restore funding to the university sector in order to support its own National Innovation and Science Agenda. Universities need appropriate support to nurture talent through good teaching and opportunities to engage in meaningful research, and

4.4.2

NFAW recommends that the government reverse the proposed changes to the HELP loan repayments. The changes outlined in the Budget will have a negative effect on lower paid graduates, most of whom are women, at precisely the same time that many of them will be attempting to establish a home and family.

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5. Health

5.1 Health

Winners

- Patients benefiting from $1 billion over four years to end the 'Medicare freeze', averting a further erosion in the real value of Medicare rebates.
- People with mental illness that do not qualify for the NDIS, who will benefit from $80.0 million over four years to provide mental health services.
- 200,000 women from extension in the BreastScreen program to those aged 70-74.
- Users of medicines that no longer face the prospect of increased PBS co-payments.
- Aboriginal and Torres Strait Islander patients who will benefit in particular from $11.2 million over four years for the National Partnership Agreement on Rheumatic Fever.

Losers

- Women using Medicare and GPs who will face an ongoing reduction in the rebate of around $2.50 in real terms due to the legacy of the Medicare freeze.

Budget measures

Medicare

The Government moved in the 2017-18 Budget to address community concerns around the future of Medicare.

First, a Medicare Guarantee fund has been established to fund Medicare and PBS into the future. In reality these 'funds' are simply political tools and do not differ from other consolidated revenue – however, it demonstrates the Government's sensitivity around its commitment to Medicare.

Second, the Government moved to provide an early end to the currently forecast freeze on Medicare items, which will stop the erosion in the value of Medicare rebates and cost around $1 billion over the forward estimates. However, the ongoing impact of the Medicare freeze will be a $2.50 real decrease in the rebate for a standard GP consult, which will continue to negatively impact on the access to health services.

	2016-17	2017-18	2018-19	2019-20	2020-21
GUARANTEEING MEDICARE – MEDICARE BENEFITS SCHEDULE – INDEXATION		9.5	146.0	403.4	443.4

Source: Budget Paper No 2, p. 110

Pharmaceuticals

The Government's move to remove so called zombie measures from the Budget included removal of the 2014-15 Budget measure titled Pharmaceutical Benefits Scheme — increase in co-payments and safety net thresholds, which would have increase co-payments for general patients by $5.00 (from $37.70 to $42.70) and for concessional patients by $0.80 (from $6.10 to $6.90).

Offsetting these lost savings, the Government has made $1.8 billion in savings from reducing the price paid for medicines on the PBS. These are important reforms that will aid the sustainability of the health system.

	2016-17	2017-18	2018-19	2019-20	2020-21
IMPROVING ACCESS TO MEDICINES — CHEAPER MEDICINES	0.1	-145.2	-306.7	-366.5	-448.5

Source: Budget Paper No 2, pp. 112-113

Health Care Homes

Having noted the lack of funding for Health Care Homes in the 2016-17 Budget (NFAW, 2016) the NFAW notes the delay in the roll out of this important initiative in the 2017-18 Budget.

Mental Health

The pending gap in mental health services for individuals not covered by the NDIS is of ongoing concern. In recognition, the Government has committed $80 million over four years to be matched by State and Territory Governments. However, it is unclear whether this will fully meet the needs of individuals with mental health needs and the Government should move to ensure that people not covered by the NDIS continue to receive the health care they require.

	2016-17	2017-18	2018-19	2019-20	2020-21
PRIORITISING MENTAL HEALTH — PSYCHOSOCIAL SUPPORT SERVICES — FUNDING		7.8	23.7	24.1	24.4

Source: Budget Paper No 2, p. 122

Indigenous Health

Given the ongoing gaps in outcomes for Aboriginal and Torres Strait Islanders (DPMC, 2017), the 2017-18 Budget does not provide any overarching strategy to reinvigorate efforts to improve the health and wellbeing of these Australians.

However, small measures on maintaining remote area access to pharmaceuticals (Budget Paper No 2, p. 114), GP services (Budget Paper No 2, p. 124) and a strategy of rheumatic fever (Budget Paper No 2, p. 119) do address some of the special health needs of indigenous Australians.

Cancers Predominantly Impacting Women

Important funding included in the Budget to continue the cervical screening register and to provide cervical cytology services to women is welcomed (Budget Paper No 2, pp. 106 and 118). In addition, the extension of access to BreastScreen Australia program for 200,000 women aged 70-74 years of age will alert more women earlier to possible cancerous growth and help save lives (Budget Paper No 2, p. 105).

Aged Care

The 2017-18 Budget did not include any major new initiatives in the aged care space. Women represent two out of three residents in aged care facilities (AIHW, 2016) and almost 90% of workers (Aged and Community Services Australia, 2015) and disproportionally suffer from this lack of strategic focus.

The 2017-18 Budget included $5.5 billion over two years from 2018-19 to extend the Commonwealth Home Support Program and Regional Assessment Services (RAS) providing certainty to the aged population relying on the services provided under this agreement including meals on wheels, personal care and community transport (Budget Paper No 2, p. 123).

In what will hopefully be a first step in addressing working force issues in the aged care sector, the Government has committed to $1.9 million for the development of an aged care workforce strategy, including for remote and regional areas.

Rural Health

Despite ongoing gaps in access to health services for Australians in rural areas, the Budget did not provide significant additional funds.

$9.1 million over four years will be provided to increase access to much needed psychological services through telehealth in regional and remote Australia (Budget Paper No 2, p. 122).

Gender implications

The cumulative impact of the MBS freeze will be a $2.50 ongoing and real decrease in the rebate for a standard GP consult. Women are disproportionally impacted by the ongoing impact on the MBS freeze, with approximately 60% of GP visits made by women and a further 11% by children (Britt H et al, 2014).

Women are more likely to suffer a mental illness and more likely to currently access services for mental health issues (ABS, 2007). While this may reflect a combination of lower stigma for women accessing services and higher need for women, any gaps in services created by the withdrawal of services to people suffering mental illness not covered by the NDIS will disproportionally impact women. It is unclear whether the Government's committing to additional resources in the Budget will address this gap.

Recommendations

5.1.1

NFAW recommends that the Government restore the real value of Medicare rebates to 2014-15 levels to ensure ongoing equitable access to health care.

5.1.2

NFAW recommends that the Government undertake a full review of the service gaps for individuals suffering mental health and ensure that ongoing funding for those not covered by the NDIS meets their needs.

5.1.3

NFAW recommends that the Government outline a strategy to address the ongoing gap in health outcomes for indigenous Australians.

5.2 National Disability Insurance Scheme (NDIS)

Winners

- Current and prospective participants in the NDIS and their carers are provided greater certainty over the future funding of the NDIS through the hypothecation of the proposed 0.5% increase in the Medicare levy.
- $868.2 million to expand the NDIS into Western Australia.
- $209 million to establish a national regulatory body, the National Disability Insurance Scheme Quality and Safeguards Commission.
- $33.0 million over three years to address workforce shortages for the NDIS in rural, regional and outer suburban areas.

Losers

- 90% of people with disabilities who will not be eligible for the NDIS have been largely ignored.
- Those applying for Disability Support Pension who find the eligibility criteria remain stringent, with 2010 revised impairment tables still making access difficult (Budget Paper No. 1, pp.6-26).

Budget measures

National Disability Insurance Scheme

The Government is proposing to increase the Medicare Levy by a further 0.5 per cent to fund the NDIS. This is in addition to the 0.5 per cent increase on 1 July 2014 which was also sold as funding the NDIS. It is estimated that the increase will generate an additional $55.7b to fund the NDIS over the 2018 to 2028 period.

The extra funds from the rise in the Medicare Levy will be deposited in the NDIS Savings Fund Special Account. While in reality this type of hypothecation is budget smoke and mirrors, it provides some comfort to people with a disability and their carers covered by the NDIS.

Ultimately the additional revenue and budget savings 'deposited' into the fund help the budget bottom line today, and any spending from the fund in the future will impact the budget bottom line in the same way as other spending from consolidated revenue. The only benefit is political, with excess revenue and savings today which improve the underlying cash balance sold as funding the NDIS in the future.

Importantly the Budget provides funding of $868.2 million over three years from 2017-18 to deliver the NDIS in Western Australia, securing the NDIS as a national scheme (Budget Paper No. 2, p. 153).

However, the NDIS will only provide assistance to approximately 10% (460,000) of the nearly 4 million Australians with disabilities. At the same time as spending on the NDIS is increasing, the National Disability Specific Purpose Payment (NDSPP) which funds the National Disability Agreement is decreasing. It will reduce from $1520m in 2017-18 to $951m in 2018-19 and almost disappear in 2019-20 to $1180m. People with a disability not covered by the NDIS, stand to lose access to existing services funded under the National Disability Agreement.

While the Government has moved to address the gap in mental health services (see Health Section 5.1 for full analysis) it is unclear that this will be sufficient to address the service shortfall.

Community services	2016-17	2017-18	2018-19	2019-20	2020-21
National Disability SPP	1490	1520	951	180	

Source: Budget Paper No. 3, Table 2.3: Total Payments for specific purposes by sector & category 2016-17 to 2020-21

National Quality and Safeguard Commission

The NDIS heralds the expansion of choice and competition in the provision of disability services. In similar markets there is evidence that quality can suffer under such arrangements, making the establishment of the Quality and Safeguards Commission crucial. The extent to which it provides people with a disability with information on the quality of competing providers, will be a critical factor in the NDIS delivering on its full potential.

	2016-17	2017-18	2018-19	2019-20	2020-21
National Disability Insurance Scheme Quality And Safeguards Commission-Establishment		40.8	52.3	59.7	56.1

Source: Budget Paper No. 2, p. 154

Boosting the Local Care Workforce

To be successful it is estimated that the NDIS will require close to an additional 90,000 care workers by 2019-20 (PC, 2017). In this context the Government's investment of $33.0 million over three years from 2017-18 appears to be inadequate to address the prospective shortages. Without the right workforce, properly trained, many of the potential benefits of the NDIS are at risk.

	2016-17	2017-18	2018-19	2019-20	2020-21
Boosting the Local Care Workforce	-15.5	0.5	12.0	3.0	

Budget Paper No. 2, p. 145

National Partnerships on specialist disability services

Women with disabilities who are over 65 face considerable uncertainty about their ongoing access to disability services. The NDIS is only available to women under 65 years of age. There is limited commitment to those who may be eligible for specialist disability services (50+ for ATSI women). Funding will be provided as part of the NDIS Bilateral Agreement and as an interim measure until the scheme is rolled out, after which funding will be redirected to the Department of Health (Budget Paper No. 3, p.39). In 2017-18 this will make up $321.9m of the NDSPP.

Gender implications

Women make up 55% of people with profound and severe core activity limitations (ABS, 2016). In the latest quarterly report from the NDIS they only make up 36% of all approved participants in the NDIS (NDIS, 2017). This echoes the distribution of services under the National Disability Agreement, where on average only 40% or less of those who access services are women.

It is therefore a matter of some hazard as to whether they will have equitable access to any of the measures outlined. There are no specific references or funding for women with disabilities in the Budget. Nor is there any mention of the need for disaggregation of disability data by gender. The allocation of services for women with disabilities continues to be at odds with their numbers/proportion in the population.

Women also make up around 68% of primary carers of people with a disability (ABS, 2016) and the successful implementation of the NDIS will provide these women with greater opportunities to participate in social and economic life.

Recommendations

5.2.1

NFAW recommends that a specific equity of access measure be applied to all agencies and organisations receiving funding for disability services, irrespective of whether these are services under the NDIS or under other programs, so that women with disabilities have access which reflects their representation in the population.

5.2.2

NFAW remains concerned that the projected NDIS workforce shortages have not been properly mitigated in the Budget and calls on the Commonwealth Government to take the necessary action to ensure the workforce is able to deliver a strong and high quality NDIS for women with disabilities.

References

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Department of the Prime Minister and Cabinet, Closing the Gap: Prime Minister's Report, March 2017

NFAW, *A Gender Lens: Budget 2016-17*, May 2016

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6. Eliminating violence against women

Winners

- Women and their children fleeing violence will benefit from long term secure and indexed funding for Women's Refuges from 2018-19, under the new Commonwealth/State funding arrangement: the National Housing and Homelessness Agreement (NHHA).
- Victims of family violence will no longer be put in a position (in Family Court proceedings) where they are personally cross-examined by alleged perpetrators, or required themselves to cross-examine their alleged perpetrator following proposed amendments to the Family Law Act.
- Australian women who need free legal services will benefit from the reversal of funding cuts to Community Legal Centres (CLCs) and $16.7 million for Indigenous Legal Assistance Providers (ILAPs) which will also assist in addressing Indigenous incarceration rates (see Chapter x: Community Legal Centres).
- There will be more funding more family consultants, and some additional funding for specialist domestic violence hubs in Community Legal Centres.

Losers

- Women and their children turned away from women's refuges. There is no real increase in funding for the last year of current funding arrangements and for the new NHHA. The very high turn away rate for women's refuges will continue to leave vulnerable women and children fleeing violence to fend for themselves.
- There is an increasing gap in the funding and range of services required by women and their children escaping violence. This includes NO real increase in the level of funding for Specialist Homeless Services (including women's refuges) critical for women fleeing violence
- Women who are at greater risk of violence or face greater barriers in seeking help – such as, for example, Aboriginal and Torres Strait Islander women and women with disabilities – are not getting the extra help they need from the 2017-18 Commonwealth Budget.

Budget measures

Reducing Pressure on Housing Affordability — a new National Housing and Homelessness Agreement (Commonwealth of Australia, 2016, p. 158)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
National Competition Council	-	2.0	1.5	1.5	1.5
Department of the Treasury	-	-	121.1	125.1	129.1
Department of Social Services	-	-	-	-	-
Total — Expense	-	2.0	122.6	126.6	130.6

The Government will work with the States and Territories to reform the National Affordable Housing Agreement and provide ongoing, indexed funding for a new National Housing and Homelessness Agreement (NHHA) from 2018-19. The NHHA will combine funding currently provisioned under the National Affordable Housing Specific Purpose Payment (NAHSPP) and the National Partnership Agreement on Homelessness (NPAH).

Family Law Courts — improving risk identification and management (Commonwealth of Australia, 2017, p. 67)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Federal Court of Australia	-	2.3	2.7	2.6	2.6
Attorney-General's Department	-	0.1	0.2	0.2	0.2
Total — Expense	-	2.4	2.8	2.7	2.7

The Government will provide $10.7 million over four years from 2017-18 (with $2.7 million ongoing) to the Family Court of Australia, the Federal Circuit Court of Australia and the Family Court of Western Australia to employ additional family consultants at court locations across Australia.

Parenting Management Hearings — establishment (Commonwealth of Australia, 2017, p. 70)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Attorney-General's Department	-	0.5	0.3	0.3	0.5
Federal Court of Australia	-	0.5	3.1	3.6	3.6
Total — Expense	-	1.0	3.4	3.9	4.1
Related capital ($m)					
Federal Court of Australia	-	*0.3*	-	-	-

The Government will provide $12.7 million over four years from 2017-18 to establish Parenting Management Hearings (PMHs) — a new forum for resolving family law disputes between self-represented litigants. The PMHs are intended to be a fast, informal, non-adversarial dispute resolution mechanism. PMHs will be given powers to make binding determinations on simple family law matters, which would otherwise require consideration by the family law courts.

Specialist Domestic Violence Units — expansion (Commonwealth of Australia, 2017, p. 72)

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Attorney-General's Department	-	1.2	2.2	-	-

The Government will provide $3.4 million over two years from 2017-18 to expand the trial of Domestic Violence Units (DVUs) in legal centres around Australia. The DVUs provide legal and other assistance to women who are experiencing, or at risk of, domestic or family violence. The services assist women to access other services such as financial counselling, tenancy assistance, trauma counselling, emergency accommodation, family law services and employment services. The locations of the DVUs will be determined based on areas of need, in consultation with State and Territory governments.

This measure builds on the 2015-16 MYEFO measure titled *Women's Safety Package.*

Gender implications

New National Housing and Homelessness Agreement

Women are set to benefit from the measures announced for systems improvement through the new National Housing and Homelessness Agreement (NHHA). Women and their children escaping domestic violence are placed at great risk by the underfunding of services.

Recent Australian Institute of Health and Welfare data (2017) on domestic and family violence (DFV) related homelessness shows that in 2015–16:

- 106,000 people experiencing DFV sought assistance from specialist homelessness services (SHS) agencies across Australia; this represents 38% of all people requesting assistance from SHS.
- The majority (92%) of SHS clients who were experiencing DFV were women and children; men aged 15 and older accounted for eight per cent of the client group.
- Nearly half (47%) of DFV clients were single parents with a child or children.
- The proportion of clients accessing homelessness services who were already homeless at presentation increased from 33% in 2011–12 to 38% in 2015–16; almost two thirds (66%) were at risk of homelessness when first presenting for support, similar to the previous year (63%).

The extent of this funding will be negotiated through bilateral schedules with each State/Territory over the next twelve months. There will be increased accountability with new agreed outcomes measures under the new NHHA. Women's organisations will be in a position to influence these through consultations to be held over the next year. An outcomes measure could, for example, be provision of trained child-focussed staff in each refuge to qualify for funding.

In 2018, NPAH funds ($375m) will be folded into the new NHHA to extend homelessness services funding for critical frontline DV services to enable them to continue assisting people at the same level.

For the first time, funding for both the housing and homelessness sectors will be ongoing and indexed by Wage Cost Index. Commonwealth funding includes supplementation to assist with increases in wage costs arising from Fair Work Australia's 2012 Equal Remuneration Order in the Social and Community Sector.

Other measures

Two other potentially positive areas of activity are worth noting:

- Women facing family violence could benefit from the Australian Law Reform Commission's comprehensive review to ensure the family law system meets the contemporary needs of families and effectively addresses family violence and child abuse. This review will report by the end of 2018 with interim reports to be delivered on key issues, providing a long overdue roadmap to contemporise the system.
- Women who are in the right place at the right time could benefit from limited places in a number of pilot programs under the National Plan including the National Partnership on the Women's Safety Package — Technology Trials ($7.5m over 4 years to support a series of trials to test new technologies or innovative uses of existing technologies to improve the safety of women and children affected by family and domestic violence).

While the new NHHA, changes to the Family Court and law system, and funded measures under the National Plan are very welcome, the Commonwealth Government provided very limited new funding to women's safety initiatives in the 2017-18 Budget. This is worth noting particularly in the context of those women who are at greater risk of violence or who face greater barriers in seeking help.

- Aboriginal and Torres Strait Islander women are 34 times more likely to be hospitalised from partner assaults than the general female population.
- Women with disabilities are also more likely to experience violence than women without a disability.
- Women from culturally and linguistically diverse backgrounds may face violence as well as other challenges, such as language barriers and social isolation.

- Women who live in regional, rural or remote areas are often a long way from services and face barriers to escaping violence and seeking support.
- Women who experience other types of disadvantage and stigma are also at higher risk of violence or can experience difficulties accessing support (COAG, 2016).
- Support for young women facing early and forced marriage from the Commonwealth Government is contingent on the young women's capacity and willingness to engage with the criminal justice process.

*V*iolence against women is currently costing the Australian economy about $22 billion per annum. It is one of the leading causes of homelessness. One in every three women has experienced physical violence since the age of 15, and on average one women a week is murdered by her partner or former partner.

The Commonwealth Government was responsible for developing and securing COAG agreement to an ambitious long term National Plan (2010-2022) with a strategic First Action Plan (2010-2013), which identified key investments including ANROWS, Our Watch, 1800RESPECT, The Line, the commitment to develop National Outcome Standards for Perpetrator interventions, and setting aside $2m for Perpetrator research. Since then the Commonwealth Government has secured COAG agreement to the Second and Third Action Plans (2013-2016 & 2017- 2020) including a $30million media campaign - not yet evaluated for long-term impact.

The recently released KPMG evaluation of the Second Action Plan (DSS, 2017) was unable to determine whether progress had been made towards achieving the goal of reducing violence to women and their children by 2022.

As identified by the UN Special Rapporteur on Violence against women following her visit to Australia in February 2017, without a holistic or strategic approach in the Third Action Plan (linking prevention, adequate services and the punishment of perpetrators in a coordinated manner) it is unlikely to deliver the significant changes required to reduce violence against women and their children.

The Commonwealth Government's Budget 2017-18 is in sharp contrast to the strategic investment approach taken by the Victorian Government. To meet the recommendations of the Royal Commission in Family Violence (Victoria), the Victorian Government has agreed to a strategic and comprehensive approach including over 400 practical actions and delivered $1.9Billion of resourcing to ensure this strategic change. This sets the benchmark for Government action.

Recommendations

6.1

Women's organisations welcome the establishment of the National Housing and Homelessness Agreement (NHHA) which is scheduled to commence on 1 July 2018 with long term secure funding for women's refuges. NFAW urges all states and territories to make women's refuges a priority program.

6.2

The Commonwealth, as part of the Council of Australian Governments (COAG) use its leverage to improve equity of access to domestic violence front line services.

6.3
That the Commonwealth Government urgently invest in those policies necessary to deliver a significant and sustained reduction in violence against women and their children by 2022, and communicate clearly how this reduction will be achieved.

6.4
That the Commonwealth Government should urgently fund an independent review of its current set of initiatives to support young women facing early and forced marriage, and the appropriateness of tying this support to an individual's capacity or willingness to engage with the criminal justice processes.

References

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COAG Advisory Panel on Reducing Violence against Women and their Children – *Final Report* © Commonwealth of Australia 2016

Department of Social Services (2017) *Evaluation of the Second Action Plan of the National Plan to Reduce Violence against Women and their Children 2010-2022, Final Evaluation Report*

7. Community Legal Centres

Winners

- Clients of Community Legal Centres (CLCs), which will receive $39.0 million to prioritise frontline family law and family violence services.
- Clients of Aboriginal and Torres Strait Islander Legal Services, which will receive $16.7 million.

Losers

- Program areas and clients of CLCs in areas of need beyond family law and family violence.

Budget measures

Community Legal Centres

Under National Partnership agreements the Commonwealth Government makes various payments to the States to support other services, including payments in respect of legal assistance services.

Payments to support other State Services (BP3, Table 2.12, p.68)					
	2015-16	2016-17	2017-18	2018-19	2019-2020
Legal Assistance Services	250.9	257.1	248.7	252.9	256.8

In a pre-Budget announcement on 24 April 2017, the Attorney General announced that the 2017-18 Budget would include '$55.7 million over the next three years for Community Legal Centres ($39 million) and Aboriginal and Torres Strait Islander Legal Services ($16.7 million) (Brandis 2017)'.

While the detail of jurisdictional and CLC funding allocation is not yet available, the Attorney General commented that 'the additional $39 million for Community Legal Centres will prioritise frontline family law and family violence services (Brandis 2017)'.

These figures effectively reversed 'the 30% cut to Commonwealth funding for Community Legal Centres (CLCs) that was due to take effect on 1 July 2017' under the 2015 National Partnership Agreement on Legal Assistance Services (NACLC 2017).

Violence against Aboriginal and Torres Strait Islander Women

In October 2016 the Senate Inquiry into Aboriginal and Torres Strait Islander experience of law enforcement and justice services recommended that the Commonwealth Government adequately support legal assistance services, and specifically that funding should focus on: community legal education for Aboriginal and Torres Strait Islander people; outreach workers to assist Aboriginal and Torres Strait Islander people; and interpreters for Aboriginal and Torres Strait Islander people in both civil and criminal matters to ensure that they receive effective legal assistance.

The 2017-18 Attorney-General's Department Portfolio Budget Statements (p.15) provides for $16.738 million over three years to 'legal assistance services'. The Department advises that this amount is the additional funding for Aboriginal and Torres Strait Islander Legal Services announced by the Attorney General in April 2017.

Gender implications

Community Legal Centres

While the sector sees the reinstatement of funding as 'a lifeline' (NACLC 2017), it is not sufficient to meet legal need. In its 2014 report *Access to Justice Arrangements*, the Productivity Commission recommended that 'additional funding from the Australian and State and Territory governments of around $200 million a year' was needed. The Commission commented that

not providing legal assistance in these instances can be a false economy as the costs of unresolved problems are often shifted to other areas of government spending such as health care, housing and child protection. Numerous Australian and overseas studies show that there are net public benefits from legal assistance expenditure (Productivity Commission 2014, pp. 30-31).

There remains significant need in the area of family violence legal assistance. According to the most recent CLC Census for 57 of the 124 CLCs reporting on client groups or areas where their CLC offers specialist programs, domestic or family violence was one of their top three issues, alongside homelessness and family law (NACLC 2016a, p.9). Yet, in the 2014-15 financial year, 159,220 people were turned away from 92 CLCs, with 67.3% of CLCs reporting 'turning people away due to insufficient resources' (NACLC 2016b).

The focus of the funding on 'frontline family law and family violence services' ignores the fact that many women seeking legal assistance with these issues also require assistance in other legal areas including tenancy, and credit and debt.

Aboriginal and Torres Strait Islander Women

The $16.7 million will only go so far in addressing the fact that 'Aboriginal and Torres Strait Islander women are 34 times more likely to be hospitalised from family violence and 10 times more likely to be killed as a result of violent assault' compared to other women (NFVPLS 2015).

The 2016-17 NFAW Budget Analysis commentary remains true:

additional funding for FVPLS is required to meet existing and rising demand for FVPLS services, and . . . 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 (NFAW 2016).

Recommendations

7.1

NFAW recommends that additional funding of $200 million per annum be provided to CLCs by the Commonwealth and State governments to address areas of unmet legal need.

7.2

NFAW recommends that current State government funding allocated to address the withdrawal of Commonwealth funds (now reinstated in the 2017-18 Budget) be guaranteed.

7.3

NFAW recommends that specific funding be provided to National 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.

7.4

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

7.5

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).

8. Infrastructure

Winners

- Building, construction and engineering and related supply companies.
- Workers in the construction industry.
- Rail users (both passengers and freight) particularly in Victoria and in "key transport corridors" in regional and urban centres.
- Workers in Western Sydney with an increase in employment opportunities from the $5.3b Western Sydney Airport construction and the joint $3.6b Federal- NSW government western Sydney Infrastructure roads plan.
- Residents of Western Sydney with a measure to increase housing supply and affordability.

Losers

- Taxpayers, if the ambitiously modest costings for the infrastructure investments particularly the rail, are not delivered within budget and the proposed alternative financing measures do not materialise or deliver the expected returns.

Budget measures

The centrepiece of the 2017-18 Budget is a $20 billion investment in freight and passenger rail in the eastern states of Australia. There are a range of additional infrastructure investments including the second Sydney airport, ship building and energy in this year's Budget, as well as funding for roads and housing under the Cities Deal initiative. Many of the projects include payments to/by States and Territories under conditions yet to be identified (see Budget Paper No. 3, p. 49) or alternative financing options as yet unidentified except for a private-public partnership with the Australian Rail Track Corporation for part of the inland rail project. Therefore the potential winners and losers can be difficult to identify with certainty as the exact shape, format and timeframe, and in some measures the actual expenditure, is yet to be identified.

Much has been made of the fundamental shift in the way Government expenditure on infrastructure is now reported. Beyond the narrative of good debt vs bad debt adopted by the Treasurer, it is the description of many of the initiatives as equity investments that signals an appetite to take greater risks with Commonwealth expenditure and the relationship with states. This equity investment strategy essentially takes the expenditure "off budget" (a neat trick for accounting that reduces Government expenditure accounted for on the books (Winestock, 2017)), and also has the potential to reduce accountability for cost blowouts if the experience of the NBN, an earlier equity investment, is any measure.

Further, the nature of equity investment and the expectations of the return on investment as well as the "alternative financing options" to be sourced by the new Infrastructure and Project Financing Agency (Budget Paper No. 2, p. 141) are yet to be fully described .[4]

[4] See below on shipbuilding for a decision taken but expenditure not announced measure

There is no clarity on whether the Government will move to implement its much talked about value capture approach – through levies on landowners or other beneficiaries of the infrastructure investment (Langley, 2015 and Lawlor and Gurran, 2016) or expect that sale of the assets will cover construction costs and any operating costs to date and thus its investment. Yet others have warned of the lack of expertise of the Federal Government in selecting what are successful infrastructure projects and extracting maximum value from such projects (Foxlee, 2017).

The infrastructure measures include:

Budget measure – second Sydney airport

Delivering Western Sydney Airport

Capital ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Infrastructure and Regional Development	-	-	-	-	-
Related expense ($m)					
Department of Finance	-	*1.7*	*0.3*	*0.3*	*0.3*
Department of Infrastructure and Regional Development	-	*0.6*	*0.6*	*0.6*	*0.6*
Total — Expense	-	*2.3*	*0.9*	*0.9*	*0.9*

Source: Budget Paper No.2, p. 189

The Budget papers also note an equity injection of $5.3bn in the Western Sydney Airport Corporation for the building of the airport.

Budget measure – Rail Infrastructure

There are two significant rail projects – a freight rail corridor between Melbourne and Brisbane and a new freight corridor between Brisbane and Perth.

Delivery of Inland Rail

Capital ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Infrastructure and Regional Development	-	0.5	-	-	-
Related revenue ($m)					
Department of Infrastructure and Regional Development	-	*nfp*	*nfp*	*nfp*	*nfp*
Related expense ($m)					
Department of Infrastructure and Regional Development	-	*13.2*	*12.4*	*11.6*	*10.1*
Department of Finance	-	*6.7*	*3.0*	*1.0*	*1.0*
Total — Expense	-	*20.0*	*15.4*	*12.7*	*11.1*

Source: Budget Paper No.2, p. 189

The Budget papers also note an additional equity investment of $8.4b to the Australian Rail Track Corporation for this project, including the development of a public private partnership for part of the project.

Budget measure - Shipbuilding infrastructure

Additional funds are earmarked for shipbuilding with the budget papers citing commercial-in-confidence as reason for non-publication of the amount.

	DEFENCE					
	Department of Defence					
187	Australian Naval Infrastructure Pty Ltd — supporting shipbuilding infrastructure	nfp	nfp	nfp	nfp	nfp
	Portfolio total	**-**	**-**	**-**	**-**	**-**

Source: Budget Paper No. 2, p. 43

Exactly one week later some of the detail was revealed despite the commercial-in-confidence veil around the measure, with the Prime Minister announcing an $89b naval shipbuilding plan based in South Australia. With a forecast peak demand of 5200 skilled workers the $89b project was described primarily in job creation terms (Washington, 2017).

There are also two measures to support these infrastructure investments with additional funding flowing to the Department of the Prime Minister and Cabinet to support the existing National Cities Agenda and to create a new body to promote new financing options for the infrastructure projects.

Infrastructure and Project Financing Agency — establishment

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Infrastructure and Project Financing Agency	-	4.2	4.2	4.2	4.2
Department of Infrastructure and Regional Development	-	-	-	-	-
Department of the Treasury	-	-4.2	-4.2	-4.2	-
Total — Expense	-	..	..	..	4.2
Related capital ($m)					
Infrastructure and Project Financing Agency	-	*0.1*	-	-	-

Source: Budget Paper No. 2, p. 141

Budget measure – Cities

National Cities Agenda

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of the Prime Minister and Cabinet	-	7.7	7.6	4.1	4.1

Reducing Pressure on Housing Affordability — Western Sydney

Expense ($m)

	2016-17	2017-18	2018-19	2019-20	2020-21
Department of the Prime Minister and Cabinet	-	nfp	nfp	nfp	nfp
Department of the Treasury	-	nfp	nfp	nfp	nfp
Total — Expense	-	nfp	nfp	nfp	nfp

Source: Budget Paper No 2, p. 142

The “city deals” projects get a further allocation but similiar to the shipbuilding measure, the quantum has yet to be revealed. The measure is described to be contingent on the yet to be negotiated Western Sydney City Deal and focused principally on housing supply and housing affordability.

Gender implications

Gender is usually overlooked in domestic infrastructure projects in Australia[5]. However infrastructure spending provides an opportunity to maximise the economic benefits from not just the infrastructure once built but also from increasing the workforce participation of women in the building of the infrastructure. The new infrastructure investments provide an opportunity during implementation to ensure that the “fairness and opportunity” promises of the Budget flow to women as well as to men.

Infrastructure investments are not gender blind – the predominant employment benefit from such projects flows to men. Eighty-three per cent of the existing rail and allied construction workforce is male and there are no initiatives in the Budget to ensure the flow of skilled workers to the sector includes more women. Women must be a specific focus in the implementation of these measures, through skills training and entrepreneurship and small business financing measures, if they are to access the “more and better paying jobs” that the Treasurer promises in his Budget speech)pp. 3and 4).

The housing initiative in Western Sydney is welcomed (see sections 1.2 and 2.4) as is the increased investment in passenger rail. With more women aged 18-55 years using public transport for work or study trips than men (ABS, 2013), an increase in public transport investment will benefit those women.

If a value capture model for some of the infrastructure investments is adopted, or other alternative financing mechanisms, care will need to be taken to ensure that the benefits are fairly distributed and negative impacts equitably distributed.

Recommendations

8.1

NFAW recommends that the performance criteria of the Portfolio Budget Statements with infrastructure measures specifically include a target for the proportion of jobs for females created by the measure.

8.2

NFAW recommends that the Western Sydney cities deal include gender lens analysis to ensure the projects undertaken will have beneficial impacts for both women and men.

[5] Contrast with the approach to gender and infrastructure by London’s Crossrail project and major international aid donors including the Australian Government’s Department of Foreign Affairs and Trade

- http://www.crossrail.co.uk/news/articles/crossrail-partners-with-women-into-construction
- https://dfat.gov.au/about-us/publications/Documents/economic-infrastructure-development-strategy.pdf
- https://ppp.worldbank.org/public-private-partnership/ppp-sector/gender-impacts-ppps/gender-lens-project-cycle/applying-gender-lens-throughout-project-cyc

8.3

NFAW recommends that or any alternative financing options, a gender impact analysis be undertaken to determine any differential impacts.

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9. International aid

Winners

- Humanitarian, Emergencies and Refugees receives a $60 million increase to $399.7 million.
- Health receives a boost – up by $22.4 million to $495.7 million.

Source: Australian Aid Budget Summary 2017–18, p.8

Losers

Australia's claim to being a generous nation is a big loser with the aid budget set to decline to new historic lows as a proportion of Gross National Income (GNI). This cut will disproportionately affect diverse women and girls in our region and the world, as globally, women and girls are more affected by poverty (DFAT, 2016).

Aid transparency has stagnated, as the "Green Book" (which provides sub-sectoral breakdown of figures) was not made available alongside other budget information. Inconsistent terminology, between the *Australian Aid Budget Summary 2017-2018* ("Orange Book") and previous years, hampers trend analysis. Lack of data and transparency makes it difficult to track the current spend on gender equality, and the funds which are reaching local women's rights organisations.

Aid effectiveness is at risk as a result of decreasing predictability in the aid budget, making it more difficult to achieve the Australian Government commitment that 80% of Australian aid will effectively address gender inequality and women's empowerment.

The Gender Equality Fund ($55 million) and funding for disability inclusive development ($12.9 million) receive no increase which equates to a cut in real terms.

Global NGO programs (particularly the Australian NGO Cooperation Program – ANCP) whereby the increase of just $2 million (to $129.3 million) is not commensurate with Consumer Price Index (CPI) and is therefore a cut in real terms.

Budget measures

There is little to cheer about when it comes to allocations for aid and development in the current Budget. The biggest, and welcome, winner in this Budget is the Humanitarian, Emergencies and Refugees thematic area. Given the rising scale and frequency of disasters and conflicts around the world, the $60 million increase to this thematic area is a much needed boost and goes some way to demonstrating that Australia does want a seat at the table when it comes to addressing the humanitarian crises our world is facing. However, the Australian Council for International Development (ACFID) notes that the $20 million increase to Emergency Fund (from $130 million to $150 million), "does not adequately reflect the growing global stress on the humanitarian system" (ACFID 2017, pg. 16). It is also difficult to properly track the funding to address the magnitude of the gendered impacts of crises, including sexual and reproductive health and gender based violence within emergency response and resourcing local women's rights organisations that are often amongst the first responders in crises. Neither the Budget Papers nor the *Performance of Australian Aid 2015–16* report (published in May 2017) provides sufficient detail on how the Australian aid program will allocate funds to address the gendered impacts of crises.

In 2017-2018 and 2018-2019 the aid budget will grow, in line with CPI, to $3.9 billion and $4.0 billion, respectively. This indexing against CPI will be "paused" for two years (2019-2020 and 2020-2021) resulting in a $303 million cut to the aid budget across the forward estimates. Analysis by the ANU's Development Policy Centre has calculated the decline in the aid budget since the Coalition took government at 30% in real terms (Dornan, 2017).

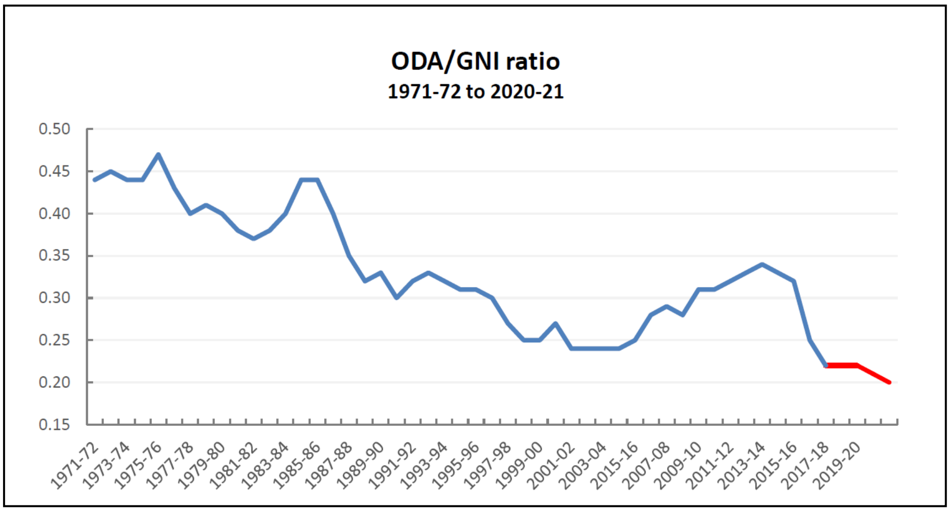
Table 1: FLATLINING OF AUSTRALIA'S AID

Total ODA ($m)					
2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
4,052	3,828	3,912	4,010	4,010	4,010
Share of GNI					
0.25%	0.22%	0.22%	0.22%	0.21%	0.20%
ODA as a percentage of federal budget expenditure					
0.94%	0.85%	0.84%	0.82%	0.80%	0.77%

Source: ACFID's Analysis of the 2017-18 Federal Budget, pg.9

The stark reality is that Australian development assistance is at an historic low and declining. We are nowhere near the former bipartisan commitment to growing our aid to 0.5% of GNI (Bruere & Hill, 2016). Worse, we are even further from the global consensus reached in the Sustainable Development Goals, and reaffirmed again this year at the Commission on the Status of Women, where governments re-committed to reaching a target of allocating 0.7% of their GNI to international development assistance.

Table 2: BENCHMARKING AUSTRALIA'S DECLINING GENEROSITY



Source: ACFID's Analysis of the 2017-18 Federal Budget, pg.10

The so called "pausing" the indexing with CPI is politically expedient. It takes place in 2019 which is a federal election year. It also takes place after votes are cast for the seat on the Human Rights Council (September 2017) and to serve as a member of the Commission on the Status of Women (April 2018), and Australia has nominated itself for both. Perhaps the most disappointing of all is the plummeting of our generosity despite the Treasurer's projections of a return to budget surplus in 2021.

Stephen Howes (10 May 2017) points out that "aid is not being cut as a result of fiscal austerity - from 2012-13 to 2020-21 aid falls by 33%; everything else increases by 16%". Add to this the fact that the commitment to bring the Defence budget up to 2% of GDP is fulfilled ahead of schedule, but the 2013 election commitment to keeping aid in-line with inflation (CPI) falls by the wayside. This does not reflect the approach of a generous nation or one that is committed to being a leader on the 2030 Agenda for Sustainable Development.

Marc Purcell, the CEO of ACFID, warns against this "stop-start" approach to aid (ACFID 2017). The OECD's (2012) *Report on Aid Predictability* makes a strong case for the need to curb aid volatility, highlighting that "aid is more effective when regular, detailed and timely information on aid volumes and allocations is available. This allows developing countries to make their own strategic plans, to link development strategies with budgetary frameworks; and to ensure effective use of resources" (pg. 2). The effectiveness of aid falls by 15% to 20% when it is delivered in an unpredictable manner. Less effective aid will impact on the Government's ability to deliver on its commitment that 80% of Australian aid will effectively address gender inequality and women's empowerment.

It is unclear exactly how the $303 million will be reallocated. Budgets are the dollars and cents expression of our values, and the bottom line is, under this Government, aid funding is being "redirected by the Government to fund policy priorities" (Budget Paper No. 2 2017-2018, pg. 102). While the Budget Papers do not make a correlation between the savings measures and these policy priorities, the Budget does set forward increased funding to security mechanisms domestically and internationally (Howes, 2017). Minister Bishop suggested that the money will be diverted to fund other priorities in the Foreign Policy portfolio, particularly national security and countering violent extremism (Hunter, 2017).

The most recent UN Security Council Resolution 2242 (2015), requires that policies and programs for stabilisation, countering terrorism and countering violent extremism do not impinge on women's human rights; and urges that the participation and leadership of women's rights organisations is crucial in devising strategies to counter terrorism and violent extremism. IWDA, in their *Submission on the Australian Government Foreign Policy White Paper,* argue that "strategically engaging local, national and international women's organisations who are working to counter violent extremism, radicalisation, recruitment and violent destructive masculinity, would see Australia's influence in international counter-terrorism forums increase" (pg.18). In a similar vein, the *4th Annual Civil Society Report Card on Australia's National Plan on Women Peace and Security* calls for approach to countering violent extremism and terrorism that is "gender-aware, evidenced-based, preventative in design, and that includes women as decision-makers in all policy responses" (pg.20). While the Government's commitment to gender equality in the development program is not in question, the quantum of funding to women's rights organisations and programs to promote and protect women's human rights, more broadly, is detrimentally impacted by these reductions in funding. Further, women's rights organisations should form a central part of a principles-based approach to the Government's work on countering violent extremism.

It is worth noting that while the Australian Aid program falls behind, defence funding is to "grow to two per cent of GDP by 2020–21, three years earlier than the Coalition's 2013 election commitment. The Government will provide Defence with $34.6 billion in 2017–18 and $150.6 billion over the Forward Estimates" (Pyne, 2017). The Defence Budget Papers make no reference to gender equality, even though the *Defence Corporate Plan 2015-2016* flags the "Women, Peace and Security agenda is central to Defence's operational effectiveness and is an essential component of future planning and conduct of operations" (pg. 5).

One of the 16 recommendations in the *Independent Interim Review of the Australian National Action Plan on Women, Peace and Security 2012-2018* (NAP), calls for a dedicated budget linked to specific activities to support implementation of the NAP (Humanitarian Advisory Group, 2015) – something that has been welcomed by the Australian Civil Society Coalition on Women Peace and Security.

When it comes to aid delivery partners, there is disappointing news for NGOs, with a meagre $2 million increase to the Global NGO programs (including the Australian NGO Cooperation Program – ANCP). According to DFAT, "NGOs have been key partners in the aid program for more than 40 years, working jointly to support sustainable economic growth and reduce poverty" (Australia Aid Budget Summary, pg. 86). Further, the Office for Development Effectiveness found that while the allocations to ANCP make up around 2.7% of the total aid budget, it accounts for around 18% of outputs reported by DFAT in their aggregate results (ACFID 2017, pg. 12), indicating the program performs well above the average. Notably, ANCP is an important source of funding for programs addressing gender equality and women's empowerment. In 2015-16, DFAT reports that 87.5% of ANCP projects addressed gender issues (DFAT 2016-7). Further, ANCP enables aid funding to flow to small and emerging women's organisations.

The Australian Volunteers in Development (AVID) program registers an increase in allocation in line with CPI, however it has still not recovered from a 30% cut in 2015-16. According to the Office of Development Effectiveness (ODE, 2014) "AVID is one of the most visible elements of Australia's overseas aid effort, it comes at a modest cost relative to the annual aid budget" (pg. 1).

It is also worth noting that contributions to key UN agencies that have significant gender programs have been declining since 2012-2013. For instance contributions to UNFPA is down from $15 million (2012-2013) to $9.2 (2017-2018); UNDP $20.7 million (2012-2013) to $ 12.7 million (2017-2018); UN AIDS $ 7.2 million (2012-2013) to $4.5 million (2017-2018); and WHO $20 million (2012-2013) to 12.4 million (2017-2018).

Beyond these headline figures, it is difficult to conduct deeper analysis. The failure to release the Green Book – which provides more detailed analysis of the previous years' aid budget and is an important contextual piece for longer term analysis – makes aid less transparent. Further, in consistent terminology in 2017-2018 Orange Book (with no explanations provided) to the previous year, also makes it challenging to draw nuanced conclusions about aid priorities.

A lot can change in 3 years. In 2014 Minister Bishop called the aid program the "flagship of our foreign policy" (Thomson, 2014). Fast forward to 2017 when she said "I wouldn't commit to a prescriptive, time-bound aid target. When the domestic economy is back on a sustainable footing, when we've got the Budget back into surplus, then I'm happy to look at the trajectory of the aid budget thereafter" (Hunter, 2017).

Gender implications

Budgets are important. What is spent, and where it is spent, and for whom it is spent, tells us about priorities. These priorities are shaped by how the Budget is developed and the analysis that informs it. At the end of the day, it should be emphasised that cuts, delays and unpredictable aid funding have real impacts on the lives of women around the world. Women are disproportionately affected by poverty, and whether it's targeted gender programming or other areas of the aid program, the decisions made by politicians and bureaucrats have a real impact on women's ability to lift themselves, their families and their communities out of poverty. Unfortunately, for those of us seeking to hold these decision-makers to account, what we are left with at the end is at best a foggy picture of what investments are being made for gender equality across Australia's aid program.

Gender Equality Fund

We acknowledge, and welcome, the continued targeted investment in gender equality in the midst of a declining aid budget. However, we also note the disconnect between the ambition of our policy commitments and the levels of resourcing. We can see this in the lost opportunity that results from only maintaining current levels of allocations to the Gender Equality Fund ($55 million) which is a decline in real terms. Without increased investment in women and girls it will be next to impossible to accelerate the pace of change and to meet the commitments set out in DFAT's gender equality and women's empowerment strategy. The World Economic Forum's Global Gender Gap Report (2016) highlights the scale of the gender inequality we are dealing with – since 2006 the global gender gap has narrowed by just four per cent. At this pace it would take another 118 years to achieve gender equality.

The Orange Book confirms ongoing funding to *Pacific Women Shaping Pacific Development* ($320 million over the 10 years from 2012-2022) and *Investing in Women* ($46 million over four years, 2015-16 to 2018-19. The fund is also committed to supporting the Individual Deprivation Measure (IDM) project ($9.5 million, over four years; see box below on IDM). Other projects being funded include:

- $ 1.5 million for supporting women and girls in elections (PNG)
- $ 1 million for ending violence against women and girls in Vanuatu
- $ 1.2 million for supporting women's agricultural enterprises in Pakistan.

With so much of the fund committed to existing projects, it is unclear how much is left for new initiatives. Many of the projects listed as receiving support in 2017–18 are part of existing multi-year projects. For example the Orange Book confirmed that $5.4 million announced for mentoring women leaders in the Pacific is part of *Pacific Women Shaping Pacific Development*, however *Pacific Women* receives funding from the Gender Equality Fund as well as other parts of the aid budget. Without a detailed annual breakdown of figures for the Gender Equality Fund it is difficult to assess exactly how much of the fund is available for new projects in 2017-18.

Also unclear are the allocations to meet Australia's global commitments to the:

- UN Trust Fund to End Violence against Women,
- Joint UN Programme on Essential Services for Women and Girls Subject to Violence
- Global Acceleration Instrument for Women, Peace and Security and Humanitarian Action
- UN Women's flagship program M*aking every woman and girl count: supporting the monitoring and implementation of the SDGs through better production and use of gender statistics.*

These programs are particularly critical given Australia's commitments under the Sustainable Development Agenda. However, the lack of detail makes it difficult to assess the extent of Australia's contributions.

The Individual Deprivation Measure (IDM)

This is a new, gender-sensitive and multidimensional measure of poverty. The measure assesses deprivation at the individual level, in relation to 15 key dimensions of life, making it possible to see who is poor, in what ways and to what extent. The Australian Government is investing $9.5 million over four years to further develop this world-first

gender-sensitive and multidimensional measure of poverty, to get it ready for global use by 2020. This program is at the forefront of efforts to not only improve gender data, but to get a better picture of what is happening on the ground, who is benefiting and who is being left behind.The Individual Deprivation Measure will support governments and organisations to address inequality and poverty more effectively (http://www.individualdeprivationmeasure.org/)

Other targeted gender equality expenditure

Other targeted funding that is mentioned in the Aid Budget Summary 2017-2018 includes:

- $100 million (over 5 years) to water, sanitation and hygiene (WASH) services
- $9.5 million (over two years) to Sexual and Reproductive Health Program in Crisis and Post Crisis Settings (SPRINT)

Foreign Minister Julie Bishop's announcement of funding for SPRINT in February 2017 – shortly after the Trump administration signed off on the expanded Global Gag Rule – was welcomed by aid agencies as sending a strong statement about Australia's commitment to sexual and reproductive health and rights (SRHR) through the aid program (ACFID 2017). However, this commitment is undermined by the decreases in SRHR funding, which from 2013-2014 to 2014-2015 saw the proportion of funding for family planning decline from 0.9% of total aid expenditure to 0.7% (Commonwealth of Australia, Senate Estimates, 2015). In response to the US Government's reinstatement of the Global Gag Rule, banning financial support to foreign organisations that provide access to safe abortion or information about abortion, the Dutch Government launched *"She Decides"* a new global initiative on sexual health and family planning. While the Australian Government attended the *"She Decides"* (co-organised by the Governments of the Netherlands, Belgium, Sweden and Denmark) Senate Estimates responses indicated that the "the Government has no current plan to contribute to the 'She Decides' initiative" (pg. 38-39 and 60-63).

Tracking gender equality throughout the aid program

It is most striking that despite being identified as one of six investment priorities, gender equality is not systematically reported in the *Australian Aid Budget Summary 2017-2018*. While it's important to note that gender equality is significantly different to other investment priorities – in that it includes both targeted and mainstreamed spending - the expenditure tracking mechanism for "investment priority" percentages against country and regional programs reports targeted spending for all priorities *except* gender. While we recognise that both targeted and mainstreamed funding for gender is critical, by not reporting targeted gender spending consistently with other investment priorities, the Government is undermining transparency and, indeed, its own credibility as a leader on gender equality in development.

Instead, gender spending is reported in the narrative text examples throughout the Orange Book, resulting in varying degrees of detail. For example, the Orange book reports that of the 12 Pacific country programs, only five refer to gender and there is no visibility to the quantum of expenditure going to these programs. Half of the South East and East Asian country programs refer to programming that addresses women, and five out of seven of the South and West Asia country reports refer to programming that addresses women, however, again, the quantum of funding for those projects or programs is absent.

For example there are several instances of unspecified allocations that target women and girls - e.g. maternal health programs (Tonga); improving economic and social opportunities for women and girls (Marshall Islands); building capacity of women farmers (Vietnam); generic programs on gender equality and empowerment (Cook Islands); access to justice/advocacy and combating violence against women (Afghanistan, Bhutan) to name just a few.

This is particularly perplexing as the OECD (2017) *Aid in Support of Gender Equality and Women's Empowerment Donor Charts* (for the period 2014-2015, which presents DAC Members' reporting against the Gender Equality Policy Marker) shows Australian aid funding with a gender equality focus against country programs.[6] While it is not possible to cross-reference the Orange Book for 2017-2018 with the OECD Report (due to the different expenditure periods), the type of data available demonstrates the anomalies in budget transparency. For example, the Orange Book's 2017-2018 summary of PNG funding does not detail as one of the investment priorities Australian ODA against gender equality and yet, on figures of 2014-2015 PNG was reported as receiving the highest quantum of gender equality focused aid ($461 million), and the third highest percentage of gender equality focused aid in the expenditure that year (61%) (OECD 2017).

The opaqueness of the Australian Aid Budget Summary 2017-2018, when it comes tracking gender equality expenditure is disappointing; particularly because the Government's *Gender Equality and Women's Empowerment Strategy* embeds a twin track approach to addressing gender inequality. The Government's own reporting requires them to track mainstreamed and targeted gender equality expenditure against the OECD DAC gender equality marker, as well as provide qualitative assessments of all investments against the objective that 80% of investments, regardless of their objectives, are effectively addressing gender issues in their implementation. The gender equality target is the only target 'not yet achieved' (see below), though the *Performance of Australian Aid 2015–16 report* shows that "78% of aid investments were rated as satisfactorily addressing gender equality during their implementation."

Target 1	**Target 2**	**Target 3**	**Target 4**	**Target 5**
Promoting prosperity	Engaging the private sector	Reducing poverty	Empowering women and girls	Focusing on the Indo-Pacific region
On track	Achieved	Achieved	Not yet achieved	Achieved
Target 6	**Target 7**	**Target 8**	**Target 9**	**Target 10**
Delivering on commitments	Working with the most effective partners	Ensuring value for money	Increasing consolidation	Combatting corruption
Achieved	Achieved	Achieved	Achieved	Achieved

The *Performance of Australian Aid 2015–16* report reviews progress against this target by sectors, with education rating most highly at 95% of the investments assessed as satisfactory or above, and agriculture, fisheries and water well behind at 58% of investments being satisfactory.

[6] As part of their annual reporting to the OECD, DAC members are requested to indicate for each individual aid activity whether gender equality is one of its policy objectives. An activity can be classified as targeting gender equality as a principal objective, a significant objective or as not targeting gender equality. Principal means gender equality was an explicit objective of the activity and fundamental in its design. Significant means gender equality was an important, but secondary objective of the activity. Not targeted means that the activity was screened for promoting gender equality, but was found to not be targeted to it.

The Orange Book's information on agriculture, fisheries and water notes 11 focus areas for the 2017-2018 period, only one of which flags women and girls as a focus of the work (on the provision of safe water, sanitation and hygiene services to the poorest communities) and which has no Budget allocation reported against it.

Analysing the extent to which Australian aid investments address gender is tricky business. There are two separate measures that can be used. The Aid Quality Check (used in DFAT's domestic reporting about the aid program) analyses *the number of projects* (with investments above $3 million) that effectively address gender issues. The *Performance of Australian Aid* reports use this measure. The most recent report finds that 78% of projects assessed through the Aid Quality Check process rated as satisfactorily addressing gender equality during their implementation (falling just short of the 80% target discussed above). However, for international reporting we use an entirely different measure. The OECD's *Aid in Support of Gender Equality and Women's Empowerment Donor Charts* calculate *how much money* is being invested on gender programming in aid budgets. According the OECD measure 54% of Australia's aid expenditure went to projects which have gender equality as a significant or principal focus. We recognise that these two markers measure different things against different standards, however the use of different measurements makes it difficult to construct a comprehensive story about gender programming in the aid budget. What is clear is that there is a need for greater transparency around what criteria are being used in the domestic Aid Quality Check to assess whether or not projects address gender issues.

In terms of actual expenditure for gender equality projects, out of the 54% of aid expenditure going to projects with gender equality as a principle or significant objective, only 2.06% of the funding is targeted specifically at women's equality organisations and institutions (USD 64 million (2014 USD millions) as a percentage of total sector allocable aid) (OECD, 2017, pg 4). This is despite the OECD DAC Network on Gender Equality (2016) making the case for investing in women's rights organisations, on the grounds that "evidence shows that women's rights activism and movements are the key drivers of legal and policy change to address inequality and women's rights organisations are pioneers in designing effective and innovative approaches to advancing gender equality" (pg. 5-6). Additionally, as the OECD notes, the Sustainable Development Goals create an imperative to achieve gender equality. The documents available on Budget night provide no line-of-sight into funding for women's rights organisations, despite it being tracked for OECD reporting (neither was this available in the last released Green Book, the statistical summary reports on Australia's Engagement with Developing Countries).

Department of Foreign Affairs and Trade

In *The Interpreter,* Alex Oliver draws attention to a less discussed aspect of the Budget. She notes that departments like DFAT that have staff posted overseas are likely to be impacted by efficiency measures being applied to polices such as the Overseas Allowances for Australian Government Employees, which are meant to result in a savings of $37 million over the next four years. "The sorts of allowances at hand are accommodation costs, flights, family reunion costs, and contributions to education and childcare. According to rumours, on the chopping block for the post-Budget announcements are household assistance costs, which include childcare" (Oliver, 10 May 2017). If such cuts occur, they are likely to impact more women than men and we will have to wait and see what impact such measures will have on DFAT's *Women in Leadership Strategy* that is seeking to, among other things, increase the number of women in senior leadership roles and heads of missions.

Conclusion

There are no gender-neutral budgets. Routine gender analysis as part of developing the aid budget, tracking gender equality expenditure and outcomes across thematic areas and country programs must become a matter of habit. This will allow us to see how our processes and decisions will impact diverse women and men in the region and the world– and what can be done to accelerate progress towards gender equality.

Recommendations

9.1

NFAW recommends that the Government commit to growing the aid budget and increase the Gender Equality Fund annually, at least with CPI

9.2

NFAW recommends that the Government continue gender equality as an investment priority of the Australian aid program

9.3

NFAW recommends that Allocations to the Gender Equality Fund clearly differentiate between funding to existing programs (multi-year and short term) and new initiatives

9.4

NFAW recommends that Along with other investment priorities, funding for gender equality must be systematically and consistently reported across the Australian aid program, with a focus on increased transparency and consistency between domestic and international accountability mechanisms

9.5

NFAW recommends that the Government adopt gender-responsive budgeting in reporting on commitments in the aid budget

9.6

NFAW recommends that The Green Book be made available alongside the Orange Book to enable in-depth analysis of the gender implications of the aid budget

**Note: All authors made equal contributions in writing this chapter. The authors would like to acknowledge the significant contributions made by Joanna Pradela (Director of Policy and Advocacy, ACFID) and Sarah Boyd (for extensive background research).*

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