



2017 Federal Budget Analysis

The impact on young people in Western Australia

18 May 2017

Introduction

Dear YACWA Members,

On Tuesday 9 May 2017, the Federal Government handed down its budget, outlining its monetary strategy for the next four years. YACWA has conducted a thorough analysis of the information available at this point in time, and extracted the key commitments and measures that we believe will have a direct impact on young people and the workforce supporting them in Western Australia.

Overall, YACWA is of the opinion that the budget was disappointing, in that it did not address the main issues that young people in Western Australia face. There were some welcomed measures announced regarding the continuation of funding of vital homelessness services, and some small amounts of money that are good in their intent. However, it is unclear how these small amounts will be distributed across the states, and most are offset with savings measures.

All in all, it shows that young people were not the primary consideration of this budget, and continue to be considered not only an afterthought, but at times as a target of savings measures.

Of the measures that were announced, YACWA welcomes:

- The long-term funding commitment for a Housing Agreement addressing homelessness
- The restoration of funding cuts announced by this government to Community legal centres
- NDIS funding for Western Australia

YACWA has concern for and would like to see addressed:

- The aggressive social welfare reform agenda continued by the Federal Government
- Increase in revenue without protection for young people through the higher education reform and the Medicare levy
- The lack of commitment to engage with young people at a national level through the Australian Youth Affairs Coalition (AYAC)

YACWA has done our best to relay the limited information available at this time regarding these and other measures. We will endeavour to track these measures as they are implemented by the Government.

As a member based organisation, your voice is important to us, and we encourage you to share your

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concerns and questions about how the budget will affect you or the young people you work with. We are committed to conveying the questions and concerns of our members to the Federal Government, and will continue to work with all levels of government to help them achieve meaningful outcomes for young people.

Should you have any questions or concerns relating to this document, please don't hesitate to contact our offices.

Ross Wortham



CEO, YACWA

To see full details of the 2017 Federal Budget head to the following website:
www.budget.gov.au

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Major Announcements

Personal income tax — increase in the Medicare levy — National Disability Insurance Scheme

| | |
|----------------------------|--|
| Portfolio | Treasury |
| Measure | \$8.2 billion in revenue over the forward estimates |
| Background | <p>The Government will increase the Medicare levy by half a percentage point from 2.0 to 2.5 per cent of taxable income from 1 July 2019 to ensure the National Disability Insurance Scheme (NDIS) is fully funded.</p> <p>The Government will use all revenue generated by the Medicare levy to support the National Disability Insurance Scheme and to guarantee Medicare.</p> |
| YACWA Comment | <p>YACWA is concerned about the impact of this measure on young people, particularly those on low incomes, when considering other measures that will affect young people within the budget and the rising cost of living.</p> <p>YACWA understands the need to generate revenue to fund the NDIS, but would like to see further exemptions added that protect young people from harm, such as a rise in the threshold of exemption which is currently only \$21,655.</p> |
| Further Information | <ul style="list-style-type: none"> • News Article: Concerns over new Medicare levy threshold • News Article: Disability groups tell Bill Shorten the Medicare levy increase is fair • Federal Budget Website information • Page 25, Budget Paper number 2 |

Higher Education Reform — a more sustainable higher education sector

| | |
|-------------------|--|
| Portfolio | Education and Training |
| Measure | \$3.8 Billion in savings over five years |
| Background | This measure includes: |

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- Introducing an efficiency dividend of 2.5 per cent in 2018 and 2019 on the Commonwealth Grant Scheme (CGS);
- Rebalancing contributions toward course fees by increasing student contributions through the Higher Education Loan Program (HELP) by 7.5 per cent (1.82 per cent annually over four years from 2018), 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;
- Ceasing the Commonwealth loading for enabling programs and replacing it with a student contribution through HELP;
- Revising the income thresholds for repayment of HELP debt, repayment rates and the indexation of repayment thresholds from 1 July 2018. A new minimum threshold of \$42,000 will be established with a 1 per cent repayment rate and a maximum threshold of \$119,882 with a 10 per cent repayment rate;
- Ceasing access to CGS support for permanent residents who have been living in Australia and to most New Zealand citizens. These students will instead be able to access concessional loans through HELP. Students enrolled prior to 1 January 2018 will maintain their eligibility arrangement; and
- Ceasing the Promotion of Excellence in Learning and Teaching in Higher Education program, and transferring the Office of Learning and Teaching Digital Repository and the Teaching Awards to Universities Australia.

YACWA Comment

YACWA is concerned by the announcement regarding these changes, and the impact it will have on the accessibility of higher education, in addition to the impact on cost of living for those who have obtained a university degree and are working in low waged positions. Further consideration must be given to ensuring that young people have access to higher education, regardless of the circumstances in which they grow up.

Further Information

- National Tertiary Education Union [Media Release](#)
- Minister for Education and Training [Media Release](#)
- Federal Budget [website information](#)
- Page 83, [Budget Paper number 2](#)

Quality Schools — true needs-based funding for Australia's schools

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|----------------------------|---|
| Portfolio | Education and Training |
| Measure | \$18.6 Billion in recurrent funding |
| Background | <p>The Government will provide \$18.6 billion in recurrent funding for schools for the period to 2027, to implement a new needs-based funding model for schools that delivers a consistent Commonwealth approach for all schools in all States and Territories, adjusted on the basis of need.</p> <p>An inquiry has been announced with a report to be handed down in December, to inform the rollout of funding. A lot of conjecture has been present about the amount of funding that was previously committed in comparison to this announcement, and the reduction involved in it.</p> |
| YACWA Comment | YACWA welcomes increases in funding to schools on an as needs basis for students, particularly in light of cuts to programs such as Youth Connections. Whilst the amount, and how it plays out, is still up for debate, YACWA will continue to advocate for the best interests of young people and members as more information comes to light. |
| Further Information | <ul style="list-style-type: none"> ● ABC News article ● Australian Education Union Media Release ● Ministerial Media Release ● Shadow Ministerial Media Release ● Federal Budget website information ● Page 87, Budget Paper number 2 |

Better Targeting of Assistance to Support Jobseekers

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|-------------------|---|
| Portfolio | Employment |
| Measure | Efficiencies of \$632.0 million over five years |
| Background | 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. They will:

- Lose 50 per cent of their fortnightly payment for their first strike without a reasonable excuse;
- Lose 100 per cent of their fortnightly payment for their second strike; and
- Have their payment cancelled for four weeks for their third strike.

The new process will simplify the compliance system and provide vulnerable people with support by ensuring appropriate, individualised assessments are undertaken by providers and the Department of Human Services before any financial penalties are incurred for not meeting obligations.

As part of reform in this area, the Government will introduce a trial in three locations of 5000 new recipients who will be required to undertake random drug tests.

YACWA Comment

YACWA has a number of concerns relating to these announcements. Whilst YACWA can understand the Government wanting to ensure that welfare recipients put their best foot forward, YACWA is of the belief that a supportive approach not a punitive one is the best approach.

These measures have the potential to harm young people, and to lead to an increase in homelessness, crime, and demand on other support structures in the community that are already at capacity.

Further, the drug testing component of this reform is concerning as it will impact on the service demand of the drug and alcohol sector. In addition, it will add further stigma and discrimination to welfare recipients, as well as increased barriers to a system that is already complex and difficult to navigate.

Further Information

- WACOSS [Media Release](#)
- WANADA [Media Release](#)
- Page 91, [Budget Paper number 2](#)

Guaranteeing Medicare — Medicare Benefits Schedule — indexation

| | |
|----------------------------|--|
| Portfolio | Health |
| Measure | \$1.0 billion over four years |
| Background | <p>The Government will provide \$1.0 billion over four years from 2017-18 for the phased re-introduction of indexation for certain items on the Medicare Benefits Schedule (MBS):</p> <ul style="list-style-type: none"> • bulk-billing incentives for General Practitioners will be indexed from 1 July 2017; • standard consultations by General Practitioners and specialist attendances will be indexed from 1 July 2018; and • specialist procedures and allied health services will be indexed from 1 July 2019. <p>In addition, the Government will introduce, for the first time since 2004, indexation from 1 July 2020 for certain diagnostic imaging items on the MBS, including for computed tomography scans, mammography, fluoroscopy and interventional radiology.</p> <p>The pause on indexation of the Medicare incentives for GPs was having an impact on the process of bulk billing when visiting a GP. It was resulting in costs being passed on to GPs who were in turn passing the costs onto consumers, which was resulting in higher out of pocket costs for patients, and a reduction in GPs who bulk bill.</p> |
| YACWA Comment | YACWA welcomes this measure, but would like to see it implemented across the board from July 2017, rather than the phased approach. |
| Further Information | <ul style="list-style-type: none"> • Australian Medical Association Media Release • Page 109, Budget Paper number 2 |

National Disability Insurance Scheme — finalisation of transition arrangements

| | |
|-------------------|---|
| Portfolio | Social Services |
| Measure | \$868.2 million over three years |
| Background | The Government will provide \$868.2 million over three years from 2017-18 to support the delivery of the Western Australian (WA) National Disability Insurance Scheme (NDIS) under a nationally consistent, locally administered model. |

Funding for this model will be provided through a National Partnership Agreement. The Government will also establish a new, national, independent regulatory body, the National Disability Insurance Scheme (NDIS) Quality and Safeguards Commission. The Commission will implement the NDIS Quality and Safeguarding Framework that will support NDIS participants.

The NDIS will provide all Australians under the age of 65 with a permanent and significant disability with the reasonable and necessary supports they need to enjoy an ordinary life.

The NDIS will help people with disability achieve their goals, including independence, community involvement, education, employment and health and wellbeing. As an insurance scheme, the NDIS takes a lifetime approach, investing in people with disability early to improve their outcomes later in life.

The NDIS also provides people with disability, their family and carers with information and referrals to existing support services in the community. By 2019, the NDIS will support about 460,000 Australians with disability.

YACWA Comment

YACWA welcomes funding to support the NDIS in Western Australia.

Further Information

- People With Disability Australia [Media Release](#)
- Federal Budget [Website information](#)
- Page 153, 154, [Budget Paper number 2](#)

Reducing Pressure on Housing Affordability — a new National Housing and Homelessness Agreement

| | |
|-------------------|--|
| Portfolio | Social Services |
| Measure | additional \$375.3 million |
| Background | <p>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.</p> <p>The NHHA will combine funding currently provisioned under the National Affordable Housing Specific Purpose Payment (NAHSPP) and the National Partnership Agreement on Homelessness (NPAH).</p> <p>As part of the NHHA, the Government will provide an additional \$375.3 million over three</p> |

| | |
|----------------------------|--|
| YACWA Comment | <p>years from 2018-19 to fund ongoing homelessness support services, with funding to be matched by the State and Territory Governments.</p> <p>The Government will also provide \$6.5 million over four years from 2017-18 to the National Competition Council to assist with the implementation and ongoing assessment of performance under the NHHA.</p> <p>The impact of this measure will see stability for the majority of homelessness services in Western Australia, who have in the past been provided government funding on short term funding cycles. This will in turn provide stability of service delivery for young people in homelessness services.</p> <p>YACWA welcomes the announcement of secure funding for homelessness services across the forward estimates. The homelessness services sector has been calling for long term funding for the last few years, as typically this funding has been renewed last minute. This measure however, creates some uncertainty with the transition of the current partnership agreements into a new one. YACWA calls on the government to be transparent in the formation of this new agreement with the states, and ensure that homelessness services are kept informed throughout the process.</p> |
| Further Information | <ul style="list-style-type: none"> ● National Shelter Media Release ● Shelter WA Media Release ● Federal Budget Fact Sheet ● Page 155, Budget Paper number 2 |

Reducing Pressure on Housing Affordability — first home super saver scheme

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|-------------------|---|
| Portfolio | Treasury |
| Measure | a gain to revenue of \$260.0 million over the forward estimates period |
| Background | <p>The Government will encourage home ownership by allowing future voluntary contributions to superannuation made by first homebuyers from 1 July 2017 to be withdrawn for a first home deposit, along with associated deemed earnings. Concessional contributions and earnings that are withdrawn will be taxed at marginal rates less a 30 per cent offset. Combined with the existing concessional tax treatment of contributions and earnings, this will provide an incentive that will enable first homebuyers to build savings more quickly for a home deposit.</p> |

Under the measure up to \$15,000 per year and \$30,000 in total can be contributed, within existing caps. Contributions can be made from 1 July 2017. Withdrawals will be allowed from 1 July 2018 onwards. Both members of a couple can take advantage of this measure to buy their first home together.

This measure is expected to have a cost to revenue of \$250.0 million over the forward estimates period. The Government will provide \$9.4 million to the Australian Taxation Office to implement the measure.

**YACWA
Comment**

YACWA is of the opinion that this measure does not go anywhere near far enough to address housing affordability for young people. It does not address the costs of housing, and it will not support young people under the age of 25, who will often not have enough extra money to sacrifice into their superannuation for a deposit.

**Further
Information**

- [News Article](#)
- Page 31, [Budget Paper number 2](#)

Other Welcomed Announcements

Legal Assistance Services — additional funding

| | |
|----------------------------|---|
| Measure | \$55.7 million over three years |
| Background | <p>Community Legal Centres (CLCs) are not for profit, community-based organisations that provide free legal advice, casework and information and a range of community development services to their local or special interest communities.</p> <p>Community legal centres were facing a funding shortfall after being notified last year that there would be no distribution from the Legal Contribution Trust from July 1, 2017. That announcement has been reversed through the provision of funding in the Federal Budget Paper.</p> <p>The funding includes \$39.0 million for Community Legal Centres (CLCs) and \$16.7 million for Indigenous Legal Assistance Providers (ILAPs).</p> <p>Whilst this funding is welcomed, it does fall short of previous amounts. The state government has agreed to top up the shortfall in funding in Western Australia. This was announced through a media release available here.</p> |
| Further Information | <ul style="list-style-type: none"> • ALS WA Media Release • National CLSC Media Release • Federal Attorney General Media Release • Page 66, Budget Paper number 2 |

Family Law Courts — improving risk identification and management

| | |
|-------------------|---|
| Measure | \$10.7 million over four years |
| Background | <p>Funding will be provided 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. The family consultants (which include qualified social workers and psychologists) will provide child-focused interventions to assist families and the courts where there are allegations of family violence or child abuse.</p> |
| Further | <ul style="list-style-type: none"> • Page 66, Budget Paper number 2 |

information

Industry Specialist Mentoring for Australian Apprentices — establishment

| | |
|----------------------------|---|
| Measure | \$60.0 million over two years |
| Background | The Government will establish an industry specialised mentoring service to complement the existing In-Training Support services available under the Australian Apprenticeship Support Network program. The mentoring service will support 45,000 Australian apprentices and trainees. |
| Further information | <ul style="list-style-type: none"> • Department website information • Page 84, Budget Paper number 2 |

Skilling Australians Fund

| | |
|-------------------|--|
| Portfolio | Education and Training |
| Measure | \$1.5 billion over four years |
| Background | <p>The Government will establish a permanent Skilling Australians Fund (the Fund) to support the skilling of Australian workers. The Fund will prioritise apprenticeships and traineeships for occupations in high demand, occupations with a reliance on skilled migration pathways, industries and sectors of future growth, trade apprenticeships, and apprenticeships and traineeships in regional and rural areas.</p> <p>The Fund, when matched with funding from the States, will support up to 300,000 more apprentices, trainees, and higher level skilled Australians over the next four years. The Fund will support a range of projects that are focused on Commonwealth priorities and are designed to support growth in trade and non-trade apprenticeships and traineeships in target areas. It is not clear yet if this fund will replace current arrangements under the national Partnership Agreement, or be in addition to it. The Minister alluded to an answer in a speech following the budget where he stated:</p> <p style="text-align: center;">“The Skilling Australians Fund commits \$1.5 billion over four years – a funding increase equivalent of about \$70 million compared to the previous NPA.”</p> <p>Projects funded under the Skilling Australians Fund may include providing incentives for</p> |

employers, pre-apprenticeship training, improving apprenticeship and traineeship retention and completion rates, and additional support for higher level apprenticeships. It is not clear how much of this fund will be applied in a Western Australian context.

Further Information

- Assistant Minister for Vocational Education and Skills [speech](#)
- Department [fact sheet](#)
- Page 90, [Budget Paper number 2](#)

ParentsNext — national expansion

Measure

\$263.0 million over four years

Background

The Government will expand the ParentsNext program. ParentsNext is a free specialised support service that helps parents with children under 6 to plan and prepare for their future employment.

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.

Currently, the ParentsNext program operates in Kwinana, WA, and no other Western Australian locations.

Further Information

- Guide to Social Security Law: [ParentsNext Summary & Participation Requirements](#)
- Department website [information](#)
- Page 93, [Budget Paper number 2](#)

Prioritising Mental Health — Psychosocial Support Services — funding

| | |
|----------------------------|--|
| Measure | \$80.0 million over four years |
| Background | The Government will provide funding in psychosocial support services for people with mental illness who do not qualify for the National Disability Insurance Scheme (NDIS). This funding is contingent on a matching commitment from the States and Territories. |
| Further information | <ul style="list-style-type: none"> • National Mental Health Commission Media Release • Page 120, Budget Paper number 2 |

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

| | |
|----------------------------|---|
| Measure | \$63.1 million over four years |
| Background | The Government will establish the National Housing Finance and Investment Commission which will operate as an affordable housing bond aggregator. The aim of this measure is to establish a body that can provide lower interest, long-term loans to not-for-profit community housing providers (CHPs) developing housing for lower income households by accessing capital from bonds with a lower interest rate. |
| Further information | <ul style="list-style-type: none"> • What is a Bond Aggregator? • Page 169, Budget Paper number 2 |

Other Questionable Announcements

Skills for Education and Employment Program — efficiencies

| | |
|----------------------------|--|
| Measure | savings of \$112.4 million over five years |
| Background | The Government will achieve savings by identifying efficiencies in the Skills for Education and Employment Program. The program will continue to meet its objective of training 22,500 people. Additional funding will be provided to support the continued training of participants who commenced in 2015-16 and job seekers. |
| Further information | <ul style="list-style-type: none"> • Department Website information about the program • Page 90, Budget Paper number 2 |

Better Alignment of Student Payments

| | |
|----------------------------|--|
| Measure | Efficiencies of \$181.2 million over five years |
| Background | The Government will introduce new arrangements, where eligibility for student payments will be limited to students undertaking courses approved for VET Student Loans, which is consistent with recent VET-FEE HELP reforms. Existing student payment recipients will be grandfathered for the duration of their current course. This measure will require legislative change. |
| Further information | <ul style="list-style-type: none"> • Department website information • Page 144, Budget Paper number 2 |

Extension and expansion of Cashless Debit Card

| | |
|-------------------|--|
| Measure | Amount not specified |
| Background | The Government will extend current cashless debit card trials in Ceduna (South Australia) and the East Kimberley (Western Australia) until 30 June 2018. The |

Further information

Government will also expand to a further two locations from 1 September 2017. This measure will require legislative change.

- Department website [Information](#)
- Ministerial [Media Release](#)
- Page 149, [Budget Paper number 2](#)

Working Age Payments Reforms

Measure

\$84.1 million over five years

Background

The Government will provide \$84.1 million over five years from 2016-17 to consolidate seven working age payments and allowances into a new JobSeeker Payment and to strengthen the participation requirements for job seekers.

On 20 March 2020, Newstart Allowance and Sickness Allowance recipients will transition to the new JobSeeker Payment to better reflect the expectation that working age people with a capacity to work should be in employment, looking for work or improving their skills to gain employment.

The new JobSeeker Payment will be set at the same rate as Newstart Allowance and current mutual obligation exemptions for Sickness Allowance will be retained. A new more equitable participation framework will apply from 20 September 2018.

Key elements include aligning the participation requirements for recipients aged 30 to 49 with those for recipients under 30.

The current jobactive program will be enhanced to support both mature age and inexperienced job seekers to increase their chances of finding employment, including through a new Career Transition Assistance Program.

This measure will require legislative change.

Further Information

- Department [website information](#)
- Department [Fact Sheet](#)
- Page 158, [Budget Paper number 2](#)

No Funding to engage young people in policy decisions

| | |
|-------------------|--|
| Background | There has been no commitment in this budget to restoring funding for the Australian Youth Affairs Coalition to engage young people in decision-making at a national level. Following the removal of funding for this body in 2014, all of the state peak bodies have been calling for the reversal of this funding cut, and there is still no commitment to date. Further to this, funding for National Youth Week has ceased, and there is no federal minister for youth. |
| Comment | YACWA is concerned that young people are not being adequately represented at the national level and will continue to push for the restoration of funding to these vital services. |